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Skytech annual report is available at https://www.skytech.com.tw/

Stock Code: 6937

Skytech Inc.

2023 ANNUAL REPORT

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

Printed on April 2, 2024

◎Spokesperson

Name: Paul Huang

Title: Chairman and General Manager

Tel: 886-3- 667-3055

E-mail: ir@Skytech.com.tw

◎Acting Spokesperson

Name: George Yi

Title: Chief Executive Officer

Tel: 886-3- 667-3055

E-mail: ir@Skytech.com.tw

◎Headquarter and Factory

Headquarter: 6F., No. 1, Jiazheng 1st St., Zhubei City, Hsinchu County 302054, Taiwan (R.O.C.)

Major Factory: No. 1, Ren'ai Rd., Hukou Township, Hsinchu County 303035, Taiwan (R.O.C.)

Tel : 886-3- 667-3055

◎Stock Transfer Agent

Company: The Transfer Agency Department of Yuanta Securities Co., Ltd.

Address: B1. No. 210, Sec.3, Chengde Rd., Dalong Dist., Taipei City 103432, Taiwan, R.O.C

http://www.yuanta.com

Tel: 886-2-2586-5859

◎Certified Public Accountant

Names of the CPA: Cheng Ya-Huei, Bai Shu-Chian

Name of CPA firm: PricewaterhouseCoopers Taiwan

5/F, No. 2 Industrial East Third Road, Science Park, Hsinchu City

Website: http://www.pwc.tw

Tel: 886-3-578-0205

◎The Company does not issue any overseas securities.

◎http://www.skytech.com.tw

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I. Letter to Shareholders

Dear Shareholders:

First of all, on behalf of the company, I would like to express our sincerest gratitude to all the shareholders. In the past year, the international semiconductor industry has faced challenges such as unexpected downturns in end-user markets, prolonged inventory adjustments, and escalating tensions in the US-China tech war. Despite the complexities of this operating environment, our company's team remains undeterred, continuing to exert full efforts in research and development innovation of product technology and actively expanding our market footprint. Our goal is to ensure that we can bring the maximum benefit and value to our shareholders. Let us collectively review the key milestones our company achieved on the development path over the past year and look forward to our future plans.

1. 2023 Financial performance:

In 2023, our consolidated operating revenue amounted to NT$1,992,643 thousand, an increase of NT$177,166 thousand compared to last year. Operating income reached NT$322,639 thousand, showing a growth of NT$34,296 thousand from the previous year. Income before income tax stood at NT$364,581 thousand, a decline of NT$1,888 thousand from the previous year. After deducting income tax expenses of NT$57,920 thousand, the net income amounted to NT$306,661 thousand, down by NT$10,201 thousand from the previous year. Earnings per share were NT$5.02.

Unit: NT Thousand

Items	2023	2022	Increase/ Decrease	Growth %
Operating revenue	1,992,643	1,815,477	177,166	9.76%
Gross profit	877,142	845,972	31,170	3.68%
Operating income	322,639	288,343	34,296	11.89%
Income before income tax	364,581	366,469	-1,888	-0.52%
Net income	306,661	316,862	-10,201	-3.22%
EPS (NT)	5.02	5.66	-0.64	-11.31%

2. Corporate development:

A. Semiconductor Equipment: Since 2019, our company has been engaged in the design, development, assembly, and sales of semiconductor layer deposition equipment, including Physical Vapor Deposition (PVD) equipment, Atomic Layer Deposition (ALD) equipment, Wafer Bonding and Debonding equipment. Our products are mainly used in advanced semiconductor manufacturing processes, advanced packaging, optoelectronic industries, and compound semiconductors. In 2023, the revenue from equipment increased by over 50% compared to 2022, with significant growth, particularly in compound semiconductors. In the near term, our business development will continue to focus on expanding our presence in the automotive chip market, meaning capturing market share in equipment related to compound semiconductors such as silicon carbide (SiC) and gallium nitride (GaN) applications. In addition to the compound semiconductor market, our company's longstanding efforts in the semiconductor packaging industry are also starting to yield results. Our company will continue to develop new products and technologies to meet market demand. Additionally, we will continue to earn customer trust and favor through professional expertise and quality service.

B. Semiconductor Parts: Due to the headwinds facing the semiconductor industry and inventory destocking from the end customers, semiconductor parts suppliers in general are experiencing a downturn. Our company's parts sales have been slightly affected. However, revenue from parts maintenance and labor services of equipment relocation continues to grow. In the future, our company will continue to uphold the principles of "innovation, professionalism, service, and quality". We will provide strong support to customers in equipment parts maintenance and upgrades, process improvements, and equipment relocations. Simultaneously, we are committed to developing new products, enhancing quality, and vigorously expanding into new customers and markets, in order to sustain profit and revenue growth.

3. Outlook

Our company is dedicated to continuous research and development of customized parts for advanced manufacturing process equipment. Meanwhile, we emphasize enhancing our capability to improve equipment efficiency and yield rate for our customers in the wafer manufacturing field. This includes development capabilities in mechanical components and strategic expansion, particularly in the Japanese and American markets, to strengthen our product development based on our customers' global development plan.

In terms of in-house manufacturing equipment, we will continue to leverage our rich experience in parts development to increase the supply ratio within the Taiwan supply chain in order to further enhance our competitiveness and operational efficiency. Additionally, we will advance the next-generation design and development of equipment such as PVD, ALD, Bonder, and Debonder. Through the development of Descum equipment, we plan to enter the etch market and develop related advanced manufacturing process equipment using plasma-assisted atomic layer deposition (PEALD) and plasma-enhanced chemical vapor deposition (PECVD) technologies.

Furthermore, we will continue to reinforce existing customer relationships and provide subsequent products based on customers' capacity requirements and the evolution of the manufacturing process. Our goal is to become the most trusted partner for our customers, collectively facing future challenges and achieving greater success.

4. Impact from external competition, compliance and macro economy and operational environment

Affected by the China-US trade war, Taiwan's semiconductor industry not only remained unaffected but also attracted more international attention and became more important to global society during this period.

Leveraging our rich experience in parts development, our company marched into the semiconductor equipment field. Despite fierce competition from global giants, the relentless efforts of all our employees have led the company to significant achievements in advanced semiconductor manufacturing processes, advanced packaging, optoelectronics, and compound semiconductors, contributing to the development of Taiwan's semiconductor industry by providing domestically produced equipment.

Looking ahead, we will continue to uphold our core philosophy of pursuing excellence and continuous enterprise development while implementing sound corporate governance practices. Through these efforts, we aim to create greater value for shareholders and fulfill our utmost responsibility to society. We firmly believe that through relentless effort and continuous innovation, we can join hands to create a brilliant future together.

Chairman: Paul Huang

II. Company Profile

I. Date of Founding: July 17, 2002

II. Company History:

i. Company History:

Month and Year	Company History
July 2002	• Skytech Inc. was officially founded with a paid-up capital of NT$5,000,000. • The main products are ceramic materials.
December 2003	• The engineering and maintenance team was established for the refurbishment of various valves for semiconductor equipment and piping engineering.
July 2004	• Cash capital increase of NT$20,000,000. The paid-in capital of the Company after capital increase is NT$25,000,000.
January 2006	• Cash capital increase of NT$40,000,000. The paid-in capital of the Company after capital increase is NT$65,000,000.
February 2009	• Acquired the quality certificate of 2008 ISO9001
August 2010	• Purchased the Southern Taiwan office and established the Southern Taiwan branch.
December 2014	• Cash capital increase of NT$30,000,000. The paid-in capital of the Company after capital increase is NT$95,000,000.
August 2015	• Cash capital increase of NT$5,000,000. The paid-in capital of the Company after capital increase is NT$100,000,000.
November 2016	• Received the Global Foundries Outstanding Supplier Award.
March 2017	• Established the Semiconductor Equipment Development Department and began developing domestically-produced semiconductor machines.
April 2017	• Cash capital increase of NT$20,000,000. The paid-in capital of the Company after capital increase is NT$120,000,000.
June 2017	• Cash capital increase of NT$20,000,000. The paid-in capital of the Company after capital increase is NT$140,000,000.
December 2017	• Cash capital increase of NT$25,000,000. The paid-in capital of the Company after capital increase is NT$165,000,000.
June 2018	• Introduction of equipment, including Physical Vapor Deposition (hereinafter referred to as PVD), Wafer Bonder (hereinafter referred to as Bonder), and Wafer Debonder (hereinafter referred to as Debonder).
August 2018	• Capital increase of NT$4,000,000 by property. The paid-in capital of the Company after capital increase is NT$169,000,000.
October 2019	• The introduction of Atomic Layer Deposition (hereinafter referred to as ALD) equipment.
March 2020	• Purchase a plant in Hukou Industrial Park in Hsinchu County. The land area is 2,960 m², and the building area is 11,086.84 m². It is used as the R&D headquarter for the semiconductor equipment of the Company.
September 2020	• Developed the 12-inch mass production cluster ALD equipment jointly with Taiwan Instrument Research Institute and held the "Product Launch Conference for the 12-inch Cluster ALD Advanced Equipment."
January 2021	• Cash capital increase of NT$14,530,000. The paid-in capital of the Company after capital increase is NT$183,530,000.

Month and Year	Company History
March 2021	• Cash capital increase of NT$117,410,000. The paid-in capital of the Company after capital increase is NT$300,940,000.
August 2021	• The ALD equipment was adopted by Epistar, which made the Company the first local equipment supplier that has mass production in ALD films. The Company also successfully entered the supply chain of Apple.
September 2021	• Capital increase of NT$54,980,000 and of NT$47,208,000 by property. The paid-in capital of the Company after capital increase is NT$403,128,000.
October 2021	• The Headquarter in Zhibei and the R&D headquarter in Hukou passed the quality certificate of 2015 ISO9001.
December 2021	• Restructured the group, making Singapore Gimtek Ptd. Ltd., Skysemi (Xiamen) Technology Co.,Ltd., Tradegenic Electronic (Shanghai) Co.,Ltd., and Skylead Inc. wholly-owned subsidiaries of the company. • Cash capital increase of NT$141,645,000. The paid-in capital of the Company after capital increase is NT$544,773,000.
May 2022	• Cash capital increase of NT$12,000,000. The paid-in capital of the Company after capital increase is NT$556,773,000.
November 2022	• Cash capital increase of NT$50,000,000. The paid-in capital of the Company after capital increase is NT$606,773,000. • Passed the ISO 14001 certificate • Passed the ISO 45001 certificate
January 2023	• Approved by the Taipei Exchange to be listed on the Pioneer Stock Board.
March 2023	• Approved by the Taipei Exchange to be listed on the Emerging Stock Board.
December 2023	• Approved to be listed on Taiwan Stock Exchange. • Cash capital increase of NT$68,000,000. The paid-in capital of the Company after capital increase is NT$674,773,000.

ii. Recent fiscal year and up to the date of publication of the annual report: the situation of company mergers and acquisitions, reinvestment in related enterprises, and restructuring.

1. Significant mergers: None.

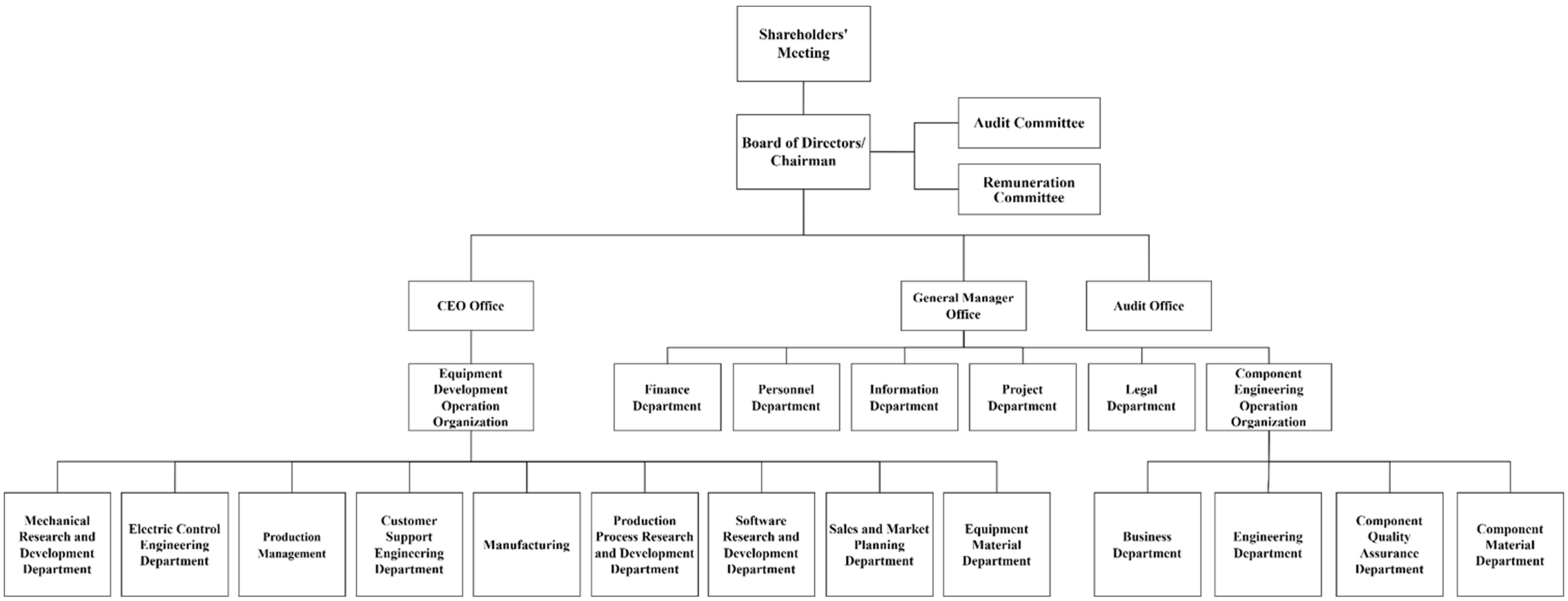
2. Situation of reinvestment in related companies: Please refer to pages 151 152 of this annual report under " I.Information Related to the Company's Affiliates."

3. Situation of restructuring: None.

III. Corporate Governance Report

I. Corporate Organization**:**

I. Corporate Organization



(II) Responsibilities of Major Departments

Main Departments	Responsibilities
Audit Office	1. Establishment and amendment of internal control and audit system of the Company. 2. Implementation of audit and self-assessment on all operation procedures of the headquarter and branches. 3. Implementation of relevant laws and regulations and providing suggestions and improvements. 4. Drafting the implementation of annual audit plans. 5. Proposal of improvement on the deficiencies in the internal audit of the Company and follow-up.
General Manager Office	1. Drafting and promoting the strategic planning and the operational plans and goals. 2. Executing the resolution of the Board of Directors and handling the affairs of the component engineering operation organization and all departments.
Finance Department	1. Providing timely and correct financial and accounting information to the management. 2. Handling accounting, fund movement, financial analysis, budgets, and taxation matters. 3. Handling deposits in the financial institutions, fund appropriation, withdrawals, and loans. 4. Reviewing the relevant income and expenditure invoices and fund collection and payment.
Personnel Department	1. Human resources management businesses (including recruitment, appointment, benefits, salaries, and etc.) 2. Arrangement for employee education and training 3. Drafting work rules and reports. 4. Employee performance evaluation.
Information Department	1. Maintaining and developing information systems. 2. Application of commercial intellectual forms. 3. Maintaining the normal operation of data bases. 4. Information risk assessment, audit, and improvement. 5. Installing and maintaining office information equipment and peripheral equipment, servers, and storages. 6. Installing and maintaining communication and internet equipment. 7. Management of relevant information fixed assets.
Project Department	1. Managing, maintaining, classifying, recording, filing, and safekeeping of all documents. 2. Managing and maintaining the documents related to the promotion of ISO quality, occupational safety and health, and environmental system. 3. Performing audits on quality, occupational safety and health, and environment system (audits on domestic and foreign customers, internal system, and management). 4. Handling document renewal, examination, follow-up, and collection for external customers.
Legal Department	1. Drafting, reviewing, amending and managing contracts. 2. Handling litigations and disputes. 3. Providing legal opinions and solutions on the business of the Company. 4. Preparing documents, such as legal attest letters, petitions, and official letters. 5. Providing consultation or serving as agent ad litem in legal matters.
Component Engineering Operation Organization:	1. Handling sales of products, marketing, and customer service. 2. Order dispatch, product allocation, and communication. 3. Achieving the goal for sales, collection of account receivables, and order review.

Main Departments	Responsibilities
Business Department	
Engineering Department	Design, assembling, testing, repairs, installation for component engineering, semiconductor machinery, mechanical and electrical engineering components, plasma system, microwave system, and electromagnetic system, as well as customer service.
Component Quality Assurance Department	1. Material procurement, product inspection and recording. 2. Storing and analyzing inspection data. 3. Stipulating inspection standards. 4. Managing and regular calibration of measuring instruments.
Component Material Department	1. Product management: production schedule progress, quality, cost control, progress follow-up, addition and revision of bill of materials. preparing production line arrangement report, and the plans for recording the production progress. 2. Import and export: arrange shipping in accordance with production and business department, handling and reviewing import and export documents, handling clearance, inspecting documents of clearance procedure. 3. Procurement: procurement of raw materials for production and office necessities, including the establishment of supplier data, selection, and evaluation, handling the abnormal quality for procured materials. 4. Logistics: loading and unloading of products and raw materials and ship to the designated location, regular inspection of transportation. 5. Material management: inspecting and recording procured materials, storing materials in a reasonable way, planning and execution of inventory, storing and analyzing inspection data, daily management for sending, receiving, and storage. 6. Warehouse management: inventory management and other warehouse management matters.
CEO Office	CEO executes the resolution of the Board of Directors in accordance with the order from the Chairman and handles matters related to equipment development operation organization.
Equipment Development Operation Organization: Mechanical Research and Development Department	1. Mechanical design and structure evaluation of products. 2. Design of product appearance. 3. Testing and selecting mechanical materials. 4. Drawing the mechanical design blueprint, product design and data management (PDM), assembly and testing. 5. Manufacturing mechanical samples, testing, analyzing, and improvement. 6. Assisting in resolving the mechanical issue during the mass production and procedure.
Electric Control Engineering Department	1. Electric control assembly/design: - Electric control planning for automatic equipment, integration of equipment systems, and project management. - Board and wire distribution for equipment and machinery, power transmission, testing and inspection. - Electric control circuit design and inspection and repair. - Installation and testing of support machinery, post-sale repair service.
Production management	1. Production schedule progress, quality, cost control, progress follow-up. 2. Addition and revision of bill of materials.
Customer Support Engineering Department	1. Equipment installation on the customer end after the sales of equipment and before the production process inspection. 2. Equipment repair, modification, and testing on the customer end. 3. Maintaining customer relationship.
Manufacturing	1. Equipment assembly, testing, and modification. 2. BOM management, module classification, improvement, and modification.

Main Departments	Responsibilities
	3. Welding of air and liquid pipeline of the cavity in the equipment.
Production Process Research and Development Department	1. Adjusting the coating parameters based on the scale provided by the customer to complete the customized scale films. 2. Assisting customers in resolving the coating issue of the customers to improve their product yield. 3. Assisting customers in resolving the product integration issue, adjusting the production parameters, and providing appropriate films to customers for testing. 4. Conducting research on the improvement of coating stability. 5. Providing hardware improvement suggestions from the production perspective to improve the coating yield or efficiency. 6. Providing educational training related to production to customers. 7. Providing technical suggestions and consultations regarding the questions proposed by customers. 8. Engaging in the discussion of new machine design based on experience in the production. 9. Conducting research on new film materials to provide more film selections to customers. 10. Conducting research on new coating procedure to improve the coating yield or reducing the coating costs.
Software Research and Development Department	1. Analysis, design, and programming of software for the machine. 2. Planning the structure of execution software and designing modules. 3. Software testing and revision.
Sales and Market Planning Department	1. Promoting and selling company products to customers. 2. Developing an maintaining customer relationship. 3. Collecting market information and the information of competitors. 4. Drafting and executing sales strategies and plans. 5. Assisting in briefing the product project to customers. 6. Assisting the customer service in maintaining the yield of machines and acceptance of machines. 7. Maintaining and managing order and business documents. 8. Receiving, following up and collecting receivables from customers.
Equipment Material Department	1. Procurement: procurement of raw materials for production, components and spares, modules. and laboratory instruments, including the establishment of supplier data, selection, and evaluation, handling the abnormal quality for procured materials. 2. Warehouse management: inspecting and recording procured materials, storing materials in a reasonable way, planning and execution of inventory, storing and analyzing inspection data, daily management for sending, receiving, and storage. 3. Quality assurance: - Material procurement, product inspection and recording. - Storing and analyzing inspection data. - Stipulating inspection standards. - Managing and regular calibration of measuring instruments. 4. Factory matters and occupational safety: Performing general factory affairs, such as maintenance of machinery equipment and working environment, daily operation and management on sewage, air pollution, and waste, regular report and maintenance, emergency disposition, and hazard prevention. Drafting, planning, supervising and promoting environmental protection and safety and health management matters, and guiding related department for implementation.

II. Information of Directors (including independent directors), President, Vice Presidents, Assistant Presidents, Officers of Departments and Branches:

(I) Information Regarding Directors (including independent directors)

1. Directors (including independent directors)

Title Name	Nationality	Gender	Date appointed	Shareholding		Shareholding at present by spouse and minor children		Shareholding in the name of others		Major education/work experience	Current positions at the Company or other companies	Other officers, directors who is the spouse or a relative within second degree of kinship			Remark
				Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
Chairman Paul Huang	R.O.C. (Taiwan)	M	2023.3.3	2,176	3.59	-	-	7,285	10.80	-Deputy Director, Applied Materials Taiwan -Master of Mechanical Engineering, National Taiwan University of Science and Technology. -Bachelor of Mechanical Engineering, National Cheng Kung University.	Note 1	--	--	--	-
Director George Yi	R.O.C. (Taiwan)	M	2023.3.3	1,435	2.37	-	-	3,551	5.26	-Global Vice President, Applied Materials, Inc. -Master of Mechanical Engineering, National Taiwan University. -Bachelor of Mechanical Engineering, National Taiwan University.	Note 2	--	--	--	-
Director Wealthwave International Investment Co., Ltd.	R.O.C. (Taiwan)	-	2023.3.3	3,949	5.85	-	-	-	-		-	--	--	--	-

Title Name	Nationality	Gender	Date appointed	Shareholding		Shareholding at present by spouse and minor children		Shareholding in the name of others		Major education/work experience	Current positions at the Company or other companies	Other officers, directors who is the spouse or a relative within second degree of kinship			Remark
				Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
Representative: Pei-Yu LIN		F	2023.3.3	-	-	3,364	4.99	-	-	-Senior Business Analysis Specialist at LITE-ON Technology Corporation -Queensland University of Technology Business School	Note 3	Vice President	Carl Lo	Spousal Relationshi	-
Director Jing-Shu Huang	R.O.C. (Taiwan)	F	2023.3.3	-	-	1,742	2.58	-	-	-Ernst & Young, Certified Public Accountants, Audit Department Team Leader. -Senior Auditor at Ernst & Young, Certified Public Accountants. -National Chengchi University Department of Accounting.	Note 4	None	None	None	-
Independent Director Bai-Da Shr	R.O.C. (Taiwan)	M	2023.3.3	-	-	-	-	-	-	-Professor of Finance at National Taiwan University Department of Finance. -Associate Professor in the Department of Economics at National Dong Hwa University. -Member of the Labor Pension Fund Supervisory Committee, Ministry of Labor -Insurance Stability Fund Advisory Committee Member. -Director of the Taiwan Risk and Insurance Management Society. -Independent Director at Edison Opto Corporation Limited. -Independent Director of Nan Shan Life Insurance Company, Ltd. -Ph.D. in Economics from the University of Texas at Austin. -Master's in Electrical Engineering from	Note 5	None	None	None	-

Title Name	Nationality	Gender	Date appointed	Shareholding		Shareholding at present by spouse and minor children		Shareholding in the name of others		Major education/work experience	Current positions at the Company or other companies	Other officers, directors who is the spouse or a relative within second degree of kinship			Remark
				Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
										National Taiwan University.					
Independent Director Du-Cheng Li	R.O.C. (Taiwan)	M	2023.3.3	-	-	-	-	-	-	-General Manager of MPI Corporation. Graduated from the Department of Business Administration, Feng Chia University.	Note 6	None	None	None	-
Independent Director Chuen-Hung Tsai	R.O.C. (Taiwan)	M	2023.3.3	-	-	-	-	-	-	-Member of the Nuclear Safety Advisory Committee of the Atomic Energy Commission -Member of the Radioactive Materials Safety Advisory Committee of the Atomic Energy Commission. -Professor in the Department of Engineering and System Science at National Tsing Hua University. -Consultant at the Material Research Laboratories, Industrial Technology Research Institute. -Consultant at the Energy and Resources Laboratories, Industrial Technology Research Institute. -Professor and Dean of the Department of Engineering and System Science at National Tsing Hua University. Professor in the Department of Nuclear Engineering and Engineering Physics at National Tsing Hua	None	None	None	None	-

Title Name	Nationality	Gender	Date appointed	Shareholding		Shareholding at present by spouse and minor children		Shareholding in the name of others		Major education/work experience	Current positions at the Company or other companies	Other officers, directors who is the spouse or a relative within second degree of kinship			Remark
				Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
										University. -Professor and Director of the Institute of Nuclear Engineering, also the Department Head at National Tsing Hua University -Ph.D. in Nuclear Engineering from the University of California, Berkeley.					
Independent Director Ji-Ye Miau	R.O.C. (Taiwan)	M	2023.6.29	-	-	-	-	-	-	-Master's degree from the Institute of Law, National Taiwan University. -Employed Attorney at Juder International Law Firm. -Employed Attorney at Mingdian Law Firm.	Managing Attorney at Success International Law Firm	None	None	None	

Note 1: General Manager of the company. Chairman of Skylead Inc.; Chairman of Jantech Semiconductor, Inc.; Chairman of Topview International Investment Co., Ltd.; Supervisor of Welltech Semiconductor, Inc.; Director of Gimtek (Singapore) Pte. Ltd.; Supervisor of Tradegenic Electronic (Shanghai) Co., Ltd.

Note 2: Chief Executive Officer of the company.; Chairman of Leading International Investment Co. Ltd.; Director of Welltech Semiconductor, Inc.; The Chairman of Skysemi (Xiamen) Technology Co., Ltd.

Note 3: Supervisor of Celetech Semiconductor, Inc.; Supervisor of Wealthwave International Investment Co., Ltd.; Director of Welltech Semiconductor, Inc.; The Chairman of NPC, INC.; Director of Limo System Technology Co., Ltd.

Note 4: Supervisor of Realtech Semiconductor, Inc.; Supervisor of Mega International Investment Co., Ltd.; Supervisor of Pemo Precision Co., Ltd.; Director of Npc, Inc.

Note 5: Professor of Finance and Financial Management in the Department of Finance at National Taiwan University.; Director of the Taiwan Risk and Insurance Association.; Director of the Taiwan Financial Engineers Association. ; Independent Director of Taiwan High-Speed Rail Corporation Limited. ; Independent Director of Yuqing Metals Co., Ltd., a Cayman Islands company. ; Independent Director of Central Reinsurance Corporation.

Note 6: General Manager of Zen VoceCorporation; Director of MPI Corporation; Chairman of Kashtek Corporation; Chairman of Morningstar Investment Limited; Chairman of Scientek Corp.; Chairman of Zen Voce (PG) Sdn Bhd.; Chairman of Zen Voce Manufacturing Pte Ltd; Chairman of Solution Integration Pte Ltd; Director of Zen VoceCorporation (Suzhou); Director of Wangxi Investment Corporation Limited.; Director of Maji Investment Corporation Limited.; Director of G&B Brewery Development (Asia) Corp.

2. Major shareholders of the institutional shareholders:

2024/3/31

Name of Institutional Shareholders	Major Shareholders	Ration%
Wealthwave International Investment Co., Ltd.	Carl Lo	66.49%
	Luo Yunting	11.17%
	Luo Yunchen	11.17%
	Luo Yunru	11.17%

3. Major shareholders of the Company's major institutional shareholders: None

4. Professional qualifications and independence analysis of directors and supervisors:

2024/3/31

Name	Professional Qualification Requirements, together with at Least Five Years Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Paul Huang	● Deputy Director of a Listed or OTC Company in the Same Industry. ● Experience in Business Management and Administration. ● Experience in Finance and Banking. ● No circumstances as described in Article 30 of the Company Law.	There are no violations of the independence regulations stipulated in the Securities Exchange Act among the directors of the company.	None
Wealthwave International Investment Co., Ltd.: Pei-Yu LIN	● Expertise in Financial Accounting. ● Experience in Business Analysis in the Same Industry. ● No circumstances as described in Article 30 of the Company Law.		None
George Yi	● Global Vice President of a Listed or OTC Company in the Same Industry ● Experience in Business Management and Administration ● No circumstances as described in Article 30 of the Company Law.		None
Jing-Shu Huang	● Expertise in Financial Accounting.		None

Name	Professional Qualification Requirements, together with at Least Five Years Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	● Experience in auditing with one of the Big Four accounting firms in the country. ● No circumstances as described in Article 30 of the Company Law.		
Independent Director Bai-Da Shr	● Expertise in Finance and Banking. ● Professor of Finance and Banking at a National University. ● Independent Director of a Listed or OTC Company. ● No circumstances as described in Article 30 of the Company Law.	The independent directors of the company comply with the independence requirements specified in the 'Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies.	3
Independent Director Du-Cheng Li	● Experience in Corporate Management ● Chairman of a Company in a Different Industry ● No circumstances as described in Article 30 of the Company Law.		None
Independent Director Chuen-Hung Tsai	● Expertise in Industrial Material Technology ● Professor at a National University ● No circumstances as described in Article 30 of the Company Law.		None
Independent Director Ji-Ye Miau	● Background in Legal Affairs ● No circumstances as described in Article 30 of the Company Law.		None

Note 1: None of the directors (including independent directors) of the company have circumstances as described in Article 30 of the Company Law.

Note 2: None of the directors (including independent directors) of the company have circumstances as stipulated in Subparagraphs 3 and 4 of Paragraph 3, Article 26-3 of the Securities Exchange Act.

Note 3: There are no directors elected as representatives of the government or legal entities as described in Article 27 of the Company Law.

Note 4: Neither I, my spouse, nor any relative within the second degree of kinship serves as a director, supervisor, or employee of this company or its affiliates.

Note 5: I, my spouse, and any relative within the second degree of kinship (either directly or through others) hold 0% of the company's shares.

Note 6: I do not serve as a director, supervisor, or employee of any company that has a specific relationship with this company.
Note 7: The compensation received in the past two years for providing business, legal, financial, and accounting services to this company and its affiliates is 0.

5. Board Diversity and Independence:

The selection of the company's directors is based on a comprehensive consideration of their professional qualifications, experience, and diversity, without being influenced by factors such as gender, age, nationality, and culture. The diverse composition of our board of directors makes appropriate decisions for the sustainable development of the company. The diversity policy and implementation status of the current board members of the company are as follows:

Title	Name	Nationality	Gender	Age	Industry Experience/Professional Skills							
					Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	International Market Perspective	Leadership Decision Making	Law
Chairman	Paul Huang	R.O.C. (Taiwan)	M	51~60	•	•	•	•	•	•	•	
Director	George Yi	R.O.C. (Taiwan)	M	51~60	•	•	•	•	•	•	•	
Director	Wealthwave International Investment Co., Ltd.	R.O.C. (Taiwan)										
	Representative: Pei-Yu LIN	R.O.C. (Taiwan)	F	51~60	•	•	•	•				
Director	Jing-Shu Huang	R.O.C. (Taiwan)	F	41~50	•	•	•	•				
Independent Director	Bai-Da Shr	R.O.C. (Taiwan)	M	51~60	•	•	•	•	•	•		
Independent Director	Du-Cheng Li	R.O.C. (Taiwan)	M	51~60	•	•	•	•	•	•	•	
Independent Director	Chuen-Hung Tsai	R.O.C. (Taiwan)	M	71~80	•		•	•	•	•	•	
Independent Director	Ji-Ye Miau	R.O.C. (Taiwan)	M	51~60	•			•			•	•

The current board of directors of the company is composed of 8 directors, including 4 directors and 4 independent directors. All members of the board hold national citizenship, with only 2 of them also serving as employees. The company values gender equality, including 2 female directors among its members. The independence of our directors is assessed based on substantive circumstances, with a commitment to continuously evaluate the independence of the board. This evaluation considers all relevant factors, including but not limited to: whether directors can continuously provide constructive feedback to the management team and other directors, whether their expressed viewpoints are independent, and whether their conduct inside and outside the boardroom aligns with common societal moral values.

The company has four independent directors, accounting for over fifty percent of the board. They do not fall under the circumstances stipulated in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities Exchange Act, and there are no spousal or within second-degree kin relationships among the directors. Furthermore, the qualifications of our independent directors meet the expectations of the company and demonstrate their professional qualities. Therefore, all our independent directors are external individuals independent of the company.

(II) Management Team

2024/4/2; Unit: thousand shares

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse &Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
General Manager	Paul Huang	M	R.O.C. (Taiwan)	2006.07.03	2,176	3.23	-	-	7,285	10.80	-Deputy Director, Applied Materials Taiwan -Master of Mechanical Engineering, National Taiwan University of Science and Technology -Bachelor of Mechanical Engineering, National Cheng Kung University	Note 1	--	--	--	(Note 7)
Chief Executive Officer	George Yi	M	R.O.C. (Taiwan)	2017.03.03	1,435	2.13	-	-	3,551	5.26	-Global Vice President, Applied Materials, Inc. -Master of Mechanical Engineering, National Taiwan University. -Bachelor of Mechanical Engineering, National Taiwan University.	Note 2	--	--	--	-
Executive Vice President	Carl Lo	M	R.O.C. (Taiwan)	2003.05.16	3,224	4.78	140	0.21	7,721	11.44	-Manager, Applied Materials Taiwan. -Master's degree from the Institute of Engineering and System Science, Tsing Hua University.	Note 3	--	--	--	-
Vice President	Tony Liu	M	R.O.C. (Taiwan)	2022.10.04	-	-	16	0.02	-	-	-Assistant Manager at Integrated Service Technology Inc./ Prosperity Power Technology Inc. -Department Manager at Vanguard International Semiconductor PTE. Ltd. -Department Manager at Winbond Electronics Corporation. -Master's degree from the Graduate Institute of Electrical Engineering, National Cheng Kung University.	--	--	--	--	-
Vice President	Calvin Shen	M	R.O.C. (Taiwan)	2023.01.01	300	0.44	-	-	-	-	-Customer Service Manager, Applied Materials Taiwan. -Department of Electrical Engineering, National Taiwan University of Science and Technology.	--	--	--	--	-
Vice President	Luc Chang	M	R.O.C. (Taiwan)	2023.02.01	201	0.33	-	-	-	-	-Innos Taiwan International Trading Co., Ltd. / Sales Manager. -Senior Sales Manager, Applied Materials	--	--	--	--	

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse &Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
											Taiwan. -Master's degree from the Institute of Power Mechanical Engineering, National Tsing Hua University.					
Chief Financial Officer	Rick Chang	M	R.O.C. (Taiwan)	2020.04.06	94	0.14	-	-	-	-	-CFO at Xiamen Subsidiary of Essilor Group, France. -Senior Manager at PricewaterhouseCoopers (PwC) Accounting Firm in Xiamen. -Master of Accounting from the State University of New York, USA.	--	--	--	--	-
Corporate Governance Officer	Anita Lee	F	R.O.C. (Taiwan)	2023.07.21	5	0.01	--	--	--	--	-Finance manager at ConnSante BioTech, Inc. -Accounting deputy manager at ChipMOS Technologies Inc. -Accounting Specialist at LITE-ON Technology Corporation -Master's degree from the Institute of Accounting, National Central University.	--	--	--	--	-
Audit Manager	Hans Yan	M	R.O.C. (Taiwan)	2021.07.21	35	0.06	-	-	-	-	-Department of Accounting, Fu Jen Catholic University. -Audit Manager at US-based Shyang-Mo Optoelectronics Technology Co., Ltd.	--	--	--	--	-

Note 1: General Manager of the company; Chairman of Skylead Inc.; Chairman of Jantech Semiconductor, Inc.; Chairman of Topview International Investment Co., Ltd.; Supervisor of Welltech Semiconductor, Inc.; Director of Gimtek (Singapore) Pte. Ltd.; Supervisor of Tradegenic Electronic (Shanghai) Co., Ltd.

Note 2: Chief Executive Officer of the company.; Chairman of Leading International Investment Co. Ltd.; Director of Welltech Semiconductor, Inc.; The Chairman of Skysemi (Xiamen) Technology Co., Ltd.

Note 3: Chairman of Celetech Semiconductor, Inc.; Chairman of Wealthwave International Investment Co., Ltd.; Chairman of Welltech Semiconductor, Inc.; Executive Director and Manager at Tradegenic Trancendent Electronics (Shanghai) Co., Ltd.

II. Remuneration to Directors (including independent directors), President and Vice Presidents

(I) Remuneration to Directors (including independent directors), President, and Vice Presidents in the Most Recent Year

1. Remuneration to Directors (including independent directors)

Year 2023 (Unit: NT$ thousand; %)

Title	Name	Director's Remuneration								Ratio of the sum of (A), (B), (C), and (D) to net profit after tax (%)		Compensation received as an employee								Ratio of the sum of (A), (B), (C), (D), (E), (F) and (G) to net profit after tax (%)		Remuneration received from non-consolidated affiliates or parent company
		Base compensation (A)		Pension (B)		Director compensation (C)		Business expense (D)				Salary, bonus and special allowance (E)		Pension (F)		Employee compensation (G)						
																Company		Consolidated Entities				
		Company	Consolidated Entities	Company	Consolidated Entities	Company	Consolidated Entities	Company	Consolidated Entities	Company	Consolidated Entities	Company	Consolidated Entities	Company	Consolidated Entities	Cash	Share	Cash	Share	Company	Consolidated Entities	
Chairman	Paul Huang	500	500	-	-	-	-	45	45	545 0.18%	545 0.18%	1,200	1,200	0	0	-	-	-	-	1,745 0.57%	1,745 0.57%	-
Director	Wealthwave International Investment Co., Ltd. Representative: Pei-Yu LIN	500	500	-	-	-	-	45	45	545 0.18%	545 0.18%	0	0	0	0	-	-	-	-	545 0.18%	545 0.18%	-
Director	George Yi	500	500	-	-	-	-	45	45	545 0.18%	545 0.18%	1,200	1,200	73	73	-	-	-	-	1,818 0.59%	1,818 0.59%	-
Director	Jing-Shu Huang	500	500	-	-	-	-	45	45	545 0.18%	545 0.18%	-	-	-	-	-	-	-	-	545 0.18%	545 0.18%	-
Independent Director	Bai-Da Shr	500	500	-	-	-	-	45	45	545 0.18%	545 0.18%	-	-	-	-	-	-	-	-	545 0.18%	545 0.18%	-
Independent Director	Du-Cheng Li	500	500	-	-	-	-	40	40	540 0.18%	540 0.18%	-	-	-	-	-	-	-	-	540 0.18%	540 0.18%	-
Independent Director	Chuen-Hung Tsai	500	500	-	-	-	-	45	45	545 0.18%	545 0.18%	-	-	-	-	-	-	-	-	545 0.18%	545 0.18%	-
Independent Director	Ji-Ye Miau	300	300	-	-	-	-	25	25	325 0.11%	325 0.11%	-	-	-	-	-	-	-	-	325 0.11%	325 0.11%	-

1. Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:
   The Company has performance evaluation policies for the Board of Directors that evaluate the performance of the Board of Directors and each functional committee periodically. According to the Company's Articles of Incorporation, Directors' remuneration is authorized by the Board of Directors, and based on the degree of participation in the Company's operation and contribution, as well as a comparison with the industry.
2. Except for the above-mentioned figures, the directors of the Company receive remuneration for providing services to all companies in the financial report (such as serving as a consultant for non-employees): None.

Note 1: The board of the company resolved on Feb 23, 2024, to distribute NT$5,517,993 as employee compensation for the 2023 year, and NT$0 as director compensation, to be reported at 2024 annual shareholders' meeting.

Note 2: The disclosed compensation content is different from the concept of income defined in the Income Tax Act. Therefore, this table shall merely be used for the purpose of information disclosure and shall not be used for taxation.

Directors’ (including independent directors’) Remuneration Scale

Intervals of Compensation Paid to Directors	Directors' Name			
	Total Remuneration (A+B+C+D)		Total Compensations (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities (H)	The Company	Consolidated Entities (I)
Less than NT$1,000,000	Paul Huang, Wealthwave International Investment Co., Ltd. (Representative: Pei-Yu LIN), George Yi, Jing-Shu Huang, Bai-Da Shr, Du-Cheng Li , Chuen-Hung Tsai, Ji-Ye Miau		Wealthwave International Investment Co., Ltd. (Representative: Pei-Yu LIN), Jing-Shu Huang, Bai-Da Shr, Du-Cheng Li , Chuen-Hung Tsai, Ji-Ye Miau	
NT$1,000,000 (included) ~ NT$2,000,000 (not included)	-	-	Paul Huang, George Yi -	
NT 2,000,000 (included)～NT 3,500,000 (not included)	-	-	-	-
NT 3,500,000 (included)～NT 5,000,000 (not included)	-	-	-	-
NT 5,000,000 (included)～NT 10,000,000 (not included)	-	-	-	-
NT 10,000,000 (included)～NT 15,000,000 (not included)	-	-	-	-
NT 15,000,000 (included)～NT 30,000,000 (not included)	-	-	-	-
NT 30,000,000 (included)～NT 50,000,000 (not included)	-	-	-	-
NT 50,000,000 (included)～NT 100,000,000 (not included)	-	-	-	-
More than NT 100,000,000	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

2. Remuneration to Supervisors: Not applicable.

3. Remuneration to President and Vice Presidents

Year 2023 (Unit: NT$ thousand; %)

Title	Name	Salary (A)		Pension (B)		Bonus and special allowance (C)		Employee compensation (D)				Ratio of the sum of (A), (B), (C), (D) to net profit after tax (%)		Remuneration received from non-consolidated affiliates or parent company
								Company		Consolidated Entities				
		Company	Consolidated Entities	Company	Consolidated Entities	Company	Consolidated Entities	Cash	Share	Cash	Share	Company	Consolidated Entities	
General Manager	Paul Huang	13,912	14,607	619	619	84	84	174	-	174	-	14,789 4.82%	15,484 5.05%	-
Executive Vice President	Carl Lo													
Chief Executive Officer	George Yi													
Vice President	Tony Liu													
Vice President	Calvin Shen													
Vice President	Luc Chang													

Note 1: On February 23, 2024, the Board of Directors of the Company approved the distribution of NT$5,518 thousand of employee remuneration for 2023, and will submit the report of the 2024 Annual General Meeting of Shareholders.

Note 2: The disclosed compensation content is different from the concept of income defined in the Income Tax Act. Therefore, this table shall merely be used for the purpose of information.

Note 3: The above-mentioned retirement pension is an amount allocated in accordance with the relevant provisions of the Labor Standards Act

.

Note 4: Employee remuneration is calculated based on the actual allocation ratio of last year, and the proposed allocation amount for this year.

President and Vice Presidents' Remuneration Scale

Interval of Compensation Paid to President and Vice Presidents	Name of President/Vice President	
	The total amount (A+B+C)	
	The Company	Consolidated Entities
Less than NT$1,000,000	-	-
NT$1,000,000 (included)～NT$2,000,000 (not included)	Paul Huang, George Yi, Carl Lo	Paul Huang, George Yi, Carl Lo

NT$2,000,000 (included)～NT$3,500,000 (included)	Luc Chang	
NT$3,500,000 (included)～NT$5,000,000 (included)	Calvin Shen, Tony Liu	Calvin Shen, Tony Liu, Luc Chang
NT$5,000,000 (included)～NT$10,000,000 (included)	-	-
NT$10,000,000 (included)～NT$15,000,000 (included)	-	-
NT$15,000,000 (included)～NT$30,000,000 (included)	-	-
NT$30,000,000 (included)～NT$50,000,000 (included)	-	-
NT$50,000,000 (included)～NT$100,000,000 (included)	-	-
More than NT$100,000,000	-	-
Total	6 persons	6 persons

4. Names of managers with distributed employee compensation and the status of distribution

Year 2023 (Unit: NT$ thousand; %)

Title		Name	Share	Cash	Total	Ratio of the total amount to net profit after tax (%)
Manager	General Manager	Paul Huang	0	244	244	0.08
	Executive Vice President	Carl Lo				
	Chief Executive Officer	George Yi				
	Vice President	Tony Liu				
	Vice President	Calvin Shen				
	Vice President	Luc Chang				
	Chief Financial Officer	Rick Chang				
	Corporate Governance Officer	Anita Lee(Note 2)				

Note 1: The company's board of directors resolved on February 23, 2024, to approve the employee compensation for the fiscal year 2023 amounting to 5,518 thousand dollars, which will be reported at the 2024 annual general meeting of shareholders.

Note 2: Joined the company on May 16, 2023.

5. Analysis Regarding the Ratio of the Total Remuneration to Net Profit After Tax:

(1) Analysis regarding the ratio of the total remuneration paid to Company's directors (including independent directors), president and vice presidents in the most recent 2 years to net profit after tax:

Item	2023		2022	
	Ratio of the Total Remuneration to Net Profit After Tax		Ratio of the Total Remuneration to Net Profit After Tax	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Directors (including Independent Directors)	0.71%	0.71%	0%	0%
President and Vice Presidents	4.82%	5.05%	3.32%	4.09%

Note 1: Beginning in the 2023 year, the company pays a fixed remuneration to each director every month. The directors and supervisors of the Company did not receive remuneration in 2022; In addition, the board of directors resolved that the remuneration of directors in 2023 is $0.

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

The remuneration policy of the directors of the Company shall be stipulated in the Articles of Association of the Company, and the Board of Directors shall resolve the allocation proposal. Where the Company makes a profit for a year, no more than 2 percent as the director remuneration.

The remuneration of the Chief Executive Officer, General Manager and Deputy General Manager of the Company includes salary, bonus and employee bonus, which are determined based on the position held, the responsibilities and contributions assumed, and with reference to the level of the industry.

The remuneration paid by the Company to the directors, chief executive officer, general manager and deputy general manager has been evaluated in the same way as the Company's future operational development and operational risks, and is positively correlated with its operating performance, so as to seek a balance between sustainable operation and risk control.

IV. Implementation of Corporate Governance:

(I) Board of Directors Meeting Status:

The Board of Directors held 12 meetings (A) in the year of 2023. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Paul Huang	12	0	100 %	2023/03/03 Full re-election and re-election
Director	Wealthwave International Investment Co., Ltd. Representative: Pei-Yu LIN	11	1	92 %	2023/03/03 Full re-election and re-election
Director	George Yi	12	0	100 %	2023/03/03 Full re-election and re-election
Director	Jing-Shu Huang	12	0	100 %	2023/03/03 Full re-election and re-election
Director	Tian, Ding-Syu	2	0	100 %	Dismissed after the stock temporary meeting election on March 3, 2023.
Independent Director	Bai-Da Shr	10	0	100 %	2023/03/03 Selection
Independent Director	Du-Cheng Li	9	1	90 %	2023/03/03 Selection
Independent Director	Chuen-Hung Tsai	10	0	100 %	2023/03/03 Selection
Independent Director	Ji-Ye Miau	6	6	100 %	2023/06/29 Selection

Other mentionable items:

I. If there are circumstances occurred during the operation of the Board of Directors, the date of meetings, sessions and contents of motion of the Board of Directors, all independent directors' opinions and the Company’s responses to such opinions should be specified:

(I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act:

The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable to the Company. Please refer to the Annual Report for related information on the operation status of the Audit Committee.

(II) Besides the foregoing items, other resolutions objected to by independent directors or subject to a qualified opinion and recorded or declared in writing: None.

II. Implementation and description of resolutions in which directors refrained from participating due to conflict of interest:

(I) Resolution of the 4th meeting of the 8th Board of Directors regarding the discussion of directors' 2023 remuneration involves the personal interest of Chairman Paul Huang and Director George Yi, and thus, they did not participate in discussion or voting in accordance with the Company Act. Director Baida Shi served as the acting chairman and made inquiries with other directors present at the meeting. Such resolution was unanimously approved.

(II) Resolution of the 4th meeting of the 8th Board of Directors regarding the discussion of the manager's 2023 performance bonus involves the personal interest of Chairman Paul Huang and Director George Yi, and thus, they did not participate in discussion or voting in accordance with the Company Act. Director Baida Shi served as the acting chairman and made inquiries with other directors present at the meeting. Such resolution was unanimously approved.

(III) Resolution of the 6th meeting of the 8th Board of Directors regarding the discussion of the Executive Deputy General Manager's salary structure and amount involves the personal interest of Director Pei-Yu LIN, and thus, she did not participate in discussion or voting in accordance with the Company Act. Chairman made inquiries with other directors present at the meeting. Such resolution was unanimously approved.

(IV) Resolution of the 6th meeting of the 8th Board of Directors regarding the discussion to permit a managerial officer to engage in competitive conduct involves the personal interest of Director Pei-Yu LIN, and thus, she did not participate in discussion or voting in accordance with the Company Act. Chairman made inquiries with other directors present at the meeting. Such resolution was unanimously approved.

III. Board of Directors performance evaluation frequency, period, scope and method:

The Company established the "Rules for Performance Evaluation of Board of Directors" in 2023 and would evaluate the performance of the board of directors and each functional committee by the "Rules for Performance Evaluation of Board of Directors".

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation indicators

Once a year	2020/3/3 ~2020/12/ 31	1. Board of Directors 2. Board members 3. Audit committees 4. Remuneration committee	1. Internal evaluation of the Board of Directors 2. Self-evaluation by board members 3. Self-evaluation by Audit committees 4. Self-evaluation by the Remuneration committee	● Board of Directors: 1. Participation in the operation of the company. 2. Improvement of the quality of the board of directors' decision making. 3. Composition and structure of the board of directors. 4. Election and continuing education of the directors. 5. Internal control. ● Board members: 1. Awareness of the duties of a director. 2. Participation in the operation of the company. 3. The director's professionalism and continuing education. 4. Internal control. ● Audit committees: 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control. ● Remuneration committee: 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members.

Remarks: 1. 2023/03/03~2023/12/31 Internal Assessment: Completed in December 2023.

Evaluation Results:

The performance evaluation results of the board of directors, board members and each functional committee were all “excellent” in 2023. All evaluation indicators were operating well as a whole and in line with corporate governance requirements, and effectively strengthening the functions of the Board of Directors and safeguarding the rights and interests of shareholders.

The results of the performance evaluation were reported to the Board of Directors on March 14, 2024, and submitted to the members of the compensation committee as reference materials for the salary and remuneration of individual directors in the future.

IV. Measures taken to strengthen the functionality of the Board of Directors within the current and the most recent year:

(I) The Board of Directors is carried out in accordance with the provisions of the ' Rules of Procedure for Board of Directors Meetings', and the execution is in good condition. The finance and audit supervisors regularly report the financial and audit status at the board meetings, effectively enhancing the directors' grasp of the company's operations.

(II) In March 2023, the Company re-elected directors and elected independent directors, and established the audit committee to review relevant proposals and submit them to the board of directors for resolution in accordance with its authority, so as to improve the supervisory function and strengthen the management function. The Board of Directors continues to participate in refresher courses on corporate governance topics to enrich their knowledge and enhance exchanges, so as to continuously enhance the functions of the Board of Directors. In order to encourage directors to continue their education, the Company regularly arranges corporate governance-related courses for directors and provides information on courses organized by external training institutions for directors' reference.

(III) To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the Board of Directors, the Company established the "Rules for Performance Evaluations of the Board of Directors" in 2023, and the Company shall conduct an internal board performance assessment once a year and shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. In 2023, the Board of Directors approved the appointment of Ms. Anita Lee from the General Manager's office to serve as the Corporate Governance Officer, as the most senior officer to be in charge of corporate governance affairs.

Note: The authority of the Company's supervisors shall be exercised by the Audit Committee composed of Independent Directors.

(II) Audit Committee Meeting Status:

1. The Company established an Audit Committee on March 3, 2023 to exercise the authority required by the Company Act, the Securities and Exchange Act and related laws and regulations.
2. The key points of the Audit Committee's annual review work are as follows:
   (1) Supervise the effective implementation of the internal control system.
   (2) Review asset transactions or derivatives trading, loans of funds, endorsements, or provision of guarantees of a material nature and matters in which a director is an interested party.
   (3) The hiring, dismissal, compensation, independence, and performance evaluation of certified public accountants.
   (4) Supervise and review fair presentation of the financial reports.
   (5) Supervise compliance with relevant laws and management of the existing or potential

risks of the Company.

3. The professional qualifications and experience of the Audit Committee members are detailed on pages 14 to 16 of the annual report.
4. Five Audit Committee meetings (A) were held in the most recent year. The attendance of the members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Bai-Da Shr	8	8	100 %	2023/03/03
Independent Director	Du-Cheng Li	7	1	87.5 %	2023/03/03
Independent Director	Chuen-Hung Tsai	8	8	100 %	2023/03/03
Independent Director	Ji-Ye Miau	6	6	100 %	2023/06/29

Other mentionable items:

I. If any of the following circumstances occurred during the operation of the Audit Committee, the dates of meetings, sessions, contents of motion of the Board of Directors, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinions should be specified:

(I) Circumstances stipulated in Article 14-5 of the Securities and Exchange Act:

1. The resolutions of the 1st meeting of the 1st Audit Committee (March 30, 2023)

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1. Approved the change of signing certified public accountants.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. Approved the financial report and business report of the Company for 2022.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
3. Approved the effectiveness assessment of the internal control system and the internal control system statement for 2022.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

2. The resolutions of the 2nd meeting of the 1st Audit Committee（May 11, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified

1. Approved the Company's financial report for the first quarter of 2023.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. Approved the Company's self-compiled financial report capability assessment report.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
3. Approved the purchase of an office and factory in Tainan.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

3. The resolutions of the 3rd meeting of the 1st Audit Committee（July 21, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1. Approved the "Internal Control System Statement" for the Company's listing application of 2023.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. Approved the establishment of "Financial Statement Preparation Process Management Measures" and "Commission Payment Management Measures".	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
3. Amended various internal control system regulations including "Internal Major Information Processing and Insider Trading Prevention Management Measures," "Measures for Reporting Changes in Holdings of Insiders upon Assumption (Resignation) of Office," "Operational Guidelines for Financial Transactions among Affiliated Enterprises, Group Enterprises, and Related Parties," "Internal Audit System," "Operational Procedures for Self-Assessment of Internal Control Systems".	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

4. Approved the "Authority Table" for the Company and authorized the Chairman to adjust it in the future according to the actual business conditions.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
5. Approved the amendment of various internal control system regulations including "Seal Management Measures," "Bill Receipt Management Measures," "Asset Management Measures," "Budget Management Measures," "Delegation of Authority and Agent Measures," "Financial and Non-Financial Information Management Measures," "Related Party Transaction Management Measures," "Supervision and Management Measures for Subsidiaries," "Equity Operation Management Measures," "Personal Data Protection Management Measures," "Compensation Committee Operation Management Measures," and "Audit Committee Meeting Operation Management Measures," subject to the approval of the Audit Committee.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
6. Approved the amendment to purchase the real estate transaction for the property located at No. 0133-0008, Jiaxing Section, Zhubei City.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

4. The resolutions of the 4th meeting of the 1st Audit Committee（Augst 11, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1. Approved the Company's 2023 second quarter consolidated financial statements.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. Approved: The Board of Directors of the company has	None	Unanimously approved by all the members attending the meeting	Not applicable.

authorized the Chairman to purchase and sign contracts for real estate.		and will be submitted to the Board of Directors meeting for approval.	

5. The resolutions of the 5th meeting of the 1st Audit Committee（Augst 18, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1. Approved: Reduce the loan limit of the company to the subsidiary company Skylead Inc.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

6. The resolutions of the 6th meeting of the 1st Audit Committee（October 6, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1. Approved the resolution to conduct a cash capital increase and issue new shares before the initial listing by the board of directors of the Company.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. Approved the company's 2023 fiscal year cash capital increase employee share subscription - non-managers can subscribe for shares.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
3. Approved to authorize the Chairman to grant loans to the subsidiary company Xinhong Advanced Co., Ltd., with the loan amount to be disbursed in installments or used on a revolving basis."	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

7. The resolutions of the 7th meeting of the 1st Audit Committee（November 9, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1. To announce the Company's 2023 third quarter consolidated financial statements have been approved by the Board of Directors.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. The revision of the company's 'Management Procedures for	None	Unanimously approved by all the members attending the meeting and will be submitted	Not applicable.

Material Inside Information and Preventing of Insider Trading "has been approved by the Board of Directors.		to the Board of Directors meeting for approval.	

8. The resolutions of the 8th meeting of the 1st Audit Committee（December 14, 2023）

Sessions and contents of motion.	The objections, reservations, and major comments of independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions should be specified
1.Report on the audit plan of 2024.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
2. Evaluated the independence of CPAs.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
3. Submitted for approval of the Company's financial and tax accountants for the year 2024 and the fees and expenses of CPAs in 2024.	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
4.Revision of the Company「Internal control system self-assessment procedures」	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
5. Revision of the Company「Rules of Procedure for Board of Directors Meetings」	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.
6.Revision of the Company「Regulations of Internal Control Systems」	None	Unanimously approved by all the members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Not applicable.

(II) Besides the foregoing items, other resolutions that failed to be approved by the Audit Committee but were otherwise approved by a two-thirds majority of all the directors: None.

II. Implementation of resolutions in which independent directors refrained from participating due to conflict of interest: There was no such situation in the Audit Committee in 2023.

III. Communications between independent directors and the Company's internal audit supervisor and CPAs (e.g. items, methods and results of the audits of corporate finance or operations.):

(I) The internal audit supervisor submits the audit and follow-up reports to independent directors for review by the end of the month next following the completion of the audit items, and reports to the Audit Committee on the audit business at least once a quarter.

(II) The accountants appointed by the Company sit on the Audit Committee on a quarterly basis and explain matters related to financial accounting and the recent amendments to the law to the independent directors. The interaction between them is good.

(III) The internal audit and accountants communicate with the independent directors individually once every quarter, and also directly contact the independent directors at any time as needed, so that the communication channels between them are unimpeded.

(IV) The independent directors, internal audit supervisor and CPAs communication items as below in 2023.:

Date	Material Communication Items between internal auditor supervisor	Material Communication Items between the CPAs
2023/03/30	➢ Reviewing the Internal Auditor's report of 2022 Q4. ➢ Reviewing and approving 2022 Statement of Internal Control System.	➢ 2022 Annual Audit Scope of Financial Statements, Accountant's Audit Report, Materiality of Audit, Audit Focus, Independence of Accountant and 2022 Annual Accountant's Report on Total Fees for Audited and Non-Audit Services. ➢ 2022 Explanation of Public Expenses for Accountants' Audit Services. ➢ 2022 Status of the review of the annual financial statements, including discussion of problems or difficulties in the audit.
2023/05/11	➢ Reviewing the Internal Auditor's report of 2023 Q1.	➢ Related items on 2023 Q1 consolidated financial statement including the scope of the audit, the audit report of the independent accountants.
2023/08/11	➢ Reviewing the Internal Auditor's report of 2023 Q2.	➢ Related items on 2023 Q2 consolidated financial statement including the scope of the review, the review report of the independent accountants, and the significance and focus of the review. ➢ Recent legal updates.
2023/11/09	➢ Reviewing the Internal Auditor's report of 2023 Q3.	➢ Related items on 2023 Q3 consolidated financial statement including the scope of the review, the review report of the independent accountants, and the significance and focus of the review. ➢ Recent legal updates.

Result: All independent directors have unmodified opinions on the above-mentioned matters.

(III) The State of the Company's Implementation of Corporate Governance, Any Variance from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", and the Reason for Any Such Variance:

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
1. Does the company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	√		The Company has established the "Corporate Governance Best Practice Principles," which aim at the protection of shareholders' rights and interests, enhancing the functions of the Board of Directors, respecting stakeholders' rights, and improving information transparency. The Company's "Corporate Governance Best Practice Principles" are disclosed on the Company's website and in the Market Observation Post System.	None
2. Shareholding structure and shareholders' rights				
(1) Does the company establish internal operating procedures to deal with shareholder suggestions, doubts, disputes and litigation and implement based on the procedure?	√		(1) The Company has a spokesperson, deputy spokesperson and a shareholder service unit to handle shareholder suggestions, doubts, disputes and litigation matters, and based on respect to the stakeholders, and to identify the stakeholders of the Company as well as establish a designated section on its website for the stakeholders. The Company, through proper	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			communication, understands the reasonable expectations and demands of the stakeholders and properly responds to critical sustainable development issues of concern to the stakeholders.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	√		The Company possesses the list of its major shareholders as well as the ultimate owners of those shares, and has regularly disclosed information of major shareholders and ultimate owners of those in accordance with relevant laws and regulations.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	√		The Company has established an internal control system and "Regulations Regarding Supervision and Management of Subsidiaries" in accordance with laws and regulations, and the Company has also established "Procedures Governing Transactions with Specific Companies and Related Parties" and regularly reviews their management reports.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	√		The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and an "Insider Trading Policy". The Company's personnel shall comply with the provisions of the Securities and Exchange Act and	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			shall not use the undisclosed information to engage in insider trading or disclose it to others in order to prevent others from using the undisclosed information to engage in insider trading. The individuals subject to the provisions of the Company are prohibited from trading securities using undisclosed market information. The aforementioned prohibition includes company insiders who, from the date of receiving the company's financial reports or related performance information, are restricted from trading in publicly listed stocks of the company or other securities with equity characteristics traded at securities firms' business premises during specified closed periods. These closed periods include the thirty days prior to the announcement of the annual financial report and the fifteen days prior to the announcement of each quarterly financial report. Annually, directors, managers, and shareholders holding more than 10% of the total shares are reminded via email about the above transaction control measures.	
3. Composition and Responsibilities of the board of directors				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(1) Does the board of directors develop and implement a diversified policy and management goals?	√		The Company's diversified policy, management goals and fulfillment of diversification of the Board of Directors are detailed on pages 16~17 of the annual report and disclosed on the Company's website.	None
(2) Does the company voluntarily establish other functional committees in addition to the remuneration committee and audit committee?		√	The Company has established a Compensation Committee and Audit Committee pursuant to the laws and will establish other functional committees in consideration of the scale and operation of the Company.	Under discussion and preparation
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors on an annual basis, reported the results of performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal?	√		The Company has established "Rules for Performance Evaluations of the Board of Directors" and evaluation method, and disclosed the aforementioned on the Market Observation Post System and the Company's website. The Board of Directors should conduct self-assessment and performance evaluations by questionnaire every year, and also, assessments should be made by an external independent professional institution or a panel of external experts and scholars at least once every three years. The results of the Board's performance evaluation shall be completed before the end of the first quarter of the	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			following year and submitted to the Board of Directors.	
(4) Does the company regularly evaluate the independence of CPAs?	√		According to the Company's Article 29 of the "Corporate Governance Best Practice Principles", the Company should annually evaluatethe independence and suitability of CPAs. The engagement of the Company's CPAs was approved by more than half of all the Audit Committee members after they reviewed the Statement of Independence and Audit Quality Indicators (AQIs) report from CPAs, and then submitted to and adopted by the Board of Directors. The CPAs are not stakeholders of the Company and strictly adhere to independence. The independence of the auditors is evaluated as follows: 1. The certified public accountant (CPA) does not have any direct or significant indirect financial interest with the company. 2. The CPA does not have any financing or guarantee transactions with the company or its directors. 3. The CPA and members of the audit service team have not held positions in the past two	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			years that have a significant influence on the company's directors, supervisors, managers, or audit cases. 4. The CPA does not act as a defender for the company or represent the company in coordinating conflicts with third parties. 5. The tenure of the principal and deputy CPAs does not exceed seven years. 6. The CPA does not have a close commercial relationship with the company. 7. The CPA does not have a potential employment relationship with the company. 8. The CPA does not have contingent fees related to the audit cases with the company. 9. Whether the members of the audit service team, other practicing CPAs, or shareholder accounting firms, accounting firms, affiliated enterprises, and alliance firms maintain independence from the company. 10. The CPA does not have a direct impact on significant items of the audit case due to the non-audit services provided to the company. 11. The CPA does not promote or mediate the company's issuance of stocks or other securities.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			12. The CPA does not represent the company in legal cases or other disputes with third parties. 13. The CPA and members of the audit service team do not have family relationships with the company's directors, supervisors, managers, or personnel who have a significant influence on audit cases. 14. The CPA has not held the position of director, supervisor, manager, or a significant influence on audit cases within the company within a year of resignation.	

4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	√		In 2023, the Board of Directors approved the appointment of Ms. Anita Lee as the Corporate Governance Officer, as the most senior officer to be in charge of corporate governance affairs. The authority of the Corporate Governance Officer is as follows: Handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, assisting in onboarding and continuous development of directors, furnishing information required for business execution by directors, assisting directors with legal compliance, reporting to the board of directors on the review results of qualification compliance of relevant laws and regulations of independent directors at the time of nomination, election and during the term of office, and handling the matters related to the change of directors, etc. The qualifications of the Corporate Governance Officer meet the requirements of the Company's "Corporate Governance Best Practice Principles", and the professional education of Corporate Governance Officer complies with the regulations every year. Please refer to Table 1 below. The key points of implementation of corporate governance affairs are as follows: 1. 12 Board of Directors meetings and 8 Audit Committee meetings held in 2023.	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			2. Two Annual Shareholders' Meetings were held in 2023. 3. The continuing education of directors is in compliance with the regulations every year. Please refer to Table 1 below. 4. The Company has purchased Directors and Officers Liability Insurance, and reports to the Board of Directors after renewal.	
5. Does the company establish a communication channel and establish a designated section on its website for stakeholders (including but not limited to shareholders, employees, clients and suppliers), and properly respond to critical corporate social responsibility issues of concern to stakeholders?	√		The Company values our stakeholders and understands their concerns and needs through appropriate communication channels, such as the company website, external and internal mailboxes, and social media platforms. The Company establishes a section for stakeholders on the Company website, and also provides contact information for spokespersons and related businesses to respond appropriately to critical sustainable development issues of concern to stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	√		The Company has designated Yuanta Securities Co. Ltd. to deal with shareholder affairs.	None
7. Information disclosure				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(1) Does the company have a website to disclose information relating to finance, business and corporate governance?	√		The Company has established the Chinese / English website (www.skytech.com.tw) to actively disclose information regarding the Company's finance, business and corporate governance, and relevant information can also be found on the Market Observation Post System.	None
(2) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesperson system, and webcasting investor conferences)?	√		The Company has established a Chinese / English website to webcast investor conferences. The company has one spokesperson and one deputy spokesperson. The Company's Finance & Accounting Management Center and Strategy and Investor Relations department (including Conference Information) are responsible for corporate information disclosure on the Market Observation Post System and the Company's website.	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	√		The Company announces and reports the annual financial statements audited by independent accountants within two months following the end of the accounting period, as well as the first, second, and third quarter financial statements, as well as the operating status of each month before the prescribed deadline.	None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited	√		(1) Employee rights as well as employee wellness: The Company has implemented the Labor Standards Act and relevant regulations, regularly conducted	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation status of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			education and training, and established the Employee Welfare Committee to protect employees' rights and interests. (2) Investor relation: There is an investor section on the company's website, which provides relevant financial and stock affairs information for investors to read, and there is also a speaker system and a dedicated person responsible for handling related issues. (3) Supplier relation: The company maintains good interaction with all suppliers, and discusses material specifications from time to time to improve quality in order to create a win-win cooperation mode. (4) Rights of stakeholders: The Company has established functions of various departments, and maintained smooth communication channels with the stakeholders such as shareholders, employees, clients, suppliers, government and community. (5) Continuing education of director: The directors of the Company have diverse professional backgrounds, and all directors are currently engaged in the work	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			of this professional background. The Company encourages the directors to participate in refresher courses, and if there are the latest relevant laws and regulations or publicity matters, they will also be immediately informed to the directors for compliance. (6) The implementation status of risk management policies and risk evaluation standards: According to the work responsibilities of the hierarchical responsibility, in case of special circumstances, will be reported to the board of directors at any time. In addition, the Company has established a complete internal control system in accordance with relevant laws and regulations and has effectively implemented it. (7) The implementation status of customer relations policies: The company maintains a smooth communication channel with its customers and maintains a good relationship. (8) The status of purchasing liability insurance for directors: The Company has purchased Directors and Officers Liability Insurance and reports to the	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Board of Directors after renewal.	

9. Please indicate the improvement status of the results of the corporate governance evaluation issued by TWSE Corporate Governance Center for the most recent year and propose matters that should be given priority and measures that have not yet improved (Those who are not listed in the rated company do not need to be listed): The Company was listed in December 2023 and is not yet listed as a rated company, so it is not applicable.

(IV) If the Company has a Remuneration Committee or Nomination Committee in Place, the Composition and Operation of Such Committee shall be Disclosed

1. The Remuneration Committee: The remuneration committee of the Company is composed of all independent directors. Please refer to the relevant content of the information on directors and independent directors.

2. Responsibilities

(1) Establishes and periodically reviews the performance evaluation and policies, system, standards, and structure of the compensations for Directors, supervisors, and managers.
(2) Periodically evaluates and establishes compensations and benefits for Directors, supervisors, and managers.

3. Implementation Status

(1) There are 3 members of the Remuneration Committee of the Company.
(2) Term of office of the first term of office: 16 March 2022 to 2 March 2023, to cooperate with the full re-election of the Directors and Independent Directors. Second term of office: 3 March 2023 to 2 March 2026.
(3) The Compensation Committee convened 5 times (A) in the last fiscal year. The qualifications of the members and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)note	Remark
Independent Director	Bai-Da Shr	5	-	100%	
Independent Director	Du-Cheng Li	4	1-	80%	
Independent Director	Chuen-Hung Tsai	5	-	100%	

Other mentionable items:

1. The main items discussed in the meetings of the Compensation Committee in the most recent year are as follows:

Compensation Committee Date/ Term	Motion	Resolution results of the Compensation Committee	The Company's response to the comments of the Compensation Committee
2023/05/11 The 1st meeting of the	2023 Annual Directors' Remuneration	Unanimously approved by all members attending the meeting and will be	Sent by the Remuneration Committee and approved by the

2nd Term of the Compensation Committee	System Evaluation and Payment.	submitted to the Board of Directors meeting for approval.	Board of Directors with modified plan.
	2023 annual manager salary and remuneration system evaluation and payment case.	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Sent by the Remuneration Committee and approved by the Board of Directors with modified plan.
2023/07/21 The 2nd meeting of the 2nd Term of the Compensation Committee	Approved the salary structure and amount of the Company's new corporate governance officer	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Sent by the Remuneration Committee and approved by the Board of Directors with modified plan.
2023/08/11 The 3th meeting of the 2nd Term of the Compensation Committee	Appointment of Executive Vice President and Discussion of Salary Structure and Amount	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Sent by the Remuneration Committee and approved by the Board of Directors with modified plan.
	Approved the release of a managerial officer of the Company from non-competition restrictions	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Sent by the Remuneration Committee and approved by the Board of Directors with modified plan.
2023/10/06 The 4th meeting of the 2nd Term of the Compensation Committee	2023 Annual Cash Capital Increase Employee Subscription - Managers Can Subscribe for Shares	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Sent by the Remuneration Committee and approved by the Board of Directors with modified plan.
112/11/09 The 5th meeting of the 2nd Term of the Compensation Committee	2023 annual manager employee remuneration case	Unanimously approved by all members attending the meeting and will be submitted to the Board of Directors meeting for approval.	Sent by the Remuneration Committee and approved by the Board of Directors with modified plan.

2. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Compensation Committee, the date of the meeting, term, agenda, resolution results, and the Company's response to the comments provided by the Salary and Compensation Committee shall be described (if the compensation passed by the Board of Directors is higher than recommended by the Compensation Committee, the difference and reason shall be described): None.

3. For the decisions made by the Compensation Committee, if there are documented records of members who veto or withhold from expressing their opinions, the date, term, agenda, all members' comments, and the measures for handling these comments shall be elaborated: None.

(V) The State of the Company's Promotion of Sustainable Development, Any Variance from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", and the Reason for Any Such Variance

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
1. Does the company build a structure of sustainable development and establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing sustainable development policies and supervising the situation of the board?		√	Although the Company has not set up a full-time (part-time) unit to promote sustainable development, considering the trend of promoting sustainable development of domestic and foreign enterprises and the overall operation activities of the company itself, as well as considering social and corporate governance related issues, it will set up relevant units as needed in the future.	In the future, relevant units will be set up and relevant measures will be formulated according to demand.
2. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	√		The Company integrates risk assessment of environmental, social and corporate governance issues related to its operations into its business strategy, including corporate policies, internal operations management and business execution, and has established the "Sustainable Development Best Practice Principles".	None of significant deviation.
3. Environmental Topic				
(1) Does the company establish a proper environmental management system based on the characteristics of their industries?	√		Based on the ISO14001 management system, and according to the company's industrial characteristics and the assessment of the degree of environmental impact, the company's environmental policy and corresponding management system are formulated, and the goals and program management are used to	None of significant deviation.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
			achieve the goal of continuous improvement.	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	√		The company is committed to improving the implementation of various resource recycling and classification so that the earth's resources can be used sustainably. By promoting the concept of caring for the earth, we reduce the generation of waste, and the waste is entrusted to the environmental protection agency to review and pass the professional manufacturers to assist in the disposal.	None of significant deviation.
(3) Does the company assess the potential risks and opportunities of climate change now and in the future, and adopt relative measures?	√		Through the evaluation and deliberation of the effects of climate change on its operational activities, the company has formulated objectives and strategies for the management of environmental protection, energy saving, and carbon reduction. Concurrently, it has established contingency plans for risk response and mechanisms for crisis management, with the aim of diminishing the influence of these risks on corporate operations.	None of significant deviation.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?		√	The company has established a sustainable development policy and environmental management policy, and formulated the company's energy conservation and carbon reduction, water use and waste related management specifications. Greenhouse gas emissions for the past two years have been counted.	None
4. Social Topic				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	√		The company abides by relevant labor laws and regulations, and refers to international human rights conventions as internal management guidelines, protects the human rights of employees, promotes labor and management harmony and creates a win-win situation, and relevant policies are standardized in the company's regulations.	None

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
(2) Has the Company established appropriately managed employee welfare measures (including salary and compensation, leave and others) and linked operational performance or achievements with employee salary and compensation?	√		The company has formulated "work rules" to regulate the relevant and reasonable welfare measures for employees, including: a friendly workplace, regular review of salary adjustment, insurance, travel allowance subsidy, multi-club activity subsidy, education and training... and other benefits, and appropriately reflect the business performance to the employees, and share the business results.	None.

(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	√		(1) In order to protect the safety and health of employees, the company regularly conducts fire drills, and arranges regular training for personnel in special positions, so as to achieve a good preventive role in management and implementation, so as to prevent the occurrence of safety accidents. (2) Zhubei Office and Hukou Factory obtained ISO45001 certification. (3) Arrange annual employee health checks on a regular basis, and set up staff lounges to provide staff billiards rooms, badminton courts and simple fitness equipment... etc., to promote the physical and mental health of employees. (4) State the number of cases of occupational accidents and the number of employees involved in the given year, and the ratio to the total number of employees, and related improvement measures: There were 5 people in a traffic accident on and off work, and 1 person was cut on his finger, a total of 6 people. The average number of employees is 280, 6 people/280 people=2.1%. Relevant improvement measures: 1. The company's website publishes commuting traffic safety advocacy. 2. Newcomer education and training materials are added to traffic safety publicity. 3. Strengthen the education and training of personnel on work protection. (5) State the number of fire incidents and the number of casualties in the given year, and the ratio of the	None.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
			number of casualties to the total number of employees, and improvement measures related to fire incidents: Not applicable.	
(4) Does the company provide its employees with career development and training sessions?	√		The company provides regular internal education and training, irregular work-related external training courses for employees to participate in, and the acquisition of professional licenses to enhance employees' functional development capabilities.	None.
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling, and setting policies to protect consumers or customers' rights and consumer appeal procedures?	√		The marketing and labeling of the company's products and services are handled in accordance with the regulations to protect the health and safety of customers, provide good after-sales service, and keep customer information confidential. The company respects and protects intellectual property rights, abides by relevant laws and international standards for products and services, maintains good communication channels with customers and provides complaint handling procedures to protect customers' rights and interests.	None.
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety	√		All interactions between the company and suppliers are conducted in accordance with the stipulations of our 'Supplier Evaluation and Assessment Management	None.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
and health or labor rights, and their implementation status?			Procedures'. In cases where suppliers violate any terms, actions are taken in accordance with the contract.	
5. Does the Company refer to international reporting rules or guidelines to publish a Sustainability Report to disclose non-financial information about the Company? Has the said Report acquired 3rd certification party verification or statement of assurance?		√	The Company has not yet prepared a sustainability report, and will formulate a code of practice for sustainable development as needed in the future to manage economic, environmental and social risks and impacts.	Actions will be taken in accordance with the regulations.
6. If the company has established the corporate sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any deviation between the Principles and their implementation: The Company was listed in December 2023 and formulated a Code of Practice for Sustainable Development, which was approved and implemented by a resolution of the Board of Directors on July 21, 2023, and its actual operation is not materially different from the Code of Practice for Sustainable Development.				
7. Other important information to facilitate a better understanding of the company's sustainable development practices: The company actively participates in social, environmental protection public welfare activities, actively participates in activities organized by the competent authorities, such as planting trees on the beach, participating in environmental protection beach cleaning activities, and donating to charities and medical equipment to improve the medical environment in rural areas, demonstrating its determination to care for the society and attach importance to environmental protection.				

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

1. Implementation of Climate-Related Information

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	√		The company will establish a Sustainability Committee to formulate strategies for addressing risks and opportunities related to climate change. The committee meetings, presided over by the General Manager, will set objectives for the organization, enhance supervisory performance, and evaluate the processes and framework for assessing outcomes. Regular reports will be made to the Board of Directors for oversight, management evaluation, and decision-making. The Sustainability Committee will create a monitoring process for climate-related risks and opportunities. Should potential climate risks be deemed significant, experts may be consulted as needed to improve the decision-making quality of both the Board of Directors and the management.	Plan to establish in the year 2024.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>2. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>√</td><td></td><td>The company will undertake the identification of climate risks and opportunities, taking into account the impact of recognized climate risks over various periods (short, medium, and long-term) on the company's operations, strategy, products, and financial planning. This will also include examining the current status of high-carbon emission operational activities and products, along with the impact of climate transition risks on them.
The company will assess the impacts that occur in the short term (within the company's business planning horizon) and the long term (exceeding the lifespan of the company's current asset portfolio and lasting for at least twenty years).
The short, medium, and long-term climate-related risks and opportunities will be identified through the use of the TCFD methodology and inter-departmental discussions, and subsequent response strategies will be formulated.</td><td>It will be handled in accordance with the regulations.</td></tr>
</table>

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
3. Describe the financial impact of extreme weather events and transformative actions.		√	Our company is actively engaged in addressing extreme weather events to reduce or mitigate potential financial losses. This includes measures such as obtaining insurance coverage, establishing emergency response plans, and reviewing supply chain risks. Additionally, our company has initiated carbon audits to understand how to reduce operational costs, improve efficiency, and comply with regulations while facing extreme weather events amidst our growth.	It will be handled in accordance with the regulations.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.		√	While our company has not yet established a dedicated risk management team, risk identification is primarily based on observations from daily operations and simple analyses conducted by various departments during their routine activities. Climate risk identification may be relatively limited, focusing mainly on fundamental aspects such as abnormal weather conditions, natural disasters, or potential disruptions in the supply chain that the business may face. Risk assessment typically involves general risk assessments rather than specific climate metrics, and there is no specific risk assessment for complex climate changes. Therefore, our company will begin to enhance its focus on risk management, establishing a more comprehensive mechanism for risk identification, assessment, and management to better address potential climate risks.	It will be handled in accordance with the regulations.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.		√	While our company has not yet established a dedicated risk management team to address issues related to climate change, nor have we undergone specialized training related to climate change risks, we will focus on analyzing factors and key financial impacts in this direction in the future. This will involve mitigating potential increases in production costs and decreases in sales revenue resulting from disruptions in production caused by extreme weather events, as well as facility improvements and technology upgrades to minimize the impact on the company's capital expenditure. Additionally, we will evaluate resource allocation to manage supply chain risks, including collaboration with suppliers and emergency logistics preparedness.	It will be handled in accordance with the regulations.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.		√	The plan is to gradually implement the following items: Risk assessment and identification, establishment of response strategies, employee awareness enhancement, technology upgrades and facility improvements, and supply chain management. Indicators and targets are planned to be gradually implemented in the following areas: Reduction in carbon footprint, improvement in energy efficiency, ratio of environmentally friendly products, supply chain risk assessment, coverage rate of employee training. These indicators and targets enable the company to identify, assess, and respond to physical and transition risks, and to drive the company towards a more sustainable and resilient development direction.	It will be handled in accordance with the regulations.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.		√	While our company has not yet established a dedicated risk management team, we are initially considering the following directions in pricing foundation: Internal carbon footprint assessment, carbon cost estimation, reference to external prices, internalization of costs, implementation of transparency, etc., to better manage and reduce carbon emissions, promote sustainable development, and responsible corporate behavior.	It will be handled in accordance with the regulations.

Item	Implementation Status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and Reasons
	Yes	No	Summary description	
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.		√	Setting climate-related goals to reduce greenhouse gas emissions to align with global emission reduction efforts and mitigate the impact of climate change on the environment and society. It is expected to cover all activities of the company, including production processes, supply chain management, energy use, transportation, and waste management; emissions scopes include direct and indirect emissions; The planning period is expected to be long-term, with regular tracking and reporting of annual progress to ensure effective monitoring and evaluation of goal achievement. Progress reports will include relevant indicators such as emission reductions, carbon footprint, and energy efficiency. In actual implementation, our company does not currently plan to use carbon offsets or Renewable Energy Certificates (RECs) to achieve these goals.	It will be handled in accordance with the regulations.
9. Greenhouse gas inventory and assurance status (separately filled out in point 1-1 below)		√		

1-1. Greenhouse Gas Inventory and Assurance Status

1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (tonnes CO2e), intensity (tonnes CO2e/million RMB) and the scope of information coverage for the most recent bienniums.

Our company is a company with a paid-up capital of less than 5 billion New Taiwan dollars. According to the "Sustainable Development Roadmap for Listed and OTC Companies" issued by the Financial Supervisory Commission in March 2022, individual companies (i.e., parent companies) should apply greenhouse gas inventory in the third phase (i.e., complete the inventory in 2026, and complete the verification in 2028). Our company continuously controls the completion status of greenhouse gas inventory and verification according to the reference guidelines and relevant regulations issued by the competent authority.

1-1-2 Greenhouse gas assurance information

A description of the conviction for the most recent two years as of the date of publication of the annual report, including the scope of the conviction, the conviction organization, the criterion of conviction, and the convictive opinion.
Our company is a company with a paid-up capital of less than 5 billion New Taiwan dollars. According to the "Sustainable Development Roadmap for Listed and OTC Companies" issued by the Financial Supervisory Commission in March 2022, individual companies (i.e., parent companies) should apply greenhouse gas inventory in the third phase (i.e., complete the inventory in 2026, and complete the verification in 2028). Our company continuously controls the completion status of greenhouse gas inventory and verification according to the reference guidelines and relevant regulations issued by the competent authority.

1-2. Greenhouse gas reduction targets, strategies and specific action plans

Describe the base year of greenhouse gas reduction and its data, reduction targets, strategies, specific action plans and the achievement of reduction targets.
Our company is a corporation with a paid-up capital of less than 5 billion New Taiwan dollars. According to the "Roadmap for Sustainable Development of Listed and OTC Companies" issued by the Financial Supervisory Commission in March 2022, individual companies (i.e., parent companies) are required to undergo greenhouse gas inventory in the third phase (i.e., completing the inventory in 2026 and verification in 2028). Our company, in accordance with the guidelines and relevant regulations issued by the competent authority, has completed the greenhouse gas inventory and verification, confirmed the baseline year and data for greenhouse gas reduction, and commenced planning reduction targets, strategies, specific action plans, and progress towards achieving reduction goals.

(VII) The State of the Company's Performance in the Area of Ethical Corporate Management, Any Variance from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", and the Reason for Any Such Variance:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company establish an ethical corporate management policy approved by the board of directors, and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?	√		(1) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" approved by the Board of Directors, which clearly defines the ethical management policies and practices and requires the members, including directors and the top management team, to implement the Ethical Management policies. Please see the Company's website for the policy.	None
(2) Does the company establish mechanisms for	√		(2) In the "Procedures for Ethical Management and Guidelines for Conduct", "Regulations	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with a relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			Governing Professional Moral Conduct" and "Code of Ethical Conduct", it is clearly stated that the all members, including directors and top management, are strictly prohibited from offering or accepting bribes, providing illegal political donations, improper charitable donations or sponsorship, it is forbidden to infringe on intellectual property rights, to have improper relations with third parties, to prohibit transactions that violate the Fair Trade Act, and to arbitrarily release material inside information without the Company's consent.	
(3) Does the company specify operating procedures, guidelines for conduct, punishments for violation, and rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	√		(3) In addition to signing the " Procedures for Ethical Management and Guidelines for Conduct " with employees, the company will sign confidentiality contracts with suppliers and provide a whistleblower mailbox for procurement activities with a high risk of	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			dishonest behavior within the business scope to prevent misconduct. In addition, the Board of Directors has formulated the operating procedures and conduct guidelines for ethical management, which clearly stipulates the operating procedures and conduct guidelines for preventing all kinds of dishonest behaviors, and has formulated a procuratorial law including reporting channels and handling procedures.	
2. Implementation of ethical corporate management				

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	√		Before the initial transaction between the Company and the customers and vendors of the transaction, the Company will conduct an evaluation and investigation by the relevant units, and then the management will review and sign a commercial contract according to the actual needs before the transaction, and regularly review and evaluate the transaction records of the transaction partner. Suppliers who are business partners with the company or entrusted with product development and OEM production are required to sign a supplier/contract commitment letter, and the contract clearly stipulates the terms of honest conduct, and does not engage in any illegal commercial activities.	None
(2) Does the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the board of directors and supervise the implementation of the ethical management policy and unethical conduct prevention plan?	√		The Company has designated the human resources department as the unit responsible for promoting corporate integrity management, which is subordinate to the Board of Directors. The results of its implementation have been reported to the Board of Directors on 11/09/2023.	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	√		(3) According to the “Procedures for Ethical Management and Guidelines for Conduct”, “Regulations Governing Professional Moral Conduct” and “Code of Ethical Conduct”, if in the course of conducting Company’s business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest are likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the Legal Office, and the immediate supervisor shall provide the personnel with proper instructions. When a director attending the board of meetings has any agenda item that conflicts with his or her own interests, the director will not participate in the discussion and vote on that item.	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(4) Does the company have an effective accounting system and internal control systems set up to facilitate ethical corporate management? Does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	√		The Company has established an effective accounting system and internal control system. Set up an audit unit to arrange the audit plan according to the risk assessment, and conduct regular audits to prevent dishonest behavior. So far, there has been no violation of the integrity of the management in the relevant situation.	None.
(5) Does the company regularly hold internal and external educational training on ethical corporate management?	√		In 2023, the Company arranged relevant training to implement ethics, detailed as follows: (a) Promote ethical laws and regulations related to "Regulations Governing Professional: 1. Promote ethical laws and regulations related to "Regulations Governing Professional Moral Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" to all employees. 2. In 2023, a course related to ethical corporate management was held once.	None.
3.Operation of integrity channel				

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	√		The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” and stipulates that if any employee of the Company is found to have unethical behaviors or misconduct, they can report it via independent mailbox at any time. The complaint incidents are reported to the responsible unit for investigation.	None.
(2) Does the company establish standard operating procedures for confidential reporting when investigating accusation cases?	√		The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", which clearly regulates the standard handling procedures after the acceptance of complaints, follow-up measures to be adopted after investigations, and related confidentiality regimes.	None.
(3) Does the company provide proper whistleblower protection?	√		The Company maintains the identity of the complaint and the content of reported cases confidential and protects the informer from inappropriate disciplinary actions or any retaliations due to the report.	None.
4. Strengthening information disclosure				
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and the	√		The Company has placed relevant regulations on business ethics, including “Procedures for Ethical Management and Guidelines for Conduct”, “Regulations Governing	None.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
Market Observation Post System?			Professional Moral Conduct" and "Code of Ethical Conduct", on the Company's website for all employees to check any time, and the Company also discloses the information about the implementation of relevant regulations on its external website and Market Observation Post System. The Company's website is as follows: https://www.skytech.com.tw/governance_tw.php?id=13	
5. If the company has established ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", "Regulations Governing Professional Moral Conduct" and "Code of Ethical Conduct", and all members, including directors and the top management team, to implement the Ethical Management policies. There is no deviation between the policies and their implementation.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies: (e.g., review and amend its policies) In 2023, there were zero complaints about unethical conduct.				

(VIII) If the Company has adopted Corporate Governance Best-Principles or related bylaws, disclose how these are to be searched:

The Company has established the “Corporate Governance Best Practice Principles “and disclosed relevant information on the Company’s website and Market Observation Post System.

(IX) The Company shall disclose other significant information that will provide a better understanding of the state of the corporate governance: None.

(X) The State of Implementation of the Company’s Internal Control System

1. Statement on Internal Control

Based on the findings of a self-assessment, Skytech Inc. states the following with regard to its internal control system during the year 2023:

I. The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the Company has already established such a system. The purpose is to provide reasonable assurance of the effectiveness and efficiency of business operations (including profitability, performance and security of assets), the reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company’s internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each of the elements in turn contains several items. Please refer to “Regulations” for details.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance on our operational effectiveness and efficiency, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

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

VII. This statement was approved by the Board of Directors on February 23, 2024 in the presence of 7 directors, who concurred unanimously.

Skytech Inc.

Chairman and President: Paul Huang

2. If the Company engages CPAs to examine its internal control system, it shall disclose the CPA examination report: : Not applicable.

(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 Shareholders' Meeting and Board of Directors' Meetings in the Most Recent Year and Up to the Date of Publication of the Annual Report:

Date.	Agenda items
2023/01/06	▪Approved the amendment of certain articles of association of the Company.
	▪Approved the comprehensive election of directors of the Company and related matters regarding the acceptance of director (including independent director) candidate nominations.
	▪Approved the nomination and review of the list of director and independent director candidates.
	▪Approved the removal of restrictions on the company's new directors from engaging in competitive activities.
	▪Approved the issuance of new shares for cash through a public offering and the full waiver of the right of first refusal of existing shareholders for the cash capital increase.
	▪Approved the "Rules of Procedures for Election of Directors," "Regulations Governing the Acquisition and Disposal of Assets,"

Date.	Agenda items
	"Regulations Governing Loaning of Funds," "Regulations Making of Endorsements/Guarantees," and the amendment of the "Rules of Procedure for Board of Directors Meetings".
	▪Approved the establishment of the "Audit Committee Charter" and "Audit Committee Operation Management Measures" for the Company.
	▪Approved the convening of the agenda and related matters for the Company's extraordinary shareholders' meeting in 2023.
2023/03/01	▪Approved the provision of funding to subsidiaries GIMTEK (SINGAPORE) PTE LTD, Xin Skytech (Xiamen) Technology Co., Ltd., Skylead Inc., and Tradegenic Electronic (Shanghai) Co., Ltd.
	▪Approved the provision of corporate financing and financial transaction quotas to financial institutions.
2023/03/03	▪Approved the election of the Chairman of the Board.
2023/03/16	▪Approved the appointment of the second-term Compensation Committee of the Company.
2023/03/30	▪Approved the change of signing certified public accountants.
	▪Approved the financial report and business report of the Company for 2022.
	▪Approved director remuneration and employee remuneration for 2022.
	▪Approved the distribution of earnings for 2022.
	▪Approved the effectiveness assessment of the internal control system and the internal control system statement for 2022.
	▪Approved the independence assessment of the certifying accountant for 2023.
	▪Approved the amendment of certain articles of association of the Company.
	▪Approved the amendment of certain articles of "Regulations Governing the Acquisition and Disposal of Assets".
	▪Approved the by-election of one independent director of the Company and related matters regarding the nomination of independent director candidates.
	▪Approved the nomination and review of the list of independent director candidates.
	▪Approved the removal of restrictions on the company’s new independent directors from engaging in competitive activities.
	▪Approved the establishment of the "Procedures for Ethical Management and Guidelines for Conduct", "Ethical Corporate Management Best Practice Principles", and "Guidelines for the Adoption of Codes of Ethical

Date.	Agenda items
	Conduct".
	▪Approved the convening of the agenda and related matters for the Company's shareholders' meeting in 2023.
2023/05/11	▪Approved the Company's financial report for the first quarter of 2023.
	▪Approved the Company's self-compiled financial report capability assessment report.
	▪Approved the evaluation and remuneration system for directors for 2023.
	▪Approved the evaluation and remuneration system for managers for 2023.
	▪Approved the purchase of an office and factory in Tainan.
	▪Approved the establishment of a dedicated seal for the Company's fund loans and endorsements.
	▪Approved the proposed agreement with the lead underwriter Yuanta Securities Co., Ltd. to sign the "Over-Allotment and Lock-Up Agreement".
2023/07/21	▪Approved the Company Governance Self-Assessment Report for Initial Listing Application.
	▪Approved the completion of the Company's financial forecasts for the third and fourth quarters in 2023.
	▪Approved the appointment and compensation structure and amount for the Company's governance executives.
	▪Approved the "Internal Control System Statement" for the Company's listing application of 2023.
	▪Approved the establishment of "Corporate Governance Best Practice Principles," "Sustainable Development Best Practice Principles," "Rules for Performance Evaluation of Board of Directors & Functional Committee," "Standard Operating Procedures for Handling Director Requests," "Application Procedures for Trading Suspension and Resumption," "Scope of Duties of Independent Directors," and "Rules for Assessing the Independence and Competence of Signatory Accountants," and other internal regulations.
	▪Approved the establishment of "Financial Statement Preparation Process Management Measures" and "Commission Payment Management Measures".
	▪Approved the amended various internal control system regulations, including "Internal Major Information Processing and Insider Trading Prevention Management Measures," "Measures for Reporting Changes in Holdings of Insiders upon Assumption (Resignation) of Office," "Operational Guidelines for Financial Transactions among Affiliated Enterprises, Group Enterprises, and Related Parties," "Internal Audit System," "Operational Procedures for Self-Assessment of Internal Control

Date.	Agenda items
	Systems".
	▪Approved the "Authority Table" for the Company and authorized the Chairman to adjust it in the future according to the actual business conditions.
	▪Approved the authorization of board members to sign audit reports.
	▪Approved the Company's plan to obtain long and short-term financing from financial institutions.
	▪Approved the amendment of various internal control system regulations including "Seal Management Measures," "Bill Receipt Management Measures," "Asset Management Measures," "Budget Management Measures," "Delegation of Authority and Agent Measures," "Financial and Non-Financial Information Management Measures," "Related Party Transaction Management Measures," "Supervision and Management Measures for Subsidiaries," "Equity Operation Management Measures," "Personal Data Protection Management Measures," "Compensation Committee Operation Management Measures," and "Audit Committee Meeting Operation Management Measures," subject to the approval of the Audit Committee.
2023/08/11	▪Approved the Company's 2023 second quarter consolidated financial statements.
	▪Approved: The Board of Directors of the company has authorized the Chairman to purchase and sign contracts for real estate.
	▪Approved the company's handling of corporate financing cases with financial institutions.
	▪Approved the appointment of the Executive Vice President by the Board of Directors of the company.
	▪Approved the release of a managerial officer of the Company from non-competition restrictions by the board of directors of the Company.
2023/08/18	▪Approved the case of reducing the company's loan limit to its subsidiary Xinhong Advanced Co., Ltd.
2023/10/06	▪Approved the resolved to conduct a cash capital increase and issue new shares before the initial listing by the board of directors of the Company.
2023/11/09	▪To announce the Company‘s 2023 third quarter consolidated financial statements were approved by the Board of Directors
	▪The company’s 2022 fiscal year manager's compensation distribution was approved by the Board of Directors.
	▪The revision of the company's 'Management Procedures for Material Inside Information and Preventing of Insider Trading’ were approved by the Board of Directors.

Date.	Agenda items
2023/12/14	▪Approved the company's 2024 annual audit plan。
	▪Approved the company's business plan for 2024 (including budget).
	▪Approved the independence and eligibility assessment of the CPAs for 2024.
	▪Approved the company's 2024 CPA appointment and remuneration case.
	▪Approved the amended "Operational Procedures for Self-Assessment of Internal Control Systems".
	▪Approved the amended of the "Rules of Procedure for Board of Directors Meetings".
	▪Approved the amended of the " Internal control systems".
2024/2/23	▪Announcement of the Board of Directors resolution on approving the 2023Q4 consolidated financial statements
	▪Announcement of Company's Board of Directors resolution to convene the 2024 annual shareholders' meeting
	▪Announcement of the Board of Directors approved dividend distribution of 2023 profits
	▪Announcement of the Board of Directors resolved the issuance of restricted stock units

2. Material Resolutions of Shareholders' Meeting:

Date	Motion	Resolution
The 1st Extraordinary Shareholders' Meeting in 2023	The amendment of some provisions of the Company's Articles of Association.	Accepted as proposed through a resolution.
	Amendments to the "Regulations Governing the Election of Directors and Supervisors" and renaming it to "Regulations Governing the Election of Directors".	Accepted as proposed through a resolution.
	Amendments to the "Regulations Governing the Acquisition and Disposal of Assets".	Accepted as proposed through a resolution.
	Amendments to the " Regulations Governing Loaning of Funds".	Accepted as proposed through a resolution.
	Amendments to the " Regulations Making of Endorsements/Guarantees".	Accepted as proposed through a resolution.
	To elect seven directors (including independent directors) of the 8th Board of Directors	Accepted as proposed through a resolution.
	Discussion to approve the lifting of non-competition restrictions for directors of the Company.	Accepted as proposed through a resolution.
2023 Annual Shareholders'	The Company's 2022 Business Report and Financial Statements	Proposed for acceptance.

meeting	(including the Consolidated Financial Statements), proposed for acceptance.	
	Adoption of the earnings distribution plan for fiscal year 2022.	Accepted as proposed through a resolution. The earnings distribution was in cash and completed on September 15, 2023.
	Amendments to Articles of Incorporation.	Resolution was passed, and the amended Articles of Incorporation were approved by the Competent Authority on July 6, 2023.
	Amendments to the Operational Procedures for Acquisition and Disposal of Assets.	Resolution was passed, and the amended Operational Procedures for Acquisition and Disposal of Assets became effective on June 29, 2023.
	Handled the case of issuing new shares for the initial listing of new shares through cash capital increase and public underwriting of new shares issued by the initial listing counter and the full waiver of the right of pre-emptive subscription of cash capital increase by the original shareholders.	Accepted as proposed through a resolution.
	To reelect one independent director of the 8th Board of Directors.	Resolution was passed.
	Approved the lifting of non-competition restrictions for the new independent director of the Company.	Resolution was passed, and lifting the non-competition prohibition on Independent Director Mr. Ji-Ye Miau.

(XIII)Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

(XIV)Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Officers of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D in the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

V. Information on the Professional Fees of the Attesting CPAs:

(I) CPA Professional fee of audit and non-audit services paid to the accounting firm and its affiliated firms or corporations and the corresponding scope of audit and non-audit services

Unit: NT$ thousand

Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit fee	Non-audit fee	Subtotal	Remarks
Pricewaterhouse Coopers, Taiwan	CHENG, YA-HUEI	2023.01.01~ 2023.12.31	3,060	2,930	5,990	Note
	PAI, SHUCHIEN					

Note: Non-audit fees are comprised of a special audit of internal control for IPO, pre-IPO capital increase audit and related business registration, tax audit, and advisory in relation to transfer pricing and compliance with Company Law and Securities and Exchange Act.

(II) Change of accounting firm with lower audit fee than the previous year: None.

(III) Audit fee reduced by 10% more than previous year: None.

VI. Information on Replacement of CPAs: None.

VII. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the accounting firm of its CPA or at an affiliated enterprise of such accounting firm in the most recent year, 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 CPA's accounting firm" means one in which the CPA at the accounting firm holds more than 50% of the shares, or of which such CPA holds 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 CPA: None.

VIII. Changes in Equity Interests by Director (including independent directors), Managers or Shareholders with a Stake of More Than 10 Percent in the Most Recent Year and Up to the Date of Publication of the Annual Report

(I) Changes of the Shareholdings and Pledge of Shares of Directors (including independent directors), Managers and Shareholders Holding More than 10% of the Company's Total Outstanding Shares

Unit: shares

Title	Name	2023		2024 till March 31	
		Holding Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Holding Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman / President	Paul Huang	–	–	–	–
Director	Wealthwave International Investment Co., Ltd. (Note 1)	–	–	–	–
	Representative: Pei-Yu Lin (Note 1)	–	–	–	–
Director/ President	George Yi (Note 1)	–	–	–	–
Director	Jing-Shu Huang (Note 1)	–	–	–	–
Executive Vice President	Carl Lo	–	–	–	–
Independent Director	Bai-Da Shr (Note 2)	–	–	–	–
Independent Director	Du-Cheng Li (Note 2)	–	–	–	–
Independent Director	Chuen-Hung Tsai (Note 2)	–	–	–	–
Independent Director	Ji-Ye Miau (Note 3)	–	–	–	–
CFO	Rick Chang	(23)	–	–	–
Vice President	Tony Liu	(200)	–	–	–
Vice President	Calvin Shen	–	–	–	–
Vice President	Luc Chang (Note 4)	(20)	–	–	–
Corporate Governance Officer	Anita Lee (Note 5)	5	–	–	–

Note 1: New appointment on July 22, 2022.
Note 2: New appointment on March 3, 2023.
Note 3: New appointment on June 29, 2023.
Note 4: New appointment on Feb. 1, 2023.
Note 5: New appointment on July 21, 2023.

(II) Shares Trading of Directors (including independent directors), Managers and Shareholders Holding More than 10% of Company's Total Outstanding Shares: None.

(III) Shares Pledge of Directors (including independent directors), Managers and Shareholders Holding More than 10% of Company's Total Outstanding Shares: None.

IX. Relationships Among the Top 10 Shareholders

April 2, 2024 (Unit: shares; %)

NAME	SHAREHOLDING		SHAREHOLDING BY SPOUSE AND MINOR CHILDREN		Shareholding in the name of others		Name and Relationship Between the Company's Top Ten Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Mega International Investment Co., Ltd.	4,673,353	6.93	–	–	–	–	–	–
Representative: Wang Weixu	1,741,956	2.58			6,458,353	9.57		
Zheng Ruijun	4,300,000	6.37	–	–	3,875,160	5.74	Mega Rich Investment Co., Ltd.	Mega Rich Investment Co., Ltd. Representative: Zheng Ruijun
Topview International Investment Co., Ltd.	3,979,422	5.90	–	–	–	–	1. Paul Huang 2.Jantech Semiconductor, Inc.	Jantech Semiconductor, Inc. Representative: Paul Huang
Representative: Paul Huang	2,176,399	3.23	–	–	7,285,498	10.8	1.Topview International Investment Co., Ltd. 2.Jantech Semiconductor, Inc	Topview International Investment Co., Ltd. Representative: Paul Huang
Wealthwave International Investment Co., Ltd.	3,948,904	5.85	–	–	–	–	1. Carl Lo 2.Celetech Semiconductor, Inc	Celetech Semiconductor, Inc. Representative: Carl Lo
Representative: Carl Lo	3,224,042	4.78	140,000	0.21	7,721,037	11.44	1.Wealthwave International Investment Co., Ltd. 2.Celetech Semiconductor, Inc	Wealthwave International Investment Co., Ltd. Representative: Carl Lo
Mega Rich Investment Co., Ltd.	3,875,160	5.74	–	–	–	–	Zheng Ruijun	Mega Rich Investment Co., Ltd. Representative: Zheng Ruijun
Representative: Zheng Ruijun	4,300,000	6.37	–	–	3,875,160	5.74	Mega Rich Investment Co., Ltd.	
Celetech Semiconductor, Inc.	3,772,133	5.59	–	–	–	–	1. Carl Lo 2. Wealthwave International Investment Co., Ltd.	Celetech Semiconductor, Inc. Representative: Carl Lo

NAME	SHAREHOLDING		SHAREHOLDING BY SPOUSE AND MINOR CHILDREN		Shareholding in the name of others		Name and Relationship Between the Company's Top Ten Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Representative: Carl Lo	3,224,042	4.78	140,000	0.21	7,721,037	11.44	1.Wealthwave International Investment Co., Ltd. 2.Celetech Semiconductor, Inc	Wealthwave International Investment Co., Ltd. Representative: Carl Lo
Jantech Semiconductor, Inc.	3,306,076	4.90	–	–	–	–	1. Paul Huang 2.Topview International Investment Co., Ltd.	Jantech Semiconductor, Inc. Representative: Paul Huang Topview International Investment Co., Ltd. Representative: Paul Huang
Representative: Paul Huang	2,176,399	3.23	–	–	7,285,498	10.8	1.Topview International Investment Co., Ltd. 2.Jantech Semiconductor, Inc	
Carl Lo	3,224,042	4.78	140,000	0.21	7,721,037	11.44	1.Wealthwave International Investment Co., Ltd. 2.Celetech Semiconductor, Inc	Celetech Semiconductor, Inc. Representative: Carl Lo Wealthwave International Investment Co., Ltd. Representative: Carl Lo
Paul Huang	2,176,399	3.23	–	–	7,285,498	10.8	1.Topview International Investment Co., Ltd. 2.Jantech Semiconductor, Inc	Jantech Semiconductor, Inc. Representative: Paul Huang Topview International Investment Co., Ltd. Representative: Paul Huang
Leading International Investment Co. Ltd.	2,002,132	2.97	–	–	–	–	–	–
Representative: George Yi	1,434,552	2.13	–	–	3,551,266	5.26	–	–

X. The Total Number of Shares and Total Equity Stake held in any Single Enterprise by the Company, its Directors (including independent directors), Managers and Any Companies Controlled Either Directly or Indirectly by the Company.

December 31, 2023 (Unit: shares; %)

Investee	Investment by the Company (A)		Investments by directors, managers and directly or indirectly controlled enterprises (B)		Combined investment (A+B)	
	Shares	%	Shares	%	Shares	%
Skylead Inc.	2,450,000	100%	-	-	2,450,000	100%
Gimtek (Singapore) Pte. Ltd	2,100,000	100%	-	-	2,100,000	100%
Skysemi (Xiamen) Technology Co., Ltd.	(Note 1)	100%	-	-	(Note 1)	100%
Tradegenic Electronic (Shanghai) Co., Ltd.	(Note 1)	100%	-	-	(Note 1)	100%

Note 1: Limited company, hence, does not issue common stock.

IV. Capital Overview

(II)Capital and Shares

(I) Sources of Capital

1. Process of Capital Formation

Unit: NT$ thousand; thousand shares

Month, Year	Issue Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
July 2002	10	500	5,000	500	5,000	Capital increase by cash NT$5,000 thousand	None	Note 1
July 2004	10	2,500	25,000	2,500	25,000	Capital increase by cash NT$20,000 thousand	None	Note 2
January 2006	10	6,500	65,000	6,500	65,000	Capital increase by cash NT$40,000 thousand	None	Note 3
Dec 2014	10	9,500	95,000	9,500	95,000	Capital increase by cash NT$30,000 thousand	None	Note 4
Aug 2015	10	10,000	100,000	10,000	100,000	Capital increase by cash NT$5,000 thousand	None	Note 5
April 2017	10	12,000	120,000	12,000	120,000	Capital increase by cash NT$20,000 thousand	None	Note 6
June 2017	10	14,000	140,000	14,000	140,000	Capital increase by cash NT$20,000 thousand	None	Note 7
Dec 2017	10	16,500	165,000	16,500	165,000	Capital increase by cash NT$25,000 thousand	None	Note 8
Aug 2018	10	16,900	169,000	16,900	169,000	Other property to offset the share payment of NT$ 4,000 thousand	YES	Note 9
Jan 2021	10	18,353	183,530	18,353	183,530	Capital increase by cash NT$14,530 thousand	None	Note 10
March 2021	10	30,094	300,940	30,094	300,940	Capital increase by cash NT$117,410 thousand	None	Note 11
Sep 2021	19	100,000	1,000,000	40,313	403,128	Capital increase by cash NT$54,980 thousand Other property to offset the share payment of NT$ 47,208 thousand	YES	Note 12
Jan 2022	19	100,000	1,000,000	54,477	544,773	Capital increase by cash NT$141,645 thousand	None	Note 13
May 2022	50	100,000	1,000,000	55,677	556,773	Capital increase by cash NT$12,000 thousand	None	Note 14
Nov. 2022	80	100,000	1,000,000	60,677	606,773	Capital increase by cash NT$50,000 thousand	None	Note 15
Dec. 2023	115	100,000	1,000,000	67,477	674,773	Capital increase by cash NT$68,000 thousand	None	Note 16

Note 1: On July 17, 2002, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-09132430690).

Note 2: On July 02, 2004, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-09332350780).

Note 3: On Jan. 27, 2006, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-09531646870).

Note 4: On Dec. 12, 2014, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-10333936830).

Note 5: On Aug. 18, 2015, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-10433652290).

Note 6: On April 11, 2017, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-10633198830).

Note 7: On June 26, 2017, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-10633360730).

Note 8: On Dec. 26, 2017, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-10633771400).

Note 9: On Aug. 06, 2018, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-10733451760).

Note 10: On Jan. 07, 2021, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-11033004390).

Note 11: On Mar. 12, 2021, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-11033134820).

Note 12: On Sep. 08, 2021, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-11033560220).

Note 13: On Jan. 13, 2022, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-11101002520).

Note 14: On May 23, 2022, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-11101080700).

Note 15: On Nov. 24, 2022, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Zhong-11101221150).

Note 16: On Jan 05, 2024, approved by the letter issued by the Ministry of Economic Affairs (Ref. No. Jing-Shou-Shang-11230241960).

2. Type of Stock

April 2, 2024 (Unit: shares)

Share Type	Authorized Capital			Remark
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	67,477,263	32,522,737	100,000,000	

(II)Status of Shareholders

April 2, 2024 (Unit: persons; shares; %)

Composition of Shareholders / Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Treasury shares	Total
Number of shareholders (persons)	-	1-	32	4,230	17	-	4,280
Shareholding (shares)	-	340,000	33,898,314	33,052,747	186,202	-	67,477,263
Percentage (%)	-	0.5%	50,24%	48,98%	0.28%	-	100.00%

(III) Distribution of Shareholding

1. Common Shares

April 2, 2024 (Unit: persons; shares; %)

Class of Shareholding (shares)	Number of Shareholders (persons)	Shareholding(shares)	Percentage (%)
1-999	1,137	156,385	0.23
1,000-5,000	2,719	4,552,479	6.75
5,001-10,000	173	1,375,470	2.04
10,001-15,000	57	745,604	1.1
15,001-20,000	40	733,153	1.09
20,001-30,000	46	1,170,905	1.74
30,001-40,000	21	765,326	1.13
40,001-50,000	16	746,170	1.11
50,001-100,000	20	1,437,368	2.13
100,001-200,000	11	1,667,954	2.47
200,001-400,000	16	4,154,456	6.16
400,001-600,000	5	2,521,000	3.74
600,001-800,000	0	0	0
800,001-1,000,000	1	990,000	1.47
Above 1,000,001	18	46,460,993	68.84
Total	4,280	67,477,263	100.00%

2. Preferred Shares: None.

(IV) List of Major Shareholders

Names of shareholders with more than 5% ownership interest or top 10 shareholders, and the number of shares held and shareholding percentage represented.

April 2 , 2024

Shareholder's Name	Shareholding (shares)	Shareholding Percentage (%)
Mega International Investment Co., Ltd.	4,673,353	6.93%

Ruijun Zheng	4,300,000	6.37%
Topview International Investment Co., Ltd.	3,979,422	5.90%
Wealthwave International Investment Co., Ltd.	3,948,904	5.85%
Mega Rich Investment Co., Ltd.	3,875,160	5.74%
Celetech Semiconductor, Inc.	3,772,133	5.59%
Jantech Semiconductor, Inc.	3,306,076	4.90%
Carl Lo	3,224,042	4.78%
Paul Huang	2,176,399	3.23%
Leading International Investment Co. Ltd.	2,002,132	2.97%

(V) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$; thousand shares

Item \ Year			2022	2023	Current Year till March 31, 2024 (Note 6)
Market Price Per Share (Note 1)	Highest		Unlisted	251.5	235
	Lowest		Unlisted	189.5	193
	Average		Unlisted	226.35	210.70
Net Worth Per Share	Before Distribution		30.48	46,32	
	After Distribution		29.48	44,32	
Earnings Per Share	Weighted Average Shares		56,002	61,124	
	Earnings Per Share (Equity Holders of the Company)		5.66	5.02	
Dividends Per Share	Cash Dividends		1	2	
	Share Dividend	Earnings Distribution	-	-	
		Capital Distribution	-	-	
	Accumulated Undistributed Dividend		-	-	
Analysis of Return on Investment	Price/Earnings Ratio (Note 2)		Unlisted	43.09%	
	Price/Dividend Ratio (Note 3)		Unlisted	113.18%	
	Cash Dividend Yield Rate (Note 4)		Unlisted	0.88%	

Note 1: The source of the foregoing information is the Taiwan Stock Exchange website.
Note 2: Price/Earnings Ratio = Average Market Price / Earnings Per Share
Note 3: Price/Dividend Ratio = Average Market Price / Cash Dividends Per Share
Note 4: Cash Dividend Yield = Cash Dividends Per Share / Annual Average Market Price
Note 5: As of the date of publication of the annual report, the most recent consolidated financial report, dated March 31, 2024 has not yet been approved by the Board of Directors nor reviewed by certified public accountants. Other fields shall be filled with information on the current year as of the date of publication of the annual report.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

Where the Company has a net profit after tax for the period after settling the annual accounts, the accumulated loss shall be compensated first, and then provide 10 percent as the legal reserve pursuant to laws. However, where the legal reserve has reached the paid-in capital, the provision may be suspended. Next, the special reserve may be provided or reversed based on the laws or business needs. Shall there be any remaining, with the beginning undistributed earnings, the board of directors may propose the earning distribution and submit it to the shareholders' meeting to resolve the shareholders' dividends and bonuses.

Where the dividends and bonus said in the preceding paragraph are paid with all or part of the capital reserve or legal reserve, the board of directors is authorized to adopt the resolution made by the majority of the attending directors in a board meeting attended by two-thirds or more of directors, and report such to the shareholders' meeting. If this is done by issuing new shares, the resolution of the shareholders' meeting is required.

The Company's dividend distribution policy shall depend on the current and future investment environment, capital needs, domestic and international competitions, and capital budgets of the Company, while considering the long-term financial planning of the Company. The total amount of the shareholders' dividends and bonus distributed shall not be lower than 10 percent of the balance of the net profit after tax for the then-current year, deducting the reserve provided pursuant to laws. However, where the distributable amount per share is lower than NT$0.1 after the net profit after tax for the then-current year deducting the reserve provided pursuant to laws, the earning may be exempted from distribution. The shareholders' dividends and bonuses may be distributed in cash or shares, and the cash dividends shall not be lower than 10 percent of the total amount of dividends.

2. Proposed Distribution of Dividend: The board of directors of the company resolved on February 23, 2024, to distribute a cash dividend of NT$2 per share, totaling NT$134,954 thousand.

3. Material Change in Dividend Policy Is Expected: Not expected to have material change in dividend policy.

(VII) Impact on the Company's Operating Performance and Earnings Per Share due to the Share Dividends Plan Proposed in this Shareholders' Meeting: None.

(VIII) Employee Bonus and Directors (including independent directors)' Remuneration

1. The Scope and Proportion of Compensation to Employees, Directors Stipulated in the

Articles of Incorporation

If there is profit in any given year, the Company shall set aside 1% thereof as employee compensation. The Board of Directors may resolve to pay said compensation in the form of shares or cash. The Board of Directors may resolve to set aside no more than 2% of the above-mentioned profit as the remuneration of the directors. A proposal on compensation for employees and remuneration for directors shall be presented at the shareholders' meeting. If the Company has accumulated losses, the amount for making up said losses shall be reserved before setting aside the compensation for the employees and remuneration of the directors at the rates stated above.

The company has allocated NT$5,517,993 as employee compensation for the fiscal year 2023; it is proposed that no director remuneration be distributed for this fiscal year.

2. The accounting management for the estimation base of the estimated amount of compensation to employees and directors, the share calculation base of distributed shares as employees' compensation, and in the event that actual distributed amount are different from estimated figures:

In respect of estimated employees' compensation and directors' remuneration according to the Articles of Incorporation, if the actual distribution amount adopted by the Board of Directors in the next year is different from the estimated figures, it shall be handled in accordance with the management of changes in accounting estimates, the profit and loss shall be adjusted in the year resolved by the Board of Directors.

3. Information of proposed distributable compensation adopted by the Board of Directors:

If there is profit in any given year, the Company shall set aside 1% thereof as employee compensation. The Board of Directors may resolve to pay said compensation in the form of shares or cash. The Board of Directors may resolve to set aside no more than 2% of the above-mentioned profit as the remuneration of the directors.

The company's board of directors approved on February 14, 2023, the distribution of cash compensation to employees for the fiscal year 2022 based on the profit status of that year at a set ratio. The directors' compensation was accounted for based on the expected payout amount. If there is a discrepancy between the estimated and actual payout amounts, it will be treated as a change in accounting estimates and adjusted in the accounts of the year of distribution.

(1) The amount of compensation to employees and directors distributed in cash or shares: The foregoing has no difference from the estimated amount of the expense

recognized for this year.

(2)The proportion of the amount of employees' compensation distributed by shares is accounted for the sum of the profit margin after tax provided in the current individual or parent company only financial report and the total amount of employees' compensation:The Company did not distribute employees' compensation by shares.

4. The difference between actual distributed compensation to employees and directors (including distributed shares, amount, and price of shares) of the preceding year and recognized compensation to employees and directors, and the amount, reasons, and management regarding such difference: No difference.

(IX)Buyback of Company Shares: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Option: None.

VI. Status of Employee Restricted Stock: None.

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

VIII.Funding Plans and Implementation (Incomplete previous stock issuance or private placement or completed stock issuance or private placement but with benefit yet occurred): None.

V. Business Operations Overview

I. Business Contents

(I) Business Scope

1. The company operates the following businesses:

Business item code	Business Contents
F119010	Wholesale of Electronic Materials
E603050	Automatic Control Equipment Engineering
F113030	Wholesale of Precision Instruments
E604010	Machinery Installation
CB01010	Mechanical Equipment Manufacturing
CC01080	Electronics Components Manufacturing
EZ05010	Instrument and Meters Installation Engineering

F113010	Wholesale of Machinery
F213080	Retail Sale of Machinery and Tools
F219010	Retail Sale of Electronic Materials
F401010	International Trade
I103060	Management Consulting
I301010	Information Software Services
F107200	Wholesale of Chemical Feedstock
F107990	Wholesale of Other Chemical Products
F207200	Retail Sale of Chemical Feedstock
F207990	Retail Sale of Other Chemical Products
ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of Main Products:

Unit: NT$; thousand

Year / Item	2022		2023	
	Amount	%	Amount	%
Machine	548,788	30.23%	845,198	42.42%
Spare parts	893,800	49.23%	773,007	38.79%
Other	372,889	20.54%	374,438	18.79%
Total	1,815,477	100.00%	1,992,643	100.00%

Note: Consolidated financial statements are audited and certified by independent accountants.

3. Main Products (Service) Items:

A. Physical Vapor Deposition (PVD)

Physical Vapor Deposition applied in the semiconductor process, mainly application is to deposit metal and metal nitride. PVD can be used in front-end Silicon based processes, back-end advanced packages, silicon photonics, advanced probe card techniques (space transformer), optoelectronic industry, and compound semiconductors. PVD can deposit kinds of metals, like Titanium (Ti), Copper (Cu), Aluminum (Al), Alumin-copper (AlCu), Titanium-Tungsten (TiW), Gold (Au), Silver (Ag), Nickle (Ni), Nickel-Vanadium (NiV), Tantalum (Ta), Aluminum Nitride (AlN), Tantalum Nitride (TaN), Titanium Nitride (TiN). PVD can deposit with low stress, high uniformity film deposition, and also can combine with bias power and long throw deposition to fill high aspect ratio profile with continuous step-coverage to deposit barrier and seed-layer in trench structure. PVD-related applications are a “must” technique in the advanced semiconductor process.

B. Atomic Layer Deposition (ALD)

ALD is a technique applied in the semiconductor process, using a single atomic layer to deposit on the device surface layer by layer. The step coverage can reach almost 100%. The film quality can be very condensed to meet the electrical property. ALD main application is to deposit insulators, like Alumin oxide ($Al2O3$), Silicon oxide ($SiO2$), Hafnium oxide ($HfO2$), Zirconium oxide ($ZrO2$), Aluminum Nitride (AlN), Silicon Nitride ($Si3N4$). There are different types ALD: thermal ALD uses a thermal process to deposit, and plasma enhanced ALD uses plasma to enhance the reaction. Related ALD application is a key part of the advanced semiconductor process.

We also use ALD process to make passivation on nanometer grade quantum dot powder to build up the powder's resistance ability to water and oxygen. Through this process, the quantum dot display can reach higher reliability and better shelf life.

C. Wafer bonder and de-bonder (Bonder/Debonder)

Bonder/De-bonder process is widely applied in compound semiconductor and power semiconductor. Bonder is to combine the wafer (plan to be ground later) and other carriers together to provide the wafer with enough mechanical strength to avoid the wafer breaking during the thinning process. Key concerns are the alignment precision of bonded wafer and carrier, flatness after bonding, without bubbles and other impurities.

After wafer thinning process is finished, we use de-bonder to separate the thinned wafer and carrier. Key concerns of de-bonding are how to separate thinned wafer and carrier without breakage, the temperature control, and de-bonding speed are key factors. If the wafers need to be thinned, the bond/de-bond process will be needed, especially in SiC process and power semiconductors. The bond/de-bond processes are key processes.

D. Semiconductor equipment spare parts and related services (Spares & Service)

To provide semiconductors process equipment spare parts, related maintenance, and refurbishing, Skytech can also provide performance improvement and cost/performance improvement and customize adjustments. Also, it can provide equipment relocation, re-installation after relocation and equipment routine maintenance related services.

4. Planned Development of New Product (Service) Items:

In addition to continuously improving the development of semiconductor equipment components, the company will also continue to transfer the experience of spare parts development to equipment developed by ourselves, increase the supply ratio in the Taiwan supply chain, and hope to pull the MIT (Made in Taiwan) ratio of each self-made equipment to higher than 80% (calculated by the value of BOM), strengthening the competitiveness of localization. At the same time, we will also span from the thin film area to the etching area on our own equipment, and further become an integrated process solution provider for high vacuum plasma equipment. In the field of materials, the company also plans to use its own thin film deposition equipment and technology to enter the quantum dot market and join the supply chain of quantum dot solutions. In terms of industries, the company plans to use the existing mature physical vapor deposition equipment (PVD), atomic layer deposition equipment (ALD), wafer bonding and debonding equipment (Bonder & Debonder), combine with the newly developed descum, to delve deeper into the compound semiconductor field, following the future demand for automotive electronics. The newly developed Descum has been recognized by the industry and got customers' purchasing orders, a foreseeable market has already emerged.

The ongoing research and development includes PECVD (Plasma Enhanced Chemical Vapor Deposition), which is being developed in cooperation with leading domestic foundries FAB. The concept test has achieved initial good results and has been recognized by the partner. The prototype machine is expected to be assembled and tested in 2024.

For the large size (8 inches/12 inches) bonder/de-bonder, the design is also nearing completion, and the prototype tool will start testing and accept customer demo testing in 2024.

(II) Industry Overview

1. Current Status and Development of the Industry

A. Global Semiconductor Market

After a moderate growth of 3.3% in 2022, the Worldwide Semiconductor Trade Statistics Organization (WSTS) released a report on November 28, 2023, forecasting a 9.4% decline in the global semiconductor market in 2023, mainly due to inflationary growth and weakening demand in the end market, with consumer products such as mobile phones, personal computers (PCs)/notebooks (NBs) demand reduced. Discrete devices maintained a 5.8% growth, while other areas declined by 3% to 11%, especially in the memory industry, where the decline was expected to reach 31%. The second half of 2023 was indeed as predicted by various research institutions, with a considerable degree of recovery. Therefore, looking ahead to 2024, the global semiconductor market is expected to grow by around 13.1% compared to 2023. This growth is mainly due to the recovery of the memory market, and the processors and logic circuits have continued growth due to the demand for artificial intelligence computing requirements. Discrete devices, sensors, and optoelectronic devices all have single-digit growth.

(WSTS forecast market growth of global semiconductor)

	Amounts in US$M			Y2Y Growth Rate		
Forecast by WSTS, Nov. 28th 2023	2022	2023	2024	2,022	2023	2024
Americas	141,136	132,536	162,154	16.2	-6.1	22.3
Europe	53,853	57,048	59,480	12.8	5.9	4.3
Japan	48,158	47,209	49,275	10.2	-2.0	4.4
Asia Pacific	330,937	283,333	317,455	-3.5	-14.4	12.0
Total World - $M	574,084	520,126	588,364	3.3	-9.4	13.1
Discrete Semiconductors	33,993	35,951	37,459	12.0	5.8	4.2
Optoelectronics	43,908	42,583	43,324	1.2	-3.0	1.7
Sensors	21,782	19,417	20,127	13.7	-10.9	3.7
Integrated Circuit	474,402	422,174	487,454	2.5	-11.0	15.5
Analog	88,983	81,051	84,056	20.1	-8.9	3.7
Micro	79,073	76,579	81,937	-1.4	-3.2	7.0
Logic	176,578	174,944	191,693	14.0	-0.9	9.6
Memory	129,767	89,601	129,768	-15.6	-31.0	44.8
Total Products - $M	574,084	520,126	588,364	3.3	-9.4	13.1

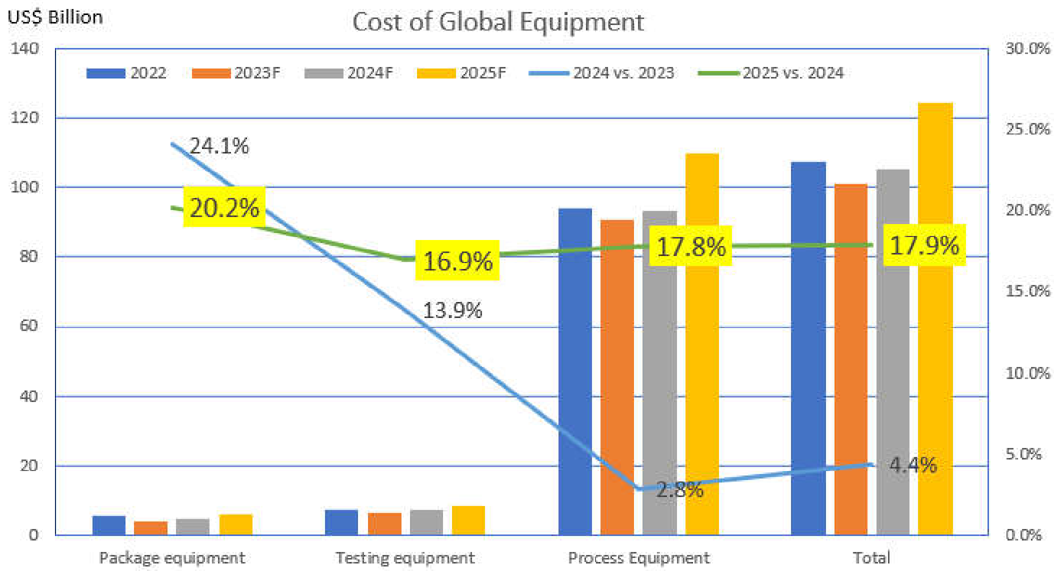
(data source: https://www.wsts.org/76/103/WSTS-Semiconductor-Market-Forecast-Fall-2023)

According to the latest announcement by SEMI in the 3rd quarter of 2023, the global semiconductor equipment shipments reached 25.6 billion U.S. dollars in the third quarter of 2023, down about 11% by comparing the same period in 2022 and slightly down 1% from the second quarter of 2023. China continued to invest in semiconductor-related projects, while Japan experienced significant growth in the third quarter, reflecting the recovery of Japan’s semiconductor industry. South Korea and Taiwan showed a more conservative attitude. Overall, 2023 was an “adjustment” year, but the recovery led by Japan and Europe in the second half of the year began to show signs of recovery in Q3. Overall, the fundamentals of long-term strategic investment are still hot, to support the major technological developments of emerging applications such as AI, HPC, 5G, automotive applications, etc.

Region	**3Q2023 US, Billion**	**2Q2023 US, Billion**	**3Q2022 US, Billion**	**3Q (QoQ)**	**3Q (YoY)**
China	11.06	7.55	7.78	46%	42%
Korea	3.85	5.65	4.78	-32%	-19%
Taiwan	3.77	5.69	7.28	-34%	-48%
North America	2.5	2.95	2.61	-15%	-4%
Japan	1.82	1.54	2.55	18%	-29%
Europe	1.7	1.61	1.67	6%	2%
Others	0.89	0.83	2.08	7%	-57%
Total	**25.59**	**25.82**	**28.75**	**-1%**	**-11%**

Data source: Collected from the SEMI webpage

However, in terms of global equipment payment, according to the Global Semiconductor Equipment Industry Forecast Report released by SEMI on December 2023, the business started to recover. 2024 is a “transition” year, with semiconductor equipment spending expected to grow by 4.4% in 2024 compared to 2023, mainly due to a 2.8% growth in process-related equipment. The semiconductor equipment industry is expected to gain a bigger glory in 2025, with an estimated annual growth rate of 17.9%, mainly due to process-related equipment driving the growth of the three major categories of equipment with a 17.8% growth rate.



Collected from Semi report, https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-total-semiconductor-equipment-sales-forecast-to-reach-record-%24124-billion-in-2025-semi-reports

B. Taiwan Semiconductor Market

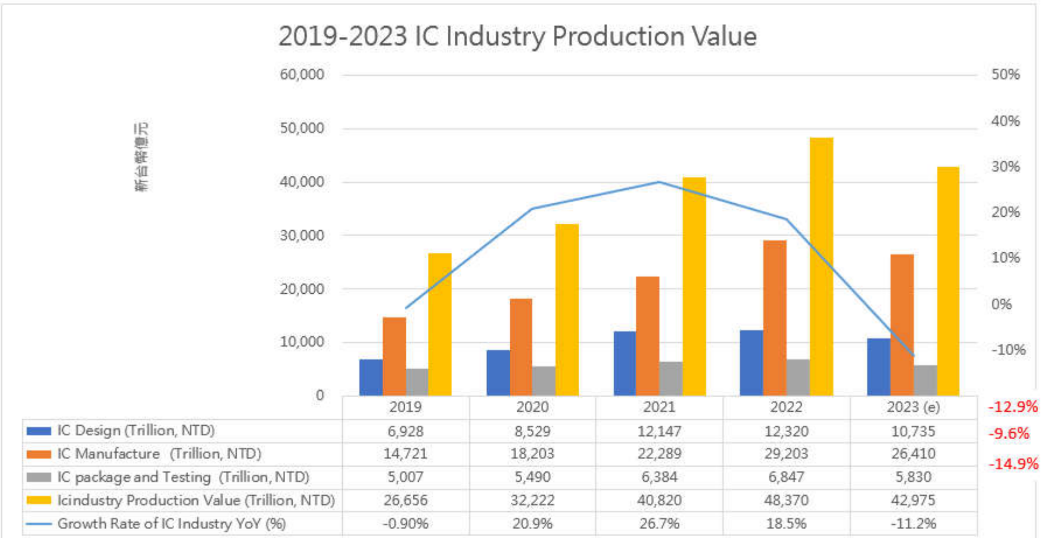
In the year 2022, Taiwan’s IC design has entered a phase of slow growth with only slight increases, while the production value of IC manufacturing and IC packaging and testing continues to grow significantly. Although the IC industry still maintained growth, it had begun to slow down and enter a recession, with a growth rate of only 18.5% YoY, a total production value of NT$ 4.84 trillion. However, it entered a recession in 2023. According to the forecast of the Taiwan Semiconductor Industry Association (TSIA) in November 2023, the overall production value of Taiwan’s IC industry in 2023 is about NT$ 4.3 trillion, an 11.2% decline compared to 2022.

In the aspect of IC design, the production value reached NT$ 1.23 trillion in 2022. Although it still maintained growth, it had begun to slow down and enter a recession, and the revenue for 2023 was expected to reach only NT$ 1.07 trillion, a sharp decline of 12.9% YoY.

In the aspect of IC manufacturing, Taiwan ranked first in the global market share, with a production value of NT$ 2.92 trillion in 2022. The top ten global manufacturers included Taiwan manufacturers TSMC, UMC, VIS, and PSMC. As IC design began to slow down and enter a recession, IC manufacturing also began to enter a recession, and the revenue for 2023 was expected to reach only NT$ 2.64 trillion, a 9.6% decline YoY.

In the aspect of IC packaging and testing, Taiwan ranked first in the global market share, with a production value of NT$ 0.684 trillion in 2022. The top ten global manufacturers included Taiwan manufacturers ASE, SPIL, KYEC, Nanya, Kingpak, and Walton. The production value for 2023 was expected to be only NT$ 0.583 trillion, a 14.9% decline YoY.

The overall production value of Taiwan’s IC industry declined by 11.2% in 2023 due to the inflationary growth impact on the global semiconductor market, the industry’s own inventory adjustment stage, oversupply and weakening demand in the end market, and consumer products such as mobile phones, PCs/NBs dropped. Taiwan’s IC industry could not be isolated from the world. However, Taiwan’s manufacturers actively deployed in automotive, high-performance computing (HPC) and other fields, and new production capacity built in advanced processes, and it was expected that Taiwan’s IC industry performance in 2023 would still be better than the worldwide performance.



	2019	2020	2021	2022	2023 (e)
IC Design (Trillion, NTD)	6,928	8,529	12,147	12,320	10,735
IC Manufacture (Trillion, NTD)	14,721	18,203	22,289	29,203	26,410
IC package and Testing (Trillion, NTD)	5,007	5,490	6,384	6,847	5,830
Icindustry Production Value (Trillion, NTD)	26,656	32,222	40,820	48,370	42,975
Growth Rate of IC Industry YoY (%)	-0.90%	20.9%	26.7%	18.5%	-11.2%

Data Source：TSIA；IEK consulting (2023/11)　https://www.tsia.org.tw/api/DownloadPage?pageID=592

The strong demand for generative AI in the third quarter of 2023 drove the recovery of the entire semiconductor industry in the second half of 2023, and it is expected that the overall production value will return to the rising track in 2024, and this growth will continue to 2025 with explosive double-digit growth. According to the “2024 Global and Taiwan Semiconductor Industry Outlook” report released by the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry for Information Industry in November 2023, the production value will grow by 13.7% in 2024.

C. Global wafer manufacturing capacity expansion momentum and compound semiconductor development

Observing the regional distribution of global wafer manufacturing capacity, the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry pointed out that the global semiconductor capacity reached about 11 million pieces of equivalent 12-inch capacity in 2022, with Korea, Taiwan, mainland China and Japan accounting for about 22%, 20%, 18% and 14%, respectively. Mainland China, Taiwan, Korea, Japan, and Southeast Asia, the total wafer manufacturing capacity in Asia accounted for about 74%. In terms of regions, China, Taiwan and Korea are the leading groups in equipment investment. Under the pressure of U.S. export controls, China has injected a large amount of funds into wafer foundry, memory, compound semiconductor and other continuous investments through government investment. China took the lead in 2022. It took the lead in the overall semiconductor equipment market and ranked first with a 27.4% market share in 2023. Taiwan is the second largest semiconductor equipment market in the world, with 23.6% due to the continuous investment in advanced logic wafer foundry. Korea also led the world in 12-inch equipment, with 19.8% of the global market under the boost of memory investment recovery and logic investment increase.

With the rapid development of the electrical vehicle market and products, the demand for compound semiconductors, mainly composed of gallium nitride (GaN) and silicon carbide (SiC), has increased significantly, and even become one of the main streams of the future semiconductor industry development.

Unlike the previous first and second types of semiconductor materials, which are mainly silicon (Si) and gallium arsenide (GaAs), respectively, the materials of compound semiconductors are mainly silicon carbide (SiC) and gallium nitride (GaN), and the chips made of them can be widely used in new generation communications, military radars, electric vehicles and other hot emerging industries. Recently, it has attracted many major companies to invest in development.

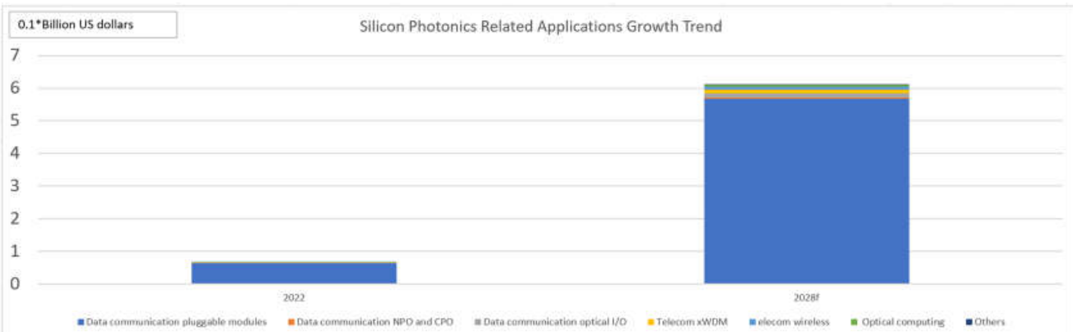
According to the report “2024 Global and Taiwan Semiconductor Industry Outlook” released by the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry in November 2023, the third type of semiconductor power devices and communication devices had a total market value of 1.7 billion US dollars in 2021 and 2.6 billion US dollars in 2022. Due to the demand for net zero carbon reduction, 5G/6G, electric vehicles, etc., it is expected that the total market value will reach 20.2 billion US dollars by 2030, with a compound annual growth rate of 31.3%.

In the 2023 Taiwan Electronic Equipment Industry White Paper published by the Taiwan Electronic Equipment Association, it is mentioned that according to Yole (market research company), the compound annual growth rate of GaN power devices market is 59% from 2021 to 2027, and the compound annual growth rate of SiC power devices market is 34% from 2021 to 2027.

D. Future development focus of the semiconductor industry

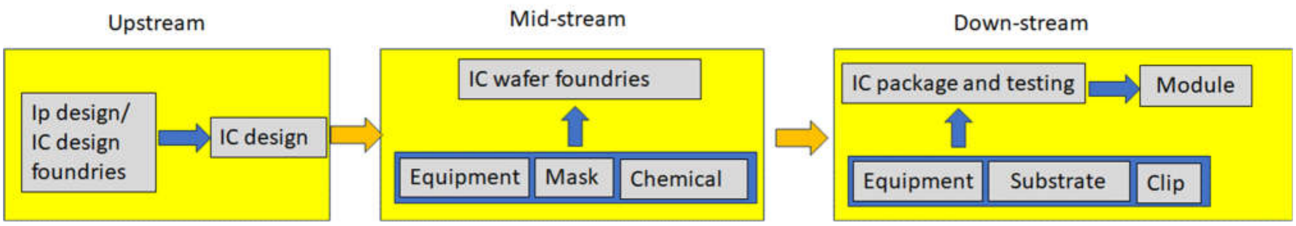
According to the report released by IDC (International Data Corporation) on December 7, 2023, it predicts the eight trends of the semiconductor industry in 2024 (https://www.idc.com/getdoc.jsp?containerId=prAP51484723), among which some notable predictions are (1) The semiconductor sales market will recover significantly in 2024, with an expected annual growth rate of 20%; (2) The demand for advanced packaging and advanced processes in the 2.5/3D packaging market will complement each other, and the compound annual growth rate (CAGR) from 2023 to 2028 will reach 22%; (3) The CoWoS supply chain capacity will have an explosive growth due to the generative AI, according to TSMC's investor conference on July 20, 2023, the total capacity of CoWoS in 2023 is 120,000 pieces, and it will hit 240,000 pieces in 2024, of which Nvidia accounts for 144,000 to 150,000 pieces, and more manufacturers have joined the CoWoS supply chain production, resulting in the growth of capacity more than double which will drive more AI applications.

The report "Exploring the Highlights of the Semiconductor Industry and Market in the Next Five Years", published by Digitimes on October 25, 2023, analyzes that the application of silicon photonics in data centers has a 24% growth in 2022 due to the demand for high-speed transmission, and the future demand will have continuous growth. The compound annual growth rate from 2022 to 2028 can even reach 44%. Yole intelligence, a well-known research institute, also analyzes that the global market size of various applications of the silicon photonics industry is expected to grow from 68 million US dollars in 2022 to 613 million US dollars in 2028, with a compound annual growth rate (CAGR) of 44% from 2022 to 2028. The driving force for market growth is mainly from the demand for high-speed transmission in data centers, which can increase the transmission capacity of fiber optic networks. The 800G high-speed pluggable module is the main growth driver.



2. The relationship between the upstream, midstream and downstream of the industry

The semiconductor industry is mainly developed by the upstream IC design manufacturers, followed by the midstream IC manufacturing, wafer manufacturing and related process and testing equipment manufacturers to collaborate as a team to process the wafer from wafer maker with masks to pattern the circuit on wafer and then process with oxidation, diffusion, etching, deposition and ion implantation, to make the circuit and the components of the circuit on the wafer. The company is a manufacturer of semiconductor process equipment and a supplier of key components on the process equipment, which is a midstream and downstream manufacturer. Finally, the downstream manufacturers perform IC packaging, that is, to package die after wafer sawed into chips with plastic, ceramic or metal, in order to protect the chips from collision and pollution, and easy to assembly, and achieve the electrical connection and heat dissipation effect of the chip and the electronic system. The relationship between the upstream, midstream and downstream is listed as follows:



(Source: OTC industry value chain web)

The company is a semiconductor equipment maker and key component supplier of process tools. In the traditional silicon manufacturing process, The company provides wafer manufacturers with repair and maintenance service of key components for their metal wire manufacturing processes, and other processes such as etching, diffusion, thin film, etc., we provide services to major wafer manufacturers as their long-term partner.

In the packaging process, the company provides process equipment of Under Bump Metallization (UBM) metal layer of their layered structure to the packaging manufacturers, as well as the repair and maintenance services of key components of other processes. The company is a long-term partner of major packaging factories. The probe card applied in advanced testing in recent years like the space transformer will also use a sputter to deposit Ti/Cu.

In the compound semiconductor process, the company provides wafer manufacturers with equipment for bonding, debonding, front-side PVD, back-side

PVD metal processes, and ALD passivation (protective layer) processes, as well as the repair and maintenance services of key components of other processes. The company is a partner for the future with emerging compound semiconductor process manufacturers.

3.Future developing trend of products

After developing Physical Vapor Deposition (PVD) and Atomic Layer Deposition (ALD) equipment, the company has gained strong experience in high-vacuum plasma applications. Continuous work in the fields of PVD and ALD is an important development policy of our company. Descum, a product launched in the year 2023, has not only produced a prototype but also received orders from European customers FAB in Taiwan, which will be shipped in the middle of the year 2024. The development of Carbon PVD has also entered the third type of semiconductor companies, and equipment have been continuously shipped to customers side. In addition to Descum and Carbon PVD, we continue to develop different applications, such as Thin Film Resistor (TFR) process, Quantum dot (QD), Through Silicon Via (TSV) process, Through Glass Via (TGV) process, and other related different field applications. We continue to improve quality, supply key components to front-end foundries, and continue to cooperate with front-end foundries for equipment development and qualification. In 2024, we plan to develop PECVD and the development of large-size bonding equipment.

In the future, high-vacuum plasma equipment will face more challenging structures (achieving better step coverage requirements under higher aspect ratios), better pre-surface treatment requirements, better film quality, higher output, and higher tool uptime. To meet these challenges, the design of the product needs to start from the customer's process target results, invest from beginning and collaborate with customers in the research and development stage. We hope that when the customer's product is successfully launched, our equipment can become the standard equipment for customer production, and continue to progress and grow with customers.

4.Status of market competition

The company started semiconductor equipment development from physical vapor deposition equipment, mainly due to the team's familiarity with the principle of physical vapor deposition equipment, the various types of spare parts on the equipment and the customer’s application. At the same time, the company do not only sees the potential of the front-end semiconductor market, and but also gradually introduces the concept and application of physical vapor deposition to the customers in the back-end packaging industry, optoelectronic industry, compound semiconductor industry, etc. These emerging fields are opportunities for the company to hone and develop. The company has developed the central reaction mechanism of the cluster-type with multi-chamber, the related electrical control structure and the operating software, and grown together with the customers in the emerging industries, completing the most difficult work of debugging the structure in the initial stage of equipment development. The company then began to develop the atomic layer deposition (ALD) equipment market with a similar software and hardware platform, and then developed the resist removal and glue removal equipment (Descum) based on the foundation of atomic layer deposition, gradually enhancing the coverage of high vacuum plasma applications. In 2024, the company will continue to collaborate with strategic partners to develop PECVD (plasma enhanced chemical vapor deposition).

In the past five years of development progressing, the company has gradually seen results. As the company moves towards high-end technology, the competition will become more intense. Therefore, it is still necessary to invest the company's limited resources in strategic industries, strategic applications and strategic customers, focus and maximize the company's resources.

In recent years, under the influence of geopolitics and global inflation, semiconductor customers have tended to slow down their expansion pace, which directly affects the equipment manufacturers' market. However, the demand for compound semiconductors related to automotive applications is still strong. The company has started to penetrate into the field of SiC or GaN since 2021, and has obtained cooperation opportunities with several international customers in 2022. Starting in 2023, these international customers continued to expand production, which also drove the company to continue to sell the tools and grow the business scale simultaneously, as well as expand the international vision together, making the company gradually develop into a multinational company scale. In response to the market competition situation, the company adopts the strategy of cooperating with strategic customers who have a common vision for future development, and they even conduct joint research and development on strategies and grow together.

(III)Technical, Research and Develop Overview

1. Research and Development Expenses

Unit: NT$ thousand

Item \ Year	2022	2023
Research and Development Expenses	265,649	202,399

2. Successfully developed technologies or products

Year	Technologies or Products
2018	Launched 1st Physical Vapor Deposition (PVD) equipment and delivered. Launched 1st fully automated Bonder/Debonder equipment and delivered.
2019	Launched 1st Atomic Layer Deposition (ALD) equipment and delivered
2020	ALD equipment penetrated the mini LED supply chain. Developed Self-made Equipment Frontend Module (EFEM). Launched Powder ALD equipment for powder passivation.
2021	Equipment entered the compound semiconductor market. Equipment entered the front-end semiconductor market.
2022	Launched and delivered direct plasma enhanced ALD (C2PT PEALD). Launched and delivered Neutral Ion Beam Remote Plasma Enhanced ALD (NBT PEALD) equipment. Launched and delivered Reactive sputtering machine (Shuxda) with pasting disk.
2023	Launched Descum plasma resist removal equipment. Also received customer orders to deliver in 2024. Launched and delivered Carbon PVD to international customers of compound semiconductors.

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

1. Short-term business development plan

The focus of recent business development will be on how to expand in the automotive chip market, which is also the so-called compound semiconductor silicon carbide (SiC) and gallium nitride (GaN) related equipment market share, and due to the continuous surge in the AI craze, advanced packaging capacity is in short supply, leading to ongoing expansion of capacity, which in turn drives a significant increase in equipment demand. The physical vapor deposition equipment (PVD), atomic layer deposition equipment (ALD), wafer bonding and debonding equipment (Bonder/De-bonder) developed by the company are all in the field of compound semiconductors, playing a role in the key process. It can break the inertia of customers using European, American and Japanese equipment by taking the opportunity to be close to the market. At the same time, while expanding the market share of compound semiconductor equipment, we will closely follow several multinational customers to make a closer strategic combination, paving the way for future equipment marketing globalization.

We will continue to invest in the development of various items in advanced packaging and heterogeneous integration processes, by providing customers with related process requirements through mature PVD/ALD and bonding/debonding technologies. At the same time, the newly developed Descum/Plasma polish/Carbon PVD continues to provide customers with the needs of related processes, and continues to develop PECVD and large-size bonding/debonding processes through joint development with industry strategic partners.

2. Long-term busiss development plan

Closely observe the atmosphere of geopolitics, as well as the impact of international war situations on the industries and supply chains, while also paying close attention to the early signal of the recovery of the front-end semiconductor. Before the recovery begins, it is essential to assess whether our strategic positioning can keep up with the changing circumstances and prepare in advance. Simultaneously, in product development, ensure that related vacuum plasma technology can support new products horizontally. The development of Descum/Carbon PVD has already made significant progress. By assisting customers in developing new processes and product certifications, we aim to ensure that newly developed equipment not only contributes to the company's revenue growth but also supports customers' growth in the future. This growth strategy will continue to be applied to the development of new products in 2024, with PECVD and large-scale bonding solutions being continuously developed and certified through collaboration with strategic partners. In the future, Skytech product offerings will span across PVD, ALD, Bonder/De-bonder, Etch, and CVD. Our customers will not only be limited to Taiwan and the China region but also reach Europe, the Americas, and other areas, fulfilling the vision of a multinational company with a diverse equipment product line. Subsequently, we will consider strategic acquisitions based on company needs, combining complementary partners, products, and supply chains to further strengthen our foundation for future international market expansion.

II. Market, Production, and Sales Overview

(I) Market Analysis

1. The Sales Territory of Main Products (Services)

Unit: thousand; %

Item \ Year			2022		2023	
			Amount	Ratio (%)	Amount	Ratio (%)
Domestic Sales			1,064,075	58.61	833,155	41.81
Export Sales	Asia	China (including Hong Kong)	544,278	29.98	892,458	44.79
		Singapore	158,275	8.72	159,964	8.03
		Other	31,732	1.75	80,419	4.04
	Europe		6,385	0.35	7,402	0.37
	Americas		10,732	0.59	19,245	0.97
	Subtotal		751,402	41.39	1,159,488	58.19
Total			1,815,477	100.00	1,992,643	100.00

2. Market Share

The company's business scope covers semiconductor process equipment and key spare parts. The equipment is mostly highly customized, and the quantification basis is different; the types of spare parts are diversified, and there is no relevant market statistical data, so there is no consistent basis for comparing market share. Based on the SEMI data on April 12, 2023, the global semiconductor equipment sales in 2022 amounted to 107.6 billion US dollars. Based on the company's year 2022 semiconductor equipment spare parts and equipment revenue conversion, the market share is about 0.05%, indicating that there will still be a large room for growth in the future, and it is expected that the process equipment will have a growth of 2.8%/17.8% in year 2024/2025. In year 2024/2025, the company's market growth is expected to be better than the overall market, and it can be predicted that there will be a large growth; at the same time, the equipment developed by the company is a key process equipment, if we can use local parts to replace import parts, we can also help to improve the physique of Taiwan's equipment industry, in addition to strengthening the foundation of Taiwan's semiconductor industry.

3. The future supply and demand overview and growth of the market

The semiconductor industry is a key assistant for the promotion of future high-tech industries. The demand for semiconductor equipment is increasing year by year with the advancement of semiconductor technology and the expansion of new technology capacity. Growth is absolutely expected. However, the semiconductor equipment industry needs to grasp the trend of semiconductor technology in order to develop equipment products that can keep up with the demand for technology in the process of technology iteration, rather than being eliminated by new technology. Physical vapor deposition (PVD) technology is a key and necessary technology in all semiconductor processes (front-end semiconductors, back-end semiconductors, compound semiconductors, optoelectronics industry). No new technology can be seen to replace it in a short time. The silicon photon process, advanced packaging process, and automotive semiconductor process that are expected to grow significantly in the market will all use PVD technology. It is expected that PVD will continue to grow. Atomic layer deposition (ALD) technology is a new generation of semiconductor process technology. In the future, as the line width becomes smaller and the film quality requirements become higher, atomic layer deposition will be a very critical solution. Whether it is in the silicon-based semiconductor or advanced packaging or the third type of semiconductor market, there are clear growth opportunities. Wafer bonding and debonding (Bonder & De-bonder) technology plays the role of "fire brigades" in the process of wafer thinning at present and in the future. In the future, if the wafer needs to be ground thinner due to heat dissipation and impedance reduction, wafer bonding and debonding will become more and more critical. The purpose of bonding/debonding is to provide sufficient mechanical strength for the thinned wafer. In addition to being able to overcome the challenges during thinning, it must also be able to support the harsh requirements of post-process temperature and stress after thinning. The application of bonding/debonding is becoming more and more with the advancement of semiconductor processes, and demand will also increase. Similarly, as the number of resists applied increases, the demand for resist removal also increases. This is why the company focuses on the development of Descum equipment. In addition to hoping to cut into the rapidly growing market, it also hopes to use Descum's development to establish the company's experience in etching equipment development and prepare for future entry into the etching market.

4. Competitive niche and advantage and disadvantage factors affecting the company's future development and countermeasures

A. Company competitive niche:

(A) Highly professional management and R&D team

The company's management and R&D team have many years of experience and technology. The management and R&D team are all senior professionals in the semiconductor industry. They can effectively grasp the key technology of the product and the future trend of forward-looking, and are committed to new product research and development, so that the company can play a role in a fiercely competitive industry.

(B) Diversified application fields

The company is engaged in the research and development, manufacturing and sales of semiconductor equipment machines and semiconductor equipment components. The application of semiconductor equipment and components is very wide, for example, semiconductors, panels, electronic components and other fields. The company's equipment has successfully obtained the recognition of optoelectronics, compound semiconductors, and advanced packaging customers. In the future, the company will continue to develop new technologies and equipment, which can extend its equipment to more fields.

(C) Customized product service, efficient after-sales service

The company understands customer needs, provides suitable equipment according to customer process requirements, and provides equipment upgrades and improvement plans in a timely manner. The company is produced locally, closer to local customers than European and American equipment manufacturers, and can provide customers with timely service, maintenance and modification services, reducing the risk of customer's tools stopping due to equipment issues.

B. Factors and countermeasures affecting the company's future development:

(A) Advantage

a.The prospect of the semiconductor industry is promising

There are still uncertainties in recent global overall economics, but the big trends of improvement in new products and specifications from 5G, AI, IoT, automotive electronics, etc., make the fundamental trajectory of long-term structural growth of semiconductor demand still strong. Under the pursuit of high efficiency and low energy consumption, the requirements for process technology are still increasing, driving manufacturers to upgrade equipment to meet process requirements, and the semiconductor equipment industry will benefit from this. Therefore, as humans continue to pursue highly intelligent and convenient technology products, the semiconductor industry will have greater business opportunities and growth opportunities.

b. Stable customer relationship created by high-quality products

The company has been deeply cultivating the semiconductor equipment component market for more than 20 years. Most of the customers are well-known international manufacturers. It has cultivated a long-term trust relationship with customers. Customers enter the high-end manufacturing of nanometer linewidths, and the competition with their international first tiers peers is very fierce. Technology has become an important competitive threshold. R&D progress must be very fast, and the process must avoid any omissions. It is also not allowed to cause a significant loss of yield due to the use of inferior component products. The company has won the long-term trust and support of customers with its long-term quality assurance, delivery and capacity stability, and has fully accumulated the company’s industry competitiveness.

c. High entry barrier for the semiconductor equipment industry

The semiconductor industry is highly precise, with complex processes and very low tolerance. The semiconductor equipment used in the production line plays an important role in maintaining the quality stability of each process stage. Therefore, each manufacturer adopts the most stringent quality control for the equipment, and only the certified equipment can be put into the production line. And once certified, it is not easy to change suppliers. The company's current main products are thin film deposition equipment, which has high manufacturing technology difficulties, and customized designs to meet customer needs. The company has successfully entered the processes of optoelectronics, compound semiconductors, advanced packaging and other customers, and future performance growth is expected.

(B) Disadvantage

a.Talent Acquisition and Retention are difficult

Our company is located in the Hsinchu area, where many large-scale technical companies are clustered. The scale and brand of our company are not as prominent as those of other large enterprises and international manufacturers in the region, which increases the difficulty of recruiting excellent technical or professional personnel. Therefore, talent acquisition and retention are challenges and need our management to pay more effort.

Countermeasures:

Our company implements a human based management system, is committed to providing a good working environment, smooth promotion channels, and a good welfare system, and establishes a corporate management philosophy based on excellent talents, results sharing, and sustainable operation. In addition, we provide employees with comprehensive education and training to cultivate diversified talents, as well as improve communication channels, continuously optimize employee welfare systems to strengthen employees' recognition and centripetal force towards the company, and reduce employee turnover ratio. The company is continuously expanding company operations, and increasing its international market share to attract excellent talents.

b. Increased Risk of Intellectual Property Litigation

The research and development results accumulated over the years are the core assets of semiconductor companies. If the research and development results of the R&D department are not properly preserved, effectively preventing the leakage of confidential information, or if patents are not applied for in time, it will lead to the possibility of infringement or theft of R&D results, which will significantly affect the company's operations. Even if patents have been applied for, it cannot completely rule out the possibility of other competitors in the industry claiming that the company has infringed their intellectual property rights, causing a burden on the company's operations.

Countermeasures:

Our company has taken relevant measures to reduce the possibility of loss of company and shareholder interests due to claims and litigation of intellectual property rights. This includes actively advocating and protecting the intellectual property rights owned by the company. For products that have been successfully developed based on intellectual property rights, patent protection has also been applied for. Before initiating any development plan, patent research will be conducted first to ensure that the patents of the same industry are not misused and to avoid the risk of infringement.

c. Lack of confidence in domestic equipment by customers

Domestic semiconductor customers have been accustomed to using imported equipment in the past, and their confidence in domestic equipment needs to be strengthened. There is insufficient motivation to replace equipment for mature processes, and there is a lack of confidence in using domestic equipment for advanced processes. It takes time and experience to gradually change the concept.

Countermeasures:

After accumulating many years of experience in semiconductor components, the company has independently developed semiconductor physical vapor deposition equipment, and subsequently continued to develop atomic layer deposition equipment, bonding machines and debonding machines, etc., and most of the production process uses domestically produced raw materials. The risk of shortage or interruption of supply is lower. Our company's equipment has successfully entered the benchmark companies in various industries, established a market image and customer confidence, and in the future, it will be able to further open up market share by promoting business with the reputation of benchmark companies.

(II) Important uses of major products

1. Important uses of major products:

Product Name	Main Use or Function
Physical Vapor Deposition (PVD)	Mainly used to make metal layers in semiconductors for conductive layers and seed layers, or metal nitride layers for barrier layers and transition layers.
Atomic Layer Deposition (ALD)	Mainly used to make insulating layers in semiconductors. It depends on the characteristics of high step coverage and film density. As the linewidth gradually shrinks, traditional PECVD can no longer be used in fine pitch products. ALD has the characteristics of replacing PECVD in fine pitch products, and the application field is becoming wider and wider.
Wafer Bonder (Bonder)	Due to the need for heat dissipation and impedance reduction, the thickness of the wafer will be required to be thinner and thinner. In the thinning process, in order to provide the wafer with sufficient mechanical strength and avoid excessive warping in the subsequent back-end process of the thinned wafer, it is necessary to bond a support wafer before thinning. The accuracy of alignment and the flatness after bonding are the keys to equipment work.
Wafer De-Bonder (Debonder)	After the bonded wafer completes the thinning and back-end process, the thinned wafer needs to be separated from the support wafer. How to safely separate very thin and warped wafer from bonded support, and the support wafer can be recycled and used. Also, the whole process needs to be completed under automated conditions, and those works are the focus of equipment work.
Plasma Resist Removal (Descum)	In the semiconductor and advanced packaging processes, both photoresist and polyimide will be used. How to appropriately remove photoresist or polyimide is the work of descum equipment. During the process flow of semiconductors, as long as there is photoresist or polyimide is used, there is a chance to use descum
Equipment Components (Spares)	Provide various spare parts needed for the production of semiconductor equipment and assist customers in operating production equipment with the highest uptime, the lowest production cost, and the lowest waiting time.

2. The manufacturing process of the main products

(III) Status of Major Raw Materials Supply

Major Raw Materials	Status of Supply
機構件(包含設計及模擬) Mechanical components	Good
設備前端模組(EFEM) Equipment front end module (EFEM)	Good
叢集式傳輸腔體 Clustered Transfer chamber	Good
加熱器 Heater	Good
冷卻器 Chiller	Good
閥件 Valve	Good
真空幫浦 Vacuum Pump	Good
機械手臂 Robot	Good
壓力計 Pressure Gauge	Good
電漿源及匹配模組 Plasma and matching module	Good
流量計 Flow Meter	Good
真空靜電吸盤(ESC) Electronic static chuck	Good

(IV) Major Suppliers and Customers of the Most Recent 2 years

1. Major Suppliers of the Most Recent 2 Years: No single supplier represented more than 10% of total purchases in any quarter of the last two years and first quarter of 2024.
2. Major Customers of the Most Recent 2 Years

Unit: NT$ thousand; %

	2022				2023				2024 Q1 (Note)			
Item	Name	Amount	% of Total Net Sales	Relation-ship with Issuer	Name	Amount	% of Total Net Sales	Relation-ship with Issuer	Name	Amount	% of Total Net Sales	Relation-ship with Issuer
1	Customer A	397,649	21.90	None	Customer A	390,842	19.61	None	—	—	—	—
2	Customer B	263,264	14.50	None	Customer B	184,307	9.25	None	—	—	—	—
	Others	1,154,564	63.60		Others	1,417,494	71.14		—	—	—	—
	Total	1,815,477	100.00		Total	1,992,643	100		—	—	—	—

Note: As of the publication date of the annual report, the most recent consolidated financial statements dated March 31, 2023 have not yet been approved by the Board of Directors nor reviewed by certified public accountants.

Explanation of Increase or Decrease in Sales Amount: The sales increase is driven by the growth of demand from the end customers.

(V) Production of the Most Recent 2 Years

Unit:Amount: NT$ thousand

Year / Production Quantity and Amount / Major Product	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Semiconductor equipment	Note1	21	402,197	Note1	29	430,132
Total	Note1	21	402,197	Note1	29	430,132

Note 1: Our company's products are mainly customized for each customer, and we independently design and produce various parts to match these products. Therefore, it is not possible to estimate production capacity by product type, and the production capacity data is not comparable. As such, it is not disclosed.

(VI)Sales in the Most Recent 2 Years

Unit: Amount: NT$ thousand

Year / Sales Quantity and Amount / Major Product	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Machine	8	373,453	10	175,335	16	270,381	12	574,817
Spare parts	77,653	412,024	45,487	481,776	49,009	296,010	48,317	476,997
Others	-	278,328	-	94,561	-	266,764	-	107,674
Total	77,661	1,063,805	45,497	751,672	49,025	833,155	48,329	1,159,488

III. Employees Status

Unit: person;%

Year		2022	2023	Current Year as of Mar. 31, 2024
Number of Employees (persons)	Direct Staff	43	59	62
	Indirect Staff	267	296	304
	Total	310	355	366
Average Age		36.3	36	36.9
Average Seniority (years)		4.1	4.4	4.5
Academic qualifications (%)	Ph.D.	0.0%	0.0%	0.0%
	Master	13.9%	15.2%	14.8%
	Bachelor	78.0%	76.7%	76.8%

	High School	7.1%	7.3%	7.9%
	Degree of Lower Levels	1.0%	0.8%	0.5%
	Total	100%	100%	100%

IV. Disbursements for Environmental Protection

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

V. Labor Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

(1) Employee Welfare:

The Company provides employees with labor and health insurance, distributes pension, and reviews relevant laws on a regular basis, and updates in a timely manner. The Company distributes year-end bonus and adjusts salary in accordance with the operation performance.

In addition, the Company also provides bonus on 3 national holidays, regular free employee health examination, group insurance, purchase discount for employees, year-end banquet, departmental dining, subsidies for wedding and funerals, and travel subsidies. A employee benefit committee is also established to hold the benefit events of employees. The Company considers employees as valuable assets. Reward bonus rules are stipulated in the employee handbook, which connects the remuneration of employees with the operation performance of the Company and further generates the upmost benefits for shareholders and employees, aiming at attracting and keeping excellent talents.

(2) Continuing education, training, and the status of their implementation:

To improve the professional skills of employees, enhance work efficiency and for the purpose of emphasizing the quality of products, the Company conducts educational training in accordance with the annual educational training program. Both internal and external trainings are performed simultaneously to improve the professional capacity of employees of all departments.

(3) Retirement system and the status of its implementation:

The Company establishes pension plan. For employees selecting new pension system in accordance with the Labor Pension Act, the Company distributes 6% of their monthly salary to their personal account in the Bureau of Labor Insurance. Employees of old pension system have all transformed to the new system. The amount of labor retirement reserve funds of Company has reached the total amount of all employees who meet the retirement requirement in the future and apply for the pension. As such, the Company has applied for and acquire the approval letter to stop distributing labor retirement reserve funds. The Company stipulates relevant regulations in accordance with the laws so that employees reaching the legal retirement age may apply for retirement in accordance with the regulations.

(4) Labor-management communication:

The Company stipulates labor contract, work rules and management regulations in accordance with labor related laws and regulations. The labor-management relationship has been harmonious ever since the foundation of the Company. There are no significant labor-management disputes and losses..

The Company holds labor-management meeting on a regular basis and promotes and communicates the new published laws and regulations. Employees may express their opinions through labor representatives. The Company also cares about the employees and responds to the demand of employees.

(5) Measures to protect the rights and interests of employees

The Company has stipulated employee handbook, where the rights, obligations, and benefits are clearly indicated to protect the rights and interests of employees.

(II) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

On April 14, 2023, the Hsinchu County Government issued a letter No. 1123931895 of

Fu Lao Zi that "Zheng Jun, a 7 laborer employed by Rainbow Company, extended his working hours for more than 4 hours, violated the provisions of Article 32, Paragraph 2 of the Labor Standards Act, and imposed a fine of NT$20,000 in accordance with Article 79, Paragraph 1, Paragraph 1 of the Labor Standards Act, and made improvements within a time limit." The company paid the above-mentioned fines on May 12, 2023, and strengthened internal publicity, and urged the heads of departments to urge employees not to work overtime at the meeting of department heads. On June 20, 2023, an email was sent to publicize attendance management, and an internal announcement was made on June 27, 2023, and it was advocated again at the labor-management meetings of Rainbow Company and Hukou Factory on July 10, 2023 and July 11, 2023, respectively, to avoid the occurrence of extended working hours. So far, it has not been punished again by the competent authority, and it should be feasible to introduce improvement measures at present. Although the Company has the above-mentioned circumstances, it will not have a significant impact on the Company's finances and business, nor will it affect the shareholders' rights and interests of the Company.

VI. Cyber Security and Intellectual Property Management

(I) Cyber Security Management

1. Cyber Security Risk Management Framework

The information department of the Company is responsible for the information security of the Company, which is responsible for coordinating the formulation, planning and implementation of the company's information security policy to achieve the promotion and implementation of the information security policy, and regularly reports on the effectiveness of information security management, discussion of relevant issues and subsequent information security policy direction in the supervisor meeting, and reviews the effectiveness of the implementation of the information security policy annually to conform to the company's future development and respond to changes in the operating environment, and adjusts it in a timely manner according to needs. 。

The supervision unit of the Company's information security supervision is the audit unit directly under the general manager's office, which is responsible for supervising the implementation of internal information security. The deficiencies found in the audit require the inspected unit to propose relevant improvement plans and specific implementation plans, and regularly track the improvement results to reduce internal information security risks.

2. Cyber Security Policy

(1) Establish, implement, and control an information security management system.
(2) Prevent unauthorized and accidental access to ensure the protection of sensitive data.
(3) Continuously verify the construction of information security and adopt practical and effective measures.
(4) Train and enhance the information security literacy of personnel to broadly implement information security.

3. Specific management plan

(1) Information asset management: Formulate information asset management procedures, establish an inventory of enterprise information assets, and maintain and inventory regularly to protect enterprise information assets.
(2) Computer room management: Establish access control measures for the computer room to control access to the computer room by swiping cards or passwords, and have security protection to ensure the normal operation of the equipment.
(3) Communication and Operational Handling: Develop documented operational procedures, change management, and planning and testing, and establish mechanisms for reviewing and monitoring third-party services.
(4) Network Security Management: Establish network security planning and management of network services, and develop security management mechanisms for firewalls.
(5) Information System Access Control Management: Develop user registration management, system access special privilege management, user password management, and regularly perform reviews and assessments of access rights.
(6) System Development and Maintenance Management: Establish plans and analyses for system security requirements to protect the confidentiality, integrity, and availability of information.
(7) Information Security Incident Crisis Notification and Emergency Response Operations: Develop classification and notification processes for information security incidents, emergency response measures, and post-incident recovery mechanisms.

4. Invest in cyber security management resources:

To strengthen information security management, in addition to developing and effectively implementing relevant management procedures, we continuously introduce various information security defense technologies to reduce cybersecurity risks.

This includes enhancing IT security through network equipment firewalls, computer system antivirus, email antivirus, and spam filtering. Additionally, we strengthen employees' awareness of information security through educational training and information security advocacy programs.

(II) List any losses suffered and effects by the company in the most recent 2 fiscal years and up to the annual report publication date due to major cyber security incidents: None.

VII. Material Contracts

Categories of Contracts	Parties	Term	Main Purpose	Restrictions
Lease Agreement	LinOO	2014/12/1~2025/2/28	Ground Lease	None
Lease Agreement	LinOO	2014/12/1~2023/8/31	Ground Lease	None
Lease Agreement	Xiamen Zhongchuang Yingke Property Management Ltd	2018/10/22~2024/10/21	Office and Factory Lease	None
Lease Agreement	Jiexin Technology Co., Ltd	2022/4/1~2027/4/1	Office Lease	None
Lease Agreement	ZengOO	2023/6/16~2024/2/29	Office Lease	None
Lease Agreement	YangOO	2023/8/1~2024/7/31	Staff Dormitory Lease	None
Lease Agreement	ChenOO	2024/3/1~2024/7/15	Office Lease	None
Lease Agreement	TianOO	2024/3/1~2026/2/28	Office Lease	None
Purchase Agreement	I-HWA Industrial Co., Ltd.	2023/5/15~Ownership Transferred	Office and Factory Purchase	None
Purchase Agreement	LinOO	2023/8/3~2023/10/31	Land Purchase	None
Purchase Agreement	Legee Technology Inc.	2023/8/18~ Ownership Transferred	Office and Factory Purchase	None
Loan Agreement; Making Loans to Others	Skylead Inc.	2023/3/2~2024/2/29	Short-term Loan Amounts: NT$4,000,000	None
Credit Agreement	E.SUN Bank	1. Credit Utilization Period: 2020/4/1 to 2021/4/1 2. Initial Utilization Period: Until 2020/8/1; Utilization Term: 20 years	Long-term Secured Loan NT$190,000,000	Providing Real Estate Collateral
			Long-term Loan NT$66,000,000	None
Credit Agreement	E.SUN Bank	1. Credit Utilization Period: 2022/10/12~2023/10/12 2. Initial Utilization Period: Until 2023/2/12; Utilization Term:18 Months	Guaranteed Credit NT$31,000,000	None
Credit Agreement	E.SUN Bank	1. Credit Utilization Period: 2023/9/19~2024/9/19 2. Initial Utilization Period: Until 2024/1/19; Utilization Term:30 Months	Guaranteed Credit NT$50,000,000	None
Credit Agreement	Cathay United Bank	Short-term loans: Cycle to 2025/2/17	Short-term Loan Amounts: NT$80,000,000 NT$16,500,000 NT$11,000,000 NT$70,000,000 NT$15,000,000	Providing Real Estate Collateral

Categories of Contracts	Parties	Term	Main Purpose	Restrictions
Credit Agreement	CTBC Bank Co., Ltd.	Credit Utilization Term: 2023/10/16~2033/10/14	Long-term Secured Loan NT$300,000,000	Providing Real Estate Collateral
Credit Agreement	Mega International Commercial Bank Co., Ltd.	Credit Utilization Term: 2023/9/6~2024/9/5	Short-term Loan Amounts: NT$80,000,000	None

VII.Financial Information

I. Condensed Balance Sheets, Statements of Comprehensive Income, Attesting CPA's Name and the Auditor's Opinions for the Most Recent 5 Years

(I)Condensed Balance Sheet and Income Statement from 2019 to 2023

Condensed Balance Sheets (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial Summary for The Last 5 Years (Note 1)					March 31, 2024 (Note 5)
		2019	2020 (Note 3)	2021	2022	2023	
Current assets		not applicable (Note 2)	1,587,977	1,370,427	2,130,778	2,926,985	--
Long-term investment							--
Property, plant and equipment			812,549	725,001	739,433	1,121,440	--
Intangible assets			15,361	16,175	17,989	11,558	--
Other assets			50,977	79,877	82,446	81,834	--
Total assets			2,463,864	2,191,480	2,970,646	4,141,817	--
Current liabilities	Before distribution		1,629,645	820,016	817,605	592,066	--
	After distribution		1,629,645	820,016	878,282	727,021 (Note4)	--
Non-current liabilities			343,043	312,117	303,546	424,333	--
Total liabilities	Before distribution		1,972,688	1,132,133	1,121,151	1,016,399	--
	After distribution		1,972,688	1,132,133	1,181,828	1,151,354 (Note4)	--
Equity attributable to Shareholder of the Parent			311,495	1,059,347	1,849,495	3,125,418	--
Equity attributable to former owner of business combination under common control			163,367	-	-	-	
Capital stock			183,530	544,773	606,773	674,773	--
Capital surplus			65,546	269,981	668,132	1,634,005	--
Retained earnings	Before distribution		62,419	239,799	556,661	802,645	--
	After distribution		62,419	239,799	495,984	667,690 (Note4)	--
Other equity interest			-	4,794	17,929	13,995	--
Treasury stock			-	-	-	-	--
Non-controlling interests			16,314	-	-	-	--
Total equity	Before distribution		491,176	1,059,347	1,849,495	3,125,418	--
	After distribution		491,176	1,059,347	1,788,818	2,990,463 Note4	--

Note 1: The numbers above are audited financial information.

Note 2: There is no applicable comparative information for FY2019 as IFRS was adopted for the first time since FY2020.

Note 3: Financial information for 2020 was retrospectively restated due to group reorganization under common control which is considered as incurred in the very beginning. Such reorganization was approved by the board resolution on August 25, 2021.

Note 4: Approved by board resolution on February 23, 2024 and is subject to approval of the 2023 shareholder meeting.

Note 5: As of the publication date of the annual report, the last consolidated financial report dated March 31, 2024 has not yet been approved by the Board of Directors or reviewed by the Accountant.

Condensed Balance Sheet (Unconsolidated)

Unit: NT$ thousand

Item / Year		Financial Summary for The Last 5 Years (Note 1)				
		2019	2020 (Note 3)	2021	2022	2023
Current assets		Not applicable (Note 2)	1,267,102	1,315,679	1,834,793	2,649,221
Long-term investment			63,502	147,754	241,982	313,390
Property, plant and equipment			605,500	537,288	594,619	1,055,473
Intangible assets			15,257	16,113	17,956	11,548
Other assets			89,352	209,436	70,608	71,625
Total assets			1,977,211	2,078,516	2,759,958	4,101,257
Current liabilities	Before distribution		1,224,224	744,243	632,095	554,219
	After distribution		1,224,224	744,243	692,772	689,174 (Note4)
Non-current liabilities			278,125	274,926	278,368	421,620
Total liabilities	Before distribution		1,502,349	1,019,169	910,463	975,839
	After distribution		1,502,349	1,019,169	971,140	1,110,794 (Note4)
Equity attributable to Shareholder of the Parent			474,862	1,059,347	1,849,495	3,125,418
Equity attributable to former owner of business combination under common control			163,367	-	-	-
Capital Stock			183,530	544,773	606,773	674,773
Capital surplus			65,546	269.981	668,132	1,634,005
Retained earnings	Before distribution		62,419	239,799	556,661	802,645
	After distribution		62,419	239,799	495,984	667,690 (Note4)
Other equity interest			-	4,794	17,929	13,995

Treasury stock		-	-	-	-
Non-controlling interests		-	-	-	-
Total equity	Before distribution	474,862	1,059,347	1,849,495	3,125,418
	After distribution	474,862	1,059,347	1,788,818	2,990,463 (Note4)

Note 1: The numbers above are audited financial information.

Note 2: There is no applicable comparative information for FY2019 as IFRS was adopted for the first time since FY2020.

Note 3: Financial information for 2020 was retrospectively restated due to group reorganization under common control which is considered as incurred in the very beginning. Such reorganization was approved by the board resolution on August 25, 2021.

Note 4: Approved by board resolution on February 23, 2024 and is subject to approval of the 2023 shareholder meeting.

Condensed Balance Sheet (Unconsolidated) - Enterprise Accounting Standard:

Unit: NT$ thousand

Item / Year		Financial Summary for The Last 5 Years				
		2019	2020	2021	2022	2023
Current assets		1,039,960	Not applicable (Note 2)			
Long-term investment		1,362				
Property, plant and equipment		180,230				
Intangible assets		-				
Other assets		16,985				
Total assets		1,238,537				
Current liabilities	Before distribution	873,243				
	After distribution	873,243				
Non-current liabilities		-				
Total liabilities	Before distribution	873,243				
	After distribution	873,243				
Equity attributable to shareholder of the Parent		365,294				
Equity attributable to former owner of business combination under common control		-				
Capital Stock		169,000				
Capital surplus		56,000				
Retained earnings	Before distribution	140,294				
	After distribution	140,294				
Other equity interest		-				
Treasury stock		-				
Non-controlling interests		-				
Total equity	Before distribution	365,294				
	After distribution	365,294				

Data Source: Audited financial information

Note 1: There is no applicable comparative information from FY2020 to 2023 as IFRS was adopted for the first time since FY2020.

(II) Condensed Statements of Comprehensive Income

Condensed Statements of Comprehensive Income (Consolidated)

Unit: NT$ thousand, except earnings per share

Item \ Year	Financial Summary for The Last 5 Years (Note 1)					From January 1, 2024 to March 31, 2024 (Note 3)
	2019	2020 (Note 3)	2021	2022	2023	
Revenue	not applicable (Note 2)	998,574	1,655,712	1,815,477	1,992,643	
Gross profit		390,197	662,528	845,972	877,142	
Operating income		8,723	190,685	288,343	322,639	
Non-operating income (expenses)		68,367	50,853	78,126	41,942	
Income before income tax		77,090	241,538	366,469	364,581	
Income from continuing operations		61,787	224,620	316,862	306,661	
Income from discontinued operations		-	-	-	-	
Net income		61,787	224,620	316,862	306,661	
Other comprehensive gain (loss), Net of income tax		(9)	(3,353)	13,135	(3,934)	
Total comprehensive income for the year		61,778	221,267	329,997	302,727	
Net income attributable to shareholder of the Parent		9,078	177,380	316,862	306,661	
Net income attributable to former owner of business combination under common control		47,595	42,877	-	-	
Net income attributable to non-controlling interests		5,114	4,363	-	-	
Comprehensive income attributable to shareholder of the Parent		9,078	182,174	329,997	302,727	
Comprehensive income attributable to former owner of business combination under common control		47,541	35,394	-	-	
Comprehensive income attributable to non-controlling interests		5,159	3,699	-	-	
Earnings per share		1.63	4.57	5.66	5.02	

Note 1: The numbers above are audited financial information.

Note 2: There is no applicable comparative information for FY2019 as IFRS was adopted for the first time since FY2020.

Note 3: Financial information for 2020 was retrospectively restated due to group reorganization under common control which is considered as incurred in the very beginning. Such reorganization was approved by the board resolution on August 25, 2021.

Condensed Income Statement (Unconsolidated)

Unit: NT$ thousand, except earnings per share

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2019	2020 (Note 3)	2021	2022	2023
Revenue	Not applicable (Note 2)	1,111,518	1,511,901	1,741,090	1,667,072
Gross profit		295,884	501,023	650,991	750,470
Operating income		6,474	125,943	192,717	315,896
Non-operating income (expenses)		59,918	107,170	169,775	48,230
Income before income tax		66,392	233,113	362,492	364,126
Income from continuing operations		56,673	220,257	316,862	306,661
Income from discontinued operations		-	-	-	-
Net income		56,673	220,257	316,862	306,661
Other comprehensive gain (loss), Net of income tax		(54)	(2,689)	13,135	(3,934)
Total comprehensive income for the year		56,619	217,568	329,997	302,727
Net income attributable to shareholder of the Parent		9,078	177,380	316,862	306,661
Net income attributable to former owner of business combination under common control		47,595	42,877	-	-
Net income attributable to non-controlling interests		-	-	-	-
Comprehensive income attributable to shareholder of the Parent		9,078	182,174	329,997	302,727
Comprehensive income attributable to former owner of business combination under common control		47,541	35,394	-	-
Comprehensive income attributable to non-controlling interests		-	-	-	-
Earnings per share		1.63	4.57	5.66	5.02

Note 1: The numbers above are audited financial information.

Note 2: There is no applicable comparative information for FY2019 as IFRS was adopted for the first time since FY2020.

Note 3: Financial information for 2020 was retrospectively restated due to group reorganization under common control which is considered as incurred in the very beginning. Such reorganization was approved by the board resolution on August 25, 2021.

Condensed Income Statement (Unconsolidated) – Enterprise Accounting Standard:

Unit: NT$ thousand

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Revenue	571,898	Not applicable (Note 1)			
Gross profit	265,106				
Operating income	78,076				
Non-operating income (expenses)	11,297				
Income before income tax	89,373				
Net income from continuing operations	53,244				
Net income from discontinued operations	-				
Net income	53,244				
Other comprehensive gain (loss), Net of income tax	-				
Total comprehensive income for the year	53,244				

Data Source: Audited financial information

Note 1: There is no applicable comparative information from FY2020 to 2023 as IFRS was adopted for the first time since FY2020.

(III) Auditor's Opinions from 2019 to 2023

Year	Accounting firm	Attesting CPA's Name	Audit opinion
2019	SmartWisdom & Accountants	Wu Guanggao	Unmodified opinion
2020	PricewaterhouseCoopers, Taiwan	CHENG, YA-HUEI	Unmodified opinion
2021	PricewaterhouseCoopers, Taiwan	CHENG, YA-HUEI, YU-KUAN, LIN	Unmodified opinion
2022	PricewaterhouseCoopers, Taiwan	CHENG, YA-HUEI, PAI, SHUCHIEN	Unmodified opinion
2023	PricewaterhouseCoopers, Taiwan	CHENG, YA-HUEI, PAI, SHUCHIEN	Unmodified opinion

II. Financial Analysis for the Most Recent 5 Years

(I) Consolidated

Item		Financial Summary for The Last 5 Years (Note1) 2019 (Note2)	2020	2021	2022	2023	Financial ratios as of March 31, 2024 (Note3)
Financial structure	Debt ratio (%)	no applicable	80.06	51.66	37.74	24.54	—
	Long-term capital to property, plant and equipment ratio (%)		102.67	189.17	291.17	316.54	—
Solvency	Current ratio (%)		97.26	167.12	260.61	494.37	—
	Quick ratio (%)		41.64	76.12	127.04	285.63	—
	Times interest earned (times)		8.94	8.56	35.16	44.83	—
Operating performance	Accounts receivables turnover (times)		4.22	6.44	4.88	4.32	—
	Average collection days		87	57	75	85	—
	Inventory turnover (times)		0.70	1.13	0.99	0.95	—
	Accounts payables turnover (times)		3.77	6.84	4.26	4.31	—
	Inventory turnover days		522	324	369	385	—
	Property, plant and equipment turnover (times)		1.79	2.15	2.48	2.14	—
	Total assets turnover (times)		0.50	0.71	0.7	0.56	—
Profitability	Return on assets (%)		3.49	10.75	12.61	8.81	—
	Return on equity (%)		13.74	28.97	21.79	12.33	—
	Income before income tax to paid-in capital ratio (%)		42.00	44.34	60.40	54.03	—
	Net profit margin (%)		6.19	13.57	17.45	15.39	—
	Earnings per share（NT$）		1.63	4.57	5.66	5.02	—
Cash flow	Cash flow ratio (%)		0.49	28.99	33.40	7.68	—
	Cash flow adequacy ratio (%)		Note4	Note4	Note4	Note4	—
	Cash reinvestment ratio (%)		0.89	16.16	11.93	(0.41)	—
Leverage	Operating leverage (times)		35.67	2.97	2.36	2.33	—
	Financial leverage (times)		(8.81)	1.20	1.04	1.03	—

Analysis of deviation over 20%

(1) Decrease in debt-to-assets ratio, current ratio and quick ratio: The decrease was mainly due to the cash increase from capital injection in 2023.
(2) Increase in times interest earned (times): The increase was mainly due to the decrease in interest expense in 2023 compared with 2022.
(3) Decrease in return on assets and return on equity: The decrease is mainly due to the cash increase from capital injection in 2023 and the increase in property, plant and equipment.
(4) Decrease in Cash flow ratio: The decrease is mainly due to the decrease in net cash flow from operating activities in 2023 compared with 2022.
(5) Decrease in Cash reinvestment ratio: The decrease is mainly due to the decrease in net cash flow from operating activities in 2023. Meanwhile, it is also thanks to the distribution of cash dividends and the increase in property, plant, and equipment.
(6) Operating Leverage: The increase in operating income is due to the increase in revenue in 2022.

Note 1: The numbers above are audited financial information.

Note 2: There is no applicable comparative information for FY2019 as IFRS was adopted for the first time since FY2020.

Note 3: Financial information for 2020 was retrospectively restated due to group reorganization under common control which is considered as incurred from the very beginning. Such reorganization was approved by the board resolution on August 25, 2021.

Note 4: IFRS has been adopted for less than 5 years. The relevant ratios are unable to be calculated.

Note 5: Formulas of financial ratios are as follows:

1. Financial Structure
   - Debt ratio = total liabilities / total assets
   - Ratio of long-term capital to property, plant and equipment = (total shareholders' equity + non-current liabilities) / net property, plant and equipment
2. Solvency
   - Current ratio = current assets / current liabilities
   - Quick ratio = (current assets – inventories – prepaid expenses) / current liabilities
   - Times interest earned = income before income tax and interest expenses / interest expenses
3. Operating performance
   - Accounts receivables turnover = net revenue / average accounts receivable (including accounts receivable and notes receivable arising from operations)
   - Average collection days= 365 / account receivables turnover
   - Inventory turnover days = cost of revenue / average inventory
   - Accounts payables turnover = cost of revenue / average accounts payable (including accounts payable and notes payable arising from operations)
   - Inventory turnover days = 365 / inventory turnover
   - Property, plant and equipment turnover = net revenue / average net property, plant and equipment
   - Total asset turnover = net revenue / average total assets
4. Profitability
   - Return on total assets = [net income + interest expenses (1- effective tax rate)] / average total assets
   - Return on shareholders' equity = net income / average shareholders' equity
   - Net profit margin = net profit / net revenue
   - Earnings per share = (net income attributable to shareholder of the parent – preferred stock dividends) / weighted average number of shares outstanding
5. Cash flow
   - Cash flow ratio = Net cash provided by operating activities / current liabilities
   - Cash flow adequacy ratio = five-year sum of cash from operation / (five-year sum of capital expenditures, inventory additions and cash dividend)
   - Cash reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment + long-term investments + other non-current assets + working capital)
6. Leverage
   - Operating leverage = (net revenue – variable operating costs and expenses) / operating income
   - Financial leverage = operating income / (operating income - interest expenses)

(II) Unconsolidated

1. International Financial Reporting Standards (IFRS)

Item		Financial Summary for The Last 5 Years (Note1) 2019 (Note2)	2020	2021	2022	2023
Financial structure	Debt ratio (%)		75.98	49.03	32.99	23.79
	Long-term capital to property, plant and equipment ratio (%)		124.36	248.33	357.85	336.06
Solvency	Current ratio (%)		103.50	176.78	290.27	478.01
	Quick ratio (%)		24.02	69.04	136.00	273.55
	Times interest earned (times)		9.05	24.49	39.31	47.67
Operating performance	Accounts receivables turnover (times)		4.38	6.01	5.36	3.8
	Average collection days		84	61	69	96
	Inventory turnover (times)		0.83	1.08	1.14	0.87
	Accounts payables turnover (times)		3.35	5.35	4.83	3.44
	Inventory turnover days		440	338	321	420
	Property, plant and equipment turnover (times)		2.83	2.65	3.08	2.02
	Total assets turnover (times)		0.68	0.75	0.72	0.49
Profitability	Return on assets (%)		3.87	11.25	13.41	9.12
	Return on equity (%)		12.92	28.71	21.79	12.33
	Income before income tax to paid-in capital ratio (%)		36.18	42.79	59.74	53.96
	Net profit margin (%)		5.10	14.57	18.2	18.4
	Earnings per share（NT$）		1.63	4.57	5.66	5.02
Cash flow	Cash flow ratio (%)		(7.34)	8.17	34.26	(10.78)
	Cash flow adequacy ratio (%)		Note4	Note4	Note4	Note4
	Cash reinvestment ratio (%)		(11.56)	4.44	9.90	(3.34)
Leverage	Operating leverage (times)		47.74	2.71	2.65	1.95
	Financial leverage (times)		(3.66)	1.09	1.05	1.03

Analysis of deviation over 20%

(1) Decrease in debt-to-assets ratio, Current ratio and Quick ratio: The decrease was mainly due to the cash increase from capital injection in 2023.

(2) Increase in times interest earned (times): The increase was mainly due to the decrease in interest expense in 2023 compared with 2022.

(3) Decrease in accounts receivables turnover (times) and increase in average collection days: The deviation was mainly due to the increase in accounts receivables in 2023 compared with 2022.

(4) Decrease in inventory turnover (times) and increase in inventory turnover days: The decrease was mainly due to the increase in inventory in 2023 compared with 2022.

(5) Decrease in account payables turnover (times): The decrease was mainly due to lower cost of goods sold in 2023 compared with 2022.

(6) Decrease in turnover of property, plant and equipment and total assets: The decrease was mainly due to increase in property, plant and equipment in 2023.

(7) Decrease in return on assets and return on equity: The decrease was mainly due to the cash increase from capital injection in 2023. Meanwhile, the increase in property, plant and equipment also contributed to the decrease of return on assets.

(8) Decrease in cash flow ratio: The decrease was mainly due to the decrease in net cash flow from operating activities in 2023 compared with 2022.

(9) Decrease in cash reinvestment ratio: The decrease is mainly due to the decrease in net cash flow from operating activities in 2023. Meanwhile, it is also thanks to the distribution of cash dividends and the increase in property, plant and equipment.

(10) Decrease in operating leverage (times): The decrease was mainly due to the decrease in interest expense in 2023.

Note 1: The numbers above are audited financial information.

Note 2: There is no applicable comparative information for FY2019 as IFRS was adopted for the first time since FY2020.

Note 3: Financial information for 2020 was retrospectively restated due to group reorganization under common control which is considered as incurred from the very beginning. Such reorganization was approved by the board resolution on August 25, 2021.

Note 4: IFRS has been adopted for less than 5 years. The relevant ratios are unable to be calculated.

2. Unconsolidated - Enterprise Accounting Standard:

Item \ Year			Financial Summary for The Last 5 Years (Note1) 2019	2020	2021	2022	2023	Financial ratios as of March 31, 2024 (Note3)
Financial structure	Debt ratio (%)		70.51	Not applicable (Note 1)				
	Long-term capital to property, plant and equipment ratio (%)		202.68					
Solvency	Current ratio (%)		119.09					
	Quick ratio (%)		37.48					
	Times interest earned (times)		17.28					
Operating performance	Accounts receivables turnover (times)		2.15					
	Average collection days		170					
	Inventory turnover (times)		0.56					
	Accounts payables turnover (times)		1.41					
	Inventory turnover days		652					
	Property, plant and equipment turnover (times)		3.17					
	Total assets turnover (times)		0.53					
Profitability	Return on assets (%)		5.35					
	Return on equity (%)		15.72					
	to paid-in capital ratio (%)	Net profit	46.2					
		Income before income tax	52.88					
	Net profit margin (%)		9.31					
	Earnings per share（NT$）		3.15					
Cash flow	Cash flow ratio (%)		(36.63)					
	Cash flow adequacy ratio (%)		Note 2					
	Cash reinvestment ratio (%)		(82.74)					
Leverage	Operating leverage (times)		2.80					
	Financial leverage (times)		1.08					

Analysis of deviation over 20% As IFRS was adopted in 2020, the deviation of the last 2 years is explained in the above IFRS ratio analysis.

Source: Audited financial information.

Note 1: IFRS was adopted in FY2020, and there is no applicable comparative information from FY2020 to FY2023.

Note 2: Financial information before 2016 is unaudited and is not appropriate to be used for calculating the cash flow adequacy ratio.

Formulas of financial ratios are as follows:

1. Financial Structure
   - Debt ratio = total liabilities / total assets
   - Ratio of long-term capital to property, plant and equipment = (total shareholders' equity + non-current liabilities) / net property, plant and equipment
2. Solvency
   - Current ratio = current assets / current liabilities
   - Quick ratio = (current assets – inventories – prepaid expenses) / current liabilities
   - Times interest earned = income before income tax and interest expenses / interest expenses
3. Operating performance
   - Accounts receivables turnover = net revenue / average accounts receivable (including accounts receivable and notes receivable arising from operations)
   - Average collection days= 365 / account receivables turnover
   - Inventory turnover days = cost of revenue / average inventory
   - Accounts payables turnover = cost of revenue / average accounts payable (including accounts payable and notes payable arising from operations)
   - Inventory turnover days = 365 / inventory turnover
   - Property, plant and equipment turnover = net revenue / average net property, plant and equipment
   - Total asset turnover = net revenue / average total assets
4. Profitability
   - Return on total assets = [net income + interest expenses (1- effective tax rate)] / average total assets
   - Return on shareholders' equity = net income / average shareholders' equity
   - Net profit margin = net profit / net revenue
   - Earnings per share = (net income attributable to shareholder of the parent – preferred stock dividends) / weighted average number of shares outstanding
5. Cash flow
   - Cash flow ratio = Net cash provided by operating activities / current liabilities
   - Cash flow adequacy ratio = five-year sum of cash from operation / (five-year sum of capital expenditures, inventory additions and cash dividend)
   - Cash reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment + long-term investments + other non-current assets + working capital)
6. Leverage
   - Operating leverage = (net revenue – variable operating costs and expenses) / operating income

Financial leverage = operating income / (operating income - interest expenses)

III. Audit Committee’s Review Report of the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company’s 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The audit firm PricewaterhouseCoopers, Taiwan was retained to audit the Company’s Financial Statements and has issued an audit report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to the relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee hereby submits this report.

Skytech.

Convener of the Audit Committee：Bai-Da Shr

February 23, 2024

IV. Consolidated Financial Report of the Most Recent Year: Please refer to pages 154 to 215 of this annual report.

V. Parent Company Only Financial Report of the Most Recent Year: Please refer to pages 216 to 293 of this annual report.

VI. Explanations Regarding Impacts on Company's Financial Status in the Event that the Company or its Affiliates Have Financial Difficulties in the Most Recent Year and Up to the Date of Publication Date of the Annual Report: None.

VII. Review of Financial Position, Financial Performance and Risk Management

I. Discussion and Analysis of Financial Condition

1. consolidated financial statements

Unit: NT$ thousand; %

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	2,926,985	2,130,778	796,207	37.37
Property, plant and equipment	1,121,440	739,433	382,007	51.66
Intangible asset	11,558	17,989	(6,431)	(35.75)
Other assets	81,834	82,446	(612)	(0.74)
Total assets	4,141,817	2,970,646	1,171,171	39.42
Current liabilities	592,066	817,605	(225,539)	(27.59)
Non-current liabilities	424,333	303,546	120,787	39.79
Total liabilities	1,016,399	1,121,151	(104,752)	(9.34)
Capital stock	674,773	606,773	68,000	11.21
Capital surplus	1,634,005	668,132	965,873	144.56
Retained earnings	802,645	556,661	245,984	44.19
Other equity	13,995	17,929	(3,934)	(21.94)
Equity attributable to shareholder of the parent	3,125,418	1,849,495	1,275,923	68.99
Total equity	3,125,418	1,849,495	1,275,923	68.99

Note: The above information is from a consolidated financial report prepared in accordance with IFRS

2. Analysis of major changes in assets, liabilities and equity:

(1) Increase in current assets and total assets: The increase was mainly due to the cash increase from capital injection in 2023. Meanwhile, the increase in property, plant and equipment also contributed to the increase in total assets.

(2) Increase in property, plant and equipment: The increase was mainly due to increase in plant.

(3) Decrease in intangible asset: The decrease was mainly due to the amortization.

(4) Decrease in current liabilities: The decrease was mainly due to the decrease of current contract liabilities to recognize sales revenue.

(5) Increase in non-current liabilities: The increase was mainly due to increased long-term loans.

(6) Increase in capital surplus: The increase was mainly due to the premium of issuing new shares in 2023.

(7) Decrease in other equity: The decrease was mainly due to lower exchange rate differences from the translation of the financial statement of foreign operations.

(8) Increase in equity attributable to shareholders of the parent: The increase was mainly due to the increase in retained earnings and capital surplus.

3. Future action plan:

   The aforementioned changes in financial condition resulted from regular operating activities, and no further action plan is required from the Company.

II. Discussion and Analysis of Financial Performance

1. Financial Performance (consolidated)

Unit: NT$ thousand ; %

Item \ Year	2023	2022	Difference	
			Amount	%
Revenue	1,992,643	1,815,477	177,166	9.76
Cost of revenue	1,115,501	969,505	145,996	15.06
Gross profit	877,142	845,972	31,170	3.68
Operating expenses	554,503	557,629	(3,126)	(0.56)
Operating income	322,639	288,343	34,296	11.89
Non-operating income (expenses)	41,942	78,126	(36,184)	(46.31)
Income before income tax	364,581	366,469	(1,888)	(0.52)
Income tax expense	57,920	49,607	8,313	16.76
Net income	306,661	316,862	(10,201)	(3.22)

2. Analysis of deviation over 20% and with an amount of change reaching ten million dollars or more

Decrease in non-operating income (expenses): The decrease was mainly due to lower foreign exchange gain in 2023.

3. Sales Volume Forecast and potential impact on financial performance and future plan:

The sales volume is based on factors such as the company's annual sales targets, market demand, development trends, customer operational status, and current order situation. It is reasonably compiled, taking into account the company's production capacity. It is estimated that the company's performance will show a stable growth trend, which will positively benefit the financial business situation.

III. Discuss and Analysis of Cash Flow

(I) Cash Flow (Consolidated)

Unit: NT$ thousand ; %

Item	2023	2022	Amount	%
Net cash generated from operating activities	45,489	273,057	(227,568)	(83.34)
Net cash generated from investing activities	(706,427)	(64,125)	(642,302)	(1,001.64)
Net cash generated from financing activities	1,113,316	42,817	1,070,499	2,500.17

(II) Analysis of deviation over 20%

- Decrease in net cash generated from operating activities: mainly due to the decrease in current contract liabilities.
- Increase in net cash generated from investing activities: mainly due to increase in financial assets measured at amortized cost and property, plant and equipment.
- Increase in net cash generated from financing activities: mainly due to higher long–term loans and cash increase from capital injection in 2023.

(III) Improvement Plan for Insufficient Liquidity: Not applicable.

(IV) Liquidity Analysis for Next Year

Unit: NT$ thousand

Opening cash Balance (1)	Net cash flow provided by operating activities	Net cash flow provided by Investing activities	Net cash flow provided by Financing activities	Ending Cash balance	Remedy for liquidity shortfall	
	(2)	(3)	(4)	(1)+(2)+(3)+(4)	Investment plan	Financing plan
1,005,342	347,903	(2,700)	(394,165)	956,380	-	-
	(1)Analysis of cash flow Net cash inflow provided by operating activities: mainly driven by the growth of revenue from the expansion of operation. Net cash outflow provided by Investing activities: mainly increase capital expenditures related to the purchase of equipment for operating needs. Net cash outflow provided by Financing activities: primarily due to repayments of long-term borrowings and distribution of cash dividends. (2) Remedy for liquidity shortfall: Not applicable.					

IV. Impact of Major Capital Expenditures on Financial Condition:

Major capital expenditures in recent years were primarily the purchase of real estate, plant and equipment for future expansion. No major impact on Skytech's operation.

V. Long-term Equity Investment Policy and Results

(I) Long-term Equity Investment Policy:

Skytech's long-term equity investments were all made for strategic purposes such as operational needs and future development. Investments were also made in accordance with " Regulations Governing the Acquisition and Disposal of Assets " approved by Skytech's Board of Directors to comply with the requirement of corporate governance.

(II) Long-term Equity Investment Results and Improvement Plan

Unit: NT$ thousand

Item / Investment	Ownership %	FY2023 Investment Income (Loss)	Analysis of Investment Results	Improvement plan
Skylead Inc.	100%	(3,038)	Restructure of business model is still in progress before generating sales revenue	The investee will turn around after the business model restructuring is completed.
Gimtek (Singapore) Pte. Ltd	100%	24,879	Good.	-
Skysemi (Xiamen) Technology Co., Ltd.	100%	(14,052)	Lower gross profit due to product sale mix	The investee will turn around after adjusting the product sales mix
Tradegenic Electronic (Shanghai) Co., Ltd.	100%	1,341	Good.	-

(IV) Investment plan for the next year: Management of Skytech will make investment plans for strategic purposes and obtain approval from the Board of Directors to comply with corporate governance requirements.

VI. Risk Assessment in Recent Years and As at The Publication Date of Annual Report

(I) Rick associated with interest rate, foreign exchange rate and inflation

1. Variations of interest rate

Unit: NT$ thousand

year / item	2023		2022	
	Amount	Ratio to net revenue	Amount	Ratio to net revenue
Interest income	9,009	0.45%	2,947	0.16%
Interest expense	8,319	0.42%	10,729	0.59%

Source: Audited financial reports

The Company's interest income for the fiscal years 2022 and 2023 accounted for 0.16%

and 0.45% of the operating income of each year, respectively. Interest expense accounted for 0.59% and 0.42% of operating income for the fiscal years 2022 and 2023, respectively. Interest expenses primarily consisted of the financial costs related to bank loans and interest on lease liabilities. The interest rate of bank loans ranges from 1.02% to 1.87%. Hence, the impact of interest rate fluctuations on the company's profit and loss remains limited.

Our company's financial planning is based on a conservative and prudent approach. We continuously monitor interest rate trends and adjust our fund utilization methods accordingly. Considering the future expansion of the company's operational scale and profitability, we will maintain good relationships with financial institutions and strive to secure the most favorable interest rates to reduce interest expenses, thus mitigating the financial risks arising from interest rate fluctuations. Currently, our company's financial situation is stable, and our credit rating is good. It is anticipated that future interest rate fluctuations will not have a significant impact on our overall operations.

2. Assessment of foreign exchange rate fluctuation

Unit: NT$ thousand; %

Year / Item	2023		2022	
	Amount	Ratio to net revenue	Amount	Ratio to net revenue
Net gain or loss on exchange	(2,906)	(0.15)	43,343-	2.39

Source: Audited financial reports for each period

The Company's net exchange gain (loss) for 2022 and the year 2023 was $43,343 thousand and $(2,906) thousand respectively, accounting for 2.39% and (0.15%) of the respective net sales revenue for the periods, hence the impact on the profit and loss of the Company was limited. Part of the purchase and sales of the Company are denominated in US dollars. Therefore, the relevant receivables and payables can be partially offset against each other, resulting in a natural hedging effect.

Our company addresses the risks associated with exchange rate fluctuations primarily by offsetting foreign currency receivables generated from sales against foreign currency payables generated from purchases, thereby achieving a natural hedge effect. The finance department of our company maintains close relationships with financial institutions, actively gathers exchange rate-related information, consults with various banks on exchange rate trends, continuously monitors exchange rate fluctuations, and adjusts foreign currency positions in the spot market flexibly based on actual fund requirements and exchange rate levels, taking proactive approaches accordingly.

3. Assessment of Inflation

Our company's product pricing is dynamically adjusted based on fluctuations in market raw material prices. Therefore, currency inflation is not expected to have a significant impact on our operations. We also continuously monitor market price fluctuations, maintain good interactions with suppliers and customers, and promptly grasp changes in upstream raw material prices. We adjust selling prices as necessary to mitigate the impact of cost fluctuations resulting from currency inflation on the company's profit and loss.

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

（1）Policies and Results of High-Risk/Highly Leveraged Investments

Our company and its subsidiaries do not engage in high-risk or highly leveraged investments.

（2）Policies and Results of Lending to Other Parties

Lending to other parties will be conducted in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and relevant regulations and legal provisions to meet business needs in the future.

（3）Policies and Results of Endorsements and Guarantees for Other Parties

Endorsements and guarantees for other parties will be conducted in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and relevant regulations and legal provisions to meet business needs in the future.

（4）Policies and Results of Financial Derivative Transactions

Financial derivative transactions will be conducted in accordance with "Regulations Governing the Acquisition and Disposal of Assets" and relevant regulations and legal provisions to meet business needs in the future.

(III) Future Research & Development Projects and Corresponding Budget

1. Future Research and Development Plans

A. The physical vapor deposition equipment for carbon film application in silicon carbide (SiC) component processes has been shipped to several customers. The company continues to collaborate with customers to optimize the process and assist SiC FAB in developing equipment and processes for carbon film removal after high-temperature annealing.

B. The descum for photoresist and polyimide (PI) removal has been delivered to multiple customers. We maintain ongoing collaboration with customers to optimize the process.

C. Atomic layer deposition technology for quantum dot powder.

D. Thin Film Resistor (TFR) technology for 12-inch wafers.

E. Two-sided physical vapor deposition within one vacuum chamber

F. High aspect ratio filling technology, combined with two-sided PVD deposition, has been recognized by leading IC manufacturers.

G. Development of 8-inch and 12-inch bonding and debonding equipment.

H. Plasma polish technology for SiC wafers as an alternative to traditional polish processes.

I. Plasma-Enhanced Chemical Vapor Deposition (PECVD) for SiC wafer applications.

J. Providing corresponding process solutions for customers in heterogeneous advanced packaging, such as silicon photonics.

K. Offering relevant process solutions for probe manufacturing and space transformers.

The company continuously enhances its independent research and development (R&D) and manufacturing capabilities. In the future, we will continue to invest in the development and enhancement of equipment for semiconductor processes, including Physical Vapor Deposition (PVD), Atomic Layer Deposition (ALD), Powder ALD, Bonders, De-bonder, Descum, and Plasma Polish. We also collaborate with strategic partners to customize and develop specialized applications related to these processes. Adhering to our long-standing R&D strategy, we actively establish independent R&D capacity. Through strategic partnerships with advanced semiconductor manufacturers, we jointly develop critical production equipment and processes. By integrating with domestic electromechanical control suppliers, we aim to achieve “national team” goals for semiconductor equipment localization. Additionally, we engage in technology licensing, strategic investments, and joint development with front-end semiconductor factories, advanced packaging facilities, and material suppliers to develop key process technology. The goal of these works is to assist customers in rapidly adopting key process innovations and accelerating their R&D efforts.

The recruitment and cultivation of talents are the key to building up the independent R&D capabilities of the company. The company is continuously recruiting excellent electric and mechanical design integration talents and process development talents to build a research and development team that can quickly research and develop products to meet customer and market requirements. From the past development track, Skytech has consistently introduced new products, including PVD, ALD, Bonders, De-bonders, Powder ALD, Carbon PVD, Descum, and this year's Plasma Polish, ITO PVD, and the upcoming Plasma-Enhanced Chemical Vapor Deposition (PECVD). Each new equipment release has received recognition from customers and the market. Our current equipment covers silicon-based semiconductor processes, compound semiconductor processes, and optoelectronics.

Carbon PVD is used as a carbon protective layer (carbon cap) in SiC processes. Collaborating with two strategic partners to finalize specifications and successfully deliver machines to several customers. Continuing the process optimization and mass production qualification with customers. Descum equipment is essential for advanced packaging processes to remove photo resistance residue and enhance heterogeneous interface bonding. Skytech, in addition to collaborating with domestic development institutions on descum process research and using this platform to verify and fine tune plasma polish designs, also has received equipment orders to ship the tools to customers in the middle of 2024. The company has also developed Quantum Dot Powder passivation to protect quantum dot powders. Proto-type tool manufacturing has been finished, the process is developing, and the qualification is almost complete.

Our 12-inch TFR process tool for thin-film resistors has been shipped out to our strategic partner. The tool is undergoing calibration and verification for mass production. Two-sided PVD deposition technology and high aspect ratio filling capabilities are designed for glass, carriers, or wafers used in TGV and TSV applications. The technology is a really high-end application and also needs to pass qualification by world class manufacturers. We forecast the tool release to mass production around the end of 2024 to the beginning of 2025. ITO PVD is extensively applied in sensor manufacturing, optical communication products, and IoT-related devices. We co-work with our strategic partner to finish the process development and win customer's purchasing orders. We plan to ship the tool around 2nd quarter of 2024. Our 8-inch and 12-inch Bonders are primarily used in 8-inch SiC processes and 12-inch silicon-based MOSFET/IGBT manufacturing. This part of the market effect needs to consider the mass production time of 8-inch SiC, and the prototype tool will be developed in the second half of 2024. The demand for 12-inch Bonder/Debonder also requires consideration of whether the Taiko process in the wafer thinning process is sufficient to meet the needs of BGBM Fab. We have completed the research and continue to develop the prototype machine, collaborating with customers to meet their process development requirements.

Plasma polishing technology will serve as an extended process for descum equipment. By utilizing plasma polish to replace the existing chemical mechanical polishing process after SiC wafer slicing, it will not only significantly reduce the waste generated by polishing fluid but also contribute to environmental friendliness. Moreover, it can substantially lower the production cost of SiC. Several customers have already received shipments, and we continue to collaborate with them for process optimization. Metal ALD (Atomic Layer Deposition) and Low K (low dielectric constant) new process materials are extensions of the ALD platform, building upon existing tools. These processes target precursor materials such as tetramethylammonium titanium (TDMAT) or titanium tetrachloride ($TiCl4$). Currently, titanium nitride (TiN) ALD processes have been successfully developed and tools are soon to be shipped to compound semiconductor customers. Furthermore, their application in advanced semiconductor manufacturing has the potential to be significant. Meanwhile, Low K new process materials find applications in even higher-end applications. In the future, single-layer planar two-dimensional insulators will be used in sub-3-nanometer process device components. Currently, leading semiconductor manufacturers collaborate with Skytech and material suppliers to develop these advanced technologies. The prototype tool developed for this project has been qualified by that industry leader. Lastly, our future plans include high-precision bonding techniques, specifically hybrid bonding. Through this initiative, we aim to compete alongside global leaders in the field of bonding tools.

Internally, we maintain the original intention to commit to equipment making localization, application diversification, and global sales. We persistently engage in independent development and production. By collaborating with both upstream and downstream players in the industry, as well as maintaining ongoing partnerships with electromechanical materials, semiconductor factories, and optoelectronic plants. We remain passionate about supporting customers' success, and have an unwavering belief in satisfying customer requirements, and continue to research and develop new equipment platforms and processes to address the ever-changing demands and challenges of critical manufacturing processes. We contribute our efforts to Taiwan's semiconductor national team and strive to create additional shareholder value for investors

2. R & D Cost plan to invest

Regarding R&D expenses, over the past two years, our investment in R&D activities has consistently exceeded 200 million NT dollars. In 2024, with the expansion of our business, we have allocated a budget for R&D. This budget primarily covers talent recruitment, R&D equipment, and material investments. Adjustments will be made dynamically based on R&D progress and global market developments to enhance our competitiveness.

(IV) 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

As of the date of publication, the Company and its subsidiaries have not been affected by any significant domestic or international policy and legal changes that would impact our financial operations. The operation of the Company and its subsidiaries are conducted in compliance with relevant domestic and international laws and regulations. At the same time, it consults with accountants, lawyers and other professionals to collect information and provide reference for decision-making to the management, so as to adopt appropriate response strategies.

(V) Effects of 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 company and its subsidiaries have not experienced any significant impact on the financial operations from technological changes and industry shifts in the most recent fiscal year and up to the date of publication. Our management team is constantly attentive to market changes and technological trends, evaluating their impact on the business operations, and continuously enhancing our research and development capabilities and product competitiveness. Additionally, the company and its subsidiaries continue to invest in new product research and development, strictly control product development timelines, and develop corresponding response plans. We maintain a conservative and robust financial structure and flexible capital management to adapt to future changes.

(VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image and Measures to be Taken in Response

Up to the date of publication of the prospectus, there have been no significant impacts on the financial operations of the company and its subsidiaries due to changes in corporate image. The management teams of the company and its subsidiaries adhere to internal control systems and various legal regulations, uphold principles of integrity and professionalism in management, implement the requirements of corporate governance, and strengthen the corporate image of the company.

(VII) Expected Benefits and Potential Risks Associated with Merger and Acquisitions, and Response Measures

In the most recent fiscal year, as well as up to the date of the printing of this annual report, neither the company nor its subsidiaries have engaged in any plans for acquiring other companies or being acquired by other companies. If there are any future acquisition plans, we will comply with relevant laws and regulations, as well as internal company policies, conducting thorough benefit assessments and risk management with a prudent approach to ensure the interests of the company and shareholders.

(VIII) Expected Benefits and Potential Risks Associated with any Plant Expansion and response measures

On May 11, 2023, and August 11, 2023, the Audit Committee and the Board of Directors of the Company passed resolutions to approve the acquisition of office and factory facilities in Tainan and Hsinchu, respectively. The primary purpose of these acquisitions is to expand the company's spare parts business and to provide services to customers in the southern science park. Additionally, they serve as preparation for future equipment business growth by establishing production facilities nearby.

Subsequently, if there are plans for further expansion of office and factory facilities to align with the company's overall business strategy or capacity planning considerations, such plans will be executed in accordance with relevant regulations and laws, including the " Regulations Governing the Acquisition and Disposal of Assets " They will undergo a comprehensive, prudent, and professional evaluation process, and will be submitted to the Audit Committee and the Board of Directors for consideration of investment returns and potential risks. Upon approval, implementation may proceed, with periodic monitoring and reporting to the Board of Directors after the investment.

(IX)Risks Associated with Sales or Purchase Concentration, and Responsive Measures

1. Risks Associated with Purchase Concentration, and Responsive Measures

In the most recent fiscal year, our company did not encounter a situation where purchases from a single supplier accounted for more than 20% of the total purchases, indicating that our procurement sources are diversified and there is no concentration risk in our procurement. Additionally, we maintain good and stable cooperative relationships with all suppliers to ensure the security of the supply of major raw materials. Furthermore, we maintain adequate inventory levels to mitigate the risk of supply shortages or disruptions.

2. Risks Associated with Sales Concentration, and Responsive Measures

Our company primarily engages in the research, development, manufacturing, and sales of semiconductor equipment machinery and semiconductor equipment spare parts. Due to the semiconductor industry's technical and capital-intensive nature, wafer fabrication capacity is concentrated in a few major foundries. However, owing to the industry's characteristics and the high quality of our products, our sales to the largest customer accounted for 23.97%, 21.90%, and 19.61% of total sales in 2021, 2022 and 2023, respectively. Although there is a slight concentration, the proportion has been decreasing year by year.

Our company's main sales to this customer consist of new spare parts and maintenance services for semiconductor manufacturing process equipment, including vacuum valves, precision metal parts, and multifunctional hard disk backup modules required for the operation of semiconductor fabrication equipment. With our customer's continuous investment in advanced manufacturing processes and capacity, the demand for spare parts has increased. Furthermore, due to the semiconductor industry's technical and capital-intensive nature and the concentration of wafer fabrication capacity in a few major foundries, it is necessary and reasonable for our company to focus its sales of semiconductor equipment spare parts on this customer.

From our company's perspective, the revenue from sales to this customer comprises approximately 50% to 60% of total revenue, maintenance revenue accounts for approximately 30% to 40%, and service revenue accounts for approximately 5% to 20%. The diversified revenue categories not only help to mitigate the risk of sales concentration from this customer but also strengthen the trust and confidence between our company and the customer.

In summary, the interdependence between semiconductor spare parts and equipment suppliers and wafer manufacturing plants is evident in various aspects such as technical support, supply stability, customization requirements, and supply chain collaboration. This interdependence contributes to ensuring the smooth progress of the semiconductor manufacturing process.

The measures our company takes to address the risks associated with sales concentration are as follows:

i. Continuously improving product quality and meeting customized service needs to consolidate customer dependence:

Our products undergo rigorous quality testing and are subject to strict approval by this customer. In addition to standard products, we also collaborate with them to develop customized solutions. By maintaining product quality and offering customized services, we not only meet the capacity requirements of customer manufacturing processes but also increase the bonding between customers and our company. This, in turn, reduces the risk of customers switching suppliers.

Our company sells a wide variety of items to this customer, including multifunctional hard disk backup modules (2HD), bellows, ceramic parts, electronic components, and more, totaling over 20 categories of products. The number of part numbers for these over 20 categories of products has increased from 406 in 2020 to 583 in 2021, and further to 796 in 2022. Through the diverse range of products across these categories and the increasing number of part numbers each year, we have enhanced both the breadth and depth of our services to this customer. As the approved items increase year by year, the time and effort required for this customer to validate alternative suppliers also increase significantly, which builds certain entry barriers to other suppliers.

Our company understands the needs of our customers and provides suitable equipment according to their processes. We also offer timely equipment upgrade and improvement solutions. Being a local manufacturer, we are closer to our customers than European and American equipment manufacturers, enabling us to provide timely services such as maintenance, repairs, and modifications, thus reducing the risk of downtime due to equipment wear and tear. Additionally, situated in Taiwan, a global leader in the semiconductor foundry and testing market, our advantageous geographical location helps save transportation costs for components and ensures prompt and comprehensive after-sales service. Coupled with competitive pricing, we believe this should lower the probability of customers switching suppliers.

ii. Continuously exploring high-quality customers and expanding our global presence.

Countries around the world, including the United States, Taiwan, South Korea, Japan, Europe, China, and India, have introduced supportive policies for the semiconductor industry to ensure national security, avoid supply chain disruptions, and secure a position in the next-generation technology landscape. These policies include incentives for research and development investment, tax breaks, and subsidies for building facilities. As a result, semiconductor manufacturers in various countries are expected to increase their demand for semiconductor components and equipment. Our company is actively expanding its global footprint, currently having a presence in Taiwan, mainland China, and Southeast Asia. With the global development of the semiconductor industry, we aim to expand our customer base and global presence to mitigate the risk of overreliance on specific markets.

iii. Continuously innovate and develop new products

Our company is engaged in the research, development, manufacturing, and sales of semiconductor equipment and semiconductor equipment parts and components. The applications of semiconductor equipment and parts and components are extensive, covering areas such as semiconductors, panels, electronic components, and more. Currently, our company's equipment has been successfully recognized by customers in optoelectronics, compound semiconductors, advanced packaging, and other fields. In the future, our company will continue to research and develop new technologies and equipment, extending their application to even more fields.

(X) Effect Upon and Risk to the Company in the event a Major Quantity of Shares belonging to a Director or Shareholder Holding Greater Than a 10 Percent Stake in the Company has been Transferred or has Otherwise Changed Hands, and Mitigation Measures being or to be taken: None.

(XI)Effect Upon and Risk to the Company Associated with any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: None.

(XII) Litigation or Non-litigation Matters

1. Major ongoing lawsuits, non-lawsuits or administrative lawsuits in the Most Recent Year and Up to the Date of Publication Date of the Annual Report:

The company has filed a criminal lawsuit against two former employees, surnamed Qiu and Zhou, with the following allegations: 'In 2017, the company employed the defendant Qiu as the head of the sales department and Zhou as the R&D manager, relying on their technological expertise. Despite being aware of the non-compete and confidentiality agreements they signed, which mandated them to keep business information confidential and refrain from engaging in activities competing with the plaintiff, they established Xinrui Precision Co., Ltd. in 2018, a company engaged in the same line of business as the plaintiff. While employed, they stole and leaked business secrets developed by the plaintiff to a third-party manufacturer, subsequently making an illegal profit of up to 1.13 million US dollars. Based on these allegations, we filed a criminal complaint against the two defendants. Initially, the Hsinchu District Prosecutors Office in Taiwan decided not to prosecute the two individuals, but upon our application for reconsideration, the Taiwan High Court Prosecutors Office revoked the original decision and sent the case back to the Hsinchu District Prosecutors Office for further investigation, which resulted in a decision to prosecute. This case was tried by the Criminal Division of the Hsinchu District Court in Taiwan on February 6, 2024 as part of the judicial procedure.

Following this, based on the aforementioned criminal facts, the company have also filed a civil lawsuit against the two defendants for damages, demanding compensation of 43.71 million (NTD). This case is currently under first instance court proceedings and has not yet concluded.

These legal actions, including the criminal complaint and civil claim for damages, were initiated by the company to protect its interests, but do not have a significant impact on the company's finances or operations.

2. Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings in the Most Recent Year and Up to the Date of Publication Date of the Annual Report: None.

3. There have been occurrences that comply with the situations described in Article 157 of the Securities Transaction Law caused by directors, supervisors or shareholders with over 10% shareholdings in the Most Recent Year and Up to the Date of Publication Date of the Annual Report: None.

(XIII) Other Important Risks and Utility Supply Interruption or Shortage Risks: None.

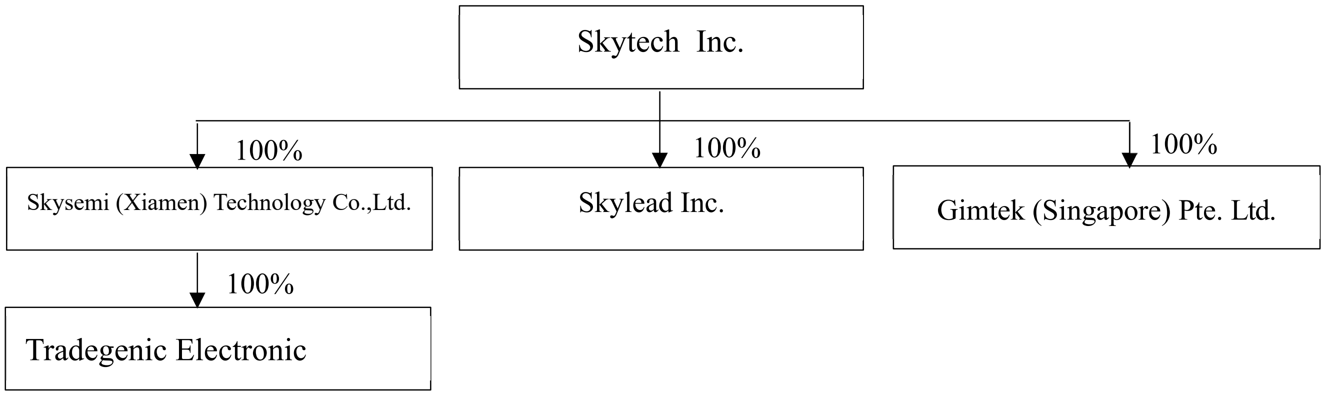
VII. Other Important Matters: None

VIII. Special Items to be included

I. Information Related to the Company's Affiliates

(II) Consolidated Business Report of Affiliated Enterprises for the most recent fiscal year

1. Group Chart of the Company's Affiliated Companies



2. Basic Information of the Affiliated Companies

Unit: thousand

Company Name	Date of Incorporation	Location	Paid-in Capital	Major Business Scope
Skylead Inc.	2014.02.21	Zhubei City, Hsinchu County	24,500	Equipment and parts trading
Gimtek (Singapore) Pte. Ltd.	2006.06.28	11 Woodlands Close #08-42 Woodlands 11 Singapore(737853)	89,694	Sales of semiconductor equipment and parts
Skysemi (Xiamen) Technology Co., Ltd.	2018.11.16	Fujian, People's Republic of China	233,769	Manufacturing and sales of semiconductor equipment and parts
Tradegenic Electronic (Shanghai) Co., Ltd.	2005.08.29	Shanghai, People's Republic of China	6,957 (Note 1)	Sales of semiconductor equipment and parts

Note: Tradegenic Electronics (Shanghai) Co., Ltd. is a wholly owned subsidiary of Skylead Inc. with a paid-in capital of RMB 1,607 thousand.Shareholders in Common of the Company and Its Subsidiaries with Deemed Control and Subordination: None.

3. Companies that Presumed to Have Control and Subsidiary Relationships: None.

4. Business Scope and Functions of the Affiliated Companies

Company Name	Major Business Scope	Major Joint Functions with the Parent
Skylead Inc.	Equipment parts and components trading	No for the time being
Gimtek (Singapore) Pte. Ltd.	Sales of semiconductor equipment and parts	Parts sales, after services and technical support for customers in Southeast Asia
Skysemi (Xiamen) Technology Co., Ltd.	Manufacturing and sales of semiconductor equipment and parts	Equipment and parts sales, after services and technical support for customers in China
Tradegenic Electronic (Shanghai) Co., Ltd.	Sales of semiconductor equipment and parts	Parts sales, after services and technical support for customers in China

Note: Limited company, hence does not issue common stock.

5. Information of Directors, Supervisors and Presidents of Affiliated Companies

Company Name	Title	Name Or Representative	Shareholding	
			Shares	%
Skylead Inc.	Chairman	Paul Huang	2,450,000	100%
Gimtek (Singapore) Pte. Ltd.	Director Director Secretary	Chin Shin Yu Chien-Lo Huang Chiang Shih-Wen	2,100,000	100%
Skysemi (Xiamen) Technology Co., Ltd.	Executive Director & General Manager Supervisor	George Yi Yao Ren Hu	Note 1	100%
Tradegenic Electronic (Shanghai) Co., Ltd.	Executive Director & Manager Supervisor	Carl Lo Paul Huang	Note 1	100%

Note: Limited company, hence does not issue common stock.

6. Business Overview of Affiliated Companies

December 31, 2023 (Unit: NT$ thousand)

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income (loss)	Net Income (Loss)	Earnings Per Share (NT$)
Skylead Inc.	24,500	21,677	4,801	16,876	–	(3,013)	(3,038)	(1.24)
Gimtek (Singapore) Pte. Ltd.	89,694	199,900	46,545	153,355	234,000	25,472	24,563	11.70
Skysemi (Xiamen) Technology Co., Ltd.	233,769	334,553	144,753	189,800	545,195	(17,889)	(13,907)	–
Tradegenic Electronic (Shanghai) Co., Ltd.	6,957	83,246	50,079	33,167	116,607	2,675	2,062	–

(II) Consolidated Financial Statements of the Affiliates

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the companies that are required to be included in the consolidated financial statements of the affiliates are the same as the companies required to be included in the consolidated financial statements of the parent and subsidiary companies in accordance with International Financial Reporting Standards 10. In addition, if relevant information that should be disclosed in the consolidated financial statements of the affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, the consolidated financial statements of the affiliates are waived.

(III) Affiliation Report: Not applicable.

II. Status of Company's Private Placement of Securities in the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares of the Company by Subsidiaries in the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

IV. Other Matters that Require Additional Description: None.

IX. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might Materially Affect Shareholders' Equity or the Price of the Company's Securities, has Occurred in the most recent year Up to the Date of Publication of the Annual Report: None.

Representation Letter

The entities that are required to be included in the consolidated financial statements of Skytech Inc. as of and for the year ended December 31, 2023, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the consolidated financial statements. Consequently, Skytech Inc. and its subsidiaries do not prepare a separate set of consolidated financial statements of affiliated enterprises.

Very truly yours,
Skytech Inc.

By
Chairman
Chien-Lo Huang
February 23, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Skytech Inc.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Valuation of inventories

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT$1,227,347 thousand and NT$83,779 thousand, respectively.

The Group is primarily engaged in the producing, manufacturing and rendering maintenance services of semiconductor equipment and related spare parts. Due to the fluctuation of market demand and supply, it may result in the need for the assessment of inventory valuation loss. The Group recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Validated the appropriateness of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period, and verified the effective aging date by examining the supproting documents.
3. Evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

Other matter - Parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Cheng, Ya-Huei	Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

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

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

SKYTECH INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,005,342	24	$ 554,146	19
1136	Current financial assets at amortised cost	6(2)	200,000	5	-	-
1150	Notes receivable, net	6(3)	164,346	4	234	-
1170	Accounts receivable, net	6(3)	312,635	8	443,013	15
1197	Finance lease receivable, net	6(8)	7,942	-	4,891	-
1200	Other receivables		334	-	12,214	-
1220	Current income tax assets		-	-	24,168	1
130X	Inventories	6(4)	1,143,568	28	1,002,655	34
1410	Prepayments	6(5)	92,310	2	89,457	3
1470	Other current assets		508	-	-	-
11XX	**Total current Assets**		2,926,985	71	2,130,778	72
	Non-current assets					
1600	Property, plant and equipment	6(6) and 8	1,121,440	27	739,433	25
1755	Right-of-use assets	6(7)	16,275	-	16,282	-
1780	Intangible assets		11,558	-	17,989	1
1840	Deferred income tax assets	6(26)	22,979	1	25,866	1
1900	Other non-current assets	6(8) and 8	42,580	1	40,298	1
15XX	**Total non-current assets**		1,214,832	29	839,868	28
1XXX	**Total assets**		$ 4,141,817	100	$ 2,970,646	100

(Continued)

SKYTECH INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 102,500	3	$ 97,540	3
2130	Current contract liabilities	6(19)	56,440	2	232,571	8
2170	Accounts payable	6(10)	221,700	5	295,556	10
2200	Other payables	6(11)	109,226	3	120,806	4
2230	Current income tax liabilities		48,872	1	41,611	2
2250	Provisions for liabilities-current	6(15)	23,426	1	9,615	1
2280	Current lease liabilities		10,185	-	8,611	-
2320	Long-term liabilities, current portion	6(12)	13,119	-	7,700	-
2399	Other current liabilities		6,598	-	3,595	-
21XX	**Total current Liabilities**		592,066	15	817,605	28
	Non-current liabilities					
2540	Long-term borrowings	6(12)	392,145	9	248,300	9
2550	Provisions for liabilities-non-current	6(15)	1,997	-	6,407	-
2570	Deferred income tax liabilities	6(26)	20,933	1	34,161	1
2580	Non-current lease liabilities		7,074	-	8,881	-
2600	Other non-current liabilities		2,184	-	5,797	-
25XX	**Total non-current liabilities**		424,333	10	303,546	10
2XXX	**Total Liabilities**		1,016,399	25	1,121,151	38
	Equity					
	Share capital	6(16)				
3110	Common stock		674,773	16	606,773	20
	Capital surplus	6(17)				
3200	Capital surplus		1,634,005	39	668,132	23
	Retained earnings	6(18)				
3310	Legal reserve		72,384	2	40,698	1
3350	Unappropriated retained earnings		730,261	18	515,963	17
	Other equity interest					
3400	Other equity interest		13,995	-	17,929	1
3XXX	**Total equity**		3,125,418	75	1,849,495	62
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 4,141,817	100	$ 2,970,646	100

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

SKYTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(19)	$ 1,992,643	100	$ 1,815,477	100
5000	Operating costs	6(4)(24)(25)	(1,115,501)	(56)	(969,505)	(53)
5900	Gross profit		877,142	44	845,972	47
	Operating expenses	6(24)(25)				
6100	Selling expenses		(159,257)	(8)	(123,567)	(7)
6200	General and administrative expenses		(193,606)	(10)	(167,437)	(9)
6300	Research and development expenses		(202,399)	(10)	(265,649)	(15)
6450	Expected credit impairment gain (loss)	12(2)	759	-	(976)	-
6000	Total operating expenses		(554,503)	(28)	(557,629)	(31)
6900	Operating income		322,639	16	288,343	16
	Non-operating income and expenses					
7100	Interest income	6(20)	9,009	-	2,947	-
7010	Other income	6(21)	38,671	2	43,177	2
7020	Other gains and losses	6(22)	2,581	-	42,731	2
7050	Finance costs	6(23)	(8,319)	-	(10,729)	-
7000	Total non-operating income and expenses		41,942	2	78,126	4
7900	**Profit before income tax**		364,581	18	366,469	20
7950	Income tax expense	6(26)	(57,920)	(3)	(49,607)	(3)
8200	**Profit for the year**		$ 306,661	15	$ 316,862	17
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation difference of foreign operations		($ 3,934)	-	$ 13,135	1
8500	**Total comprehensive income for the year**		$ 302,727	15	$ 329,997	18
	Profit attributable to:					
8610	Owners of the parent		$ 306,661	15	$ 316,862	17
	Total comprehensive income attributable to:					
8710	Owners of parent		$ 302,727	15	$ 329,997	18
9750	Basic earnings per share (in dollars)	6(27)	$	5.02	$	5.66
9850	Diluted earnings per share (in dollars)	6(27)	$	5.01	$	5.64

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

SKYTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSNDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent					
				Retained Earnings			
	Notes	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Financial Statements Translation Differences of Foreign Operations	Total Equity
2022							
Balance at January 1, 2022		$ 544,773	$ 269,981	$ 22,960	$ 216,839	$ 4,794	$ 1,059,347
Profit for the year		-	-	-	316,862	-	316,862
Other comprehensive income for the year		-	-	-	-	13,135	13,135
Total comprehensive income for the year		-	-	-	316,862	13,135	329,997
Appropriations and distributions of 2021 earnings:	6(18)						
Legal reserve appropriated		-	-	17,738	(17,738)	-	-
Share-based payments	6(14)(17)(25)	-	161	-	-	-	161
Issuance of new share capital	6(16)(17)	62,000	398,000	-	-	-	460,000
Recognition of changes in ownership interest in subsidiary's non-controlling interests	6(28)	-	(10)	-	-	-	(10)
Balance at December 31, 2022		$ 606,773	$ 668,132	$ 40,698	$ 515,963	$ 17,929	$ 1,849,495
2023							
Balance at January 1, 2023		$ 606,773	$ 668,132	$ 40,698	$ 515,963	$ 17,929	$ 1,849,495
Profit for the year		-	-	-	306,661	-	306,661
Other comprehensive loss for the year		-	-	-	-	(3,934)	(3,934)
Total comprehensive income (loss) for the year		-	-	-	306,661	(3,934)	302,727
Appropriations and distributions of 2022 earnings:	6(18)						
Legal reserve appropriated		-	-	31,686	(31,686)	-	-
Cash dividends		-	-	-	(60,677)	-	(60,677)
Share-based payments	6(14)(17)(25)	-	4,305	-	-	-	4,305
Issuance of new share capital	6(16)(17)	68,000	961,568	-	-	-	1,029,568
Balance at December 31, 2023		$ 674,773	$ 1,634,005	$ 72,384	$ 730,261	$ 13,995	$ 3,125,418

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

SKYTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 364,581	$ 366,469
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(14)(25)	4,305	161
Depreciation	6(6)(7)(24)	64,397	60,562
Amortisation	6(24)	7,811	7,470
Expected credit impairment (gain) loss	12(2)	(759)	976
Loss on financial liabilities at fair value through profit or loss	6(22)	-	(1,098)
Interest income	6(20)	(9,009)	(2,947)
Interest expenses	6(23)	8,319	10,729
Gain (loss) on disposals of property, plant and equipment	6(22)	(188)	270
Gain on disposals of right-of-use assets	6(22)	(20)	(565)
Loss on disposals of intangible assets	6(22)	-	520
Dividends income		(2)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(164,144)	20,820
Accounts receivable		129,360	(162,814)
Finance lease receivable		1,680	3,599
Other receivables		11,616	(9,427)
Inventories		(80,641)	(308,983)
Prepayments		(3,142)	(41,325)
Other current assets		(10)	-
Other financial assets		(504)	-
Changes in operating liabilities			
Current contract liabilities		(175,276)	178,818
Accounts payable		(73,759)	135,850
Other payables		(11,156)	41,728
Provisions for liabilities		9,562	9,823
Other current liabilities		3,028	(4,660)
Other non-current liabilities		(4,776)	-
Cash inflow generated from operations		81,273	305,976
Interest received		9,257	2,698
Interest paid		(8,233)	(10,907)
Income taxes refund received		15,486	-
Income tax paid		(52,296)	(24,710)
Dividends received		2	-
Net cash flows from operating activities		45,489	273,057

(Continued)

SKYTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in current financial assets at amortised cost		($ 200,000)	$ -
Acquisition of property, plant and equipment	6(6)	(498,637)	(51,056)
Proceeds from disposals of property, plant and equipment		640	-
Acquisition of intangible assets		(1,380)	(9,798)
Increase in refundable deposits		(7,050)	(3,271)
Net cash flows used in investing activities		(706,427)	(64,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(29)	15,000	57,000
Repayments of short-term borrowings	6(29)	(10,040)	-
Repayments of bonds	6(29)	-	(26,520)
Proceeds from long-term borrowings	6(29)	303,996	-
Repayments of long-term borrowings	6(29)	(154,732)	(438,468)
Proceeds from issuance of new share capital	6(16)	1,029,568	460,000
Acquisition of investments accounted for using the equity method	6(28)	-	(10)
Repayment of principal portion of lease liabilities	6(29)	(10,999)	(9,185)
Cash dividends paid		(60,677)	-
Increase in guarantee deposits		1,200	-
Net cash flows from financing activities		1,113,316	42,817
Effect of foreign currency exchange		(1,182)	1,951
Net increase in cash and cash equivalents		451,196	253,700
Cash and cash equivalents at beginning of year	6(1)	554,146	300,446
Cash and cash equivalents at end of year	6(1)	$ 1,005,342	$ 554,146

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

SKYTECH INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THIUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDUCATED)

1. History and Organisation

Skytech Inc. (the “Company”) was incorporated on July 17, 2002. The Company and its subsidiaries (collectively refferred herein as the "Group") are primarily engaged in the research development, manufacturing, maintenance and sales of semiconductor equipment and related spare parts.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022
Skytech Inc.	Skylead INC.	Sales of equipment and spare parts	100	100
Skytech Inc.	Gimtek (Singapore) Pte. Ltd	Maintenance and sales of semiconductor equipment and spare parts	100	100
Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	Manufacturing and sales of semiconductor equipment and spare parts	100	100
Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) Co., Ltd.	Sales of semiconductor equipment and spare parts	100	100

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances:

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

(7) Financial assets at amortised cost

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

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'finance lease receivables' at an amount equal to the total investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	20 ~ 56 years
Machinery and equipment	3 ~ 10 years
Transportation equipment	5 ~ 10 years
Office equipment	3 ~ 10 years
Other equipment	15 years
Leasehold improvements	1 ~ 6 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

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

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

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

(14) Impairment of non-financial assets

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

(15) Intangible assets

Intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over their estimated useful life of 1 to 5 years.

(16) Borrowings

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

(17) Accounts and notes payable

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

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

(18) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(20) Employee share-based payment

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

(21) Income tax

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

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

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

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

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

(23) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(24) Revenue recognition

A. Sales revenue

(a) Sales revenue arises from sales of electronic spare parts, semiconductor equipment and automation system integration technology products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

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

B. Overhaul revenue

The Group is engaged in rendering overhaul services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Service revenue

The Group is engaged in rendering technical support services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

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

(25) Operating segments

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

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

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

Critical accounting estimates and assumptions

Valuation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future, and is affected by uncertainties in external market and economic conditions beyond the Group's control. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $1,143,568.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 123	$ 101
Checking accounts and demand deposits	701,266	367,450
Time deposits	303,953	186,595
	$ 1,005,342	$ 554,146

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Information about the cash which was pledged to others as collateral and was classified as other financial assets is provided in Note 8.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	$ 200,000	$ -

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $200,000 and $0, respectively.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 164,346	$ 234
Less: Allowance for uncollectible accounts	-	-
	$ 164,346	$ 234
Accounts receivable	$ 313,501	$ 444,638
Less: Allowance for uncollectible accounts	(866)	(1,625)
	$ 312,635	$ 443,013

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

	December 31, 2023	
	Accounts receivable	Notes receivable
Not past due	$ 288,997	$ 164,346
Within 6 months	23,237	-
7-12 months	920	-
1-2 year(s)	-	-
2-3 years	347	-
Over 3 years	-	-
	$ 313,501	$ 164,346

	December 31, 2022	
	Accounts receivable	Notes receivable
Not past due	$ 351,893	$ 234
Within 6 months	45,460	-
7-12 months	37,671	-
1-2 year(s)	9,422	-
2-3 years	192	-
Over 3 years	-	-
	$ 444,638	$ 234

The above ageing analysis was based on past due date.

B. As at December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. And as at January 1, 2022, the balance of notes receivable and accounts receivable from contracts with customers amounted to $299,286.

C. The Group has no notes and accounts receivable pledged to others.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $164,346 and $234; $312,635 and $443,013, respectively.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 582,785	($ 80,029)	$ 502,756
Work in progress	346,661	(3,750)	342,911
Finished goods	297,901	-	297,901
	$ 1,227,347	($ 83,779)	$ 1,143,568

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 609,447	($ 118,573)	$ 490,874
Work in progress	232,825	(6,388)	226,437
Finished goods	285,621	(277)	285,344
	$ 1,127,893	($ 125,238)	$ 1,002,655

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 1,156,960	$ 968,874
(Gain on reversal of) loss on decline in market value, obsolete and slow-moving inventory	(41,459)	631
	$ 1,115,501	$ 969,505

The Group recognised gain on reversal of market price decline for the year ended December 31, 2023 because some of the inventories previously written down were sold.

(5) Prepayments

	December 31, 2023	December 31, 2022
Prepayments in advance	$ 59,433	$ 81,369
Net input VAT	24,603	8
Prepaid expenses	8,274	8,080
	$ 92,310	$ 89,457

(6) Property, plant and equipment

A. The details of property, plant and equipment are as follows:

	2023							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2023								
Cost	$ 372,533	$ 224,433	$ 196,966	$ 8,498	$ 18,058	$ 49,872	$ 5,614	$ 875,974
Accumulated depreciation and impairment	-	(35,983)	(50,100)	(4,997)	(11,117)	(32,487)	(1,857)	(136,541)
	$ 372,533	$ 188,450	$ 146,866	$ 3,501	$ 6,941	$ 17,385	$ 3,757	$ 739,433
2023								
At January 1	$ 372,533	$ 188,450	$ 146,866	$ 3,501	$ 6,941	$ 17,385	$ 3,757	$ 739,433
Additions	358,191	108,909	1,982	6,551	22,095	909	-	498,637
Disposals	-	-	-	(452)	-	-	-	(452)
Transfers	-	-	(57,447)	-	99	-	(3,391)	(60,739)
Depreciation charge	-	(10,916)	(28,942)	(1,111)	(4,839)	(8,251)	(226)	(54,285)
Net exchange differences	-	(254)	(583)	(54)	(7)	(233)	(23)	(1,154)
At December 31	$ 730,724	$ 286,189	$ 61,876	$ 8,435	$ 24,289	$ 9,810	$ 117	$ 1,121,440
At December 31, 2023								
Cost	$ 730,724	$ 332,913	$ 106,088	$ 12,417	$ 37,016	$ 49,894	$ 236	$ 1,269,288
Accumulated depreciation and impairment	-	(46,724)	(44,212)	(3,982)	(12,727)	(40,084)	(119)	(147,848)
	$ 730,724	$ 286,189	$ 61,876	$ 8,435	$ 24,289	$ 9,810	$ 117	$ 1,121,440

	2022							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2022								
Cost	$ 372,533	$ 214,249	$ 162,241	$ 7,194	$ 15,951	$ 48,965	$ 3,670	$ 824,803
Accumulated depreciation and impairment	-	(26,415)	(33,784)	(4,522)	(8,718)	(23,761)	(2,602)	(99,802)
	$ 372,533	$ 187,834	$ 128,457	$ 2,672	$ 7,233	$ 25,204	$ 1,068	$ 725,001
2022								
At January 1	$ 372,533	$ 187,834	$ 128,457	$ 2,672	$ 7,233	$ 25,204	$ 1,068	$ 725,001
Additions	-	6,476	36,476	1,252	3,430	-	3,422	51,056
Disposals	-	-	-	-	(105)	-	(165)	(270)
Transfers	-	-	9,256	-	-	-	-	9,256
Depreciation charge	-	(9,026)	(29,306)	(710)	(3,641)	(8,244)	(560)	(51,487)
Net exchange differences	-	3,166	1,983	287	24	425	(8)	5,877
At December 31	$ 372,533	$ 188,450	$ 146,866	$ 3,501	$ 6,941	$ 17,385	$ 3,757	$ 739,433
At December 31, 2022								
Cost	$ 372,533	$ 224,433	$ 196,966	$ 8,498	$ 18,058	$ 49,872	$ 5,614	$ 875,974
Accumulated depreciation and impairment	-	(35,983)	(50,100)	(4,997)	(11,117)	(32,487)	(1,857)	(136,541)
	$ 372,533	$ 188,450	$ 146,866	$ 3,501	$ 6,941	$ 17,385	$ 3,757	$ 739,433

B. There were no borrowing costs capitalised as part of property, plant and equipment for the years ended December 31, 2023 and 2022 respectively.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements－lessee

A. The Group leases various assets including employees’ dormitory, factory, transportation equipments and offices. Rental contracts are typically made for periods of 2 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Certain leases of employees' dormitory and offices are classified as short-term leases as the lease terms do not exceed 12 months.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings and structures	$ 9,552	$ 16,282
Transportation equipment (Business vehicles)	6,723	-
	$ 16,275	$ 16,282

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings and structures	$ 7,871	$ 9,075
Transportation equipment (Business vehicles)	2,241	-
	$ 10,112	$ 9,075

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $11,196 and $3,359, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 724	$ 1,062
Expense on short-term lease contracts	2,540	7,924

F. For the years ended December 31, 2023 and 2022, the Group’s total cash outflow for leases were $14,263 and $18,171, respectively.

(8) Leasing arrangements – lessor

A. Operating leases

(a) The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

(b) For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of $7,363 and $7,476, respectively, based on the operating lease agreement, which does not include variable lease payments.

(c) The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023			December 31, 2022	
2024	$	10,540	2023	$	3,280
2025		7,780	2024		1,488
2026		1,440	2025		1,488
2027		1,440	2026		1,488
2028		1,440	2027		1,488
After 2029		1,440	After 2028		1,488
	$	24,080		$	10,720

B. Financing lease

(a) The Group leases machinery and equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	2023		2022	
Finance income from the net investment in the finance lease	$	834	$	901

(b) The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023			December 31, 2022	
2024	$	8,706	2023	$	5,700
2025		11,106	2024		7,800
2026		14,405	2025		10,200
2027		4,279	2026		13,500
	$	38,496	2027		3,600
				$	40,800

(c) Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Undiscounted lease payments	$ 8,706	$ 29,790	$ 5,700	$ 35,100
Unearned finance income	(764)	(857)	(809)	(1,436)
Net investment in the lease	$ 7,942	$ 28,933	$ 4,891	$ 33,664

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 102,500	1.84%～1.94%	Note

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 97,540	1.59%～1.87%	Note

Note: Information about the collateral provided for short-term borrowings is provided in Note 8.

Interest expense recognised in profit or loss amounted to $1,782 and $5,920 for the years ended December 31, 2023 and 2022, respectively.

(10) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 142,023	$ 233,998
Estimated accounts payable	79,677	61,558
	$ 221,700	$ 295,556

(11) Other payable

	December 31, 2023	December 31, 2022
Salaries and bonus payable	$ 48,194	$ 57,882
Commissions payable	15,830	5,575
Accrual outsourcing manufacturing expenses	12,461	7,624
Professional fees payable	5,579	3,992
Employees' compensation payable	5,518	19,078
Insurance payable	3,893	4,174
Pension payable	2,812	2,434
Other payables	14,939	20,047
	$ 109,226	$ 120,806

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Note 1	1.82%	Note 5	$ 184,407
Secured borrowings	Note 3	1.86%	Note 5	76,800
Unsecured borrowings	Note 2	1.82%	None	64,057
Secured borrowings	Note 4	1.80%	Note 5	80,000
				405,264
Less: Current portion				(13,119)
				$ 392,145

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Note 1	1.57%	Note 5	$ 190,000
Unsecured borrowings	Note 2	1.57%	None	66,000
				256,000
Less: Current portion				(7,700)
				$ 248,300

Note 1: The contract period is from May 18, 2020 to May 18, 2040. The interest is payable monthly for the first three years and payable monthly along with principal starting from the fourth year.

Note 2: The contract period is from May 18, 2020 to May 18, 2040. The interest is payable monthly for the first three years and payable monthly along with principal starting from the fourth year.

Note 3: The contract period is from September 18, 2023 to May 18, 2038. The interest is payable monthly for the first year and payable monthly along with principal starting from the second year.

Note 4: The contract period is from October 16, 2023 to October 14, 2033. The interest is payable monthly and principal is payable at maturity.

Note 5: Information about the collateral provided for long-term borrowings is provided in Note 8.

(13) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

The pension costs under defined benefit pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2023 and 2022 were both nil.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The subsidiaries in mainland China have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(C) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $16,386 and $13,766, respectively.

(14) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2022.4.29	120	0 day	Vested immediately
Cash capital increase reserved for employee preemption	2022.11.10	638	0 day	Vested immediately
Cash capital increase reserved for employee preemption	2023.12.8	1,022	0 day	Vested immediately

B. The fair value of the cash capital increase reserved for employee preemption granted on April 29, 2022 amounted to $50.

The fair value of the cash capital increase reserved for employee preemption granted on November 10, 2022 amounted to $65.8.

The fair value of the cash capital increase reserved for employee preemption granted on December 8, 2023 amounted to $116.53.

C. The fair value of share-based payment granted in 2023 and 2022 are measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2022.11.10	$ 65.8	38.30%	0.11 year	$ -	1.1507%	$ 0.2526
Cash capital increase reserved for employee preemption	2023.12.8	116.53	36.70%	0.04 year	-	0.9439%	4.2204

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Equity-settled	$ 4,305	$ 161

(15) Provisions

	Warranty	
	2023	2022
At January 1	$ 16,022	$ 6,176
Additional provisions	21,268	23,569
Used during the year	(11,697)	(13,746)
Effect of exchange rate changes	(170)	23
At December 31	$ 25,423	$ 16,022

The provisions liabilities are estimated by the Group in consideration of the potential after-sales service warranty on the sales of machinery and equipment.

(16) Share capital

A. As at December 31, 2023, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary share, and the paid-in capital was $ 674,773 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: shares

	2023	2022
At January 1	60,677,263	54,477,263
Cash capital increase	6,800,000	6,200,000
At December 31	67,477,263	60,677,263

B. The Company resolved in the Board of Directors' meeting on October 6, 2023 to issue 6,800 thousand new shares for public subscription and underwriting prior to the initial listing.

The new shares were issued at a premium price of NT$168.54 per share based on the weighted average price at the auction and at a premium price of NT$115 per share for the public subscription and underwriting. The total issued amount was $1,029,568 thousand. The effective date of capital increase was December 8, 2023. All proceeds from the capital increase had been collected.

C. The Company increased capital by issuing new shares amounting to 1,200,000 shares for the year ended December 31, 2022. The shares were issued at NT$50 per share, totaling $60,000. The effective date was set on April 29, 2022, and the registration has been completed.

D. The Company increased capital by issuing new shares amounting to 5,000,000 shares for the year ended December 31, 2022. The shares were issued at NT$80 per share, totaling $400,000. The effective date was set on November 10, 2022, and the registration has been completed.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the company has no accumulated deficit. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023				
	Share premium	Employee stock options	Employee stock options forfeited	Recognition of the effect of changes in ownership interest in subsidiaries and associates	Total
At January 1	$ 667,981	$ 161	$ -	($ 10)	$ 668,132
Cash capital increase	961,568	-	-	-	961,568
Share-based payments	-	4,305	-	-	4,305
Employee stock options forfeited	-	(477)	477	-	-
At December 31	$ 1,629,549	$ 3,989	$ 477	($ 10)	$ 1,634,005

	2022			
	Share premium	Employee stock options	Recognition of the effect of changes in ownership interest in subsidiaries and associates	Total
At January 1	$ 269,981	$ -	$ -	$ 269,981
Compensation cost of employee stock options	-	161	-	161
Cash capital increase	398,000	-	-	398,000
Recognition of the effect of changes in ownership interest in subsidiaries and associates	-	-	(10)	(10)
At December 31	$ 667,981	$ 161	($ 10)	$ 668,132

(18) Retained earnings

A. The Company's shareholders during its special general meeting held on March 3, 2023 approved the amendment of the Articles of Incorporation of the Company, stipulating that the Company's profit after tax, if any, shall first be used to cover accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. Subsequently, special reserve shall be set aside or reversed in accordance with the laws and regulations or depending on the operational needs. The remainder, if any, along with beginning unappropriated earnings shall be appropriated and proposed by the Board of Directors as shareholders' dividends and bonuses, and submitted to the shareholders' meeting for approval. Where the aforementioned dividends and bonuses, capital surplus or legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised to make such distribution by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and the distribution shall be reported to the shareholders' meeting. Where the distribution is made in the form of stocks, it shall be submitted to the shareholders' meeting for approval.

The Company's dividend distribution policy is subject to factors, such as its current and future investment environment, capital needs, domestic and foreign competition situation and capital budget, and the shareholders' interest and the Company's long-term financial plan. The total dividends and bonuses distributed to the shareholders shall not be lower than 10% of the net amount of the current year's profit after tax less capital surplus appropriated in accordance with the laws. However, after deducting capital surplus appropriated in accordance with the laws from the current year's profit after tax, if the distributable amount per share is less than NT$ 0.1 (in dollars), the earnings shall not be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stocks, but cash dividends shall account for at least 10% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. On June 9, 2022, the Board of Directors of the Company resolved the appropriation of 2021 earnings, proposing the provision of legal reserve of $17,738. Such earnings appropriation was approved at the shareholders' meeting on July 22, 2022.

D. On March 30, 2023, the Board of Directors of the Company resolved the appropriation of 2022 earnings, proposing the provision of legal reserve of $31,686 and the distribution of shareholders' cash dividends of $60,677 at NT$1 (in dollars) per share. Such earnings appropriation was approved at the shareholders' meeting on June 29, 2023, and was distributed on September 15, 2023.

E. On February 23, 2024, the Board of Directors of the Company resolved the appropriation of 2023 earnings, proposing the provision of legal reserve of $ 30,666 and the distribution of shareholders' cash dividends of $ 134,955 at NT$2 (in dollars) per share. Such earnings appropriation has not yet been approved at the shareholders' meeting.

(19) Operating revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Sales revenue from equipment and spare parts	$ 1,618,205	$ 1,442,588
Overhaul revenue	331,549	328,432
Service revenue	42,889	44,457
	$ 1,992,643	$ 1,815,477

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

Year ended December 31, 2023	Sales revenue from equipment and spare parts	Overhaul revenue	Service revenue	Total
Timing of revenue				
At a point in time	$ 1,618,205	$ -	$ -	$ 1,618,205
Over time	-	331,549	42,889	374,438
	$ 1,618,205	$ 331,549	$ 42,889	$ 1,992,643

Year ended December 31, 2022	Sales revenue from equipment and spare parts	Overhaul revenue	Service revenue	Total
Timing of revenue				
At a point in time	$ 1,442,588	$ -	$ -	$ 1,442,588
Over time	-	328,432	44,457	372,889
	$ 1,442,588	$ 328,432	$ 44,457	$ 1,815,477

B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:	$ 56,440	$ 232,571	$ 52,655

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31, 2023	Years ended December 31, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 174,731	$ 43,964

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 9,009	$ 2,947

(21) Other income

	Years ended December 31,	
	2023	2022
Government subsidy income (Note)	$ 30,717	$ 34,178
Rent income	7,363	7,476
Dividend income	2	-
Others	589	1,523
	$ 38,671	$ 43,177

Note: For the year ended December 31, 2023, the Company received the government grant funding for implementing the "Stabilised-Hiring Incentives Program – Employer Employment Incentive Subsidy Plan" of the Ministry of Labor, the "A+ Industrial Innovation R&D Program –First Step to the Domestication of Etching Equipment - Integrated Equipment Development Project for Advanced Packaging/Plasma Etching/Descum/Heterogeneous Surface Strengthening Capabilities" of the Ministry of Economic Affairs (MOEA) and "Whole-Machine Development and Certification Project for Advanced Nano Atomic Layer Deposition Equipment" of the Ministry of Economic Affairs (MOEA), and recognised the relevant government grant income based on the actual expenditures.

The Company's subsidiary, Skysemi (Xiamen) Technology Co., Ltd., received incentive grants from Xiamen Municipal Bureau of Science and Technology for high-tech enterprises and subsidies from Administrative Committee of Xiamen Torch Hi-tech Industrial Development Zone for the investment in equipment for the "Research and Development of Semiconductor Technology" project for the years ended December 31, 2023 and 2022, respectively, and recognised the related grant income based on the actual expenditures or recognised deferred grant income based on the granted equipment project.

The Company's subsidiary, Gimtek (Singapore) Pte. Ltd., received government subsidies for the implementation of the "Jobs Growth Incentive (JGI)", the progressive wage credit scheme and the employee maternity leave administered by the Inland Revenue Authority of Singapore (IRAS) for the years ended December 31, 2023 and 2022, and recognised the related government subsidy income based on the actual expenditures.

For the years ended December 31, 2023 and 2022, revenue recognised from the aforementioned subsidy programs amounted to $30,717 and $34,718, respectively.

(22) Other gains and losses

	Years ended December 31, 2023	Years ended December 31, 2022
Net foreign exchange (losses) gains	($ 2,906)	$ 43,343
Losses on disposals of intangible assets	-	(520)
Gains (losses) on disposal of property, plant and equipment	188	(270)
Gains on disposals of right-of-use assets	20	565
Gains on financial liabilities at fair value through profit and loss	-	1,098
Other gains and losses	5,279	(1,485)
	$ 2,581	$ 42,731

(23) Finance costs

	Years ended December 31, 2023	Years ended December 31, 2022
Bank borrowings	$ 7,557	$ 9,182
Lease liabilities	724	1,062
Other borrowings	38	485
	$ 8,319	$ 10,729

(24) Expenses by nature

	Years ended December 31, 2023	Years ended December 31, 2022
Employee benefit expense	$ 355,856	$ 324,086
Depreciation charges on property, plant and equipment	$ 54,285	$ 51,487
Depreciation charges on right-of-use assets	$ 10,112	$ 9,075
Amortisation charges on intangible assets	$ 7,811	$ 74,740

(25) Employee benefit expense

	Years ended December 31, 2023	Years ended December 31, 2022
Wages and salaries	$ 290,491	$ 270,267
Share-based payments	4,305	161
Labor and health insurance fees	23,323	18,833
Pension costs	16,386	13,766
Other personnel expenses	21,351	21,059
	$ 355,856	$ 324,086

A. In accordance with the Articles of Incorporation of the Company amended on June 29, 2023, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' remuneration and employees' compensation. The ratio shall not be higher than 2% for directors' remuneration and shall not be lower than 1% for employees' compensation. However, if the Company has accumulated losses, earnings should be reserved to cover losses.

B. In accordance with the Articles of Incorporation of the Company amended on July 22, 2022 and March 3, 2023, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' and supervisors' remuneration and employees' compensation. The ratio shall not be higher than 2% for directors' and supervisors' remuneration and shall not be lower than 5% for employees' compensation. However, if the Company has accumulated losses, earnings should be reserved to cover losses.

C. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $5,518 and $19,078, respectively. The directors' remuneration were both nil. The aforementioned amounts were recognised in salary expenses. The employees' compensation was estimated and accrued based on 1.5% of distributable profit for the year ended December 31, 2023.

Employees' compensation for 2022 amounting to $19,078 as resolved by the Board of Directors was in agreement with those amounts recognised in the 2022 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 60,383	$ 48,086
Tax on undistributed surplus earnings	4,548	4,788
Prior year income tax underestimation	3,330	1,698
Total current tax	68,261	54,572
Deferred tax:		
Origination and reversal of temporary differences	(10,341)	(4,965)
Total deferred tax	(10,341)	(4,965)
Income tax expense	$ 57,920	$ 49,607

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 78,313	$ 97,070
Change in assessment of realisation of deferred tax assets	(10,341)	(5,190)
Expenses disallowed by tax regulation	7	-
Tax exempt income by tax regulation	(484)	(3,233)
Temporary differences not recognised as deferred tax assets	(14,474)	(8,901)
Effect from investment tax credits	(11,151)	(19,263)
Prior year income tax underestimation	3,330	1,698
Tax on undistributed earnings	4,548	4,788
Effect of different tax rates in countries in which the group operates	8,172	(17,362)
Income tax expense	$ 57,920	$ 49,607

Note: The basis for computing the applicable tax rate is the rate applicable in the parent Company's country.

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

	2023		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Unrealised exchange losses	$ 153	$ 886	$ 1,039
Unrealised allowance for inventory valuation loss	9,148	5,634	14,782
Unrealised sales profit	5,898	865	6,763
Unrealised profit from sales from affiliate	10,501	(11,014)	(513)
Unrealised unused compensated absences	166	14	180
Others	-	728	728
	25,866	(2,887)	22,979
Deferred tax liabilities:			
Unrealised exchange gains	(880)	880	-
Investments accounted for using the equity method	(20,556)	(1,557)	(22,113)
Depreciation differences	(12,725)	12,725	-
Others	-	1,180	1,180
	(34,161)	13,228	(20,933)
	($ 8,295)	$ 10,341	$ 2,046

	2022			
	January 1	Recognised in profit or loss	Exchange difference	December 31
Deferred tax assets:				
-Temporary differences:				
Unrealised exchange losses	$ -	$ 153	$ -	$ 153
Unrealised allowance for inventory valuation loss	-	9,148	-	9,148
Unrealised sales profit	-	5,898	-	5,898
Unrealised profit from sales from affiliate	-	10,501	-	10,501
Unrealised unused compensated absences	-	166	-	166
	-	25,866	-	25,866
Deferred tax liabilities:				
Unrealised exchange gains	(760)	(120)	-	(880)
Investments accounted for using the equity method	-	(20,556)	-	(20,556)
Depreciation differences	(12,500)	-	(225)	(12,725)
	(13,260)	(20,676)	(225)	(34,161)
	($ 13,260)	$ 5,190	($ 225)	($ 8,295)

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ -	$ 74,631

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 306,661	61,124	$ 5.02
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		47	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 306,661	61,171	$ 5.01

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 316,862	56,002	$ 5.66
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		202	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 316,862	56,204	$ 5.64

(28) Transactions with non-controlling interest

For the purpose of the Group's organization restructuring, the Group acquired an additional 0.22% of issued shares in the subsidiary, Skylead INC., at a price of $10 per share in cash on March 4, 2022. The carrying amount of Skylead INC.'s non-controlling interest at the acquisition date was nil and the equity attributable to owners of parent decreased by $10.

The effect of changes in interests in Skylead INC. on the equity attributable to owners of the parent company for the year 2023 is shown blow:

	Year ended December 31, 2022
Carrying amount of non-controlling interest acquired	$ -
Consideration paid to non-controlling interest	(10)
Capital surplus	
- difference between proceeds on actual acquisition of or disposal of equity interes in a subsidiary and its carrying amount	($ 10)

(29) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities (Note)	Liabilities from financing activities-gross
At January 1	$ 97,540	$ 256,000	$ 17,492	$ 371,032
Changes in cash flow from financing activities	4,960	149,264	(10,999)	143,225
Interest expense	-	-	724	724
Interest paid	-	-	(724)	(724)
Changes in other non-cash items	-	-	10,766	10,766
At December 31	$ 102,500	$ 405,264	$ 17,259	$ 525,023

	2022				
	Short-term borrowings	Bonds payable (Note)	Long-term borrowings (Note)	Lease liabilities (Note)	Liabilities from financing activities-gross
At January 1	$ 479,008	$ 26,040	$ 256,000	$ 39,799	$ 800,847
Changes in cash flow from financing activities	(381,468)	(26,520)	-	(9,185)	(417,173)
Interest expense	5,920	485	3,262	1,062	10,729
Interest paid	(5,920)	(485)	(3,262)	(1,062)	(10,729)
Changes in other non-cash items	-	480	-	(13,122)	(12,642)
At December 31	$ 97,540	$ -	$ 256,000	$ 17,492	$ 371,032

Note: current portion is included.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Welltech Semiconductor, Inc. (“ Welltech ”)	Other related party
Jantech Semiconductor, Inc. (“Jantech”)	Other related party
Celetech Semiconductor, Inc. (“ Celetech ”)	Other related party
Jinhong International Investment Co., Ltd. (“ Jinhong ”)	Other related party
Topview International Investment Co., Ltd. (“ Topview ”)	Other related party
Leading International Investment Co. Ltd. (“ Leading ”)	Other related party
Mega International Investment Co., Ltd. (“ Mega ”)	Other related party
Wealthwave International Investment Co., Ltd. (“ Wealthwave ”)	Other related party

(2) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and short-term employee benefits	$ 18,987	$ 13,022
Post-employment benefits	619	299
Share-based payments	1,730	1
	$ 21,336	$ 13,322

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Land	$ 691,789	$ 372,533	Short-term and long-term borrowings
Buildings and structures	235,781	144,164	Short-term and long-term borrowings
Refundable deposits (shown as other non-current assets)	2,212	2,183	Customs guarantee
Other financial assets	498	-	Guarantee for performance bond

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of earnings had been approved by the Board of Directors on February 23, 2024. Please refer to Note 6(18).

12. Others

(1) Capital management

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

The Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio within a reasonable level. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	$ 507,764	$ 353,540
Less: Cash and cash equivalents	(1,005,342)	(554,146)
Net debt	(497,578)	(200,606)
Total equity	3,125,418	1,849,495
Total capital	$ 2,627,840	$ 1,648,889
Gearing ratio	-	-

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,005,342	$ 554,146
Financial assets at amortised cost	200,000	-
Notes receivable	164,346	234
Accounts receivable	312,635	443,013
Other receivables	334	12,214
Refundable deposits (Shown as other non-current assrts)	13,647	6,635
Other financial assets (Shown as other non-current assets)	498	-
	$ 1,696,802	$ 1,016,242

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 102,500	$ 97,540
Accounts payable	221,700	295,556
Other payables	109,226	120,806
Long-term borrowings (including current portion)	405,264	256,000
Guarantee deposits	1,920	720
	$ 840,610	$ 770,622
Lease liabilities	$ 17,259	$ 17,492

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Financial risk management policies are reviewed on a regular basis to reflect the changes in market condition and the Group's operations.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. On the principle of natural hedge, the Group conducts hedging according to the foreign exchange situation in the market based on its capital needs and net positions (the difference between foreign assets and liabilities) of each currency. When a short-term imbalance occurs, the Group will buy or sell foreign currencies at the spot rate to ensure that the foreign exchange risk is maintained at an acceptable level.

iii. The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 52,765	30.71	$ 1,620,413
SGD:USD	1,611	23.29	37,520
Financial liabilities			
Monetary items			
USD:NTD	$ 843	30.71	$ 25,889

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 16,708	30.71	$ 513,103
RMB:NTD	45,809	4.41	202,018
Financial liabilities			
Monetary items			
USD:NTD	$ 1,955	30.71	$ 60,038

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	9%	$ 145,837	$ -
SGD:USD	5%	1,876	-
Financial liabilities			
Monetary items			
USD:NTD	9%	($ 2,330)	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	15%	$ 76,965	$ -
RMB:NTD	1%	2,020	-
Financial liabilities			
Monetary items			
USD:NTD	15%	($ 9,006)	$ -

v. Total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to ($2,906) and $43,343, respectively.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and certain mid-term and long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rates were denominated in NTD. If the market interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax, for the years ended December 31, 2023 and 2022 would have increased/decreased by $4,062 and $2,828, respectively.

(b) Credit risk

i. The Group’s credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the notes and accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Group manages their credit risk taking into consideration the entire Group’s concern. For banks and financial institutions, only counterparties with a good credit rating are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

iii. Considering the historical experience and industrial characteristics and in line with the credit risk management procedure, when the contract payments is past due over 1 year based on the terms, the default has occurred.

iv. The Group adopts following assumptions under IFRS 9 to assess. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customer’s accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability of industry research report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 60 months past due	7~12 months past due	1~2 years past due	2~3 years past due	Over 3 years past due	Total
At December 31, 2023							
Expected loss rate	0.14%~0.2%	0.33%~18.4%	11.63%	0.00%	48.98%~100%	0.00%	
Total book value	$ 453,343	$ 23,237	$ 920	$ -	$ 347	$ -	$ 477,847
Loss allowance	$ 268	$ 272	$ 107	$ -	$ 219	$ -	$ 866
AtDecember 31, 2022							
Expected loss rate	0.10%	1.05%	0.08%	2.91%	52.08%	0.00%	
Total book value	$ 352,127	$ 45,460	$ 37,671	$ 9,422	$ 192	$ -	$ 444,872
Loss allowance	$ 369	$ 851	$ 31	$ 274	$ 100	$ -	$ 1,625

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2023		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 1,625	$ 1,625
Reversal of impairment	-	(759)	(759)
At December 31	$ -	$ 866	$ 866

	2022		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 538	$ 538
Provision for impairment	-	976	976
Effect of foreign exchange	-	111	111
At December 31	$ -	$ 1,625	$ 1,625

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Non-derivative financial liabilities			
Short-term borrowings	$ 102,749	$ -	$ -
Accounts payable	221,700	-	-
Other payables	109,226	-	-
Lease liabilities	10,485	7,210	-
Long-term borrowings (including current portion)	22,038	100,779	334,230

December 31, 2022	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Non-derivative financial liabilities			
Short-term borrowings	$ 97,734	$ -	$ -
Accounts payable	295,556	-	-
Other payables	120,806	-	-
Lease liabilities	9,143	8,890	195
Long-term borrowings (including current portion)	11,689	85,838	195,996

(3) Fair value information

The carrying amounts of the Group's financial instruments not measured at fair value are approximate to their fair values, including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, other financial assets (shown as other current assets), refundable deposit, short-term borrowings, contract liabilities, accounts payable, other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 2.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-Group transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Please refer to table 7.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The chief operating decision-maker assesses the operating performance based on the financial statements prepared as entire group. The measurement basis of operating performance assessment is in line with the consolidated financial statements.

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

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31,	
	2023	2022
Revenue from external customers	$ 1,992,643	$ 1,815,477
Segment income (Note)	$ 364,581	$ 366,469

	December 31, 2023	December 31, 2022
Segment assets	$ 4,141,817	$ 2,970,646
Segment liabilities	$ 1,016,399	$ 1,121,151

Note: Income tax expense was excluded.

(4) Information on products and services

Please refer to Note 6 (19) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 833,155	$ 28,933	$ 1,064,075	$ 33,664
Mainland China	892,458	-	544,278	-
Singapore	159,964	-	158,275	-
Others	107,066	-	48,849	-
	$ 1,992,643	$ 28,933	$ 1,815,477	$ 33,664

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
	Revenue	Revenue
A	$ 390,842	$ 397,360
C	Note	283,264
B	Note	59,014

Note: Less than 10% of the Group's revenue.

SKYTECH INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	None	Yes	$ 153,550	$ -	$ -	$ -	2	$ -	Working capital	$ -	None	$ -	$ 1,250,167	$ 1,250,167	Note 4
0	Skytech Inc.	Gimtek (Singapore) Pte. Ltd.	None	Yes	153,550	-	-	-	2	-	Working capital	-	None	-	1,250,167	1,250,167	Note 4
0	Skytech Inc.	Skylead INC.	Other receivables	Yes	92,130	10,000	4,000	1.49%	2	-	Working capital	-	None	-	1,250,167	1,250,167	Note 5
1	Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) Co., Ltd.	Other receivables	Yes	4,330	4,330	4,330	4%	2	-	Working capital	-	None	-	94,900	189,800	Note 6

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: The numbers filled in for the nature of loan are as follows:

(1) Business transaction is ‘1’.

(2) Short-term financing is ‘2’.

Note 3：1. Ceiling on total loans granted: The total amount shall not exceed 50% of the Company’s net assets, of which:

(1) The limit on total loans granted to the company who had business relationship with the Company is 10% of the Company’s net assets.

(2) The limit on total loans granted to the company who had short-term financing needs is 40% of the Company’s net assets.

2. Limit on the loans granted to a single party is as follows:

(1) For the companies having business relationship with the Company, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

Limit on loans to a single party with business transactions is the higher value of purchasing and selling in the latest year or in the next year, and shall not exceed 10% of the Company’s net assets.

(2) Limit on loans to a single party with short-term financing is 40% of the Company’s net asset. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

3. For the purpose of loan between the Company’s foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, limit on loans is not restricted.

However, the total loan amount shall not exceed 100% of the creditors’ net assets; limit on loans to a single party is 50% of the creditors’ net assets, and the period of loans granted to a single party shall be stipulated.

Note 4: On March 21, 2022, the Company’s Board of Directors resolved to grant loans to Skysemi (Xiamen) Technology Co., Ltd. and Gimtek (Singapore) Pte. Ltd. both amounting to USD 5 million, and the period of the loans is from March 21, 2022 to March 20, 2023.

Note 5: On March 1, 2023, the Company’s Board of Directors resolved to grant loans to Skylead INC. amounting to USD 3 million, and the period of the loan is from March 1, 2023 to February 29, 2024. In addition, the Board of Directors resolved to grant loans to Skylead Inc. on August 18, 2023, but the loan amount was decreased to NTD 10 million, and the period of the loan is from March 1, 2023 to February 29, 2024.

Note 6: On August 14, 2023, Skysemi (Xiamen) Technology Co., Ltd. resolved in the shareholders' meeting to grant loans to Tradegenic Electronic (Shanghai) Co., Ltd. amounting to RMB 1 million, and the period of the loan is from August 22, 2023 to August 21, 2024.

SKYTECH INC. AND SUBSIDIARIES

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Skytech Inc.	Land and buildings	August 18, 2023	$ 327,367 (Note)	Acquired by cash	Legee Technology Inc.	None	-	-	-	$ -	Based on the appraisal report issued by the	To meet the requirement of the Company's future operating development	None

Note: It was including brokerage fee and other costs.

SKYTECH INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	Parent and subsidiary	Sales	$ 321,537	12.56%	90 days after monthly billings	Same as general transactions	Same as general transactions	$ 84,525	12.65%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

SKYTECH INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd	1	Revenue	$ 321,537	Note 5	12.56%
0	Skytech Inc.	Gimtek (Singapore) Pte. Ltd.	1	Revenue	93,511	Note 5	3.65%
0	Skytech Inc.	Tradegenic Electronic (Shanghai) Co., Ltd.	1	Revenue	73,311	Note 5	2.86%
1	Skysemi (Xiamen) Technology Co., Ltd.	Skytech Inc.	2	Revenue	77,088	Note 5	3.01%
1	Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) Co., Ltd.	3	Revenue	3,764	Note 5	0.15%
0	Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	1	Accounts receivable	84,524	Note 5	2.04%
0	Skytech Inc.	Gimtek (Singapore) Pte. Ltd.	1	Accounts receivable	32,997	Note 5	0.80%
0	Skytech Inc.	Tradegenic Electronic (Shanghai) Co., Ltd.	1	Accounts receivable	25,914	Note 5	0.63%
1	Skysemi (Xiamen) Technology Co., Ltd.	Skytech Inc.	2	Accounts receivable	46,995	Note 5	1.13%
0	Skytech Inc.	Skylead INC.	1	Other receivables	4,000	Note 6	0.10%
1	Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) Co., Ltd.	3	Other receivables	4,330	Note 6	0.10%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on

Note 4: Only transaction amounts over $1 million are disclosed.

Note 5: It was transacted based on the agreed transaction price and terms, and the credit terms is 90~120 days after monthly billings.

Note 6: Loans to others.

SKYTECH INC. AND SUBSIDIARIES

Information on investees (exclude investees in Mainland China)

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
Skytech Inc.	Skylead INC.	Taiwan	Sales of equipment and spare parts	$ 24,500	$ 4,500	2,450,000	100%	$ 16,876	($ 3,038)	($ 3,038)	
Skytech Inc.	Gimtek (Singapore) Pte. Ltd	Singapore	Maintenance and sales of semiconductor equipment and spare parts	89,694	89,694	2,100,000	100%	140,965	24,563	24,879	Note 1 and 2

Note 1: Unrealised profit or loss from downstream and upstream transactions have been adjusted in the book value of shares held as at the end of the period and investment income (loss) for the period.
Note 2: Accumulated translation adjustment is included in the book value of shares held as at the end of the period.

SKYTECH INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31,2023	Footnote
Skysemi (Xiamen) Technology Co., Ltd.	Manufacturing and sales of semiconductor equipment and spare	$ 233,769	Directly invest in a company in Mainland China	$ 249,762	$ -	$ -	$ 249,762	($ 13,907)	100%	($ 14,052)	$ 155,549	$ -	Note 2(2) B
Tradegenic Electronic (Shanghai) Co., Ltd.	Sales of semiconductor equipment and spare parts	6,957	Through investing in an existing company in the third area (Skysemi (Xiamen) Technology Co., Ltd.), which then invested in the investee in	-	-	-	-	2,062	100%	1,341	31,723	-	Note 2(2) B

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Skytech Inc.	$ 249,762	$ 290,339	$ 1,875,251

Note 1: The paid-in capital of Skysemi (Xiamen) Technology Co., Ltd. was RMB 53,988 thousand and the paid-in capital of Tradegenic Electronic (Shanghai) Co., Ltd. was RMB 1,607 thousand.

Note 2: The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was USD 8,997 thousand, and such investment has been approved by the MOEA pursuant to the Jing-Shen-II-Zi Letter No. 11000260100.

SKYTECH INC. AND SUBSIDIARIES

Major shareholders information

Year ended December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Mega International Investment Co., Ltd.	4,673,353	6.92%
JHENG, RUEI-JYUN	4,300,000	6.37%
Topview International Investment Co., Ltd.	3,979,422	5.89%
Wealthwave International Investment Co., Ltd.	3,948,904	5.85%
Bairuifa Investment Co., Ltd.	3,875,160	5.74%
Celetech Semiconductor, Inc.	3,772,133	5.59%

Note: (1)The main shareholder information using total number of ordinary shares and preferred shares held by the shareholders who have completed the company's non-physical registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the share capital recorded in the company's financial report and the number of shares which the company actually have completed the non-physical registration and delivery, may be different from computational basis.

(2)Above information if belong to shareholders deliver the shares to the trust, will be disclosed by the principal individual account of trustee opened the trust account. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. Please refer to the information at the website of the Taiwan Stock Exchange for insider equity declaration information.

(3)The preparation principle of this table is to calculate the distribution of the balance of each credit transaction based on the shareholders registered on the book-close day of the extraordinary shareholders' meeting (short-sale securities are not purchased back).

(4)Ownership (%) = The total number of shares held by this shareholder / The total number of shares that have been delivered without physical registration.

(5)The total number of shares that have been delivered without physical registration (including treasury stocks) are 67,477,263 = 67,477,263 (common shares) + 0 (preferred shares).

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Skytech Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Skytech Inc. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Skytech Inc. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

Key audit matters for Skytech Inc.'s 2023 parent company only financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(10) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT$1,143,104 thousand and NT$73,912 thousand, respectively.

Skytech Inc. is primarily engaged in the producing, manufacturing and rendering maintenance services of semiconductor equipment and related spare parts. Due to the fluctuation of market demand and supply, it may result in the need for the assessment of inventory valuation loss. Skytech Inc. recognizes inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Validated the appropriateness of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period, and verified the effective aging date by examining the supproting documents.
3. Evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing Skytech Inc.'s financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Skytech Inc.to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only audit. We remain solely responsible for our audit opinion.

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

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

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

Cheng, Ya-Huei	Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

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

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

SKYTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 801,952	20	$ 456,190	17
1136	Current financial assets at amortised cost	6(2)	200,000	5	-	-
1150	Notes receivable, net	6(3)	161,646	4	234	-
1170	Accounts receivable, net	6(3)	196,914	5	257,858	9
1180	Accounts receivable - related parties, net	6(3) and 7	143,435	3	116,017	4
1197	Finance lease receivable, net	6(9)	7,942	-	4,891	-
1200	Other receivables		4,194	-	10,236	-
1220	Current income tax assets		-	-	14,239	1
130X	Inventories	6(4)	1,069,192	26	906,307	33
1410	Prepayments	6(5)	63,936	2	68,821	2
1470	Other current assets		10	-	-	-
11XX	**Total current assets**		2,649,221	65	1,834,793	66
	Non-current assets					
1550	Investments accounted for using equity method	6(6)	313,390	8	241,982	9
1600	Property, plant and equipment	6(7) and 8	1,055,473	26	594,619	22
1755	Right-of-use assets	6(8)	9,495	-	4,494	-
1780	Intangible assets		11,548	-	17,956	1
1840	Deferred income tax assets	6(27)	22,979	-	25,866	1
1900	Other non-current assets	6(9) and 8	39,151	1	40,248	1
15XX	**Total non-current assets**		1,452,036	35	925,165	34
1XXX	**Total assets**		$ 4,101,257	100	$ 2,759,958	100

(Continued)

SKYTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 102,500	3	$ 97,540	4
2130	Current contract liabilities	6(20)	40,465	1	89,341	3
2170	Accounts payable	6(11)	212,378	5	286,311	11
2180	Accounts payable - related parties	6(11) and 7	47,013	1	4,820	-
2200	Other payables	6(12)	72,864	2	96,627	4
2230	Current income tax liabilities		44,371	1	37,763	1
2250	Provisions for liabilities-current	6(16)	11,936	-	8,750	-
2280	Current lease liabilities		4,163	-	1,387	-
2320	Long-term liabilities, current portion	6(13)	13,119	1	7,700	-
2399	Other current liabilities		5,410	-	1,856	-
21XX	**Total current liabilities**		554,219	14	632,095	23
	Non-current liabilities					
2540	Long-term borrowings	6(13)	392,145	10	248,300	9
2550	Provisions for liabilities-non-current	6(16)	1,067	-	4,675	-
2570	Deferred income tax liabilities	6(27)	20,933	-	21,436	1
2580	Non-current lease liabilities		5,555	-	3,237	-
2600	Other non-current liabilities		1,920	-	720	-
25XX	**Total non-current liabilities**		421,620	10	278,368	10
2XXX	**Total liabilities**		975,839	24	910,463	33
	Equity					
	Share capital	6(17)				
3110	Common stock		674,773	16	606,773	22
	Capital surplus	6(18)				
3200	Capital surplus		1,634,005	40	668,132	24
	Retained earnings	6(19)				
3310	Legal reserve		72,384	2	40,698	1
3350	Unappropriated retained earnings		730,261	18	515,963	19
3400	Other equity interest		13,995	-	17,929	1
3XXX	**Total equity**		3,125,418	76	1,849,495	67
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 4,101,257	100	$ 2,759,958	100

The accompanying notes are an integral part of these parent company only financial statements.

SKYTECH INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	Year ended December 31 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(20) and 7	$ 1,667,072	100	$ 1,741,090	100
5000	Operating costs	6(4)(25)(26) and 7	(947,957)	(57)	(1,079,411)	(62)
5900	Gross profit		719,115	43	661,679	38
5910	Unrealised profit from sales		(18,240)	(1)	(52,504)	(3)
5920	Realised profit from sales		49,595	3	41,816	2
5950	Net gross profit		750,470	45	650,991	37
	Operating expenses	6(25)(26)				
6100	Selling expenses		(90,671)	(5)	(79,492)	(4)
6200	General and administrative expenses		(158,367)	(10)	(137,116)	(8)
6300	Research and development expenses		(186,118)	(11)	(241,295)	(14)
6450	Expected credit impairment gain (loss)	12(2)	582	-	(371)	-
6000	Total operating expenses		(434,574)	(26)	(458,274)	(26)
6900	Operating income		315,896	19	192,717	11
	Non-operating income and expenses					
7100	Interest income	6(21)	6,732	-	2,766	-
7010	Other income	6(22) and 7	32,191	2	36,736	2
7020	Other gains and losses	6(23)	9,320	1	42,858	3
7050	Finance costs	6(24)	(7,802)	-	(9,463)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	7,789	-	96,878	6
7000	Total non-operating income and expenses		48,230	3	169,775	10
7900	**Profit before income tax**		364,126	22	362,492	21
7950	Income tax expense	6(27)	(57,465)	(4)	(45,630)	(3)
8200	**Profit for the year**		$ 306,661	18	$ 316,862	18
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation difference of foreign operations	6(6)	($ 3,934)	-	$ 13,135	1
8500	**Total comprehensive income for the year**		$ 302,727	18	$ 329,997	19
9750	Basic earnings per share(in dollars)	6(28)	$ 5.02		$ 5.66	
9850	Diluted earnings per share(in dollars)	6(28)	$ 5.01		$ 5.64	

The accompanying notes are an integral part of these parent company only financial statements.

SKYTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Common stock	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated Retained Earnings	Financial Statements Translation Differences of Foreign Operations	Total Equity
2022							
Balance at January 1, 2022		$ 544,773	$ 269,981	$ 22,960	$ 216,839	$ 4,794	$ 1,059,347
Profit for the year		-	-	-	316,862	-	316,862
Other comprehensive income for the year		-	-	-	-	13,135	13,135
Total comprehensive income for the year		-	-	-	316,862	13,135	329,997
Appropriations and distribution of 2021 earnings:	6(19)						
Legal reserve appropriated		-	-	17,738	(17,738)	-	-
Share-based payments	6(15)(18)(26)	-	161	-	-	-	161
Issuance of new share capital	6(15)(17)(18)	62,000	398,000	-	-	-	460,000
Recognition of changes in ownership interests in subsidiary's non-controlling interests	6(18)	-	(10)	-	-	-	(10)
Balance at December 31, 2022		$ 606,773	$ 668,132	$ 40,698	$ 515,963	$ 17,929	$ 1,849,495
2023							
Balance at January 1, 2023		$ 606,773	$ 668,132	$ 40,698	$ 515,963	$ 17,929	$ 1,849,495
Profit for the year		-	-	-	306,661	-	306,661
Other comprehensive loss for the year		-	-	-	-	(3,934)	(3,934)
Total comprehensive income (loss) for the year		-	-	-	306,661	(3,934)	302,727
Appropriations and distribution of 2022 earnings:	6(19)						
Legal reserve appropriated		-	-	31,686	(31,686)	-	-
Cash dividends		-	-	-	(60,677)	-	(60,677)
Share-based payments	6(15)(18)(26)	-	4,305	-	-	-	4,305
Issuance of new share capital	6(15)(17)(18)	68,000	961,568	-	-	-	1,029,568
Balance at December 31, 2023		$ 674,773	$ 1,634,005	$ 72,384	$ 730,261	$ 13,995	$ 3,125,418

The accompanying notes are an integral part of these parent company only financial statements.

SKYTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 364,126	$ 362,492
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(15)(26)	4,305	161
Depreciation	6(6)(7)(25)	40,234	29,726
Amortisation	6(25)	7,780	7,427
Expected credit impairment (gain) loss	12(2)	(582)	371
Loss on financial liabilities at fair value through profit or loss	6(23)	-	(1,098)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(7,789)	(96,878)
Interest income	6(21)	(6,732)	(2,766)
Interest expenses	6(24)	7,802	9,463
Loss on disposals of property, plant and equipment	6(23)	-	270
Gain on disposals of right-of-use assets	6(23)	(20)	(565)
Loss on disposal of intangible assets	6(23)	-	520
Dividends income		(2)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(161,412)	1,450
Accounts receivable		61,526	(26,535)
Accounts receivable - related parties		(27,418)	(74,877)
Finance lease receivable		1,680	3,599
Other receivables		5,806	(9,796)
Inventories		(217,592)	(170,668)
Prepayments		4,885	(24,534)
Other current assets		(10)	-
Changes in operating liabilities			
Current contract liabilities		(48,876)	62,315
Accounts payable		(73,933)	134,509
Accounts payable - related parties		42,193	631
Other payables		(23,850)	32,238
Provisions for liabilities		(422)	8,831
Other current liabilities		3,554	(1,576)
Cash (outflow) inflow generated from operations		(24,747)	244,710
Interest received		6,968	2,518
Interest paid		(7,715)	(9,641)
Income taxes paid		(48,453)	(21,017)
Income taxes refund received		14,219	-
Dividends received		2	-
Net cash flows (used in) from operating activities		(59,726)	216,570

(Continued)

SKYTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in current financial assets at amortised cost		($ 200,000)	$ -
Acquisition of property, plant and equipment	6(7)	(490,349)	(47,223)
Acquisiton of intangible assets		(1,372)	(9,790)
Increase in refundable deposits		(3,634)	(3,220)
Acquisition of investments accounted for using the equity method		(20,000)	-
Net cash flows used in investing activities		(715,355)	(60,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(29)	15,000	57,000
Repayments of short-term borrowings	6(29)	(10,040)	(438,468)
Proceeds from long-term borrowings	6(29)	303,996	-
Repayments of long-term borrowings	6(29)	(154,732)	-
Proceeds from issuance of new share capital	6(17)	1,029,568	460,000
Repayment of principal portion of lease liabilities	6(29)	(3,472)	(2,276)
Cash dividends paid		(60,677)	-
Acquisition of investment accounted for using the equity method	6(6)	-	(10)
Increase in guarantee deposits		1,200	-
Net cash flows from financing activities		1,120,843	76,246
Net increase in cash and cash equivalents		345,762	232,583
Cash and cash equivalents at beginning of year	6(1)	456,190	223,607
Cash and cash equivalents at end of year	6(1)	$ 801,952	$ 456,190

The accompanying notes are an integral part of these parent company only financial statements.

SKYTECH INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organisation

Skytech Inc. (the "Company") was incorporated on July 17, 2002. The Company is primarily engaged in the research, development, manufacturing, maintenance and sales of semiconductor equipment and related spare parts.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on February 23, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. The parent company only financial statements have been prepared under the historical cost convention.

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

(3) Foreign currency translation

The functional currency of the Company is determined by the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency transactions and balances:

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

(6) Financial assets at amortised cost

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

(7) Accounts and notes receivable

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

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

(8) Impairment of financial assets

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

(9) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'finance lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

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

E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	20 ~ 56 years
Machinery and equipment	3 ~ 10 years
Transportation equipment	5 ~ 10 years
Office equipment	3 ~ 10 years
Other equipment	15 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

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

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

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

(14) Impairment of non-financial assets

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

(15) Intangible assets

Intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over their estimated useful life of 1 to 5 years.

(16) Borrowings

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

(17) Accounts and notes payable

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

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

(18) Provisions

Provisions (including warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(20) Employee share-based payment

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

(21) Income tax

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

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

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

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

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

(23) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(24) Revenue recognition

A. Sales revenue

(a) Sales revenue arises from sales of electronic spare parts, semiconductor equipment and automation system integration technology products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the wholesaler’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

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

B. Overhaul revenue

The Company is engaged in rendering overhaul services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Service revenue

The Company is engaged in rendering technical support services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

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

5. <u>Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty</u>

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

<u>Critical accounting estimates and assumptions</u>

Valuation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future, and is affected by uncertainties in external market and economic conditions beyond the Company's control. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $1,069,192.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 60	$ 60
Checking accounts and demand deposits	540,472	291,586
Time deposits	261,420	164,544
	$ 801,952	$ 456,190

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	$ 200,000	$ -

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $200,000 and $0, respectively.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 161,646	$ 234
Less: Allowance for uncollectible accounts	-	-
	$ 161,646	$ 234
Accounts receivable	$ 197,241	$ 258,767
Accounts receivable - related parties	143,435	116,017
	340,676	374,784
Less: Allowance for uncollectible accounts	(327)	(909)
	$ 340,349	$ 373,875

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

	December 31, 2023	
	Accounts receivable	Notes receivable
Not past due	$ 325,401	$ 161,646
Within 6 months	15,047	-
7-12 months	-	-
1-2 year(s)	-	-
2-3 years	228	-
Over 3 years	-	-
	$ 340,676	$ 161,646

	December 31, 2022	
	Accounts receivable	Notes receivable
Not past due	$ 300,259	$ 234
Within 6 months	29,160	-
7-12 months	37,127	-
1-2 year(s)	8,046	-
2-3 years	192	-
Over 3 years	-	-
	$ 374,784	$ 234

The above ageing analysis was based on past due date.

B. As at December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. And as at January 1, 2022, the balance of notes receivable and accounts receivable from contracts with customers amounted to $275,056.

C. The Company has no notes and accounts receivable pledged to others.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were $161,646 and $234; $340,349 and $373,875, respectively.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 587,791	($ 70,736)	$ 517,055
Work in progress	304,767	(3,176)	301,591
Finished goods	250,546	-	250,546
	$ 1,143,104	($ 73,912)	$ 1,069,192

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 640,794	($ 113,984)	$ 526,810
Work in progress	231,624	(6,388)	225,236
Finished goods	154,261	-	154,261
	$ 1,026,679	($ 120,372)	$ 906,307

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 994,417	$ 1,073,902
(Gain on reversal of) loss on decline in market value, obsolete and slow-moving inventory	(46,460)	5,509
	$ 947,957	$ 1,079,411

The Company recognised gain on reversal of market price decline for the year ended December 31, 2023 because some of the inventories previously written down were sold.

(5) Prepayments

	December 31, 2023	December 31, 2022
Prepayments to inadvance	$ 58,452	$ 61,426
Prepaid expenses	5,484	7,395
	$ 63,936	$ 68,821

(6) Investments accounted for using equity method

	2023	2022
At January 1	$ 241,982	$ 147,754
Addition of investments accounted for using equity method	20,000	-
Share of profit or loss of investments accounted for using equity method	7,789	96,878
Unrealised profit or loss adjustment	47,553	(15,785)
Currency translation differences	(3,934)	13,135
At December 31	$ 313,390	$ 241,982

A. The basic information of the Company's subsidiaries is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2023	Shareholding ratio December 31, 2022	Nature of relationship	Methods of measurement
Skylead INC.	Taiwan	100%	100%	Subsidiary	Equity method
Skysemi (Xiamen) Technology Co., Ltd.	China	100%	100%	Subsidiary	Equity method
Gimtek (Singapore) Pte Ltd.	Singapore	100%	100%	Subsidiary	Equity method

B. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2023.

(7) Property, plant and equipment

A. The details of property, plant and equipment are as follows:

	2023						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1, 2023							
Cost	$ 372,533	$ 167,041	$ 96,624	$ 1,252	$ 14,172	$ 2,200	$ 653,822
Accumulated depreciation and impairment	-	(22,877)	(26,610)	(93)	(7,766)	(1,857)	(59,203)
	$ 372,533	$ 144,164	$ 70,014	$ 1,159	$ 6,406	$ 343	$ 594,619
2023							
At Jaunary 1	$ 372,533	$ 144,164	$ 70,014	$ 1,159	$ 6,406	$ 343	$ 594,619
Additions	358,191	108,909	1,927	-	21,322	-	490,349
Transfers	-	-	7,055	-	99	-	7,154
Depreciation	-	(9,139)	(22,585)	(250)	(4,449)	(226)	(36,649)
At December 31	$ 730,724	$ 243,934	$ 56,411	$ 909	$ 23,378	$ 117	$ 1,055,473
At December 31, 2023							
Cost	$ 730,724	$ 275,950	$ 95,022	$ 1,252	$ 32,379	$ 236	$ 1,135,563
Accumulated depreciation and impairment	-	(32,016)	(38,611)	(343)	(9,001)	(119)	(80,090)
	$ 730,724	$ 243,934	$ 56,411	$ 909	$ 23,378	$ 117	$ 1,055,473

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1, 2022							
Cost	$ 372,533	$ 160,565	$ 23,759	$ 609	$ 12,492	$ 3,671	$ 573,629
Accumulated depreciation and impairment	-	(15,600)	(11,589)	(583)	(5,966)	(2,603)	(36,341)
	$ 372,533	$ 144,965	$ 12,170	$ 26	$ 6,526	$ 1,068	$ 537,288
2022							
At Jaunary 1	$ 372,533	$ 144,965	$ 12,170	$ 26	$ 6,526	$ 1,068	$ 537,288
Additions	-	6,476	36,330	1,252	3,165	-	47,223
Disposals	-	-	-	-	(105)	(165)	(270)
Transfers	-	-	37,721	-	-	-	37,721
Depreciation charge	-	(7,277)	(16,207)	(119)	(3,180)	(560)	(27,343)
At December 31	$ 372,533	$ 144,164	$ 70,014	$ 1,159	$ 6,406	$ 343	$ 594,619
At December 31, 2022							
Cost	$ 372,533	$ 167,041	$ 96,624	$ 1,252	$ 14,172	$ 2,200	$ 653,822
Accumulated depreciation and impairment	-	(22,877)	(26,610)	(93)	(7,766)	(1,857)	(59,203)
	$ 372,533	$ 144,164	$ 70,014	$ 1,159	$ 6,406	$ 343	$ 594,619

B. There were no borrowing costs capitalised as part of property, plant and equipment for the years ended December 31, 2023 and 2022, respectively.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Company leases various assets including transportation equipments and offices. Rental contracts are typically made for periods of 3 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Certain leases of employees' dormitory and offices are classified as short-term leases as the lease terms do not exceed 12 months.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings and structures	$ 2,772	$ 4,494
Transportation equipment (Business vehicles)	6,723	-
	$ 9,495	$ 4,494

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings and structures	$ 1,344	$ 2,383
Transportation equipment (Business vehicles)	2,241	-
	$ 3,585	$ 2,383

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $ 8,964 and $3,359, respectively.

E. The information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 245	$ 281
Expense on short-term lease contracts	1,136	1,235

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $4,853 and $3,792, respectively.

(9) Leasing arrangements – lessor

A. Operating leases

(a) The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

(b) For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of $ 7,412 and $7,524, respectively, based on the operating lease agreement, which does not include variable lease payments.

(c) The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023			December 31, 2022	
2024	$	10,588	2023	$	3,328
2025		7,828	2024		1,488
2026		1,488	2025		1,488
2027		1,488	2026		1,488
2028		1,488	2027		1,488
After 2029		1,488	After 2028		1,488
	$	24,368		$	10,768

B. Financing lease

(a) The Company leases machinery and equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,			
	2023		2022	
Finance income from the net investment in the finance lease	$	834	$	901

(b) The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023			December 31, 2022	
2024	$	8,706	2023	$	5,700
2025		11,106	2024		7,800
2026		14,405	2025		10,200
2027		4,279	2026		13,500
	$	38,496	2027		3,600
				$	40,800

(c) Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2023				December 31, 2022			
	Current		Non-current		Current		Non-current	
Undiscounted lease payments	$	8,706	$	29,790	$	5,700	$	35,100
Unearned finance income	(	764)	(	857)	(	809)	(	1,436)
Net investment in the lease	$	7,942	$	28,933	$	4,891	$	33,664

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 102,500	1.84%～1.94%	Note

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 97,540	1.59%～1.87%	Note

Note: Information about the collateral provided for short-term borrowings are provided in Note 8.

Interest expense recognised in profit or loss amounted to $1,782 and $5,920 for the years ended December 31, 2023 and 2022, respectively.

(11) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 138,281	$ 227,027
Estimated accounts payable	74,097	59,284
	212,378	286,311
Accounts payable to related parties	$ 47,013	$ 3,968
Estimated accounts payable -related parties	-	852
	47,013	4,820
	$ 259,391	$ 291,131

(12) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payable	$ 35,773	$ 51,630
Accrual outsourcing manufacturing expenses	6,677	5,504
Employees’ compensation payable	5,518	19,078
Professional fees payable	5,579	3,992
Insurance payable	3,653	3,789
Pension payable	2,812	2,434
Other payables	12,852	10,200
	$ 72,864	$ 96,627

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Bank borrowings				
Secured borrowings	Note 1	1.82%	Note 5	$ 184,407
Secured borrowings	Note 3	1.86%	Note 5	76,800
Unsecured borrowings	Note 2	1.82%	None	64,057
Secured borrowings	Note 4	1.80%	Note 5	80,000
				405,264
Less: Current portion				(13,119)
				$ 392,145

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Bank borrowings				
Secured borrowings	Note 1	1.57%	Note 5	$ 190,000
Unsecured borrowings	Note 2	1.57%	None	66,000
				256,000
Less: Current portion				(7,700)
				$ 248,300

Note 1: The contract period is from May 18, 2020 to May 18, 2040. The interest is payable monthly for the first three years and payable monthly along with principal starting from the fourth year.

Note 2: The contract period is from May 18, 2020 to May 18, 2040. The interest is payable monthly for the first three years and payable monthly along with principal starting from the fourth year.

Note 3: The contract period is from September 18, 2023 to September 18, 2038. The interest is payable monthly for the first year and payable monthly along with principal starting from the second year.

Note 4: The contract period is from October 16, 2023 to October 14, 2033. The interest is payable monthly and principal is payable at maturity.

Note 5: Information about the collateral provided for long-term borrowings is provided in Note 8.

(14) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

The pension costs under defined benefit pension plans of the Company for the years ended December 31, 2023 and 2022 were both nil.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $10,543 and $9,057, respectively.

(15) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2022.4.29	120	0 day	Vested immediately
Cash capital increase reserved for employee preemption	2022.11.10	638	0 day	Vested immediately
Cash capital increase reserved for employee preemption	2023.12.8	1,020	0 day	Vested immediately

B. The fair value of the cash capital increase reserved for employee preemption granted on April 29, 2022 amounted to $50.

The fair value of the cash capital increase reserved for employee preemption granted on November 10, 2022 amounted to $65.8.

The fair value of the cash capital increase reserved for employee preemption granted on December 18, 2023 amounted to $116.53.

C. The fair value of share-based payment granted in 2023 and 2022 are measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2022.11.10	$ 65.8	38.30%	0.11 year	$ -	1.1507%	$ 0.2526
Cash capital increase reserved for employee preemption	2023.12.8	116.53	36.70%	0.04 year	-	0.9439%	4.2204

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Equity-settled	$ 4,305	$ 161

(16) Provisions

	Warranty	
	2023	2022
At January 1	$ 13,425	$ 4,594
Additional provisions	9,475	19,496
Used during the year	(9,897)	(10,665)
At December 31	$ 13,003	$ 13,425

The provision liabilities are estimated by the Company in consideration of the potential after-sales service warranty on the sales of machinery and equipment.

(17) Share capital

A. As at December 31, 2023, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary shares, and the paid-in capital was $ 674,773 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: shares

	2023	2022
At January 1	60,677,263	54,477,263
Cash capital increase	6,800,000	6,200,000
At December 31	67,477,263	60,677,263

B. The Company resolved in the Board of Directors' meeting on October 6, 2023 to issue 6,800 thousand new shares for public subscription and underwriting prior to the initial listing. The new shares were issued at a premium price of NT$168.54 per share based on the weighted average price at the auction and at a premium price of NT$115 per share for the public subscription and underwriting. The total issued amount was $1,029,568 thousand. The effective date of capital increase was December 8, 2023. All proceeds from the capital increase had been collected.

C. The Company increased capital by issuing new shares amounting to 1,200,000 shares for the year ended December 31, 2022. The shares were issued at a premium of NT$50 per share, totaling $60,000. The effective date was set on April 29, 2022, and the registration has been completed.

D. The Company increased capital by issuing new shares amounting to 5,000,000 shares for the year ended December 31, 2022. The shares were issued at a premium of NT$80 per share, totaling $400,000. The effective date was set on November 10, 2022, and the registration has been completed.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023				
	Share premium	Employee stock options	Employee stock options forfeited	Recognition of the effect of changes in ownership interest in subsidiaries and associates	Total
At January 1	$ 667,981	$ 161	$ -	($ 10)	$ 668,132
Cash capital increase	961,568	-	-	-	961,568
Share-based payments	-	4,305	-	-	4,305
Employee stock options forfeited	-	(477)	477	-	-
At December 31	$ 1,629,549	$ 3,989	$ 477	($ 10)	$ 1,634,005

	2022			
	Share premium	Employee stock options	Recognition of the effect of changes in ownership interest in subsidiaries and associates	Total
At January 1	$ 269,981	$ -	$ -	$ 269,981
Share-based payments	-	161	-	161
Cash capital increase	398,000	-	-	398,000
Recognition of the effect of changes in ownership interest in subsidiaries-acquiring non- controlling interests of subsidiaries	-	-	(10)	(10)
At December 31	$ 667,981	$ 161	($ 10)	$ 668,132

(19) Retained earnings

A. The Company's shareholders during its special general meeting held on March 3, 2023 approved the amendment of the Articles of Incorporation of the Company, stipulating that the Company's profit after tax, if any, shall first be used to cover accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. Subsequently, special reserve shall be set aside or reversed in accordance with the laws and regulations or depending on the operational needs. The remainder, if any, along with beginning unappropriated earnings shall be appropriated and proposed by the Board of Directors as shareholders' dividends and bonuses, and submitted to the shareholders' meeting for approval. Where the aforementioned dividends and bonuses, capital surplus or legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised to make such distribution by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and the distribution shall be reported to the shareholders' meeting. Where the distribution is made in the form of stocks, it shall be submitted to the shareholders' meeting for approval.

The Company's dividend distribution policy is subject to factors, such as its current and future investment environment, capital needs, domestic and foreign competition situation and capital budget, and the shareholders' interest and the Company's long-term financial plan. The total dividends and bonuses distributed to the shareholders shall not be lower than 10% of the net amount of the current year's profit after tax less capital surplus appropriated in accordance with the laws. However, after deducting capital surplus appropriated in accordance with the laws from the current year's profit after tax, if the distributable amount per share is less than NT$ 0.1 (in dollars), the earnings shall not be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stocks, but cash dividends shall account for at least 10% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. On June 9, 2022, the Board of Directors of the Company resolved the appropriation of 2021 earnings, proposing the provision of legal reserve of $17,738. Such earnings appropriation was approved at the shareholders' meeting on July 22, 2022.

D. On March 30, 2023, the Board of Directors of the Company resolved the appropriation of 2022 earnings, proposing the provision of legal reserve of $31,686 and the distribution of shareholders' cash dividends of $60,677 at NT$1 (in dollars) per share. Such earnings appropriation was approved at the shareholders' meeting on June 29, 2023, and was distributed on September 15, 2023.

E. On February 23, 2024, the Board of Directors of the Company resolved the appropriation of 2023 earnings, proposing the provision of legal reserve of $ 30,666 and the distribution of shareholders' cash dividends of $ 134,955 at NT$2 (in dollars) per share. Such earnings appropriation has not yet been approved at the shareholders' meeting.

(20) Operating revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Sales revenue from equipment and spare parts	$ 1,302,040	$ 1,362,144
Overhaul revenue	314,818	338,272
Service revenue	50,214	40,674
	$ 1,667,072	$ 1,741,090

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines:

Year ended December 31, 2023	Sales revenue from equipment and spare parts	Overhaul revenue	Service revenue	Total
Timing of revenue				
At a point in time	$ 1,302,040	$ -	$ -	$ 1,302,040
Over time	-	314,818	50,214	365,032
	$ 1,302,040	$ 314,818	$ 50,214	$ 1,667,072

Year ended December 31, 2022	Sales revenue from equipment and spare parts	Overhaul revenue	Service revenue	Total
Timing of revenue				
At a point in time	$ 1,362,144	$ -	$ -	$ 1,362,144
Over time	-	338,272	40,674	378,946
	$ 1,362,144	$ 338,272	$ 40,674	$ 1,741,090

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:	$ 40,465	$ 89,341	$ 27,026

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 54,235	$ 3,254

(21) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 6,702	$ 2,766
Loan interest income	30	-
	$ 6,732	$ 2,766

(22) Other income

	Years ended December 31,	
	2023	2022
Government subsidy income (Note)	$ 24,188	$ 27,689
Rent income	7,412	7,524
Dividend income	2	-
Others	589	1,523
	$ 32,191	$ 36,736

Note: For the years ended December 31, 2023 and 2022, the Company received the government grant funding for implementing the "A+ Industrial Innovation R&D Program – Multifunctional nanometer thin film atomic layer epitaxial growth equipment and system integration technology development plan" of the Ministry of Economic Affairs, and recognised the relevant government grant income based on the actual expenditures.

For the years ended December 31, 2023 and 2022, revenue recognised from the aforementioned subsidy programs amounted to $24,188 and $27,689, respectively.

(23) Other gains and losses

	Years ended December 31, 2023	Years ended December 31, 2022
Foreign exchange gains	$ 3,293	$ 43,321
Gains on disposals of right-of-use assets	20	565
Gains on financial liabilities at fair value through profit or loss	-	1,098
Losses on disposals of intangible assets	-	(520)
Losses on disposals of property, plant and equipment	-	(270)
Other gains and losses	6,007	(1,336)
	$ 9,320	$ 42,858

(24) Finance costs

	Years ended December 31, 2023	Years ended December 31, 2022
Bank borrowings	$ 7,557	$ 9,182
Lease liabilities	245	281
	$ 7,802	$ 9,463

(25) Expenses by nature

	Years ended December 31, 2023	Years ended December 31, 2022
Employee benefit expense	$ 282,635	$ 269,194
Depreciation charges on property, plant and equipment	$ 36,649	$ 27,343
Depreciation charges on right-of-use assets	$ 3,585	$ 2,383
Amortisation charges on intangible assets	$ 7,780	$ 7,427

(26) Employee benefit expense

	Years ended December 31, 2023	Years ended December 31, 2022
Wages and salaries	$ 233,390	$ 228,309
Share-based payments	4,305	161
Labor and health insurance fees	21,162	17,503
Pension costs	10,543	9,057
Other personnel expenses	13,235	14,164
	$ 282,635	$ 269,194

A. In accordance with the Articles of Incorporation of the Company amended on June 29, 2023, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' remuneration and employees' compensation. The ratio shall not be higher than 2% for directors' remuneration and shall not be lower than 1% for employees' compensation.

However, if the Company has accumulated losses, earnings should be reserved to cover losses.

B. In accordance with the Articles of Incorporation of the Company amended on July 22, 2022 and March 3, 2023, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' and supervisors' remuneration and employees' compensation. The ratio shall not be higher than 2% for directors' and supervisors' remuneration and shall not be lower than 5% for employees' compensation. However, if the Company has accumulated losses, earnings should be reserved to cover losses.

C. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $5,518 and $19,078, respectively. The directors' and supervisors' remuneration were both nil. The aforementioned amounts were recognised in salary expenses. The aforementioned amounts were recognised in salary expenses. The employees' compensation was estimated and accrued based on 1.5% of distributable profit for the year ended December 31, 2023.

Employees' compensation for 2022 amounting to $19,078 as resolved by the Board of Directors was in agreement with those amounts recognised in the 2022 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 47,207	$ 44,334
Tax on undistributed surplus earnings	4,548	4,788
Prior year income tax underestimation	3,326	1,698
Total current tax	55,081	50,820
Deferred tax:		
Origination and reversal of temporary differences	2,384	(5,190)
Total deferred tax	2,384	(5,190)
Income tax expense	$ 57,465	$ 45,630

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 72,825	$ 72,498
Expenses disallowed by tax regulation	7	-
Temporary differences not recognised as deferred tax assets	(14,474)	(8,901)
Effect from investment tax credits	(11,151)	(19,263)
Change in assessment of realisation of deferred tax assets	2,384	(5,190)
Prior year income tax underestimation	3,326	1,698
Tax on undistributed earnings	4,548	4,788
Income tax expense	$ 57,465	$ 45,630

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

	2023		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Unrealised exchange losses	$ 153	$ 886	$ 1,039
Unrealised allowance for inventory valuation loss	9,148	5,634	14,782
Unrealised sales profit	5,898	865	6,763
Unrealised profit from sales from affiliates	10,501	(11,014)	(513)
Unrealised unused compensated absences	166	14	180
Others	-	728	728
	25,866	(2,887)	22,979
Deferred tax liabilities:			
Unrealised exchange gains	(880)	880	-
Investments accounted for using the equity method	(20,556)	(1,557)	(22,113)
Others	-	1,180	1,180
	(21,436)	503	(20,933)
	$ 4,430	($ 2,384)	$ 2,046

	2022		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Unrealised exchange losses	$ -	$ 153	$ 153
Unrealised allowance for inventory valuation loss	-	9,148	9,148
Unrealised sales profit	-	5,898	5,898
Unrealised profit from sales from affiliates	-	10,501	10,501
Unrealised unused compensated absences	-	166	166
	-	25,866	25,866
Deferred tax liabilities:			
Unrealised exchange gains	(760)	(120)	(880)
Investments accounted for using the equity method	-	(20,556)	(20,556)
	(760)	(20,676)	(21,436)
	($ 760)	$ 5,190	$ 4,430

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ -	$ 74,631

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 306,661	61,124	$ 5.02
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		47	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 306,661	61,171	$ 5.01

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 316,862	56,002	$ 5.66
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		202	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 316,862	56,204	$ 5.64

(29) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities (Note)	Liabilities from financing activities-gross
At January 1	$ 97,540	$ 256,000	$ 4,624	$ 358,164
Changes in cash flow from financing activities	4,960	149,264	(3,472)	150,752
Interest expense	-	-	245	245
Interest paid	-	-	(245)	(245)
Changes in other non-cash items	-	-	8,566	8,566
At December 31	$ 102,500	$ 405,264	$ 9,718	$ 517,482

	2022			
	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities (Note)	Liabilities from financing activities-gross
At January 1	$ 479,008	$ 256,000	$ 20,352	$ 755,360
Changes in cash flow from financing activities	(381,468)	-	(2,276)	(383,744)
Interest expense	-	-	281	281
Interest paid	-	-	(281)	(281)
Changes in other non-cash items	-	-	(13,452)	(13,452)
At December 31	$ 97,540	$ 256,000	$ 4,624	$ 358,164

Note: Including current portion.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Gimtek (Singapore) Pte. Ltd ("Gimtek")	Subsidiary of the Company
Skysemi (Xiamen) Technology Co., Ltd. (" Skysemi ")	Subsidiary of the Company
Tradegenic Electronic (Shanghai) Co.,Ltd. (" Tradegenic ")	Subsidiary of the Company
Skylead INC.(" Skylead ")	Subsidiary of the Company
Welltech Semiconductor, Inc. (" Welltech ")	Other related party
Jantech Semiconductor, Inc. ("Jantech")	Other related party
Celetech Semiconductor, Inc. (" Celetech")	Other related party
Jinhong International Investment Co., Ltd.(" Jinhong ")	Other related party
Topview International Investment Co., Ltd. (" Topview ")	Other related party
Leading International Investment Co. Ltd. (" Leading ")	Other related party
Mega International Investment Co., Ltd. (" Mega ")	Other related party
Wealthwave International Investment Co., Ltd. (" Wealthwave ")	Other related party

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31, 2023	Years ended December 31, 2022
Sales of equipment and spare parts:		
Skysemi	$ 308,657	$ 120,048
Gimtek	60,103	76,137
Tradegenic	25,126	28,810
	$ 393,886	$ 224,995
Overhaul service revenue:		
Tradegenic	$ 48,185	$ 32,410
Gimtek	33,408	35,365
Skysemi	12,880	18,594
	$ 94,473	$ 86,369

B. Purchases:

	Years ended December 31, 2023	Years ended December 31, 2022
Purchases of equipment and spare parts:		
Skysemi	$ 77,088	$ 48,358
Gimtek	978	2,197
	$ 78,066	$ 50,555

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Skysemi	$ 84,524	$ 61,180
Gimtek	32,997	31,163
Tradegenic	25,914	23,674
	$ 143,435	$ 116,017

The receivables from related parties arise mainly from sales of equipment and spare parts. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable		
Skysemi	$ 46,995	$ 2,916
Gimtek	18	1,904
	$ 47,013	$ 4,820

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Contract liabilities:

	December 31, 2023	December 31, 2022
Skysemi	$ 5,839	$ 14,319

Contract liabilities arise from research and development services.

F. Leasing arrangements – lessor

The Company leases office space to Welltech and Skylead The rent income for the years ended December 31, 2023 and 2022 amounted to $1,488 and $3,175, respectively.

G. Loans to related parties:

(a) Loans to related parties:

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Skylead	$ 4,000	$ -

(ii) Interest income

	Years ended December 31,	
	2023	2022
Skylead	$ 30	$ -

The loans to related party are repayable monthly after 1 year and annual interest of 1.49% is charged for the year ended December 31, 2023.

(3) Key management compensation

	Year ended December 31,	
	2023	2022
Salaries and short-term employee benefits	$ 18,292	$ 10,596
Post-employment benefits	619	278
Share-based payments	1,730	1
	$ 20,641	$ 10,875

8. Pledged Assets

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

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Land	$ 691,789	$ 372,533	Short-term and long-term borrowings
Buildings and structures	235,781	144,164	Short-term and long-term borrowings
Time deposits (shown as other non-current assets)	2,212	2,183	Customs guarantee

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of earnings had been approved by the Board of Directors on February 23, 2024. Please refer to Note 6(19).

12. Others

(1) Capital management

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

The Company's strategy was to maintain the gearing ratio within a reasonable level. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	$ 507,764	$ 353,540
Less: Cash and cash equivalents	(801,952)	(456,190)
Net debt	(294,188)	(102,650)
Total equity	3,125,418	1,849,495
Total capital	$ 2,831,230	$ 1,746,845
Gearing ratio	-	-

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 801,952	$ 456,190
Financial assets at amortised cost	200,000	-
Notes receivable	161,646	234
Accounts receivable (including related parties)	340,349	373,875
Other receivables	4,194	10,236
Refundable deposits (shown as other non-current assets)	10,218	6,584
	$ 1,518,359	$ 847,119

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 102,500	$ 97,540
Accounts payable (including related parties)	259,391	291,131
Other payables	72,864	96,627
Long-term borrowings (including current portion)	405,264	256,000
Guarantee deposits	1,920	720
	$ 841,939	$ 742,018
Lease liabilities	$ 9,718	$ 4,624

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Financial risk management policies are reviewed on a regular basis to reflect the changes in market condition and the Company's operations.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. On the principle of natural hedge, the Company conducts hedging according to the foreign exchange situation in the market based on its capital needs and net positions (the difference between foreign assets and liabilities) of each currency. When a short-term imbalance occurs, the Company will buy or sell foreign currencies at the spot rate to ensure that the foreign exchange risk is maintained at an acceptable level.

iii.The Company’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 57,435	30.71	$ 1,763,829
Non-monetary items			
USD:NTD	4,590	30.71	140,965
RMB:NTD	35,924	4.33	155,551
Financial liabilities			
Monetary items			
USD:NTD	$ 2,374	30.71	$ 72,906

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,432	30.71	$ 443,207
Non-monetary items			
USD:NTD	3,611	30.71	110,894
RMB:NTD	29,742	4.41	131,162
Financial liabilities			
Monetary items			
USD:NTD	$ 1,960	30.71	$ 60,192

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	9%	$ 158,745	$ -
Non-monetary items			
USD:NTD	9%	-	12,687
RMB:NTD	5%	-	7,778
Financial liabilities			
Monetary items			
USD:NTD	9%	($ 6,561)	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	15%	$ 66,481	$ -
Non-monetary items			
USD:NTD	15%	-	16,634
RMB:NTD	1%	-	1,312
Financial liabilities			
Monetary items			
USD:NTD	15%	($ 9,029)	$ -

v. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to $ 3,293 and $43,321, respectively.

Cash flow and fair value interest rate risk

The Company’s interest rate risk arises from short-term, certain mid-term and long-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. For the years ended December 31, 2023 and 2022, the Company's borrowings at variable rates were denominated in NTD. If the market interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax, for the years ended December 31, 2023 and 2022 would have increased/decreased by $4,062 and $2,828, respectively.

(b) Credit risk

i. The Company's credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the notes and accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only counter parties with a good credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

iii. Considering the historical experience and industrial characteristics and in line with the credit risk management procedure, when the contract payments is past due over 1 year based on the terms, the default has occurred.

iv. The Group adopts following assumptions under IFRS 9 to assess. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As at December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 60 months past due	7~12 months past due	1~2 years past due	2~3 years past due	Over 3 years past due	Total
At December 31, 2023							
Expected loss rate	0.14%	0.33%	0.00%	0.00%	48.98%	0.00%	
Total book value	$ 487,047	$ 15,047	$ -	$ -	$ 228	$ -	$ 502,322
Loss allowance	$ 206	$ 20	$ -	$ -	$ 101	$ -	$ 327
AtDecember 31, 2022							
Expected loss rate	0.09%	0.81%	0.08%	3.41%	52.08%	0.00%	
Total book value	$ 300,493	$ 29,160	$ 37,127	$ 8,046	$ 192	$ -	$ 375,018
Loss allowance	$ 267	$ 236	$ 31	$ 274	$ 100	$ -	$ 909

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2023		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 909	$ 909
Reversal of impairment	-	(582)	(582)
At December 31	$ -	$ 327	$ 327

	2022		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 538	$ 538
Provision for impairment	-	371	371
At December 31	$ -	$ 909	$ 909

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Non-derivative financial liabilities			
Short-term borrowings	$ 102,749	$ -	$ -
Accounts payable (including related parties)	259,391	-	-
Other payables	72,864	-	-
Lease liabilities	4,361	5,665	-
Long-term borrowings (including current portion)	22,038	100,779	334,230

December 31, 2022	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Non-derivative financial liabilities			
Short-term borrowings	$ 97,734	$ -	$ -
Accounts payable (including related parties)	291,131	-	-
Other payables	96,627	-	-
Lease liabilities	1,470	3,135	195
Long-term borrowings (including current portion)	11,689	85,838	195,996

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Company's financial instruments not measured at fair value are approximate to their fair values, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, contract liabilities, notes payable, other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 2.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Please refer to table 7.

14. Segment Information

Not applicable.

SKYTECH INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand		$ 60
Demand deposits		
-NTD		427,459
-USD	USD 3,680 exchange rate 30.71	113,013
Time deposits		
-NTD		200,000
-USD	USD 2,000 exchange rate 30.71	61,420
		$ 801,952

SKYTECH INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Description	Amount	Note
General customer			
D company		$ 34,311	
I company		26,400	
G company		25,340	
B company		24,773	
Others		86,417	The balance of each customer has not exceeded 5% of the accounts receivable.
		197,241	
Less: Allowance for bad debt		(327)	
		196,914	
Related parties:			
Skysemi		84,524	
Gimtek		32,997	
Tradegenic		25,914	
		143,435	
		$ 340,349	

SKYTECH INC.
STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Description	Amount	Note
General customer			
I company		$ 110,880	
J company		50,384	
Others		382	
		$ 161,646	

SKYTECH INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw materials		$ 587,791	$ 601,239	The replacement cost is net market value
Work in progress		304,767	418,461	The net realisable value is net market value.
Finished goods		250,546	452,288	"
		1,143,104	$ 1,471,988	
Less: Allowance for inventory valuation loss		(73,912)		
		$ 1,069,192		

SKYTECH INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

	Beginning Balance		Additions		Decreases		Ending Balance			Market Value or Net Equity Value	
Name	Shares (Note 1)	Amount	Shares (Note 1)	Amount (Note 2)	Shares (Note 1)	Amount (Note 3)	Shares (Note 1)	Percentage of Ownership	Amount	Unit Price (Note 4)	Total Amount
Skylead Inc.	450,000	($ 86)	2,000,000	$ 20,000	-	($ 3,038)	2,450,000	100%	$ 16,876	$ 6.89	$ 16,876
Skysemi (Xiamen) Technology Co., Ltd.	-	131,165	-	42,038	-	(17,654)	-	100%	155,549	-	155,549
Gimtek(Singapore) Pte Ltd.	2,100,000	110,903	-	30,393	-	(331)	2,100,000	100%	140,965	67.13	140,965
		$ 241,982		$ 92,431		($ 21,023)			$ 313,390		$ 313,390

Note 1：Unit: shares.

Note 2：The increases in the current period include the additional investment costs in investee, the write-offs of unrealised upstream and downstream transactions, recognition of investment gains and losses, and the exchange difference from the translation of financial statements of foreign operating entities.

Note 3：The decreases in the current period include the write-off of unrealised downstream and downstream transactions, recognitions of investment gains and losses, and the exchange difference from the translation of financial statements of foreign operating entities.

Note 4：New Taiwan Dollar.

SKYTECH INC.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Beginning Balance	Additions	Decreases	Transfers	Ending Balance	Collateral	Note
Land	$ 372,533	$ 358,191	$ -	$ -	$ 730,724	Short-term and long-term borrowings	
Buildings and structures	167,041	108,909	-	-	275,950	Short-term and long-term borrowings	
Machinery equipment	96,624	1,927	(10,425)	6,896	95,022	None	
Transportation equipment	1,252	-	-	-	1,252	None	
Office equipment	14,172	21,322	(3,214)	99	32,379	None	
Other equipment	2,200	-	(1,964)	-	236	None	
	$ 653,822	$ 490,349	($ 15,603)	$ 6,995	$ 1,135,563		

SKYTECH INC.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Beginning Balance	Additions	Decreases	Transfers	Ending Balance	Note
Buildings and structures	$ 22,877	$ 9,139	$ -	$ -	$ 32,016	
Machinery equipment	26,610	22,585	(10,425)	(159)	38,611	
Transportation equipment	93	250	-	-	343	
Office equipment	7,766	4,449	(3,214)	-	9,001	
Other equipment	1,857	226	(1,964)	-	119	
	$ 59,203	$ 36,649	($ 15,603)	($ 159)	$ 80,090	

SKYTECH INC.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Client Name	Description	Amount	Note
G company		$ 18,181	
D company		16,790	
F company		14,218	
E company		13,878	
Others		149,311	The balance of each customer has not exceeded 5% of the accounts receivable.
		212,378	
Related parties:			
Skysemi		46,995	
Gimtek		18	
		$ 47,013	
		$ 259,391	

SKYTECH INC.
STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Volume	Amount	Note
Revenue from equipment and spare parts			
Machinery equipment	16 Sets	$ 664,236	
Spares parts	-	637,804	
Subtotal		1,302,040	
Overhaul revenue		314,818	
Service revenue		50,214	
Total		$ 1,667,072	

SKYTECH INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Amount
Beginning balance of raw material	$ 640,794
Add: Purchased of raw material	816,183
Less:Ending balance of raw material	(587,791)
Transferred to expenses	(20,140)
Raw material consumed	849,046
Direct labors	34,691
Manufacturing overheads	86,689
Manufacturing costs	970,426
Add: Beginning balance of work in progress	231,624
Purchased of work in progress	27,814
Less: Ending balance of work in progress	(304,767)
Transferred to expenses	(29,581)
Cost of finished goods	895,516
Add: Beginning balance of finished goods	154,261
Less: Endind balance of finished goods	(250,546)
Transferred to fixed assets	(7,154)
Cost of goods sold	792,077
Overhaul costs	176,889
Service costs	28,434
Gain on revesal of decline in market value, obsolete, and slow-moving inventory	(46,460)
Others	(2,983)
	$ 947,957

SKYTECH INC.
STATEMENT OF MANUFACTURING OVERHEADS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Wages and salaries		$ 23,749	
Utilities expense		8,214	
Insurance expense		5,806	
Depreciation expense		13,820	
Indirect material costs		8,134	
Others		26,966	The balance of each account has not exceeded 5% of the account balances.
		$ 86,689	

SKYTECH INC.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note
Wages and salaries		$ 44,482	
Freight		8,367	
Commission expense		9,713	
Others		28,109	The balance of each account has not exceeded 5% of the account balances.
		$ 90,671	

SKYTECH INC.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note
Wages and salaries		$ 73,580	
Depreciation expense		14,529	
Professional service fees		12,356	
Others		57,902	The balance of each account has not exceeded 5% of the account balances.
		$ 158,367	

SKYTECH INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

Item	Description	Amount	Note
Research and development expenses		$ 80,089	
Wages and salaries		61,193	
Depreciation and depletion expenses		11,411	
Others		33,425	The balance of each account has not exceeded 5% of the account balances.
		$ 186,118	

SKYTECH INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 58,440	$ 170,815	$ 229,255	$ 51,527	$ 176,782	$ 228,309
Share-based payments compensation cost	-	4,305	4,305	-	161	161
Labor and health insurance fees	5,518	15,644	21,162	4,006	13,497	17,503
Pension costs	2,702	7,841	10,543	2,039	7,018	9,057
Directors' remuneration	-	4,135	4,135	-	-	-
Other personnel expenses	3,400	9,835	13,235	3,105	11,059	14,164
Depreciation expense	12,949	23,700	36,649	8,375	18,968	27,343
Depreciation expense-right-of-use assets	871	2,714	3,585	990	1,393	2,383
Amortisation expense	1,072	6,708	7,780	1,631	5,796	7,427

Note:

1. As at December 31, 2023 and 2022, the Company had 279 and 254 employees, including 6 and 4 non-employee directors, respectively.

2(1) Average employee benefit expense in current year was 1,020 (in dollars). (“total employee benefit expense for the current year-total directors’ remuneration”/ “the number of employees in the current year–the number of directors who didn't concurrently serve as employees.”).

Average employee benefit expense in previous year was 1,077 (in dollars).(“total employee benefit expense for the current year-total directors’ remuneration”/ “the number of employees in the current year–the number of directors who didn't concurrently serve as employees.”).

(2) Average employees salaries in current year was 820 (in dollars).(total salaries and wages for the current year/ "the number of employees in the current year– the number of directors who didn't concurrently serve as employees.”).

Average employees salaries in previous year was 913 (in dollars).(total salaries and wages for the current year/ "the number of employees in the current year– the number of directors who didn't concurrently serve as employees.”).

SKYTECH INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION (Cont.)
EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(3) Adjustments of average employees salaries -10%.(“the average employee salaries and wages for the current year– the average employee salaries and wages for the previous year” / the average employee salaries and wages for the previous year).

(4) The Company established the audit committee, therefore no supervisors' remuneration.

(5) The Company’s compensation policy is as follows:

Directors’ and managers’ remuneration ：Directors’ and managers’ remuneration policy is set and periodically reviewed by the compensation committee. The directors’ and managers’ performance evaluations and salaries structures are determined based on the Company’s operating strategy and overall operating performance, and considered the general payment levels of the industry, contribution and achievement to their position andproposal is submitted by the compensation committee then implemented after being approved by the Board of Directors.

Employee salary：including basic salary, allowances, meals, bonuses, and welfare subsidies. The salary level should consider the salary level of the industry as well as the overall economic situation, position and ability. Bonuses are based on the Company's overall operating performance, individual performance and contribution. as the basis for evaluation.

SKYTECH INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	None	Yes	$ 153,550	$ -	$ -	$ -	2	$ -	Working capital	$ -	None	$ -	$ 1,250,167	$ 1,250,167	Note 4
0	Skytech Inc.	Gimtek (Singapore) Pte. Ltd.	None	Yes	153,550	-	-	-	2	-	Working capital	-	None	-	1,250,167	1,250,167	Note 4
0	Skytech Inc.	Skylead INC.	Other receivables	Yes	92,130	10,000	4,000	1.49%	2	-	Working capital	-	None	-	1,250,167	1,250,167	Note 5
1	Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) Co., Ltd.	Other receivables	Yes	4,330	4,330	4,330	4%	2	-	Working capital	-	None	-	94,900	189,800	Note 6

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: The numbers filled in for the nature of loan are as follows:

(1) Business transaction is '1'.

(2) Short-term financing is '2'.

Note 3：1. Ceiling on total loans granted: The total amount shall not exceed 50% of the Company's net assets, of which:

(1) The limit on total loans granted to the company who had business relationship with the Company is 10% of the Company's net assets.

(2) The limit on total loans granted to the company who had short-term financing needs is 40% of the Company's net assets.

2. Limit on the loans granted to a single party is as follows:

(1) For the companies having business relationship with the Company, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

Limit on loans to a single party with business transactions is the higher value of purchasing and selling in the latest year or in the next year, and shall not exceed 10% of the Company's net assets.

(2) Limit on loans to a single party with short-term financing is 40% of the Company's net asset. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

3. For the purpose of loan between the Company's foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, limit on loans is not restricted.

However, the total loan amount shall not exceed 100% of the creditors' net assets; limit on loans to a single party is 50% of the creditors' net assets, and the period of loans granted to a single party shall be stipulated.

Note 4: On March 21, 2022, the Company's Board of Directors resolved to grant loans to Skysemi (Xiamen) Technology Co., Ltd. and Gimtek (Singapore) Pte. Ltd. both amounting to USD 5 million, and the period of the loans is from March 21, 2022 to March 20, 2023.

Note 5: On March 1, 2023, the Company's Board of Directors resolved to grant loans to Skylead INC. amounting to USD 3 million, and the period of the loan is from March 1, 2023 to February 29, 2024. In addition, the Board of Directors resolved to grant loans to Skylead Inc. on August 18, 2023, but the loan amount was decreased to NTD 10 million, and the period of the loan is from March 1, 2023 to February 29, 2024.

Note 6: On August 14, 2023, Skysemi (Xiamen) Technology Co., Ltd. resolved in the shareholders' meeting to grant loans to Tradegenic Electronic (Shanghai) Co., Ltd. amounting to RMB 1 million, and the period of the loan is from August 22, 2023 to August 21, 2024.

SKYTECH INC. AND SUBSIDIARIES

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Skytech Inc.	Land and buildings	August 18, 2023	$ 327,367 (Note)	Acquired by cash	Legee Technology Inc.	None	-	-	-	$ -	Based on the appraisal report issued by the	To meet the requirement of the Company's future operating development	None

Note: It was including brokerage fee and other costs.

SKYTECH INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	Parent and subsidiary	Sales	$ 321,537	12.56%	90 days after monthly billings	Same as general transactions	Same as general transactions	$ 84,525	12.65%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

SKYTECH INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd	1	Revenue	$ 321,537	Note 5	12.56%
0	Skytech Inc.	Gimtek (Singapore) Pte. Ltd.	1	Revenue	93,511	Note 5	3.65%
0	Skytech Inc.	Tradegenic Electronic (Shanghai) CO., LTD.	1	Revenue	73,311	Note 5	2.86%
1	Skysemi (Xiamen) Technology Co., Ltd.	Skytech Inc.	2	Revenue	77,088	Note 5	3.01%
1	Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) CO., LTD.	3	Revenue	3,764	Note 5	0.15%
0	Skytech Inc.	Skysemi (Xiamen) Technology Co., Ltd.	1	Accounts receivable	84,524	Note 5	2.04%
0	Skytech Inc.	Gimtek (Singapore) Pte. Ltd.	1	Accounts receivable	32,997	Note 5	0.80%
0	Skytech Inc.	Tradegenic Electronic (Shanghai) CO., LTD.	1	Accounts receivable	25,914	Note 5	0.63%
1	Skysemi (Xiamen) Technology Co., Ltd.	Skytech Inc.	2	Accounts receivable	46,995	Note 5	1.13%
0	Skytech Inc.	Skylead INC.	1	Other receivables	4,000	Note 6	0.10%
1	Skysemi (Xiamen) Technology Co., Ltd.	Tradegenic Electronic (Shanghai) CO., LTD.	3	Other receivables	4,330	Note 6	0.10%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on

Note 4: Only transaction amounts over $1 million are disclosed.

Note 5: It was transacted based on the agreed transaction price and terms, and the credit terms is 90~120 days after monthly billings.

Note 6: Loans to others.

SKYTECH INC. AND SUBSIDIARIES

Information on investees (exclude investees in Mainland China)

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			Footnote
Skytech Inc.	Skylead INC.	Taiwan	Sales of equipment and spare parts	$ 24,500	$ 4,500	2,450,000	100%	$ 16,876	($ 3,038)	($ 3,038)	
Skytech Inc.	Gimtek (Singapore) Pte. Ltd	Singapore	Maintenance and sales of semiconductor equipment and spare parts	89,694	89,694	2,100,000	100%	140,965	24,563	24,879	Note 1 and 2

Note 1: Unrealised profit or loss from downstream and upstream transactions have been adjusted in the book value of shares held as at the end of the period and investment income (loss) for the period.
Note 2: Accumulated translation adjustment is included in the book value of shares held as at the end of the period.

SKYTECH INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31,2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Skysemi (Xiamen) Technology Co., Ltd.	Manufacturing and sales of semiconductor equipment and spare psrts	$ 233,769	Directly invest in a company in Mainland China	$ 249,762	$ -	$ -	$ 249,762	($ 13,907)	100%	($ 14,052)	$ 155,549	$ -	Note 2(2) B
Tradegenic Electronic (Shanghai) CO., LTD.	Sales of semiconductor equipment and spare parts	6,957	Through investing in an existing company in the third area (Skysemi (Xiamen) Technology Co., Ltd.), which then invested in the investee in	-	-	-	-	2,062	100%	1,341	31,723	-	Note 2(2) B

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company’s CPA.

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Skytech Inc.	$ 249,762	$ 290,339	$ 1,875,251

Note 1: The paid-in capital of Skysemi (Xiamen) Technology Co., Ltd. was RMB 53,988 thousand and the paid-in capital of Tradegenic Electronic (Shanghai) CO., LTD. was RMB 1,607 thousand.

Note 2: The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was USD 8,997 thousand, and such investment has been approved by the MOEA pursuant to the Jing-Shen-II-Zi Letter No. 11000260100.

SKYTECH INC. AND SUBSIDIARIES

Major shareholders information

Year ended December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Mega International Investment Co., Ltd.	4,673,353	6.92%
JHENG, RUEI-JYUN	4,300,000	6.37%
Topview International Investment Co., Ltd.	3,979,422	5.89%
Wealthwave International Investment Co., Ltd.	3,948,904	5.85%
Bairuifa Investment Co., Ltd.	3,875,160	5.74%
Celetech Semiconductor, Inc.	3,772,133	5.59%

Note: (1)The main shareholder information using total number of ordinary shares and preferred shares held by the shareholders who have completed the company's non-physical registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the share capital recorded in the company's financial report and the number of shares which the company actually have completed the non-physical registration and delivery, may be different from computational basis.

(2)Above information if belong to shareholders deliver the shares to the trust, will be disclosed by the principal individual account of trustee opened the trust account. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. Please refer to the information at the website of the Taiwan Stock Exchange for insider equity declaration information.

(3)The preparation principle of this table is to calculate the distribution of the balance of each credit transaction based on the shareholders registered on the book-close day of the extraordinary shareholders' meeting (short-sale securities are not purchased back).

(4)Ownership (%) = The total number of shares held by this shareholder / The total number of shares that have been delivered without physical registration.

(5)The total number of shares that have been delivered without physical registration (including treasury stocks) are 67,477,263 = 67,477,263 (common shares) + 0 (preferred shares).

Skytech Inc.

Chairman: Paul Huang