

TSE 4989
Printed on Mar 31, 2024

LCYtech.

2023

ANNUAL REPORT

Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>
Company Website: <https://lcyt.lcycic.com/zh>

I. Address and telephone number of the headquarter and branch

Headquarters

Address: 5th Floor, No. 83, Section 4, Ba De Road, Songshan District, Taipei City

Tel: 886-2-2763-1611

Manufacturing Site

Address: No. 3-1, Zhonglin Road, Xiaogang District, Kaohsiung City

Tel: 886-7-871-1291

II. Spokesperson

	Spokesperson	Deputy Spokesperson
Name	Liu, Chia-He	Stanley Kung
Position	General Manager	Chief of Financial Department
TEL	886-2-2763-1611	886-2-2763-1611
e-mail	lcyt@lcygroup.com	lcyt@lcygroup.com

III. Share transfer handling agency

Name: Agency Department, CTBC

Address: 5F., No. 83, Chongqing S. Rd., Sec. 1, Zhongzheng District, Taipei City

TEL: 886-2-6636-5566

Website: <https://ecorp.ctbcbank.com/cts/index.jsp>

IV. The certified public accountant who duly audited the annual financial report for the most recent fiscal year

Name of CPAs: Kuo, Wen-Chi , Liu Chien-Liang

Name of accounting firm: Deloitte Taiwan

Address: 20F., No. 100, Songren Rd., Xinyi District, Taipei City

TEL: 886-2-2725-9988

Website: <http://www.deloitte.com.tw>

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

VI. Website of the Company: <https://lcyt.lcycic.com/zh>

Contents

I. Letter to Shareholders	1
1. Business and Profit & Loss Overview.....	1
2. Research and Development	1
3. Execution of Revenue and Expenditure and Profitability	2
4. Summary of 2024 Business Plan.....	3
5. Future Outlook.....	4
II. Company Profile	6
1. Date of Incorporation.....	6
2. Company History.....	6
III. Corporate Governance Report	9
1. Organization	9
2. Information on the Directors, General Managers, Deputy General Managers, Assistant Managers, and Supervisors of Divisions and Branch Units	11
3. Remuneration Paid to the Directors, General Manager, and Deputy General Managers	22
4. Implementation of Corporate Governance	30
5. Information on CPA Professional Fees	93
6. Information on Replacement of CPAs.....	94
7. The Chairman, General Managers, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm	95
8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%.....	96
9. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another.....	98
10. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Managers, and Any Companies Controlled Either Directly or Indirectly by the Company.....	99
IV. Capital Overview.....	100
1. Capital and Shares	100

2.	Handling of Corporate Bonds, Special Shares, Depository Receipts, Employee Stock Options Restricted Stock Awards, or Acquisition or Purchasing Shares Newly Issued by Another Company.....	108
3.	Implementation of Capital Allocation Plans.....	108
V.	Operational Highlights	109
1.	Business Activities	109
2.	Analysis of Market and Production and Marketing Situation	116
3.	Information on Employees for the Two Most Recent Fiscal Years, and the Current Fiscal Year Up to the Date of Publication of the Annual Report	126
4.	Disbursements for Environmental Protection.....	126
5.	Labor Relations	126
6.	Cyber Security Management	129
7.	Important Contracts	131
VI.	Financial Information.....	132
1.	Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years and Names and Audit Opinions of CPAs.....	132
2.	Financial Analyses for the Past Five Fiscal Years.....	136
3.	Audit Committee’s Review Report on Financial Statements for the Most Recent Fiscal Year..	140
4.	Consolidated Financial Statements for the Most Recent Fiscal Year, Certified by CPAs	141
5.	Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs	194
6.	Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report	260
VII.	Review and Analysis of Financial Position and Financial Performance, and Listing of Risks	261
1.	Financial Position	261
2.	Financial Performance.....	261
3.	Cash flows	262
4.	Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year.....	263
5.	Reinvestment Policies for the Most Recent Year, the Main Reasons for Profit or Loss, and Remedy and Investment Plans for the Coming Year.....	263
6.	Risk Issues	264
7.	Other Important Matters	279

VIII.	Special Disclosure	280
1.	Information on Affiliates	280
2.	Private Placement of Securities during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report	282
3.	Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report.....	282
4.	Other Supplementary Information.....	282
5.	Situations Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report	282

I. Letter to Shareholders

Dear Shareholders,

The Company's business overview in 2023 is reported as follows:

1. Business and Profit & Loss Overview

The Company is mainly engaged in the production of electrolytic copper foil. Copper foil is an indispensable material in the copper-clad laminates and printed circuit boards industry, and it is difficult to replace it with other materials.

Based on previous experience, the growth rate of global circuit board output is about 2% to 6% on average. Thanks to the dual effect of 5G communication technology and the global economic boom, the circuit board industry has made great achievements for two consecutive years in 2020 and 2021. However, the global economy and demand always have its cycle. From the beginning of 2022 when there was a doubt that the economy would slow down, to the end of the year when it significantly declined, the year 2022 has witnessed the demand's turning from boom to bust under the influence of international conflicts, high inflation, high inventory and other persistent negative factors.

Unit: ton

Electrolytic copper foil	2022	2023	Increase/Decrease	Increase/Decrease Percentage (%)
Production Volume	10,453	9,771	-682	-6.52
Sales	10,379	9,969	-410	-3.95

The company's consolidated operating revenue for the year 2023 was NT\$3,557,969 thousand, with a consolidated gross operating loss of NT\$40,782 thousand. The consolidated net loss after tax was NT\$133,765 thousand, and the consolidated basic loss per share after tax was NT\$0.97.

2. Research and Development

With the rapid development of automotive electronics, 5G and other terminal product applications, the requirements for high-frequency interference and high-speed transmission will become increasingly stringent in 2023. Therefore, thinner and lower roughness reverse-treated copper foils are also required for raw materials. Currently, a series of reverse foil products have been developed, among which PK-HTE-2RT can be used for high-speed multi-layer fine circuit boards and has passed customer verification. It can also be used for high-frequency signal

transmission boards (such as automotive anti-collision radar, GPS safety systems and servers) and high-end soft board markets.

In addition to the existing copper foil base and printed circuit board markets that require electrodeposited copper foils, the company is also developing and investing in: (1) extremely low-roughness reverse-treated copper foils (PK-HTE-2RT), (2) 8 μm PK-HTE-LP3 ultra-thin copper foils, and (3) extremely low-roughness reverse-treated copper foils for high-frequency applications and development.

To increase its revenue and profit, the Company has been focusing on the development of high-value-added products and increasing the revenue proportion of niche products.

We are also committed to reducing the production of process waste, highlighting our focus on ESG (environmental, social, and corporate governance).

3. Execution of Revenue and Expenditure and Profitability

(1) Revenue and Expense

Unit: NT\$ thousand

Item	2022	2023	Increase/Decrease	Increase/Decrease Percentage (%)
Sales revenue	4,047,957	3,557,969	(489,988)	(12.10)
Sales cost	3,762,416	3,598,751	(163,665)	(4.35)
Gross sales profit	285,541	(40,782)	(326,323)	(114.28)
Operating Expenses	151,951	140,729	(11,222)	(7.39)
Operating Income	133,590	(181,511)	(315,101)	(235.87)
Net non-operating revenue (expense)	133,220	15,020	(118,200)	(88.73)
Profit Before tax	266,810	(166,491)	(433,301)	(162.40)
Income after Tax	202,994	(133,765)	(336,759)	(165.90)

(2) Profitability

Item	2022	2023
Return on total assets (%)	6.53	(4.47)
Return on shareholders' equity (%)	8.45	(5.83)
Ratio of operating profit to paid-in capital (%)	9.69	(13.17)
Net income pre tax to paid-in capital (%)	19.36	(12.08)
Net profit margin (%)	5.01	(3.75)
Earnings per share before tax (NT\$)	1.94	(1.21)
After-Tax Earnings Per Share (NT\$)	1.47	(0.97)

4. Summary of 2024 Business Plan

Looking ahead to the international political and economic situation in 2024, the global economy will experience the slowest economic growth in over 30 years. This is mainly due to slowing growth in developing countries, sluggish global trade, and the tightest financial conditions in decades. Although the risk of a global economic recession has decreased compared to a year ago, mainly thanks to the strong performance of the US economy, the escalating geopolitical tensions, such as the Russia-Ukraine war, the Israel-Palestine conflict, and the Red Sea crisis, will make the global geopolitical environment more complex and may bring new short-term risks to the global economy.

Furthermore, the green technology subsidy competition could escalate into a global trade war. Major economies such as the United States and Europe are implementing incentive measures to encourage companies to invest in clean energy technologies to achieve net-zero greenhouse gas emissions, while fiercely competing with China, the global leader in green technology production. Therefore, major international forecasting institutions believe that the global economic growth rate in 2024 will be slightly lower than in 2023, although global commodity trade is expected to recover, which should help stabilize Taiwan's foreign trade performance.

Additionally, with the great leap in the development of artificial intelligence (AI), the current mainstream of AI in cloud computing has sparked a wave of server business opportunities. Our company has formulated flexible strategies to respond to the global economic soft landing and the fermentation in the AI field. At the same time, we are cooperating with advanced Japanese companies to leverage synergies, developing special copper foils and high-end market specifications to increase product added value and sustainable stable operations. Our production process aims to save energy and reduce carbon emissions to meet international ESG trends and carbon neutrality requirements. We work closely with customers to jointly develop high-frequency and high-speed materials and product certifications, perfecting our product lines to meet the needs of end-product applications and market demands.

Furthermore, the company is strengthening operational resilience by integrating internal and external resource sharing, enhancing research and development, and improving manufacturing processes to achieve lean production. This will increase production efficiency and enable the manufacture of more high-quality products. The Company's annual operating target in 2024 is to produce 11,321 tons and sell 11,308 tons of electrolytic copper foil.

5. Future Outlook

The company adheres to the business philosophy of “integrity-based, quality-focused, customer satisfaction, profit creation, and employee care”. It continues to develop new products, accurately grasping the needs of new-generation products, and inheriting its cost control policies as well as continuously increasing the production and sales ratio of niche products to expand its market reach. The company aims to provide customers with diverse and customized products, striving to become a benchmark enterprise for diverse copper foil products and achieve a win-win goal.

With the advantage of long-term good cooperative relationships with customers and collaborative development, the company's product specifications range from 8 μ m to 4oz, and it has developed special copper foils for printed circuit boards. The company is gradually developing products for end-use applications and obtaining certifications. It continues to maintain good relationships with customers and further develop potential markets.

In terms of our continuous ESG promotion, the company launched the “Carbon Footprint” program in 2022. Through third-party verification, it obtained the ISO 14607 Carbon Footprint Verification Statement and the UL 2809 certification for 100% recycled copper content. The company has previously obtained ISO 14001:2015 Environmental Management System Certification, ISO 50001 2018 Energy Management System Certification, and ISO 9001 2015 Quality Management System Certification. It has implemented lead-free and arsenic-free processes throughout its operations, complying with international environmental regulations such as RoHS, POHS, and REACH. The company has also obtained ISO 45001 2018 Occupational Health and Safety Management System Certification and CNS 45001 2018 Taiwan Occupational Health and Safety Management System Certification. It continues to promote company-wide environmental risk management, upholding its commitment and responsibility to safety, environment, and health as its basic requirements. In 2022, the company issued its first ESG report in the industry and is currently using green energy certificates in 2023.

In terms of corporate governance, the company adheres to integrity as the highest guiding principle for its operations. It has established the “Ethical Corporate Management Best Practice Principles”, “Codes of Ethical Conduct”, and “Ethical Conduct Guidelines” to avoid damaging the company's and shareholders' interests due to unethical behavior, improper benefits, or improper donations. The company has also established a whistleblowing system. Regarding the board structure, the Corporate Governance Best Practice Principles clearly stipulate the diversity policy and relevant capabilities for board members. The board comprises seven members

(including three independent directors) with extensive experience in operational judgment, accounting and financial analysis, risk management, industry analysis, international market perspectives, leadership, and decision-making abilities. They provide suggestions on long-term and short-term goals and operational development strategies, allowing them to fully utilize their professional functions.

Looking into the future, external regulations and the overall business environment are becoming increasingly stringent. There is fierce competition from external sources, and inflation remains in a plateau phase. The prices of raw materials are resistant to significant declines, and there is no notable improvement in end demand. Coupled with uncertainties stemming from geopolitical and trade barriers, the short term is filled with challenges. However, the Company will establish a risk mitigation plan, adhere to the step-by-step practical management, strive to maintain the existing advantages, strengthen the quality of products and services and continue to develop differentiated copper foil products, so as to increase the proportion of the revenue of niche products and strive to achieve the goal of sustainable operation.

Chairman:
Paul Chen

General Manager:
Liu, Chia-He

Chief Accounting Officer:
LEE,LING-CHIH

II. Company Profile

1. Date of Incorporation

January 16, 1997

2. Company History

Date	Important Notes
January 1997	Established LCY TECHNOLOGY CORP., with a capital of NT\$ 200,000,000.
August 1998	Started to construct the copper foil plant.
December 1998	Increased the capital by NT\$300,000,000 in cash. The paid-in capital after the capital increase was NT\$500,000,000.
December 1999	Increased the capital by NT\$100,000,000 in cash. The paid-in capital after the capital increase was NT\$600,000,000.
June 2000	The copper foil plant was completed and commissioned.
November 2001	Increased the capital by NT\$200,000,000 in cash. The paid-in capital after the capital increase was NT\$800,000,000.
January 2002	Passed the certification of ISO 9001:2000 quality management system.
March 2002	Passed the certification of ISO 14001:2004 environmental management system.
November 2003	Increased the capital by NT\$300,000,000 in cash. The paid-in capital after the capital increase was NT\$1,100,000,000.
June 2005	Lead-free titanium anode is provided for all the foil-producing machine.
July 2006	All products complied with EU RoHS requirements.
October 2007	Expansion of the copper foil plant was completed and commissioned.
June 2008	Reduced the capital by NT\$660,000,000 to cover the loss. The paid-in capital after capital reduction was NT\$440,000,000.
August 2008	Increased the capital by NT\$60,000,000 in cash. The paid-in capital after the capital increase was NT\$500,000,000.
September 2008	Increased the capital by NT\$100,000,000 in cash. The paid-in capital after the capital increase was NT\$600,000,000.
December 2009	Increased the capital by NT\$3,000,000 in cash. The paid-in capital after the capital increase was NT\$603,000,000.
March 2010	Passed the certification of ISO 9001:2008 quality management system.
December 2010	Passed the Greenhouse Gases Emissions Verification.
February 2011	Passed the OHSAS 18001:2007 certification. Passed the TOSHMS CNS 15506:2011 certification.
September 2012	Passed the verification of Product Carbon Footprint.
September 2013	Passed the certification of ISO 50001:2011 energy management system.
July 2014	Reduced the capital by NT\$482,400,000 to cover the loss. The paid-in capital after capital reduction was NT\$120,600,000.

Date	Important Notes
	Increased the capital by NT\$539,400,000 in cash. The paid-in capital after the capital increase was NT\$660,000,000.
February 2015	Increased the capital by NT\$740,000,000 in cash. The paid-in capital after the capital increase was NT\$1,400,000,000. The main shareholder was LCY INVESTMENTS CORP.
July 2015	Passed the certification of ISO/TS 16949:2009, the quality management system for automotive production and relevant service part manufacturers.
March 2017	Passed the certification of ISO 14001:2015 environmental management system, and was awarded the 15-Year Environmental Sustainability Prize.
May 2017	The main shareholder was changed from LCY INVESTMENTS CORP. to LCY CHEMICAL CORP.
June 2017	The Company's application for supplemental public issuance took effect and was registered on the emerging stock market.
February 2018	The Company planned to establish a VLP (Very Low Profile) production line to develop a process for high-frequency and high-speed application products.
March 2018	Obtained the approval letter for listing in TWSE.
June 2018	Increased the capital by NT\$ 130,850,000 in cash (share payment certificate), and officially listed on the Taiwan Stock Exchange on June 28, at the same time, trading in the emerging stock market was terminated. The listed paid-in capital (including certificate of payment for shares) was NT\$1,530,850,000.
July 2018	The international investor Kohlberg Kravis Roberts & Co. L. P. (KKR) conducted a share swap with its parent company, LCY CHEMICAL CORP., in accordance with the business merger and acquisition law, and the parent company, LCY CHEMICAL CORP. was changed to a private company. Passed the certification of ISO 9001:2015 quality management system. Passed the certification of IATF 16949:2016 automotive quality management system.
August 2018	Conducted capital increase and new share issuance, and terminated the listing of certificate of payment for shares. The paid-in capital of the Company was NT\$1,530,850,000.
October 2019	Passed the certification of ISO 50001:2018 energy management system.
February 2020	Passed the certification of ISO 45001:2018 occupational safety and health management system. Passed the certification of CNS 45001:2018 Taiwan Occupational Safety and Health Management System.
March 2020	Passed the certification renewal review procedure for ISO 14001:2015 environmental quality management system.
April 2020	The VLP (Very Low Profile) production line was completed and commissioned. The annual production capacity is expected to increase by about 200 tons.
July 2021	Passed the certification renewal review procedure for ISO 9001:2015 quality management system.

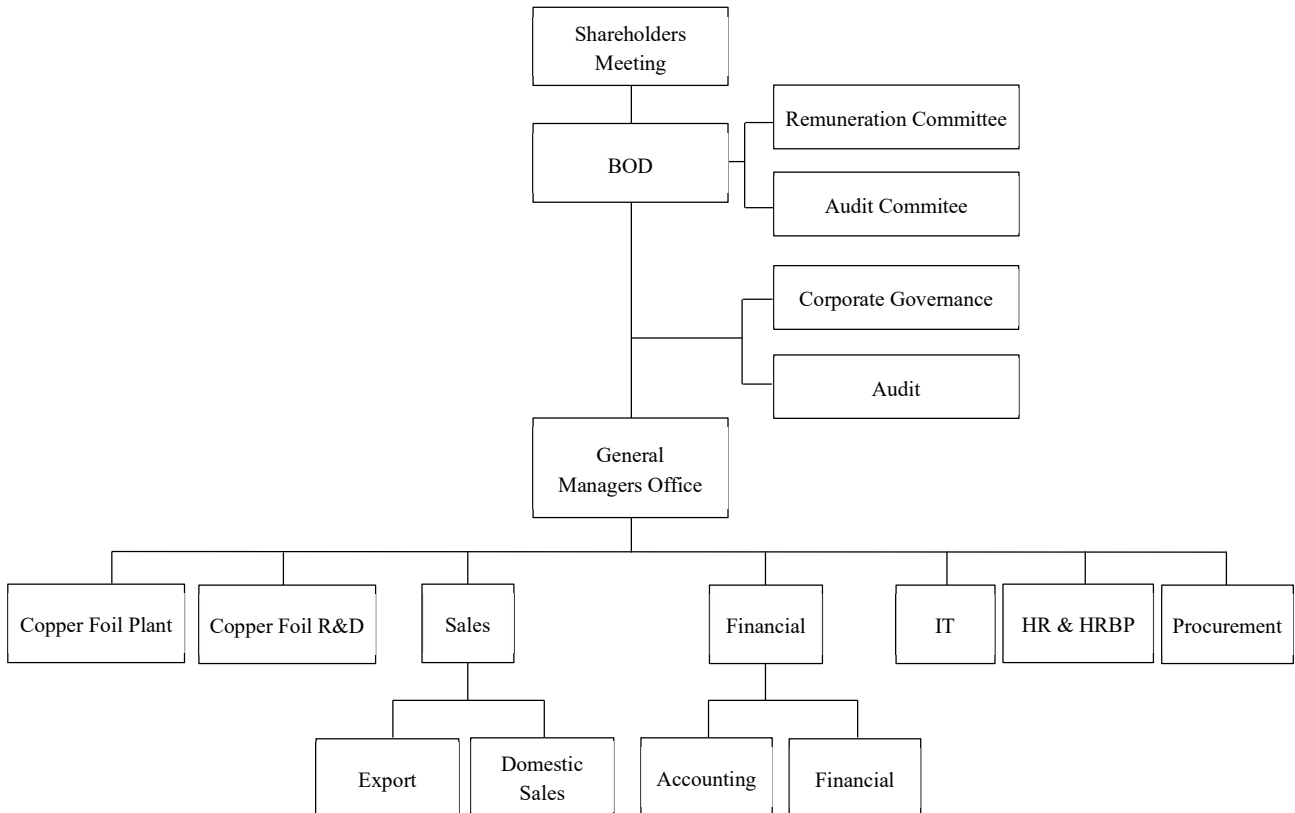
Date	Important Notes
November 2021	Decreased the capital by NT\$153,085,000 in cash. The paid-in capital after capital reduction was NT\$1,377,765,000.
June 2022	Completed the first ESG report
October 2022	Passed the certification renewal review procedure for ISO 50001:2018 energy management system.
January 2023	Passed the certification renewal review procedure for ISO 45001:2018 occupational safety and health management system. Passed the certification renewal review procedure for CNS 45001:2018 Taiwan Occupational Safety and Health Management System.
March 2023	Passed the certification renewal review procedure for ISO 14001:2015 environmental quality management system.
August 2023	Passed ISO 14064-1:2018 Greenhouse Gas Inventory Verification (2021, 2022)
August 2023	Completed the “Enterprises should inventory and register greenhouse gas emissions” from the Environmental Protection Administration, Executive Yuan (2022)

III. Corporate Governance Report

1. Organization

(1) Organization Chart

Record date: March 31, 2024



(2) Functions of Major Department

Department	Major Functions
Corporate Governance	It is the agenda working group of the Board of Directors meetings and shareholders’ meetings, mainly responsible for affairs related to Board of Directors meetings and shareholders’ meetings, producing meeting minutes, assisting in the continual education of directors and compliance with data and laws required for conducting businesses.
Audit	The establishment, verification and revision of the audit system; study, review and implement internal control system; prepare, check and follow up the annual audit plan; and enhance internal audit and management to improve performance.
General Managers Office	Implement and manage the Company’s business strategy, promote, implement, communicate and coordinate the operation goals.

Department	Major Functions
Copper Foil Plant	Execution of production plan, inventory management of raw materials and finished products, coordination of production and marketing, maintenance and management of plant and production equipment, improvement of process capacity, customer complaint analysis, and supervision and management of safety, health and environmental protection facilities.
Copper Foil R&D	Research, design and development of new products, and process improvement for existing products.
Sales	Preparation and execution of sales plan, customer credit investigation, order processing, after-sales service, collection of account receivables, coordination of production and sales, market intelligence collection and analysis, and new product planning.
Financial	Planning and processing of accounting, budgeting and tax operations, tax declaration, fund-raising and scheduling, cashier operation management, business data analysis and comparison, etc.
IT	Information security control and management and data processing.
HR & HRBP	Establishment, implementation and maintenance of employee communication system; and payroll, employee benefits, retirement and disbursements, etc.
Procurement	Selection and management of qualified suppliers; procurement of raw materials, materials and equipment.

2. Information on the Directors, General Managers, Deputy General Managers, Assistant Managers, and Supervisors of Divisions and Branch Units

(1) Directors

April 20, 2024; Unit: Share

Title	Nationality or Place of Registration	Name	Gender & Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions held concurrently in the Company and other Companies	Managers, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	LCY Chemical Corp. Representative: Paul Chen	—	2023.6.28	3	1997.1.10	85,339,392	61.94	85,339,392	61.94	—	—	—	—	—	—	—	—	—	—
	R.O.C.		Male 61-70	2023.6.28	Half a year	2022.12.23	—	—	4,895	0.004	—	—	—	—	1. Bachelor's Degree, Department of International Trade, Soochow University 2. Deputy General Manager, Assistant Manager of Business Department, and General Manager of LCY TECHNOLOGY CORP. 3. Manager of Operation and Enterprise Planning Office and Manager of Export Sales Department of LCY CHEMICAL CORP	Note 1	—	—	—	—
Directors	R.O.C.	LCY Chemical Corp. Representative: SUNG,TING-PANG	—	2023.6.28	3	1997.1.10	85,339,392	61.94	85,339,392	61.94	—	—	—	—	—	—	—	—	—	—
	R.O.C.		Male 61-70	2023.6.28	3	2014.6.16	—	—	7,182	0.005	180	0.000	—	—	1. Master, On-the-Job Class, Operation and Management Department, National Chengchi University 2. Deputy General Manager of LCY TECHNOLOGY CORP. 3. Deputy General Manager of High-performance Plastics Business Division of LCY CHEMICAL CORP.	Note 2	—	—	—	—
Directors	R.O.C.	LEE CHANG YUNG COMPANY, LTD.	—	2023.6.28	3	2020.6.24	1,095,538	0.765	1,095,538	0.765	—	—	—	—	—	—	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender & Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions held concurrently in the Company and other Companies	Managers, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	R.O.C.	Representative: PAN,LI-LIN	Female 61-70	2023.6.28	3	2020.6.24	—	—	—	—	—	—	—	—	1. Doctor Class of Finance Management Institute of National Sun Yat-sen University 2. Head of the Enterprise Operation and Planning Office, Finance Division, LCY CHEMICAL CORP. 3. Senior Fund Manager of International Opportunities Fund 4. Senior Manager of Investment Department, Finance Center of YUEN FOONG YU GROU	—	—	—	—	
Directors	R.O.C.	Wei Cheng-Cheng	Male 61-70	2023.6.28	3	1994.1.10	—	—	—	—	—	—	—	—	1. Enterprise Management Department of Fu Jen Catholic University 2. Director, Spokesperson, Head of Finance and Accounting of LCY CHEMICAL CORP.	Note 3	—	—	—	—
Independent Director	R.O.C.	Liu San-Chi	Male 71-80	2023.6.28	3	2017.8.21	—	—	—	—	—	—	—	—	1. Bachelor, Accounting Department, Soochow University 2. Chairman, Kaohsiung Rapid Transit Corporation 3. Independent Director of LCY CHEMICAL CORP. 4. National Policy Advisors to the President of Taiwan 5. Controller, Directorate General of Budget, Accounting and Statistics, Executive Yuan 6. Head of Department of Accounting, Ministry of Education Taiwan 7. Vice President of Fo Guang University and Chair Professor of the Department of Management	Chairman, Hwa Hsia University of Technology	—	—	—	—
Independent Director	R.O.C.	Tu, Wei-Hua	Male 71-80	2023.6.28	3	2017.8.21	—	—	—	—	—	—	—	—	1. Bachelor, Department of Accounting and Statistics,	Representative of Juristic	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender & Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions held concurrently in the Company and other Companies	Managers, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														National Cheng Kung University 2. General Manager/CEO of TSRC Corporation 3. General Manager of Shen Hua Chemical Industrial Co., Ltd. 4. Representative of Juristic Person Chairman of EZSWAP NETWORKS TECHNOLOGY CO., LTD.	Person Chairman of TSOU SEEN CHEMICAL INDUSTRIES CORPORATION.					
Independent Director	R.O.C.	Peng, Yu-Min	Male 51-70	2023.6.28	3	2023.6.28	—	—	—	—	—	—	—	1. PhD in Materials Engineering, University of Manchester, UK 2. Vice President of Industrial Technology Research Institute	General Strategy Advisor of Jin Join Rone Technology Corporation Ltd.	—	—	—	—	

Description: Shareholding ratio less than three decimal points shall be represented by “0.00”, and not holding any shares be represented by “-”.

Note 1 (1) Representative of juristic person director of Formosa Copper Technology Corporation.

(2) Representative of juristic person director of ShineMore Technology Materials Co., Ltd.

Note 2 (1) Senior Deputy General Manager of High-performance Plastics Business Division of LCY CHEMICAL CORP.

(2) Representative of juristic person director of LCY GRIT CORP

(3) Representative of juristic person chairman of KAOHSIUNG COGEN CO., LTD.

(4) Director of Zhenjiang LCY Warehousing & Storage Co., Ltd.

(5) Director of LCY Performance Materials Corp.

(6) Director of Huizhou LCY Elastomers Corp.

(7) Director of LCY Education Foundation

(8) Representative of juristic person chairman of Package Plus Co., Ltd.

(9) Executive Director of J-Star Holding Corp.

Note 3 Senior Deputy General Manager of Finance Center of LCY CHEMICAL CORP.

1. Major Shareholder

March 31, 2024

Name of Institutional Shareholder	Major Shareholder
LCY Chemical Corp.	KKY Co., Ltd. (100%)
LCY Industrial Corp.	Lee Jamgo Co., Ltd. (91.91%)

2. Major Shareholders of Institutional Shareholders in the Above Form

March 31, 2024

Name of Institutional Shareholder	Major Shareholder
KKY Co., Ltd.	Carlton (Luxembourg) Holdings S.a.r.l (100%)
Lee Jamgo Co., Ltd.	LCY Industrial Corp. (97.59%)

3. Information disclosure of Directors' professional qualifications and independence of Independent Directors:

March 31, 2024

Criteria Name	Professional qualifications and experience	Independence	Number of other public companies where the individual serves as an independent director concurrently
Paul Chen Chairman	Department of International Trade, Soochow University, former Manager of Operation and Enterprise Planning Office, General Manager of LCY TECHNOLOGY CORP. Possesses operational, management, marketing and industry capabilities.	1. Not an independent director. 2. No violation of any of the circumstances listed in Article 30 of the Company Act.	None
SUNG,TIN G-PANG Directors	Bachelor of the Department of Chemistry, Tamkang University, Master of the Operation and Management Department, National Chengchi University, former Deputy General Manager of LCY TECHNOLOGY CORP., Senior Deputy	1. Not an independent director. 2. No violation of any of the circumstances listed in Article 30 of the Company Act.	None

Criteria Name	Professional qualifications and experience	Independence	Number of other public companies where the individual serves as an independent director concurrently
	General Manager of High-performance Plastics Business Division of LCY CHEMICAL CORP., Representative of juristic person director of LCY GRIT CORP., Representative of juristic person chairman of KAOHSIUNG COGEN CO., LTD., and directors of other companies, possesses operational, management, marketing and industry capabilities.		
PAN,LI-LIN Directors	Pursuing the doctor's degree at Finance Management Institute of National Sun Yat-sen University, and the master's degree in the on-the-job class of Department of Finance, National Taipei University, former Head of the Enterprise Management Department, Finance Division, LCY CHEMICAL CORP., Senior Fund Manager of International Opportunities Fund and Senior Manager of Investment Department, Finance Center of Yuen foong yu Paper Company, with operation, management, and finance abilities.	<ol style="list-style-type: none"> 1. Not an independent director. 2. No violation of any of the circumstances listed in Article 30 of the Company Act. 	None
Wei Cheng-Cheng Directors	Fu Jen Catholic University, Department of Business Administration, formerly served as a director, spokesperson, and head of finance and accounting at LCY CHEMICAL CORP., currently serves as a senior vice president of the finance center at Lcy Chemical Corp., with capabilities in operations, management, finance and accounting, and business administration.	<ol style="list-style-type: none"> 1. Not an independent director. 2. No violation of any of the circumstances listed in Article 30 of the Company Act. 	None
Liu San-Chi Independent Director	Accounting Department of Soochow University, and former Vice President of Fo Guang University, Chairman of Kaohsiung Rapid Transit Corporation, Director of Accounting Department, of Yu Da University of Science and Technology, the Executive Yuan, the Controller of the Executive Yuan, and	<ol style="list-style-type: none"> 1. Conforming to all the independence criteria (Note 1) 2. As of the date of publication of the annual report, no shares of the Company were held. 	None

Criteria Name	Professional qualifications and experience	Independence	Number of other public companies where the individual serves as an independent director concurrently
	Chief Accounting Officer of the Ministry of Education, with accounting and finance ability.	3. No violation of any of the circumstances listed in Article 30 of the Company Act.	
Tu, Wei-Hua Independent Director	Bachelor, Department of Accounting and Statistics, National Cheng Kung University, formerly served as General Manager and CEO of TSRC Corporation, Representative of Juristic Person Chairman of EZSWAP NETWORKS TECHNOLOGY CO., LTD., currently serving as Representative of Juristic Person Chairman of TSOU SEEN CHEMICAL INDUSTRIES CORPORATION, with marketing and accounting capabilities.	1. Conforming to all the independence criteria (Note 1) 2. As of the date of publication of the annual report, no shares of the Company were held. 3. No violation of any of the circumstances listed in Article 30 of the Company Act.	None
Peng, Yu-Min Independent Director	A Ph.D. in Materials Engineering from the University of Manchester, UK, formerly served as the Vice President of the Industrial Technology Research Institute (ITRI), currently the Strategic Advisor at Jin Join Rone Technology Corporation Ltd., possessing industrial capabilities.	1. Conforming to all the independence criteria (Note 1) 2. As of the date of publication of the annual report, no shares of the Company were held. 3. No violation of any of the circumstances listed in Article 30 of the Company Act.	Concurrently working for 2 companies

Note 1 The independence criteria for directors during the two years prior to their appointment and during their term of service:

- (1) Not an employee of the Company or its affiliated companies.
- (2) Not serving as a Director or Supervisor of the Company's affiliated business (this does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established according to this law or local laws).
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a Director, Supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company

or institution which has a financial or business relationship with the Company.

- (7) Not a professional individual who, or an owner, partner, Director, Supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or any affiliate of the Company, or a spouse thereof. However, these restrictions do not apply to any member of the Remuneration Committee who exercises powers pursuant to Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- (8) Not a spouse or a relative within the second degree of kinship to any other director of the Company.
- (9) Not under any of the categories stated in Article 30 of the Company Act.
- (10) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.

4. Diversity and Independence of the Board of Directors:

The Board of Directors of the Company guides the company's strategy, oversees the management, and is responsible to the company and its shareholders. All operations and arrangements related to the corporate governance system comply with laws, the Company's Articles of Incorporation, the Corporate Governance Best Practice Principles, and resolutions adopted at shareholders' meetings in exercising its powers. The company's board of directors has seven seats, three of which are independent directors. Combined with the authority of the audit committee to assess and control the company's existing or potential risks, this ensures effective supervision of the company's internal control implementation, selection (dismissal) and independence of certified public accountants, and proper preparation of financial statements.

The board of directors is composed of diverse members. Apart from the directors who also serve as the company's managers not exceeding one-third of the board seats, the company has formulated appropriate diversity policies based on its operations, business model, and development needs. The company's "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" clearly stipulate that the composition of the board members should include diversified elements. The nomination and selection of board members follow the candidate nomination system in accordance with the company's articles of incorporation. Currently, the board of directors has seven members, with an average age of approximately 69 years old, and one female member. Three of the seats are held by independent directors, accounting for three-sevenths of the board seats. None of the directors (including independent directors) have a spousal or consanguineous relationship within the second degree of kinship, and none of them are subject to the situations specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, ensuring their independence. Each director possesses professional expertise and has accumulated many years of experience in their respective core competencies.

Board members	Independent Director Years of service	Age				Core Competencies							
		41-50	51-60	61-70	71-80	Operational judgment	Accounting and financial analysis	Risk control and management	Industry analysis	Knowledge of the international market	Leadership skills	Decision-making skills	Marketing
Paul Chen	-			✓		✓		✓	✓	✓	✓	✓	✓
SUNG,TING-PANG	-			✓		✓		✓	✓	✓	✓	✓	✓
PAN,LI-LIN	-			✓		✓	✓	✓	✓	✓	✓	✓	
Wei Cheng-Cheng	-			✓		✓	✓	✓	✓	✓	✓	✓	✓
Liu San-Chi	Over 9 years			✓		✓	✓	✓		✓	✓	✓	
Tu, Wei-Hua	Over 6 years			✓		✓		✓	✓	✓	✓	✓	✓
Peng, Yu-Min	0-3 Years			✓		✓		✓	✓	✓	✓	✓	✓

(2) General Manager, Deputy General Manager, Assistant Manager, and Supervisors of Divisions and Branch Units

March 31, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholding of Spouse or Minor Children		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Manager with a spouse or relatives within the second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General manager	R.O.C.	Paul Chen (Resigned on 2023.12.29)	Male	2017.09.01	4,895	0.004	—	—	—	—	1. Bachelor's Degree, Department of International Trade, Soochow University 2. General Manager, Deputy General Manager and Assistant Manager of Business Department of LCY TECHNOLOGY CORP. 3. Manager of Operation and Enterprise Planning Office and Manager of Export Sales Department of LCY CHEMICAL CORP	Note 1	—	—	—	—
General manager	R.O.C.	Caleb Lee (Resigned on 2024.3.15)	Male	2023.12.29	—	—	—	—	—	—	1. Master, Graduate Institute of Chemistry, NTU 2. Manager of Marketing Department, Suzhou Jinxiang Electronic Marketing Department 3. Assistant to Marketing Manager of Ventec Electronics (Suzhou) Co., Ltd. 4. Deputy General Manager/Director of Ventec Electronics Corporation 5. Marketing Director of Ventec Electronics (Suzhou) Co., Ltd.	—	—	—	—	—
General manager	R.O.C.	Liu, Chia-He	Male	2024.3.16	—	—	—	—	—	—	1. Master, Chemical Engineering Institute of National Taiwan University of Science and Technology 2. Manager of R & D Department Project Management Office and Senior Manager of Intelligent Property and Information Research Office of LCY CHEMICAL CORP 3. Factory Director of General Manager Office of LCY TECHNOLOGY CORP.	—	—	—	—	—
Copper foil plant director	R.O.C.	Huang, Shih-Yu	Male	2021.03.01	—	—	540	0.000	—	—	1. Bachelor of Department of Water Resources and Environmental Engineering of Tamkang University 2. Factory Director, Production Director and Head of Quality Assurance Division of Copper Foil Plant of LCY TECHNOLOGY CORP. 3. Quality Assurance Engineer of CHIN POON Industrial Co., Ltd. 4. Deputy Group Leader of ACCURO LAB CO., LTD.	—	—	—	—	—
Dean of Research &	R.O.C.	Chen, Yenhao	Male	2021.03.01	2,700	0.002	—	—	—	—	1. Doctor, Department of Chemical and Materials Engineering, National Central University	—	—	—	—	—

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholding of Spouse or Minor Children		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Manager with a spouse or relatives within the second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Development Department											2. Engineer, Technical Department, Copper Foil Plant of LCY TECHNOLOGY CORP. 3. Talent of RAISE Plan of Ministry of Science and Technology					
Auditing Manager	R.O.C.	LIN,CHIA-HUA	Female	2020.11.13	1,800	0.001	—	—	—	—	1. Bachelor, Accounting Department, Chinese Culture University 2. Employee of the Audit Office of LCY TECHNOLOGY CORP. 3. Director of KPMG Taiwan	—	—	—	—	—
Finance Manager and Corporate Governance Manager	R.O.C.	Stanley Kung	Male	2023.01.01	—	—	—	—	—	—	1. Bachelor of Mathematics from the University of Waterloo 2. Head of Finance Division of Finance Department, and Head of Strategy and Planning Group of General Manager Office, LCY CHEMICAL CORP.	—	—	—	—	—
Accounting Manager	R.O.C.	LEE,LING-CHIH	Female	2023.01.01	2,704	0.002	—	—	—	—	1. Bachelor, Accounting Department, Shih Chien University 2. Head of Accounting Division of Finance Department, LCY CHEMICAL CORP.	—	—	—	—	—

Description: Shareholding ratio less than three decimal points shall be represented by “0.000”, and not holding any shares be represented by “-”. For those who have left office, the shareholding information was disclosed to the date of leaving office.

Note 1 (1) Representative of juristic person director of FORMOSA COPPER TECHNOLOGY CORPORATION

(2) Representative of juristic person director of ShineMore Technology Materials Co., Ltd. No longer the general manager.

Note 2 Supervisor of LCY INDUSTRIAL CORP.

(3) Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of the Company are the same people, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

1. The reasons, reasonableness and necessity for the Chairman’s concurrently holding the position of General Manager of the Company: Paul Chen assumed the post of General Manager of the Company on May 2018, and assumed the Chairman of the Company as the representative of juristic person director of the parent company LCY CHEMICAL CORP. in December 2022 and is responsible for performing the duties assigned by the Board of Directors.

However, the Company's organizational structure is relatively simple. To gradually realize corporate governance by professional managers, the Company relies on the relevant experience passed on by Paul Chen and assists managers to further deepen their professional responsibilities, plan business strategies and implement business plans to complete business objectives. According to Article 208 of the Company Law, the chairman of the Board of Directors is the chair of the shareholders' meetings, the meeting of the Board of Directors and the meeting of the managing directors, and represents the Company externally. However, in the practical operation of the Company, the general manager is mainly responsible for implementing the business strategy, operation and the leadership and control of the Company. Therefore, it is reasonable and necessary for Mr. Paul Chen to concurrently serve as the chairman and the general manager of the Company.

2. Chairman Paul Chen resigned from the position of General Manager on December 29, 2023, and Vice General Manager Caleb Lee took over the position of General Manager of the company.
3. General Manager Caleb Lee resigned from the position of General Manager on March 15, 2024, and Associate Manager Liu, Chia-He took over the position of General Manager of the company.
4. From December 29, 2024, the Chairman and the General Manager of the company are no longer the same person.

3. Remuneration Paid to the Directors, General Manager, and Deputy General Managers

(1) Remunerations to General Directors and Independent Directors

Unit: NT\$ thousand

Title	Name	Remuneration to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation Earned as Employee of the Company or of the Company's Affiliates								(A+B+C+D+E+F+G) as % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company				
		Base Compensation (A)		Pension (B)		Compensation to Directors (C) Note		Allowances (D)				Salary, bonus, and allowance (E)		Pension (F)		Employee Compensation (G)										
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)	The Company	Consolidated Entities					
Director	LCY Chemical Corp. Representative: Chen Ming-Shu	0	0	0	0	0	0	369	369	369	369	0.27%	0.27%	7,181	7,181	0	0	0	0	0	0	7,550	7,550	5.64%	5.64%	0
	LCY Chemical Corp. Representative: Sung, Ting-Pang	0	0	0	0	0	0	180	180	180	180	0.13%	0.13%	0	0	0	0	0	0	0	0	180	180	0.13%	0.13%	1,124
	LEE CHANG YUNG COMPANY, LTD. Representative: Pan, Li-Lin	0	0	0	0	0	0	180	180	180	180	0.13%	0.13%	0	0	0	0	0	0	0	0	180	180	0.13%	0.13%	0
	Chung, Wan-Chen (dismissed on 2023.6.28)	0	0	0	0	0	0	90	90	90	90	0.07%	0.07%	0	0	0	0	0	0	0	0	90	90	0.07%	0.07%	0
	Wei Cheng-Cheng (Assumed office on 2023.6.28)	0	0	0	0	0	0	92	92	92	92	0.07%	0.07%	0	0	0	0	0	0	0	0	92	92	0.07%	0.07%	2,480
Independent Director	Liu San-Chi	0	0	0	0	0	0	600	600	600	600	0.45%	0.45%	0	0	0	0	0	0	0	0	600	600	0.45%	0.45%	0
	Tu, Wei-Hua	0	0	0	0	0	0	600	600	600	600	0.45%	0.45%	0	0	0	0	0	0	0	0	600	600	0.45%	0.45%	0
	Chu, Nien -Tzu (dismissed on 2023.6.28)	0	0	0	0	0	0	300	300	300	300	0.22%	0.22%	0	0	0	0	0	0	0	0	300	300	0.22%	0.22%	0
	Peng, Yu-Min (Assumed office on 2023.6.28)	0	0	0	0	0	0	305	305	305	305	0.22%	0.22%	0	0	0	0	0	0	0	0	305	305	0.22%	0.22%	0

Note 1 Lin, Cheng-Wei, Sung, Ting-Pang, and Pan, Li-Lin are directors representing legal entities. Some of the director's remuneration is received by the juristic-person shareholders they represent.

Note 2 Our company conducted a full re-election of the 10th Board of Directors at the 2023 Annual Shareholders' Meeting on June 28th. The term of Director Chung, Wan-Chen and Independent Director Chu, Nien-Tzu of the 9th Board of Directors ended when the new directors were elected. Therefore, the data for them is calculated from January 1, 2023 to June 28, 2023.

Note 3 Our company conducted a full re-election of the 10th Board of Directors at the 2023 Annual Shareholders' Meeting on June 28th. The newly elected Director Wei Cheng-Cheng and Independent Director Peng, Yu-Min assumed their positions immediately after being elected. Therefore, the data for them is calculated from June 28, 2023 to December 31, 2023.

Description 1: Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors: In accordance with Article 30-1 of the company's Articles of Incorporation, independent directors do not participate in the distribution of directors' compensation. The company's policy for paying compensation to independent directors is to provide a fixed monthly compensation regardless of the company's profitability, with no additional allowances, bonuses, severance pay, or rewards. If business travel is required, the company's travel regulations will apply.

Description 2: Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities (H)	The Company	Parent Company and All Reinvestment Businesses (I)
Less than NT\$1,000,000	Chung, Wan-Chen, Wei Cheng-Cheng, Liu, San-Chyi, Tu, Wei-Hua, Chu, Nien-Tzu, Peng, Yu-Min, Paul Chen, the representative of LCY CHEMICAL CORP., Sung, Ting-Pang, the representative of LCY CHEMICAL CORP, and Pan, Li-Lin, the representative of LCY INDUSTRIAL CORP	Chung, Wan-Chen, Wei Cheng-Cheng, Liu, San-Chyi, Tu, Wei-Hua, Chu, Nien-Tzu, Peng, Yu-Min, Paul Chen, the representative of LCY CHEMICAL CORP., Sung, Ting-Pang, the representative of LCY CHEMICAL CORP, and Pan, Li-Lin, the representative of LCY INDUSTRIAL CORP	Chung, Wan-Chen, Liu, San-Chyi, Tu, Wei-Hua, Chu, Nien-Tzu, Peng, Yu-Min, Pan, Li-Lin, the representative of LCY INDUSTRIAL CORP. Sung, Ting-Pang, the representative of LCY CHEMICAL CORP.	Chung, Wan-Chen, Liu, San-Chyi, Tu, Wei-Hua, Chu, Nien-Tzu, and Pan, Li-Lin, the representative of LCY INDUSTRIAL CORP
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)				Juristic person representative of LCY CHEMICAL CORP: Sung, Ting-Pang
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)				Wei Cheng-Cheng
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)			Juristic person representative of LCY CHEMICAL CORP: Sung, Ting-Pang	Juristic person representative of LCY CHEMICAL CORP: Sung, Ting-Pang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	9	9	9	9

* The remuneration disclosed herein is different from the income stipulated in the Income Tax Act. Thus, the content in the table is only intended for the disclosure of information, not for the taxation purpose.

(2) Remuneration to the President and vice presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
General manager	Paul Chen	2,257	2,257	0	0	4,924 (Note 1)	4,924 (Note 1)	0	0	0	0	7,181 (5.4%)	7,181 (5.4%)	0
Deputy general manager	Caleb Lee (Note 3)	2,433	2,433	99	99	812 (Note 2)	812 (Note 2)	0	0	0	0	3,344 (2.5%)	3,344 (2.5%)	0

Note 1: Including one rental car, with an actual rent of NT\$223,000.

Note 2: Including one rental car, with an actual rent of NT\$223,000.

Note 3: Deputy General Manager Caleb Lee assumed office on February 1, 2023, so the data is calculated from February 1, 2023 to December 31, 2023.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Manager	Name of General Manager and Deputy General Manager	
	The Company	Parent Company and All Reinvestment Businesses (I)
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Caleb Lee	Caleb Lee
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Paul Chen	Paul Chen
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	2	2

* The remuneration disclosed herein is different from the income stipulated in the Income Tax Act. Thus, the content in the table is only intended for the disclosure of information, not for the taxation purpose.

(3) The 5 highest-paid managers

Unit: NT\$ thousand

Title	Name	Salary (A)		Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
General manager	Paul Chen	2,257	2,257	0	0	4,924 (Note 1)	4,924 (Note 1)	0	0	0	0	7,181 (5.4%)	7,181 (5.4%)	0
Deputy general manager	Caleb Lee	2,433	2,433	99	99	812 (Note 2)	812 (Note 2)	0	0	0	0	3,344 (2.5%)	3,344 (2.5%)	0
Assistant Vice Presidents	Liu, Chia-He	2,210	2,210	108	108	881	881	0	0	0	0	3,199 (2.4%)	3,199 (2.4%)	0
Factory Manager	Huang, Shih-Yu	1,862	1,862	108	108	755 (Note 3)	755 (Note 3)	0	0	0	0	2,725 (2.1%)	2,725 (2.1%)	0
Finance Manager and Corporate Governance Manager	Stanley Kung	1,837	1,837	108	108	850	850	0	0	0	0	2,687 (2.0%)	2,687 (2.0%)	0

* The remuneration disclosed herein is different from the income stipulated in the Income Tax Act. Thus, the content in the table is only intended for the disclosure of information, not for the taxation purpose.

Note 1: President Paul Chen resigned on December 29, 2023, and the data is calculated until December 29, 2023; Vice President Caleb Lee assumed office on February 1, 2023, and was promoted to President on December 29, 2023, so the data for him is counted from February 1, 2023, to December 29, 2023.

Including one rental car, with an actual rent of NT\$235,000.

Note 2 Including one rental car, with an actual rent of NT\$182,000.

Note 3 Including one rental car, with an actual rent of NT\$182,000.

- (4) The name(s) of manager(s) responsible for distributing employee compensation and the distribution details:

December 31, 2023

	Title	Name	Stock (Fair Market Value)	Cash	Total	Percentage of total amount to net income after tax (%)
Managers	General manager	Paul Chen	0	0	0	0
	Deputy general manager	Caleb Lee				
	Assistant Vice Presidents	Liu, Chia-He				
	Copper foil plant director	Huang,Shih-Yu				
	Dean of Research & Development Department	Chen,Yenhao				
	Auditing Manager	LIN,CHIA-HUA				
	Finance Manager	Stanley Kung				
	Accounting Manager	LEE,LING-CHIH				

Note: President Paul Chen resigned on December 29, 2023, and the data is calculated until December 29, 2023; Vice President Caleb Lee assumed office on February 1, 2023, and was promoted to President on December 29, 2023, so the data for him is counted from February 1, 2023, to December 29, 2023. Note 1: President Paul Chen resigned on December 29, 2023, and the data is calculated until December 29, 2023; Vice President Caleb Lee assumed office on February 1, 2023, and was promoted to President on December 29, 2023, so the data for him is counted from February 1, 2023, to December 29, 2023.

- (5) Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only Financial Statements, Paid by the Company and All Companies in Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, General Manager, and Deputy General Managers, Along with Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

1. Analysis of total remuneration, as a percentage of net income paid to the directors, general manager, and deputy general managers during the past 2 fiscal years.

Unit: NT\$ thousand

Title	2022		2023	
	Ratio of Total Remuneration	Net Income (%)	Ratio of Total Remuneration	Net Income (%)
Directors	4,040	1.99%	2,716	(2.03%)
President/vice president	5,301	2.61%	10,525	(7.87%)
Total	9,341	4.60%	13,241	(9.90%)

Description: The remuneration paid by the Company is the same as that paid by all companies in the consolidated statements. The net income in the parent company only financial statements and consolidated statements is also the same. Therefore, single disclosure is adopted.

2. Remuneration policies, standards, combination, the procedure for determining the remunerations, and their relation to business performance.

- (1) Remuneration standards and packages, and procedures for determining the remunerations.

A. Directors

The Board of Directors is authorized to determine the remunerations of all the directors according to the extent of their participation in the operation of the Company and the value of their contribution while with reference to the general industry standards. If there is any profit, the remuneration of directors shall be allocated in accordance with the Articles of Incorporation and submitted to the shareholders' meeting after being reviewed by the Remuneration Committee and approved at the Board of Directors meetings. If a director of the Company holds a position in the Company, except for participating in the distribution of director's remuneration as provided in the Articles of Association, he or she may be paid a monthly salary at the general manager's salary level. According to the company's articles of incorporation, before distributing surpluses, the distribution of directors' compensation should be no more than 2% of the profits (referring to the pre-tax profit for the current period minus the amounts distributed as employee compensation and directors' compensation) as directors' compensation, and independent directors shall not participate in the distribution of directors' compensation.

B. General Manager and Deputy General Manager

The remuneration of managerial officers includes salary, bonus and employee compensation. The salary level is based on the position held in the Company, the responsibility taken and the contribution to the Company after considering the peer level and being reviewed by the Remuneration Committee and approved by the Board of Directors. The employee compensation shall be allocated in accordance with the Company's Articles of Incorporation. Before the distribution of earnings, the Company shall set aside no less than no less than 0.5% of its annual profits as compensation to employee's directors. The annual profits refer to annual income before tax and before bonuses are set aside for employees and directors.

The distribution of the directors' compensation and employee's compensation shall be made by the resolution of a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors for the preceding two paragraphs shall be submitted to the shareholders' meeting.

(2) Relation to business performance and future risks

The procedure for determining compensation is to refer to the company's overall operating performance, individual performance achievement rate, contribution to the company's performance and future potential, and provide reasonable remuneration. Furthermore, to reduce future operational risks, the Remuneration Committee regularly and timely reviews the company's compensation system in order to strike a balance between the company's sustainable operation and risk management.

In summary, the Company's policy on payment of remunerations to directors, general managers and deputy general managers and its procedures for determining remunerations are positively correlated with its operating performance.

4. Implementation of Corporate Governance

(1) Operations of the Board of Directors

In 2023, the Board of Directors held a total of seven meetings. The attendance of the directors was as follows:					
Title	Name	Attendance in Person	Attendance by proxy	Attendance Rate (%)	Remarks
Chairman	Representative of LCY CHEMICAL CORP: Paul Chen Note	7	0	100.00	None
Directors	Representative of LCY CHEMICAL CORP: Sung, Ting-Pang	7	0	100.00	None
Directors	LEE CHANG YUNG COMPANY, LTD. Representative: Pan, Li-Lin	7	0	100.00	None
Directors	Chung, Wan-Chen (dismissed on 2023.6.28)	2	1	66.67	2023.6.28 Shareholders' Meeting for Re-election of Directors
Directors	Wei Cheng-Cheng (Assumed office on 2023.6.28)	4	0	100.00	2023.6.28 Shareholders' Meeting for Re-election of Directors
Independent Director	Liu San-Chi	7	0	100.00	None
Independent Director	Tu, Wei-Hua	7	0	100.00	None
Independent Director	Chu, Nien -Tzu (dismissed on 2023.6.28)	3	0	100.00	2023.6.28 Shareholders' Meeting for Re-election of Directors
Independent Director	Peng, Yu-Min (Assumed office on 2023.6.28)	4	0	100.00	2023.6.28 Shareholders' Meeting for Re-election of Directors
Additional information:					
1. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified.					

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and in accordance with Article 14-5 of the Securities and Exchange Act, the provisions of this Article are not applicable.
- (2) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

2. Implementation of directors' recusal from conflict of interest proposals:

Session of the Board/Time of the Meeting /Date	Proposal item	Name of Director	Reasons for Conflict of Interests	Participation in the Vote
20th meeting of the 9th Board of Directors January 04, 2023	Proposal to lift the non-competition restriction on director Paul Chen	Paul Chen	The director is the party concerned.	The disqualified director withdraw from the discussion and voting of the proposal voluntarily. After the acting Chair seeks the opinions of directors who did not withdraw and attend the meeting, the proposal was passed without objections
The 2nd meeting of the 10th Board of Directors August 10, 2023	Proposal to lift the non-competition restriction on director Sung, Ting-Pang	SUNG, TING-PANG	The director is the party concerned.	The disqualified director withdraw from the discussion and voting of the proposal voluntarily. After the Chair seeks the opinions of directors who did not withdraw and attend the meeting, the proposal was passed without objections
The 4th meeting of the 10th Board of Directors November 09, 2023	Proposal to lift the non-competition restriction on Peng, Yu-Min Independent Director	Peng, Yu-Min	The director is the party concerned.	The disqualified director withdraw from the discussion and voting of the proposal voluntarily. After the Chair seeks the opinions of directors who did not withdraw and attend the meeting, the proposal was passed without objections

3. Self-evaluation of the Board of Directors members and the execution of the Board of Directors evaluation

(1) Self-evaluation of Board Members

Cycle	Period	Scope	Method	Content	Results
Once a year	January 1, 2023 to December 31, 2023	Performance evaluation of individual board members	Board members filling in self-evaluation questionnaires	(1) Understanding of the Company's goals and tasks (2) Awareness of director responsibilities	After counting the self-evaluation questionnaires of individual directors, the

					(3) Degree of participation in company operations (4) Internal relationship management and communication (5) Profession of directors and their continuing education (6) Internal control	average score was 94.53, which was “beyond the standard”
--	--	--	--	--	---	--

(2) Evaluation of the Board of Directors

Cycle	Period	Scope	Method	Content	Results
Once a year	January 1, 2023 to December 31, 2023	Performance Evaluation for Board of Directors	Self-evaluation questionnaires filled in by the Corporate Governance Division	(1) Degree of participation in company operations (2) Enhancing the quality of Board decisions (3) Board composition and structure (4) Selection and continuing education of the directors (5) Internal control	According to the actual operating results of the current year, the self-evaluation score of the Board of Directors' performance was 95.39 points, which was “beyond the standard”

4. Assessment of the goals and performance of the Board of Directors' functions for the current and most recent year:

- (1) The Company has established a “Rules of Procedure for Board of Directors Meetings” for the Board to follow and urges directors to participate in various external seminars and functional training courses to enhance the board function.
- (2) All directors were reelected in 2023, and the backgrounds of directors were diversified. The Company provides company information required by directors, including industrial development trend and company operating results, and arranging directors to conduct factory visits, etc. The directors have received a total of 60 hours of external training in 2023, and all directors are in line with the provisions of “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”.
- (3) The Company operates transparently and focuses on shareholders' interests. It has set up “News Center - Investment Information”, “Investor Zone” and “Corporate Social Responsibility - Corporate Governance” on the Company website. The Board of Directors will update important decisions on the Market Observation Post System and the Company website.

- (4) To protect the directors and managers against the risks they face during the conduction of businesses, the Company has purchased the “Liability Insurance for the Directors and Managers” with Fubon Products Insurance Co., Ltd. in the amount of US\$8 million. The situation, coverage and premium were reported at the Board of Directors meeting on March 14, 2024.
- (5) The Company’s Audit Committee and Compensation Committee are both composed of independent directors to assist the Board of Directors in fulfilling its supervisory responsibilities.
- (6) The Company approved the resolution of appointing the “Corporate Governance Officer” at the Board of Directors meeting on May 13, 2020.
- (7) The Company established the “Board Performance Evaluation Measures” in May 2019, and in November 2020, it was added that an external professional independent institution or external expert academic team will conduct evaluations every three years. The external evaluation of the Board of Directors for the year 2022 was conducted by the professional organization “Taiwan Institute of Ethical Business”. The evaluation results have been reported to the Board of Directors on March 24, 2023. The self-evaluation of board members and the board self-evaluation for the year 2023 have been completed, and the evaluation results have been reported to the board meeting on March 14, 2024.

(2) Operations of the Audit Committee

The company appointed 3 independent directors in an extraordinary shareholders’ meeting on August 21, 2017, and established an Audit Committee to replace the role of supervisors. The Audit Committee consists of three members who regularly convene meetings before board meetings every quarter. They assist the Board of Directors and supervise the establishment of the company’s internal control system, the effectiveness of internal audits, major financial business activities, financial reporting processes, and the quality of financial controls. They also communicate and interact with the head of internal audits and certified public accountants to effectively monitor the company’s operations and risk management.

Major matters reviewed by the Audit Committee:(1) Appropriate expression of financial statements of the Company; (2) selection and appointment (dismissal) of CPAs and their remuneration and independence, (3) formulation and revision of the Company’s internal control system and methods, (4) assessment of the effectiveness of the internal control system, (5) major assets, derivative commodities, capital loans and endorsement guaranteed transactions, (6) solicitation, issuance or private placement of securities of equity nature, (7) finance, accounting or internal audit (8) compliance with relevant laws and regulations; (9) control of existing or potential risks of the Company.

A total of 6 meetings of the Audit Committee were held in 2023. The attendance of committee members was as follows:

Title	Name	Attendance in Person	Attendance by proxy	Attendance Rate (%)	Remarks
Independent Director (Convener)	Liu San-Chi	6	—	100.00	None
Independent Director (Committee member)	Tu, Wei-Hua	6	—	100.00	None
Independent Director (Committee member)	Chu, Nien -Tzu (dismissed on 2023.6.28)	3	—	100.00	2023.6.28 Shareholders' Meeting for Re-election of Directors
Independent Director (Committee member)	Peng, Yu-Min (Assumed office on 2023.6.28)	3	—	100.00	2023.6.28 Shareholders' Meeting for Re-election of Directors

Additional information:

1. The date, period, contents of motions, objections of independent directors, reservations or major proposals, resolution of the Audit Committee meeting, and treatment of the opinions of the Audit Committee by the Company.

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

Audit Committee Session of the Board/Time of the Meeting /Date	Proposal item	Opinions of the Independent Directors and Resolution of the Audit Committee	The Company's response to the Audit Committee's opinions
The 13th meeting of the 2nd term January 04, 2023	Amendment to the internal control system (including the internal audit system)	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Amendment to Rules of Procedure for Board of Directors Meetings	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Proposal to lift the non-competition restriction on director Paul Chen	Passed unaniOsly as proposed.	Report to the Board of Directors, after the stakeholders recused themselves in accordance with the regulations, the

			proposal was unaniOsly approved by the directors who did not recuse themselves without objection.
		The Company’s change of CPAs	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		The Company’s request for the credit line and lines for foreign exchange and derivative financial commodities from the bank	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
The 14th meeting of the 2nd term March 24, 2023		2022 Statement on Internal Control System	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Amendment to the internal control system (including the internal audit system)	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		2022 Business Report	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		2023 Business Plan and Annual Budget	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		2022 Financial Statements	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Summary of the Company’s related party transactions for 2022	Passed unaniOsly as proposed. Reported to the Board of Directors meeting, and passed by all attending

				directors unaniOsly as proposed.
		Proposal on 2022 Earnings Distribution	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Appointment of CPAs for 2023 financial statements and audit of CPA fees	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Proposal on Lifting the Non-competition Restriction on the New Directors (Including Independent Directors)	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
The 15th meeting of the 2nd term May 10, 2023		Amendment to the internal control system (including the internal audit system)	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		The consolidated financial statements for the first quarter of 2023	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Earnings distribution for 2023 Q1	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
		Plan to formulate the “General Principles for the Pre-approval Non-assurance Services Policy” of the Company	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
The 1st meeting of the 3rd term June 28, 2023		Election of the Convener of the Audit Committee	Election of the Convener of the Audit Committee	-
The 2nd		Amendment to the internal	Passed unaniOsly as	Reported to the Board of

meeting of the 3rd term August 10, 2023	control system (including the internal audit system)	proposed.	Directors meeting, and passed by all attending directors unaniOsly as proposed.
	The consolidated financial statements for the second quarter of 2023	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	The Company's distribution of earnings for second quarter of 2023	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Proposal to lift the non-competition restriction on director Sung, Ting-Pang	Passed unaniOsly as proposed.	Report to the Board of Directors, after the stakeholders recused themselves in accordance with the regulations, the proposal was unaniOsly approved by the directors who did not recuse themselves without objection.
The 3rd meeting of the 3rd term November 09, 2023	Amendment to the internal control system (including the internal audit system)	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	113 Annual audit plan	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	The Company's change of CPAs	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	The consolidated financial statements for the third quarter of 2023	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.

	The Company's distribution of earnings the third quarter of 2023	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Proposal to lift the non-competition restriction on Peng, Yu-Min Independent Director	Stakeholders recused themselves in accordance with regulations. Directors who did not recuse themselves unaniOsly approved the case without objection.	Report to the Board of Directors, after the stakeholders recused themselves in accordance with the regulations, the proposal was unaniOsly approved by the directors who did not recuse themselves without objection.
	The company has set up a case for the chief information security officer.	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Change of General Manager of the Company	Passed unaniOsly as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.

(2) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

2. Ddirectors' recusal from conflict of interest proposals:

Audit Committee Session of the Board/Time of the Meeting /Date	Name	Reasons for Conflict of Interests	Voting situation
The 3rd meeting of the 3rd term November 09, 2023	Peng, Yu-Min Independent Director	Request for the removal of restrictions on non-competition	The stakeholders recused themselves according to regulations. The directors who did not recuse themselves unaniOsly approved the proposal without objection.

3. Communication between independent directors, internal auditors, and CPAs:

Audit Committee Session of the Board/ Time of the Meeting /Date	Communication with the Head of the Internal Audit		Communication with the CPA	
	Communication matters	Result		Communication matters
2023.01.04 The 10th meeting of the 2nd term	Execution Report on Routine Audit Work -October to November,2022 Report on improvement tracking. - 2022 Q4 Financing Cycle, R&D Cycle, Real Estate, Plant and Equipment Management Operations, Production Cycle, IT Security Audit, and Sales Cycle	Acknowledged and reported to the Board of Directors meeting.	There was no need to communicate with the accountant this time.	—
	Revision on the internal control system (including the internal audit system)	The independent directors had no suggestions, and it was submitted to the Board of Directors meeting for resolution after deliberation.		
2023.03.24 The 14th meeting of the 2nd term	Execution Report on Routine Audit Work - November 2022 to January -2023 Report on improvement	Acknowledged and reported to the Board of Directors meeting.	The CPA Lin, Wen-Chin reported: (1) Report on the audit results of the consolidated financial statements for the Q4 of 2022	(1) The independent directors had no suggestions, and the financial statements

	tracking. - 2023 Q1 financing cycle, real estate, factory and equipment management operations regulations and production cycle		(2) Law promotion: • Corporate Governance 3.0, Promotion of Relevant Measures in 2023 • Tax laws and regulations updates.	were submitted to the Board of Directors meeting for resolution.
	2022 Statement on Internal Control System	The independent directors had no suggestions, and it was submitted to the Board of Directors meeting for resolution after deliberation.	(3) Communicate with Corporate Governance Unit: Pre-approve Non-assurance Services	(2) Acknowledged, and the independent directors have no suggestions on it.
	Revision on the internal control system (including the internal audit system)		(4) Audit Quality Indicators (AQI): From the Q4 of 2022, for the Audit Committee of listed companies to evaluate the appointment or reappointment of certified public accountants for auditing the 2023 financial statements	(3) The independent directors suggest that the pre-audit items for non-assurance services should be reported based on the company's situation, and special matters should be applied for individually.
2023.05.10 The 15th meeting of the 2nd term	Execution Report on Routine Audit Work March to April 20,2023 Report on improvement tracking. - Operation	Acknowledged and reported to the Board of Directors meeting.	The CPA Lin, Wen-Chin reported: (1) Report on the review results of the consolidated financial statements for the Q1 of 2023 (2) Law promotion: • Promotion	(4) Acknowledged, and the independent directors have no suggestions on it. (1) The independent directors had no suggestions, and the financial statements were

	Guidelines for Real Estate, Plant and Equipment Management and Information Security Inspection for Q2 2023		Conference on Sustainable Development for TWSE/TPEX Listed Companies (2023)	submitted to the Board of Directors meeting for resolution. (2) Acknowledged, and the independent directors have no suggestions on it.
	Revision on the internal control system (including the internal audit system)	The independent directors had no suggestions, and it was submitted to the Board of Directors meeting for resolution after deliberation.		
2023.06.28 The 1st meeting of the 3rd term	None (This election of independent directors will only nominate a convener.)		None (This election of independent directors will only nominate a convener.)	
2023.08.10 The 2nd meeting of the 3rd term	Execution Report on Routine Audit Work April 22, 2023 to July 21, 2023 Report on improvement tracking. -2023 Q2 IT Security Review, Sales Cycle, Board of Directors Meeting Rules and Regulations, R&D Cycle, Real Estate, Plant and Equipment Management Operations Procedures,	Acknowledged and reported to the Board of Directors meeting.	The CPA Lin, Wen-Chin reported: (1) Report on the review results of the consolidated financial statements for the Q1 of 2023 (2) Law promotion: • The International Sustainability Standards Board (ISSB) announced the issuance of Sustainability Disclosure Standard Scope 1 “General Requirements for Disclosure of Sustainability-related Financial Information” and	(1) The independent directors had no suggestions, and the financial statements were submitted to the Board of Directors meeting for resolution. (2) Acknowledged, and the independent directors have no suggestions on it.

	Procurement and Payment Cycle		Scope 2 “Climate-related Disclosures” on June 26, 2023.	
	Revision on the internal control system (including the internal audit system)	The independent directors had no suggestions, and it was submitted to the Board of Directors meeting for resolution after deliberation.	<ul style="list-style-type: none"> Tax laws and regulations updates 	
2023.11.09 The 3rd meeting of the 3rd term	Execution Report on Routine Audit Work - July 22, 2023 to October 22, 2023 Report on improvement tracking. -2023 Q3 IT Security Check and Production Cycle	Acknowledged and reported to the Board of Directors meeting.	CPA Kuo, Wen-Chi regarding:	(1) The independent directors had no suggestions, and the financial statements were submitted to the Board of Directors meeting for resolution. (2) Acknowledged, and the independent directors have no suggestions on it. (3) Acknowledged, and the independent directors have no suggestions on it.
	Revision on the internal control system (including the internal audit system)	The independent directors had no suggestions, and it was submitted to the Board of Directors meeting for resolution after deliberation.	(1) The review results and scope, assessment of fraud, identification of significant risks and critical reviews for the consolidated financial statements for 2023 Q3. (2) Report on the Quality Control System of the Firm (3) Law promotion:	
	113 Annual audit plan		<ul style="list-style-type: none"> (IFRS) Scope 1 “General Requirements for Disclosure of Sustainability-related Financial Information” and Scope 2 “Climate-related Disclosures” Introduction. 	

(3) Implementation of Corporate Governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
1. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company's Board of Directors approved the "Code of Practice on Corporate Governance" on July 19, 2017 and the Code was disclosed on the Company's website (https://lcyt.lcytic.com/zh) and Market Observation Post System. The Board of Directors made the latest revision on March 27, 2020.	No significant deviation
2. Shareholding structure & shareholders' rights				
(1) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	✓		(1) The Company has "Rules of Procedure for Shareholders' Meeting" and "Code of Practice on Corporate Governance", and operates in accordance with these measures; The Company has appointed one spokesperson and one acting spokesperson to handle shareholders' suggestions, inquiries, or disputes.	No significant deviation
(2) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(2) In accordance with Article 25 of the Securities and Exchange Act, the Company reports the changes in the shares held by the insiders (directors, managers and shareholders holding more than 10% of the shares) on the Market Observation Post System designated by the competent authority on a monthly basis. In addition, according to the list of shareholders and the list of shareholders holding more than 5% each quarter provided by the stock agency when the transfer of ownership is	No significant deviation

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
(3) Does the company establish and execute a risk management and firewall system within its affiliates?	✓		stopped, the Company possesses a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders. (3) The Company has set up “Management Measures for Transactions with Related Parties, Group Enterprises and specific Companies”, “Operational Measures for Loan of Funds to Others” and “Operational Measures for Endorsement Guarantee” to control transactions between the Company and its affiliates. In addition, it has set up supervision measures for subsidiaries to implement the risk control mechanism of subsidiaries according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” of the Financial Supervisory Commission. Relevant risk management and firewalls have been properly established.	No significant deviation
(4) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	✓		(4) The Company has established the Operating Method for Internal Major Information and Prevention and Management of Insider Trading to avoid and prevent those who know the scope of information from mistakenly touching insider trading because of not knowing the laws and regulations, and yearly informs the Company’s insiders and relevant personnel to strictly abide by the regulations. On June 2, 2023, the “Prevention of Insider Trading Promotion Meeting for 2023” was held for all employees, on December 05, 2023, “Prevention of Insider Trading” was promoted to managers and employees; on December 05, 2023, “Prevention of Insider Trading, Changes in Insider Holdings, and Prohibition of Short-swing Trading” were promoted to directors and insiders and the latest legislation information in 2023, the publicity matters of competent authorities and the sharing of relevant cases were also shared.	No significant deviation
3. Composition and responsibilities of the Board of Directors				

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																																																																																
	Yes	No	Summarized Description																																																																																	
(1) Has the Company established a diversification policy, concrete management objectives and its implementation?	✓		<p>(1) The Company has stipulated in the “Directors Election Regulations” and the “Corporate Governance Best Practice Principles” that the composition of the Board of Directors should include diverse elements. The nomination and selection of the members of the Company’s Board of Directors comply with the provisions of the Articles of Incorporation and adopt a candidate nomination system. The Board of Directors has a total of 7 members (including 3 independent directors), with an average age of approximately 69 years, and one female member. The directors have many years of experience in operational judgment, accounting and financial analysis, risk control, industry analysis, international market view, leadership and decision-making ability, and have the ability to assist the Company’s management and trend development. The core competencies of Board members are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Board members</th> <th colspan="8">Core Competencies</th> </tr> <tr> <th>Operational judgment</th> <th>Accounting and financial analysis</th> <th>Risk control and management</th> <th>Industry analysis</th> <th>Knowledge of the international market</th> <th>Leadership skills</th> <th>Decision-making skills</th> <th>Marketing</th> </tr> </thead> <tbody> <tr> <td>Paul Chen</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>SUNG, TING-PANG</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>PAN, LI-LIN</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Wei Cheng-Cheng</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Liu San-Chi</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Tu, Wei-Hua</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Peng, Yu-Min</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>	Board members	Core Competencies								Operational judgment	Accounting and financial analysis	Risk control and management	Industry analysis	Knowledge of the international market	Leadership skills	Decision-making skills	Marketing	Paul Chen	✓		✓	✓	✓	✓	✓	✓	SUNG, TING-PANG	✓		✓	✓	✓	✓	✓	✓	PAN, LI-LIN	✓	✓	✓	✓	✓	✓	✓		Wei Cheng-Cheng	✓	✓	✓	✓	✓	✓	✓	✓	Liu San-Chi	✓	✓	✓	✓	✓	✓	✓		Tu, Wei-Hua	✓	✓	✓	✓	✓	✓	✓	✓	Peng, Yu-Min	✓	✓	✓	✓	✓	✓	✓	✓	No significant deviation
Board members	Core Competencies																																																																																			
	Operational judgment	Accounting and financial analysis	Risk control and management	Industry analysis	Knowledge of the international market	Leadership skills	Decision-making skills	Marketing																																																																												
Paul Chen	✓		✓	✓	✓	✓	✓	✓																																																																												
SUNG, TING-PANG	✓		✓	✓	✓	✓	✓	✓																																																																												
PAN, LI-LIN	✓	✓	✓	✓	✓	✓	✓																																																																													
Wei Cheng-Cheng	✓	✓	✓	✓	✓	✓	✓	✓																																																																												
Liu San-Chi	✓	✓	✓	✓	✓	✓	✓																																																																													
Tu, Wei-Hua	✓	✓	✓	✓	✓	✓	✓	✓																																																																												
Peng, Yu-Min	✓	✓	✓	✓	✓	✓	✓	✓																																																																												

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
(2) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?		✓	(2) The Company has set up a Remuneration Committee and an Audit Committee in accordance with the law and operates in accordance with relevant laws and regulations. In the future, the Company will establish other functional committees according to its operation situation and in accordance with the law.	The differences are described at the left
(3) Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	✓		(3) 1. The Company formulated the "Board of Directors Performance Evaluation Procedures" on May 10, 2019 by resolution of the Board of Directors. Each year, individual board members conduct self-evaluations, and the overall Board of Directors is evaluated. The evaluation period is from January 1 to December 31 of the current year. On November 13, 2020, it was added that an external professional independent institution or an external expert scholar team shall conduct a performance evaluation of the Board of Directors every three years. 2. The performance evaluation of the Board of Directors for the year 2023 has been completed. After tallying the results from individual director members through a questionnaire, the average score for directors was 94.53 points, and the self-evaluation score for the Board of Directors' operations was 95.39 points out of a maximum of 100 points. The evaluation results were "exceeding standards" and were reported to the Board of Directors meeting on March 14, 2024. 3. The compensation of directors of the Company is decided according to the participation procedures, contribution value and peer level of individual directors in the operation of the Company. Independent directors do not participate in the distribution of director compensation. The self-evaluation results of director's performance will also be listed as the reference for the next nomination and renewal.	No significant deviation

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
(4) Does the company regularly evaluate the independence of the CPAs?	✓		(4) 1. Each year, the financial department of our company evaluates the independence of the accountants in terms of items and procedures in accordance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the evaluation items and procedures include: (1) Obtaining the personal resumes and independence statements of the accountants, (2) Checking based on the items stipulated in Article 47 of the CPA Act and Statement of Auditing Standards No. 10 on professional ethics, (3) Current interactive communication with the company's management (including the audit supervisor), and (4) Obtaining the 2022 audit quality indicator report in 2023. Its evaluation results are reported to the Audit Committee and the Board of Directors. 2. The CPA Lin, Wen-Chin and the CPA Liu, Chien-Liang for 2.2023 financial statements met the suitability and independence criteria. The results were reported to the Audit Committee and Board of Directors on Friday, March 24, 2023. 3. In 3.2023 Q3, according to the internal rotation mechanism of the accounting firm, the CPA Lin Wen-Chin was replaced by the CPA Kuo, Wen-Chi. The results of the suitability and independence evaluation were submitted to the Audit Committee and the Board of Directors on November 9, 2023. 4. The CPA Lin, Wen-Chin and the CPA Kuo, Wen-Chi for 4.2024 financial statements met the suitability and independence criteria. The results were reported to the Audit Committee and Board of Directors on Thursday, March 14, 2024.	No significant deviation
4. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for	✓		The company's Board of Directors approved the establishment of a Corporate Governance Officer on May 13, 2020, responsible for providing directors and independent directors with the necessary information for executing business operations, preparing documents for Board of Directors and shareholders' meetings, assisting directors in complying with laws and regulations, and facilitating their continuing education. The implementation in 2023 is as follows:	No significant deviation

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
corporate governance affairs (including but not limited to providing directors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?			<p>(1) Convened 7 Board of Directors meetings in total. Drafted the agenda, sent meeting notices within the legal time limit, immediately released material information based on the Board's resolutions and ensured the legality and accuracy of the material information, and compiled meeting minutes after the Board meetings and sent them to all directors via email.</p> <p>(2) Held one annual general meeting of shareholders, pre-registered the date of the shareholders' meeting, prepared the Chinese and English versions of the meeting notice, agenda handbook, and supplementary materials, annual report, and other documents in accordance with regulations, announced the resolutions of the shareholders' meeting and released material information after the meeting, and prepared and disclosed the meeting minutes. All documents were completed and disclosed within the statutory time limit.</p> <p>(3) Provided directors with information on continuing education courses to assist them in continuous learning. All directors completed the required courses this year.</p> <p>(4) Purchased directors and officers liability insurance from Fubon Property & Casualty Insurance Co., Ltd. The insurance period was from 00:00 on January 30, 2023, to 00:00 on January 30, 2024, and the renewal process was completed. The renewed insurance period is from 00:00 on January 30, 2024, to 00:00 on January 30, 2025. The renewal report has been submitted to the Board of Directors on March 14, 2024.</p> <p>(5) Arranged for relevant personnel to attend and report at board meetings according to the agenda items, assisted directors in complying with relevant laws and regulations, handled the disclosure of corporate governance information, and maintained the company's website.</p> <p>(6) Completed the performance evaluation for individual directors and the Board of Directors for 2023.</p>	

<p>5. Has the Company established a means of communication with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to important corporate social responsibility issues that are concerned by stakeholders</p>	<p>✓</p>	<p>The company's official website has a "Stakeholders' Section", and dedicated personnel are responsible for responding to the issues raised. Based on our operations, we identify issues related to economic, environmental, and social aspects to understand the level of concern from stakeholders regarding each issue. The stakeholder categories, issues of concern, response windows and communication channels are summarized as follows:</p> <table border="1" data-bbox="685 419 1843 1436"> <thead> <tr> <th data-bbox="685 419 909 496">Stakeholder</th> <th data-bbox="909 419 1323 496">Topics Concerned</th> <th data-bbox="1323 419 1547 496">Response Window</th> <th data-bbox="1547 419 1843 496">Communication Channel</th> </tr> </thead> <tbody> <tr> <td data-bbox="685 496 909 799">Employees</td> <td data-bbox="909 496 1323 799"> Salary and welfare Labor equity and labor-management relationship Talent cultivation and occupational development Workplace safety and health Communication and appealing channels </td> <td data-bbox="1323 496 1547 799">Human resources units</td> <td data-bbox="1547 496 1843 799"> Interview Announcement Questionnaire Labor-management meeting </td> </tr> <tr> <td data-bbox="685 799 909 1134">Shareholder (Investor)</td> <td data-bbox="909 799 1323 1134"> Industrial competitiveness Operating performance Corporate governance Risk management Information transparency </td> <td data-bbox="1323 799 1547 1134">Spokesperson</td> <td data-bbox="1547 799 1843 1134"> Market Observation Post System Corporate Information Session Corporate website Telephone and email </td> </tr> <tr> <td data-bbox="685 1134 909 1286">Customer</td> <td data-bbox="909 1134 1323 1286"> Aftersales services and price Product quality On-time delivery </td> <td data-bbox="1323 1134 1547 1286">Business unit</td> <td data-bbox="1547 1134 1843 1286"> Questionnaire Corporate website Telephone, E-mail Visit in person </td> </tr> <tr> <td data-bbox="685 1286 909 1436">Supplier</td> <td data-bbox="909 1286 1323 1436"> Supplier management Acts and regulations Green procurement Payment status </td> <td data-bbox="1323 1286 1547 1436">Procurement unit</td> <td data-bbox="1547 1286 1843 1436"> Questionnaire Documents and on-site visit Telephone and </td> </tr> </tbody> </table>	Stakeholder	Topics Concerned	Response Window	Communication Channel	Employees	Salary and welfare Labor equity and labor-management relationship Talent cultivation and occupational development Workplace safety and health Communication and appealing channels	Human resources units	Interview Announcement Questionnaire Labor-management meeting	Shareholder (Investor)	Industrial competitiveness Operating performance Corporate governance Risk management Information transparency	Spokesperson	Market Observation Post System Corporate Information Session Corporate website Telephone and email	Customer	Aftersales services and price Product quality On-time delivery	Business unit	Questionnaire Corporate website Telephone, E-mail Visit in person	Supplier	Supplier management Acts and regulations Green procurement Payment status	Procurement unit	Questionnaire Documents and on-site visit Telephone and	<p>No significant deviation</p>
Stakeholder	Topics Concerned	Response Window	Communication Channel																				
Employees	Salary and welfare Labor equity and labor-management relationship Talent cultivation and occupational development Workplace safety and health Communication and appealing channels	Human resources units	Interview Announcement Questionnaire Labor-management meeting																				
Shareholder (Investor)	Industrial competitiveness Operating performance Corporate governance Risk management Information transparency	Spokesperson	Market Observation Post System Corporate Information Session Corporate website Telephone and email																				
Customer	Aftersales services and price Product quality On-time delivery	Business unit	Questionnaire Corporate website Telephone, E-mail Visit in person																				
Supplier	Supplier management Acts and regulations Green procurement Payment status	Procurement unit	Questionnaire Documents and on-site visit Telephone and																				

Assessment Item	Operational situation				Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons		
	Yes	No	Summarized Description				
					email Visit in person		
			Competent authority	Law compliance and promotion of acts and regulations Corporate governance and risk management Environmental protection and social contribution	Spokesperson Corporate Governance Factory affair unit	Questionnaire Undertaken by the corresponding department/office In-factory audit	
			Others	Environmental protection and social contribution	Spokesperson Factory affair unit	Visit in person	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Agency Department of CTBC Bank Co., Ltd. to handle the matters related to the shareholders' meeting. The bank has obtained the certificate of a professional share service agency.			No significant deviation	
7. Information disclosure (1) Does the company have a website to disclose the financial operations and corporate governance status?	✓		(1) The Company has set up a website (https://lcyt.lcycic.com/zh), and timely disclosed the financial business and information on corporate governance.			No significant deviation	
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-	✓		(2) The Company website consists of traditional Chinese, Simplified Chinese and English versions. The Finance Department has assigned personnel to collect disclosure information, including briefing materials for corporate presentations. The Company's website is operated well in accordance with the information disclosure			No significant deviation	

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
<p>language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)?</p> <p>(3) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?</p>		✓	<p>requirements of the competent authorities. The spokesman and acting spokesman's contact channels are provided for shareholders and investors to inquire and communicate. The Company was invited to participate in the online corporate information session held by Yuanta Securities Co., Ltd. on October 24, 2023. The relevant information has been disclosed on the Company's website.</p> <p>(3) The Company announces its financial report of the year before March 31 of each year, the quarterly financial report reviewed by the CPAs within 45 days after the end of each quarter, and the revenue amount of the last month before the 10th of the next month as required.</p>	No significant deviation
<p>8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights,</p>	✓		<p>(1) Employee rights: The Company complies with the provisions of the Labor Standard Act and personnel regulations, and holds quarterly management meetings to coordinate labor-management relations.</p> <p>(2) Employee care: Various communication channels have been established, allowing employees to directly communicate and interact with the management team through channels such as phone and email.</p> <p>The company provides a high-quality and appropriate work environment, implements a smoke-free workplace policy, conducts regular environmental inspections, offers employee group insurance, regular health check-ups, flu vaccinations, and has blood pressure monitors in the office. Furthermore, in collaboration with the Teacher Chang</p>	No significant deviation

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			<p>Foundation, the company provides employees with a “telephone consultation hotline and mailbox” and “one-on-one professional psychological counseling” services, emphasizing the physical and mental well-being of its employees.</p> <p>(3) Investor relations: The Company attaches great importance to shareholders' rights and interests. The Company discloses its operating results and long-term strategies in a correct, timely and transparent way on the Market Observation Post System and the Company's website to protect the rights and interests of investors. Investors can also contact the Company's spokesperson and acting spokesperson at any time. The ratio of electronic voting at the 2023 shareholders' meeting is 63.43%, and there is no such situation that the agenda is changed by a provisional motion or 7 days before the meeting. On October 24, 2023, the Company was invited to participate in the online corporate information session by Yuanta Securities to have a two-way conversation with investors.</p> <p>(4) Supplier relation: The Company maintains a long-term and stable cooperative relationship with suppliers, and there is no default on payment for goods. Currently, it is actively urging the suppliers to comply with issues such as a friendly environment, health, safety, labor and human rights to fulfill corporate social responsibilities.</p> <p>(5) Stakeholder rights: The stakeholders of the Company can contact the corresponding window of the Company at any time through the email on the Company's corporate website or through the direct communication channel for stakeholders. The Company adheres to the attitude of integrity and responsibility to properly handle the situation and fulfill its corporate social responsibility.</p> <p>(6) Training of Directors and Supervisors: The directors of the Company comply with the requirements of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and their training information was announced on the Market Observation Post System and the</p>	

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																																
	Yes	No	Summarized Description																																	
			<p>Company's website. The training hours of the directors in 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Title Name</th> <th>Date of training</th> <th>Training Institution</th> <th>Course Name</th> <th>Training Hours</th> <th>Total Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Chairman Paul Chen</td> <td>4/27</td> <td>Taiwan Stock Exchange Corporation , Taipei Exchange.</td> <td>Promotion Conference on Sustainable Development for TWSE/TPEX Listed Companies</td> <td>3</td> <td rowspan="3">12</td> </tr> <tr> <td>6/9</td> <td>Securities and Futures Institute</td> <td>2023 Insider Trading Prevention Promotion Conference</td> <td>3</td> </tr> <tr> <td>7/4</td> <td>Taiwan Stock Exchange</td> <td>2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT</td> <td>6</td> </tr> <tr> <td>Directors SUNG,TING-PANG</td> <td>7/4</td> <td>Taiwan Stock Exchange</td> <td>2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT</td> <td>6</td> <td></td> </tr> <tr> <td>Directors PAN,LI-LIN</td> <td>4/27</td> <td>Taiwan Stock Exchange Corporation , Taipei Exchange.</td> <td>Promotion Conference on Sustainable Development for TWSE/TPEX Listed Companies</td> <td>3</td> <td>6</td> </tr> </tbody> </table>	Title Name	Date of training	Training Institution	Course Name	Training Hours	Total Hours	Chairman Paul Chen	4/27	Taiwan Stock Exchange Corporation , Taipei Exchange.	Promotion Conference on Sustainable Development for TWSE/TPEX Listed Companies	3	12	6/9	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3	7/4	Taiwan Stock Exchange	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6	Directors SUNG,TING-PANG	7/4	Taiwan Stock Exchange	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6		Directors PAN,LI-LIN	4/27	Taiwan Stock Exchange Corporation , Taipei Exchange.	Promotion Conference on Sustainable Development for TWSE/TPEX Listed Companies	3	6	
Title Name	Date of training	Training Institution	Course Name	Training Hours	Total Hours																															
Chairman Paul Chen	4/27	Taiwan Stock Exchange Corporation , Taipei Exchange.	Promotion Conference on Sustainable Development for TWSE/TPEX Listed Companies	3	12																															
	6/9	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3																																
	7/4	Taiwan Stock Exchange	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6																																
Directors SUNG,TING-PANG	7/4	Taiwan Stock Exchange	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6																																
Directors PAN,LI-LIN	4/27	Taiwan Stock Exchange Corporation , Taipei Exchange.	Promotion Conference on Sustainable Development for TWSE/TPEX Listed Companies	3	6																															

Assessment Item	Operational situation							Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons	
	Yes	No	Summarized Description						
				8/25	Taiwan Corporate Governance Association	Discussion on Corporate Financial Statement Fraud and Cases	3		
			Directors Wei Cheng-Cheng	8/18	Taiwan Corporate Governance Association	Big Data Analysis and Fraud Detection	3	12	
				8/25	Taiwan Corporate Governance Association	Discussion on Corporate Financial Statement Fraud and Cases	3		
				9/15	Taiwan Corporate Governance Association	How are board meetings conducted? Sharing practical common deficiencies in the operation of board meetings for listed companies	3		
				10/4	Taiwan Corporate Governance Association	How does the board of directors formulate an ESG sustainable governance strategy?	3		
			Independent Director Liu San-Chi	9/19	Securities and Futures Institute	How can the board of directors use OKRs to improve corporate governance effectiveness?	3	6	

Assessment Item	Operational situation						Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons		
	Yes	No	Summarized Description						
				11/16	Foundation of Taipei financial research and Development	Important tax law strategies and applications for wealth succession analysis	3		
			Independent Director Tu, Wei-Hua	8/24	Taiwan Academy of Banking and Finance	Discussion on labor law reforms from a corporate governance perspective	3	6	
				11/22	Securities and Futures Institute	Sustainable Supply Chain and Circular Economy	3		
			Independent Director Peng, Yu-Min	7/4	Taiwan Stock Exchange	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6	12	
				7/19	Taiwan Investor Relations Institute	Corporate sustainability and key family governance	3		
				10/16	Foundation of Taipei financial research and Development	Social mutual help's benevolent innovation system	3		
The above-disclosed continuing education hours, scope, system and arrangement									

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																								
	Yes	No	Summarized Description																									
			<p>comply with the regulations of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.</p> <p>(7) The corporate governance manager shall follow the directions in the establishment and exercise of functions and powers of the Board of Directors of the listed company, handle matters related to corporate governance, deal with matters related to the Board of Directors and the shareholders' meeting, and assist the directors in their appointment, continuing education, compliance with laws and regulations and implementation of business requirements.</p> <p>Continuing training in 2023:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Date of training</th> <th>Training Institution</th> <th>Course Name</th> <th>Training Hours</th> <th>Total Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Stanley Kung</td> <td>6/9</td> <td>Securities and Futures Institute</td> <td>2023 Insider Trading Prevention Promotion Conference</td> <td>3</td> <td rowspan="4">18</td> </tr> <tr> <td>7/4</td> <td>Taiwan Stock Exchange, Global Views Monthly, Cathay</td> <td>2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT</td> <td>6</td> </tr> <tr> <td>7/18</td> <td>Accounting Research and Development Foundation</td> <td>2023 Transformation in Finance and Sustainable Disclosure Conference</td> <td>3</td> </tr> <tr> <td>10/13</td> <td>Securities and Futures Institute</td> <td>2023 Insider Trading Prevention Promotion Conference</td> <td>3</td> </tr> </tbody> </table>	Name	Date of training	Training Institution	Course Name	Training Hours	Total Hours	Stanley Kung	6/9	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3	18	7/4	Taiwan Stock Exchange, Global Views Monthly, Cathay	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6	7/18	Accounting Research and Development Foundation	2023 Transformation in Finance and Sustainable Disclosure Conference	3	10/13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3	
Name	Date of training	Training Institution	Course Name	Training Hours	Total Hours																							
Stanley Kung	6/9	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3	18																							
	7/4	Taiwan Stock Exchange, Global Views Monthly, Cathay	2023 CATHAY SUSTAINABLE FINANCE AND CLIMATE CHANGE SUMMIT	6																								
	7/18	Accounting Research and Development Foundation	2023 Transformation in Finance and Sustainable Disclosure Conference	3																								
	10/13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3																								

Assessment Item	Operational situation						Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons	
	Yes	No	Summarized Description					
				11/15	Sustainable Thinking Academy	Review of Managerial Risk Control and Independent Director System	3	
			<p>(8) Implementation of risk management policies and risk measures: the Company adheres to the principle of prudent operation and focuses on its businesses. Therefore, its internal management regulations are formulated on the premise of well controlling and bearing the risk system, and smoothly carrying out various risk management and evaluation. The Company continues to promote the risk management-oriented business model, and can establish a risk management mechanism of early identification, accurate measurement, effective supervision and strict control. The risk is controlled within an acceptable or controlled scope through regular or irregular inspection by the internal auditing unit.</p> <p>(9) Implementation of customer policy: In addition to regular customer visits, the Company also follows the principle of ethical management. To provide high-quality services to customers, it has also established a customer service department.</p> <p>(10) Liability insurance for directors and supervisors: The Company purchases liability insurance for directors and managers to reduce and disperse the risk of significant damage to the Company's shareholders due to mistakes or omissions of directors, independent directors and managers, and reports to the Board of Directors the situation, coverage and cost of the liability insurance after purchasing the insurance.</p>					
<p>9. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: None.</p> <p>Improvement in 2023</p> <p>(1) On December 29, 2023, there will be a job transfer, and the chairman and general manager will not be the same person.</p> <p>(2) Prepare an English version of the meeting handbook and annual report, and upload them 30 days before the shareholders' meeting and 16 days before the meeting.</p> <p>(3) Arrange separate communications between independent directors and internal audit supervisors and CPAs.</p>								

Assessment Item	Operational situation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summarized Description	
<p>(4) Explain the power and authority of the corporate governance manager and his/her continuing education on the Company's website and in the annual report.</p> <p>Short and medium-term improvement targets for items not meeting the evaluation criteria:</p> <p>(1) Short-term: Set up other functional committees.</p> <p>(2) Medium-term: When electing new directors in the next term, consider adding one female independent director to strengthen the structure and operation of the board of directors.</p> <p>(3) Long-term: create a succession plan for the Board of Directors and key management levels and risk management policies, so that the Company can achieve the goal of sustainable governance.</p>				

(4) Composition, responsibilities and operation of the Remuneration Committee

1. Composition

The Remuneration Committee consists of three members appointed by resolution of the Board of Directors. All members are independent directors, and the convener and meeting chair are elected among all members. The Committee convenes at least two meetings annually, with meeting notices stating the reasons for convening sent to all members in accordance with regulations.

2. Professional qualifications and independence qualifications of the members of the 6th Remuneration Committee:

March 31, 2024

Criteria		Professional qualifications and experience	Independence (See the Note for Independence Criteria)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Identity	Type/Name			
(Convener) Independent Director	Tu, Wei-Hua	Bachelor of Department of Chemistry, Tunghai University, on-the-job master of senior executive business administration class of National Central University, served at Dupont Taiwan Limited as Deputy General Manager of New Venture Department, Managing Supervisor of Taiwan Institute of Chemical Engineers, and CEO of Global Research & Industry Alliance, Center for Academia and Industry Collaboration, National Central University, with marketing and industry ability.	Conforming to all the independence criteria (Note) As of March 31, no shares of the Company were held and there was no violation of the respective paragraphs of Article 30 of the Company Act.	—

Identity Type/Name		Criteria	Professional qualifications and experience	Independence (See the Note for Independence Criteria)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Independent Director	Liu San-Chi		Accounting Department of Soochow University, current Chairman of Hwa Hsia University of Technology, and former Vice President of Fo Guang University, Chairman of Kaohsiung Rapid Transit Corporation, Director of Accounting Department, of Yu Da University of Science and Technology, the Executive Yuan, the Controller of the Executive Yuan, and Chief Accounting Officer of the Ministry of Education, with accounting and finance ability.	Conforming to all the independence criteria (Note) As of March 31, no shares of the Company were held and there was no violation of the respective paragraphs of Article 30 of the Company Act.	—
Independent Director	Peng, Yu-Min		A Ph.D. in Materials Engineering from the University of Manchester, UK. Currently serving as Strategic Advisor at Jin Join Rone Technology Corporation Ltd. Formerly Deputy President at the Industrial Technology Research Institute (ITRI), with expertise in marketing and business capabilities.	Conforming to all the independence criteria (Note) As of March 31, no shares of the Company were held and there was no violation of the respective paragraphs of Article 30 of the Company Act.	2

Note: Independence Criteria:

1. Within two years prior to the appointment and during the term of office, there were no following incidents:
 - (1) An employee of the Company or any of its affiliates.
 - (2) A director or supervisor of the Company or any of its affiliates.
 - (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 natural person share.

- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the manager in the preceding subparagraph (1) or persons in the preceding two subparagraphs.
 - (5) A director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total shares issued by the Company, ranks as one of its top five shareholders or designates a representative as the director or representative of the Company according to paragraph 1 and 2 of Article 27 of the Company Act.
 - (6) A director, supervisor, or employee of another company whose half of the seats of directors or shares with voting rights is controlled by the same person as the Company.
 - (7) A director (member of the governing board), Supervisor (member of the supervisory board) or employee of another Company or institution that the Chairman, General Manager or person holds an equivalent position of it are the same people or the spouse of the person holding the aforementioned positions of the Company.
 - (8) A director, supervisor, manager, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company.
 - (9) A professional individual who, or an owner, partner, Director (member of the governing board), Supervisor (member of the supervisory board), or manager of a sole proprietorship, partnership, Company, or institution, that provides audit services, or commercial, legal, financial, accounting or related services from which a cumulative amount of remuneration not exceeding NT\$500,000 has been obtained in the most recent two years, to the Company or to any of its affiliates, or a spouse thereof.
2. If an independent director has been an independent director of a company in Paragraph 1 (2) or Paragraph 1(8), or of any of its related enterprises, or of any particular company or institution with which the Company has financial or business dealings, and has been discharged, the provisions of two years prior to his election in Paragraph 1 shall not apply.
 3. Responsibilities: The Remuneration Committee shall faithfully perform the following duties and principles with the attention of a prudent administrator and submit the recommendations to the Board of Directors for discussion.

(1) Duties

- A. Regularly review the Remuneration Committee Charter and put forward suggestions for revision.
- B. Establish and regularly review the performance evaluation standards, annual and long-term performance objectives of the Company's directors and managers as well as the policies, systems, standards and structures of the Remuneration Committee.
- C. Periodically evaluate the achievement of the performance objectives of the directors and managers of the Company, and determine the content and amount of individual remuneration based on the evaluation results obtained from the performance evaluation standards.

(2) Principles for the exercise of duties

- A. Ensure that the Company's Remuneration Committee arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
- B. The performance evaluation and remuneration of directors and managers shall refer to the common level of the industry, and take into account the results of individual performance evaluation, the time invested, the responsibilities undertaken, the achievement of personal goals, the performance in other positions, and the remuneration paid by the Company in recent years to similar positions, that is, to evaluate the relevance of individual performance to the Company's operating performance and future risks based on the achievement of the Company's short-term and long-term business objectives, the Company's financial condition, etc.
- C. Directors and managers should not be guided to engage in activities beyond the Company's risk appetite for pursuing remuneration.
- D. The proportion of bonuses paid to directors and senior managers for short-term performance and the payment time of variable remuneration should consider the characteristics of the industry and the nature of the Company's business.
- E. The content and amount of directors' and managers' remuneration should be determined in consideration of its reasonableness and should not be materially inconsistent with financial performance.
- F. When discussing the remuneration of an individual committee member at a meeting, that member shall not participate in the discussion or vote if it would be detrimental to the interests of the Company and shall recuse himself from the discussion or vote and shall not exercise his voting right on behalf of another member of the Committee.

The remuneration mentioned in the preceding two paragraphs includes cash remuneration, stock options, dividend shares, retirement benefits or severance payments, various allowances and other substantial incentive measures; its scope should be consistent with that of the director and manager remuneration in the guidelines for matters to be recorded in the annual report of public companies.

4. Implementation Status

- (1) There are 3 members in the Compensation Committee.
- (2) The term of the 6th committee is from June 28, 2023 to June 27, 2026.
- (3) The Compensation Committee held 5 meetings in 2023, and the attendance of the members is as follows:

The Fifth:

Title	Name	Attendance in Person	Attendance by proxy	Attendance Rate(%)	Remarks
Convener	Chu,Nien -Tzu	2	—	100.00	None
Committee member	Liu San-Chi	2	—	100.00	None
Committee member	Tu, Wei-Hua	2	—	100.00	None

The sixth:

Title	Name	Attendance in Person	Attendance by proxy	Attendance Rate(%)	Remarks
Convener	Tu, Wei-Hua	3	—	100.00	None
Committee member	Liu San-Chi	3	—	100.00	None
Committee member	Peng, Yu-Min	3	—	100.00	None

Additional information:

1. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, the content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
2. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members' opinions and the response to members' opinion shall be specified: None.
3. The recent meeting dates, agenda items, and resolution results within the past year:

Period	Proposal item	Resolution results of the Remuneration Committee	The Company's response to the Audit Committee's opinions
The 15th Meeting of the 5th Term January 04, 2023	Proposal on confirmation of the bonus payment standard for managers in 2022	All attending members unaniOsly agreed and passed the case to be reported to the Board of Directors.	Report to the Board of Directors, the interested parties in this case recused themselves in accordance with regulations, and after the personnel officer reported, the chairman consulted all attending directors who unaniOsly approved the case without objection.
The 5th Meeting of the 6th Term March 24, 2023	Proposal on 2022 employee compensation and directors' remuneration distribution	All attending members unaniOsly agreed and passed the case to be reported to the Board of Directors.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.
	Confirmation of performance evaluation standard for managers in 2023	All attending members unaniOsly agreed and passed the case to be reported to the Board of Directors.	Interested parties recused themselves according to the regulations. Liu San-Chi, the independent director, served as the acting chairperson upon the chairperson's request. All attending directors who did not recuse themselves unaniOsly agreed and passed the case as proposed by the chairperson.
The First Meeting of the Sixth Term June 28, 2023	Election of the Convener and Chairperson of the 6h Remuneration Committee	All attending members voted by majority to appoint Tu Wei-Hua as the Convener and Chairperson.	
The 2nd Meeting of the 6th Term October 17, 2023	Case of Manager's Salary Adjustment for 2023	After the Chairman consulted with all attending committee members and no objections were raised, the proposal was unaniOsly approved as proposed.	Report to the Board of Directors, in this case, the interested manager recused himself from attending the meeting in accordance with regulations. After the Chairman solicited the unaniOs consent of all attending directors, the case was approved as proposed.
The 3rd Meeting of the 6th Term November 09, 2023	Case of the Company's Remuneration for managers	After the Chairman consulted with all attending committee members and no objections were raised, the proposal was unaniOsly approved as proposed.	Reported to the Board of Directors meeting, and passed by all attending directors unaniOsly as proposed.

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

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
1. Has the Company established a governance structure and set up an exclusively (or concurrently) dedicated unit to promote sustainable development, which is delegated by the Board of Directors to authorize senior management to handle related matters, and supervised by the Board of Directors?	✓		At present, the Company's ESG working group is supervised by the chairman and led by the general manager. The ESG group successively formulates various policies and implemented related work plans on various issues of sustainable development, and consults with external professional scholars and institutions. In the future, a dedicated unit under the board of directors may be established, depending on the company's circumstances.	No significant deviation
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and	✓		According to the responsibilities of each department, the Company has formulated six major risk assessment dimensions of "Green Operation", "Social Commitment", "Staff Care", "Business Innovation Model", "Sustainable Governance" and "Climate Change", and has set short, medium and long-term implementation plans for these dimensions. The management policies for these six dimensions are as follows: (1) Green Operation:	No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
formulate relevant risk management policies or strategies based on the materiality principle?			<p>“Industrial Safety and Environmental Protection” is a necessary condition to maintain the operation, the Company will follow relevant laws and regulations, and pay attention to air quality, greenhouse gas emissions, energy management, water resources management and business waste management to continuously optimize the green process.</p> <p>(2) Social Commitment: “People Orientation” is the foundation for LCY TECHNOLOGY CORP. to have good cooperation between the enterprise and stakeholders, implement in-place care, and contribute to the society to enhance social value and achieve the goal of sustainable development.</p> <p>(3) Staff Care: “Health and safety” is the basic protection for staff. The Company has built a friendly workplace according to the safety and health standards and attached great importance to Labor-management relations and staff training to ensure staff care.</p> <p>(4) Business Innovation Model: The Company considers low-pollution, low-carbon and low-consumption products from each stage of the product life cycle and improves the efficiency of factory operation to strive to fulfill the responsibility for a sustainable society.</p> <p>(5) Sustainable Governance: “Honesty-based” is the Company’s main business philosophy. It attaches importance to laws and regulations and supervision and management mechanism, prohibits illegitimate interests, implements money laundering and prevents capital terrorism to reduce the cost of crisis impact, and continuously improve corporate governance.</p>	

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			(6) Climate change: The Company introduces the TCFD architecture to enhance resilience to operational risks associated with climate change, and continuously assesses and understands strategies for adapting to operational risks and opportunities associated with climate change.	
3. Environmental issues (1) Does the Company establish an environmental management system proper to its industry's characteristics?	✓		1. The Company continues to implement the environmental safety and health policy and follows the requirements of the occupational safety and health law to maintain and optimize the safe working environment. It also appoints environmental protection service providers to ensure the factory environment from time to time, so as to avoid environmental pollution. 2. The company has obtained ISO50001: In 2018, we obtained the Energy Management System Certification (valid until October 2025), and the ISO 14001:2015 Environmental Management System Certification (valid until March 4, 2026). In 2016, our company was awarded the 15-year Environmental Sustainability Award by the certification body SGS.	No significant deviation
(2) Have the Company committed to improving resource utilization efficiency and the use of renewable materials with low environmental impact?	✓		1. In terms of production: The manufacturing process of the Company 100% adopts recycled copper wire to reduce the energy consumption rate, and the wooden cases used in the delivery of copper foil are recycled for domestic customers to improve the reuse rate of wooden cases. In addition, in the design and development of products, the metals purchased for improving the manufacturing process have been provided with the suppliers' non-conflict mineral declaration to prohibit the use of hazardous substances in the whole process. The current	No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			<p>copper foil products are also inspected by SGS to ensure the compliance with EU RoHS, REACH, POHS and SONY SS-00259 standards and a low impact on the environment. The factory continues to improve, reduce the use or replace materials with higher environmental impact, so as to sustain a friendly environment.</p> <p>2. Energy-conservation: Through the systematic PDCA operation, the systematic management of the energy and resource use efficiency, and continuous improvement, the average power saving rate in 2020 reached 0.85%. The Company completed the "Analysis of optimal distance between two electrodes with big data" at the end of 2020, "reduced two cooling water pump operations to one unit" by automatic switching system from 2021. As a result, although the total energy consumption increased slightly due to the 15.54% increase in production capacity in 2021, the energy use per unit of production decreased by 6.57% compared with 2020. 2022 also saw a power saving of 0.81%, continuing to move towards the carbon reduction target.</p> <p>In 2023, in line with government policies, the factory procured 10% green electricity (including solar panels on the factory rooftop) from external sources, aiming to reduce greenhouse gas emissions. Additionally, in 2023, the factory implemented a project to update the chiller unit D and coat the chilled water pumps with ceramic, an energy-saving initiative expected to reduce energy consumption and carbon emissions by an estimated 396.2 tons of CO₂e per year.</p>	

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			<p>3. In terms of water use: the Company has signed a reclaimed water usage contract with government agencies to continue using recycled municipal wastewater through a circular economy approach for industrial water use in the plant area in 2023.</p> <p>4. Administrative Aspects: Implementing an electronic approval system, establishing an electronic contract management platform, sending meeting notifications and minutes electronically, primarily printing meeting materials double-sided to reduce paper usage. Used toner cartridges from photocopiers and printers are returned to the original supplier for recycling, to avoid the environmental impact of discarding them. Reusable cups are used for visitors' beverages, reducing the consumption of disposable items. Employees are encouraged to bring their own reusable tableware. Internal document delivery uses old envelopes and previously used paper bags, which are reused.</p>	

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
(3) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures?	✓		<p>Facing global climate change, it is difficult to predict the possibility of global warming, wind disaster, flood and drought, which will affect the industrial supply chain, and difficult for the Company to avoid operation risk. To reduce the impact of climate change on operations, the Company has prioritized risk identification and organizational adaptation actions for three potential risks related to its operations, namely greenhouse gas emission restrictions and regulations, energy supply management, and water resource management, since 2019, including greenhouse gas emission reduction (based on the emission of average capacity in the past three years) to gradually reduce emissions and achieve baseline reduction targets in stages, improving resource efficiency (energy-saving, electricity-saving, and water-reuse), and purchase green electricity or other green energy for feasibility assessment.</p> <p>In 2020, the Company officially introduced the Task Force on Climate-Related Financial Disclosures (TCFD) to the factories of Group's parent company to conduct climate-related risk and opportunity assessment, continuously explore the short, medium and long-term impacts of various risks and opportunities on operations, and revise climate change-related risk management strategies and specific actions from time to time, with the hope of standing firm in the tide of climate emergency and contributing to the sustainability of the earth.</p>	No significant deviation

<p>(4) Does the Company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down carbon and greenhouse gas emissions, and waste production?</p>	✓	<p>1. Greenhouse gas: The company has completed the “Greenhouse Gas Emissions Inventory” and the registration on the “Greenhouse Gas Emissions Information Platform” by law in August 2023, and the competent authority has also reviewed and approved the submission in September 2023. The Company has introduced ISO 50001 and ISO 14001 systems and continuously maintains the validity of the certificate. Based on the PDCA cycle module, the Company continues to improve (energy-saving and waste-reduction) and optimize of the process, to achieve the social responsibilities of reducing the impact on the environment and sustainable operation of corporate.</p> <table border="1" data-bbox="723 624 1738 1123"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2023(Note)</th> </tr> </thead> <tbody> <tr> <td>Scope 1 (tonnes CO₂e/year)</td> <td>638.4216</td> <td>155.9997</td> </tr> <tr> <td>Scope 2 (tonnes CO₂e/year)</td> <td>60,892.54</td> <td>58,681.3576</td> </tr> <tr> <td>Annual total emissions (tonnes CO₂e/year)</td> <td>61,530.96</td> <td>58,837.357</td> </tr> <tr> <td>Scope 1 percentage (%)</td> <td>1.04%</td> <td>0.27%</td> </tr> <tr> <td>Scope 2 percentage (%)</td> <td>98.96%</td> <td>99.73%</td> </tr> <tr> <td>Carbon emission intensity (tonnes CO₂e/tonnes)</td> <td>5.89</td> <td>6.02</td> </tr> <tr> <td>Reduction in carbon emission intensity (% compared to the previous year)</td> <td>↓2.40%</td> <td>↑2.30%</td> </tr> </tbody> </table> <p>Table: Green Gas Emissions in the Recent Two Years Note: The 2023 purchased electricity is calculated based on the 2022 power emission factor of 0.495 kg CO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs on June 21, 2023. The purchased steam adopts the externally verified 2022 steam emission factor of 0.1967319342 tonnes CO₂e/tonne from the supplier China Steel Corporation.</p>	Item	2022	2023(Note)	Scope 1 (tonnes CO ₂ e/year)	638.4216	155.9997	Scope 2 (tonnes CO ₂ e/year)	60,892.54	58,681.3576	Annual total emissions (tonnes CO ₂ e/year)	61,530.96	58,837.357	Scope 1 percentage (%)	1.04%	0.27%	Scope 2 percentage (%)	98.96%	99.73%	Carbon emission intensity (tonnes CO ₂ e/tonnes)	5.89	6.02	Reduction in carbon emission intensity (% compared to the previous year)	↓2.40%	↑2.30%	<p>No significant deviation</p>
Item	2022	2023(Note)																									
Scope 1 (tonnes CO ₂ e/year)	638.4216	155.9997																									
Scope 2 (tonnes CO ₂ e/year)	60,892.54	58,681.3576																									
Annual total emissions (tonnes CO ₂ e/year)	61,530.96	58,837.357																									
Scope 1 percentage (%)	1.04%	0.27%																									
Scope 2 percentage (%)	98.96%	99.73%																									
Carbon emission intensity (tonnes CO ₂ e/tonnes)	5.89	6.02																									
Reduction in carbon emission intensity (% compared to the previous year)	↓2.40%	↑2.30%																									

2. Wastes:

The Company's business waste is disposed of by the removal and disposal operators approved by the competent authority according to the legal licensing procedures and relevant records are provided. In 2019 and 2020, the total amount of business waste was 1.581 metric tons and 1.615 metric tons, with hazardous waste accounting for 96.9% and 96.5%, respectively. Among the above-mentioned waste, over 80% of the hazardous controlled business wastes achieved the waste reduction goal through "reuse". In 2021 and 2022, the Company focused on process optimization to effectively reduce the generation of hazardous waste, reducing the total amount of business waste to 1103 and 699 metric tons, 31.7% and 56.7% less than in 2020, of which over 80% are "reused" to achieve the waste reduction goal. In 2023, we continue to reduce the generation of waste, contributing our efforts to environmental protection.

Year	Hazardous waste (tons)	Non-hazardous waste (tons)	Unit product output (tons/ton)
------	------------------------	----------------------------	--------------------------------

3. Water consumption:

The unit water consumption of the Company per ton of products is maintained at about 30 cubic meters/ton. The plant is equipped with filtration equipment and an ion exchange resin tower to recycle the process water. Starting in 2022, we have been using recycled water (source is domestic wastewater from the Kaohsiung area), which can reduce the use of tap water to below 20%.

In 2022, tap water consumption will be reduced from 318,048 cubic meters to 48,775 cubic meters. In 2023, the usage of tap water will be further reduced to 12,850 cubic meters.

Year	Consumption of tap water (m3)	Consumption of reclaimed water (m3)	Total water consumption (m3)	Water consumption of unit product (m3/ton)
2022	48,775	266,181	314,956	30.1

Implementation Items	Implementation					Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summarized Description					
			2023	12,850	285,191	298,041	30.5	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<ol style="list-style-type: none"> 1. The Company complies with the Labor Standards Act, the Employment Service Act, the Gender Work Equality Act and other relevant labor acts and regulations, and attaches great importance to international human rights provisions, and formulates work rules, personnel selection and appointment operation management methods, personnel attendance operation management method, reward and punishment operation management method, salary operation management method and human rights policy to protect the labor and human rights of its employees. 2. The Company handles labor insurance, national health insurance, pension and other related matters in accordance with relevant regulations, and has purchased group insurance and other insurances to implement the insurance plan. 3. To maintain gender equality and human dignity at work, the Company prohibits any sexual harassment, provides prevention, control, complaint and disciplinary measures for sexual harassment, and does not discriminate against employees based on race, religion, color, nationality, gender and other factors. Up to now, there is no employment discrimination against employees or indigenous people, nor any child labor or forced labor or infringement on human rights. 					No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			4. Our company has obtained ISO45001 certification: 2018 Occupational Health and Safety Management System Certification (valid until 2026/01/31) and the TOSHMS CNS45001: 2018 Taiwan Occupational Safety and Health Management System Certification (valid until 2026/01/30). The management of employee safety, health, and well-being has established internal procedures for implementation, continuous improvement, and optimization.	
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	✓		<ol style="list-style-type: none"> 1. The Company has formulated salary management methods, value and core function management methods, work rules, reward and punishment management methods and other rules and regulations to establish a reasonable salary and reward policy. Meanwhile, each department also evaluates the achievement of individual work goals based on the management performance indicators for the current year. 2. In accordance with the "reward and punishment" system of the work rules, the Company appropriately encourages the employees with good performance, and also gives appropriate punishment to those who violate the work requirements. 3. The Company has a remuneration committee, which holds at least two meetings every year to make suggestions on the managers' annual performance targets and achievements as well as the Company's remuneration policies. 4. For the year 2023, the average salary adjustment range for all employees is 0% to 3.5% (with the same average adjustment range for managerial and non-managerial staff), and the relevant information has been disclosed on the Public Information Observation Station. 	No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
(3) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		<ol style="list-style-type: none"> 1. The company regularly conducts employee health checkups (once a year for factory areas and once every two years for office areas), occasional health promotion seminars, and provides free flu vaccinations to help employees understand their health status. 2. Free shuttle buses are provided for factory employees to commute to and from the MRT station, and subsidies are offered for employees to take public transportation (such as buses, trains, and MRT), reducing the risk of accidents from riding motorcycles and promoting environmental friendliness by lowering carbon emissions. 3. External professional defensive driving coaches are invited to conduct "motorcycle defensive driving" seminars for employees, strengthening their safe driving concepts, imparting defensive driving skills, and establishing proper traffic safety awareness. This aims to reduce traffic accidents and injuries, enhancing the life and bodily safety of motorcycle-riding employees. 4. In 2023, our company did not experience any occupational accidents or fire incidents. 	No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
(4) Does the company establish effective career development and training plans for its employees?	✓		<ol style="list-style-type: none"> 1. The Company has set up new employee training, professional training, management training of different stages and environmental safety-related training under the functional system, and encourages the employee to participate in internal professional learning or education and training provided by external professional institutions according to their work content, so as to enhance professional career skills through different learning methods such as studying, continuing education, and increasing the communication opportunities with peers. 2. The employees are encouraged to assess their interests, skills, values and goals and to communicate their career intentions to their supervisors in order to plan their future careers. 3. The Company has a substantial incentive policy for those obtaining professional licenses due to career development planning. 	No significant deviation
(5) Do the Company's products and services comply with the relevant regulations and international standards in relation to customers' health and safety, customer privacy, marketing, and labeling? Has the Company set policies to protect consumers' rights and set	✓		<ol style="list-style-type: none"> 1. The Company mainly produces electrolytic copper foil, which is the key material of copper foil substrates and printed circuit plate. At present, its products have passed the EU REACH certification (registration, evaluation, authorization and restriction of chemicals), RoHS certification (restriction on the use of certain hazardous substances in electronic and electrical equipment), POHS certification (Prohibition on Certain Hazardous Substances in Consumer Products), and SONY SS-00259 certification (SONY Green Partner Environmental Quality Approval System), providing a certain level of basic health and safety protection. 2. The electrolytic copper foil products of the Company are designed and developed in collaboration with customers. The key formula and Know-How of various copper foils are different. On the premise of properly protecting important information provided by 	No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
up consumer complaint procedures?			<p>customers, our company has maintained a cooperative relationship with many customers for more than 20 years, and there is no leakage of customer product information or employees involved in business secrets leakage in the past 5 years.</p> <p>3. The Company attaches importance to marketing ethics, and complies with intellectual wealth laws and international standards in the marketing of its products and services to protect our customers' rights and interests.</p> <p>4. The Company is not a first-line manufacturer directly facing end consumers, so it has maintained a good communication channel with downstream customers, and the colleagues of the business will cooperate with the quality assurance unit to visit customers from time to time to understand the information about customers' use of products. In addition, we provide customer service email (CSR) for products and services, and internally follow the operation management method of customer complaints. To facilitate timely handling of customer questions regarding products and services; if other stakeholders have concerns about the products, they can also contact the Company directly through the stakeholder communication channel on the Company's website.</p>	
(6) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection,	✓		<p>1. The Company purchases copper raw materials from suppliers with long-lasting cooperation and good reputation, and conducts quality evaluation and on-site visits to raw material suppliers on a regular basis every year. The evaluation content includes 7 aspects, among which the support projects include: whether the supplier has a system to determine the suitability of staff's work and whether the education and training records are kept completely, so that the supplier can gradually pay attention to the safety of staff in the working environment and equipment operation; in addition, most of the copper</p>	No significant deviation

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
occupational safety and health or labor human rights?			<p>raw material suppliers of the Company have passed ISO9000 quality certification, and their production, import and shipment are carried out following the specifications. Moreover, the Company will conduct inspection when copper raw materials enter the factory. The inspection content includes composition, purity, organic pollutants and inorganic impurity (such as zinc, arsenic, lead, and antimony), etc., so as to monitor the copper raw material suppliers to follow the Company's environmental protection policy and to ensure their attention to environmental issues. If the suppliers have any accident affecting the environment and society, the purchasing department will be asked to work with relevant units to evaluate the situation to terminate the transaction or rescind the contract.</p> <p>2. In terms of contracting factory works, the Company has formulated the evaluation and operation management methods for contractors and contractor safety, environment and management procedures as a standard to follow. The contractors are required to strictly comply with the relevant government regulations in environmental protection laws, occupational safety and health and labor policies, which are included in the annual assessment standards for qualified contractors, so as to manage the contractors at different levels, strengthen the management and control of the contractor's safety, environment and sanitation, and improve the contractor's environmental protection knowledge and technical ability to achieve the purpose of preventing industrial safety disaster.</p>	

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
5. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that disclose the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	✓		With reference to the internationally accepted guidelines or guidance for report preparation, our company has completed the 2021 Sustainability Report (titled: 2021 ESG Report) by the end of June 2022, and it has been disclosed on the company's official website. The aforementioned report has obtained third-party verification.	No significant deviation
6. If the Company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: The Company has amended "Corporate Social Responsibility Best Practice Principles" and renamed it to "Sustainable Development Best Practice Principles" on March 23, 2022. The connotation and relevant procedures of these principles are followed. There is no significant deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.				

Implementation Items	Implementation			Differences and reasons between the Company's sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
7.			<p>Other important information on the implementation of sustainable development initiatives:</p> <p>(1) Supported social welfare institution. Purchased 207 mooncake gift boxes for the Children Are Us Foundation.</p> <p>(2) Participate in the Kaohsiung City Government Environmental Protection Bureau's "Kaohsiung City Air Purification Zone Management Plan" - Tree Adoption Activity, to improve air quality.</p> <p>(3) Cooperate with the Kaohsiung Visually Impaired Massage Association to hire professional visually impaired massage therapists to provide massage services for employees at the factory until the end of November 2023, providing job opportunities for the visually impaired.</p> <p>(4) Through the LCY Education Foundation, the 12th (2023) Scholarship Selection was held, impacting nearly 1,400 professors from over 100 universities and colleges in the country, with 10 students receiving scholarships.</p>	

(6) Implementation of ethical corporate management and measures taken

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company establish the ethical corporate management policies 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 to implement the policies?</p>	✓		<p>The Company has established regulations such as the “Ethical Corporate Management Best Practice Principles”, the “Ethical Operating Procedures and Conduct Guide” (last revised on March 27, 2020), which require directors and managers to lead by example and follow ethical principles to establish an honest and trustworthy corporate culture. All employees shall also be aware of professional ethics and personal integrity. They shall perform their duties with honesty, rigor and dedication and shall not engage in dishonest behavior. Such procedures have already been disclosed on the company’s website.</p>	No significant deviation
<p>(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope</p>	✓		<p>1. Based on the business philosophy of honesty, transparency and responsibility, the Company has developed specific ethical management practices and prevention programs based on ethics, such as formulating preventive measures such as prohibiting employees from using business reception to exchange unfair competitive advantages, accepting gifts or reception affecting the business judgment, illegal political contributions, improper charitable donations or sponsorship, improper interests, infringement of business secrets, trademark rights, patents, copyrights, intellectual and financial rights, etc.</p>	No significant deviation

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?			2. The Company conducts regular ethical audits to determine exactly what precautions are in place to prevent most unethical practices and reports the results to the Board of Directors.	
(3) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		The Company has established regulations such as the “Ethical Corporate Management Best Practice Principles”, the “Ethical Operating Procedures and Conduct Guide” and the “Operation Procedures and Guidelines for Ethical Corporate Management”, and the “Whistle-blowing System”, and specified the reward and punishment measures in the working rules for employees to prevent unethical behaviors of employees and implement these regulations. The above-mentioned regulations are amended as required by law.	No significant deviation
2. Fulfillment of ethical corporate management				

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		The Company conducts transactions in accordance with relevant laws and regulations, and examines the performance behaviors of the business partners to avoid transactions with those with records of unethical behaviors. The counterparty will be required to sign a "Clean Transaction Commitment" after confirming cooperation.	No significant deviation
(2) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	✓		<ol style="list-style-type: none"> 1. The policy of ethical management is formulated by the General Manager's Office of our company. The audit unit annually audits and supervises the compliance of the implementation. All directors, managers, and employees of the company strictly adhere to it. 2. The auditing unit reports the implementation and the checking results of ethical corporate management to the Board of Directors. The latest report date was on March 14, 2024. 	No significant deviation
(3) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels,	✓		1. The Company has established policies to prevent conflicts of interest in the "Procedures for Ethical Management and Guidelines for Conduct" and the "Employee Code of Conduct". The whistleblowing system of the Company was adopted by the Board of Directors on January 10, 2020, and it stipulates that the whistleblowers can report any act of crime, fraud, dishonesty or violation of the law through the whistleblowing	No significant deviation

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
and implement them accordingly?			<p>channel provided by the Company (E-mail: gmlcyt@lcygroup.com; written delivery: LCY TECHNOLOGY CORP. whistleblower mailbox) and appeal at any time.</p> <p>2. The directors, managerial officers or employees of the Company shall not use their position or influence in the Company to gain undue advantage for themselves or others; If a director has a conflict of interest in a proposal at a board meeting that may harm the company's interests, the director should explain the reasons and then recuse themselves from the discussion and voting.</p>	
(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results Does the audit plan examine the compliance with measures to prevent dishonest conduct, or does the company commission an accountant to conduct such an audit?	✓		The company has established an effective accounting system and internal control system in accordance with the principle of good-faith management. The audit unit conducts audits in accordance with the annual audit plan to confirm compliance with integrity practices in each cycle. The audit results and subsequent improvement plans are compiled into an audit report and submitted to the Audit Committee, Board of Directors and management to ensure the effectiveness of the audit.	No significant deviation

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
(5) Does the company regularly hold internal and external training on ethical corporate management?	✓		Does the audit plan examine the compliance with measures to prevent dishonest conduct, or does the company commission an accountant to conduct such an audit?	No significant deviation
3. Operation of the whistle-blowing system (1) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		<p>1. The Company has a whistleblowing system and management measures for rewards and punishments. In case of finding any crime, fraud, dishonesty or behaviors violating laws, the whistleblower can report through the whistleblowing channels (E-mail: gmlcyt@lcygroup.com; written report: complaint mailbox of LCY Technology) to appeal to the Company:</p> <p>(1) If the accused is an ordinary employee, the acceptance unit (general manager) will instruct relevant supervisors and audit supervisors to form an investigation team to investigate the case.</p> <p>(2) If the accused is a director or officer of the senior management level, the accepting unit (general manager) shall first report to the independent director or audit committee, and the independent director will designate special personnel to conduct an investigation.</p> <p>2. The Company will protect the whistle-blowers and the personnel involved in handling the reported cases from unfair or improper treatment due to whistleblowing. If the personnel involved in the whistle-blowing suffer threats, intimidation or other adverse acts, the Company will assist them to report to the police for handling.</p>	No significant deviation

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
(2) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	✓		<ol style="list-style-type: none"> 1. The Company has established regulations such as “Ethical Corporate Management Best Practice Principles” , and established “Whistleblowing System” as the basis for the reception of complaints. 2. The accepting unit of the Company shall register and file the case upon receipt of the case, and handle the case by secret document in the whole process. The investigation and processing procedure is limited to three months (may be extended if necessary), and the relevant standard operating procedures and follow-up handling measures have been expressly stipulated in the whistleblowing system. 3. The information of the reported case shall be kept secret for at least 5 years. If litigation is involved, it shall be kept until the end of litigation. 	No significant deviation
(3) Does the Company protect whistle-blowers against receiving improper treatment?	✓		<ol style="list-style-type: none"> 1. The Company has established regulations such as “Ethical Corporate Management Best Practice Principles” and “Whistleblowing System”. The general manager instructs the heads of relevant department and the audit office to form the investigation team, which conducts its work objectively and impartially. In addition to keeping the identity of the whistleblower and the contents of the whistleblower confidential, it will report its findings directly to the superior. 2. The Company will protect the whistle-blowers and the personnel involved in handling the reported cases from unfair or improper treatment due to whistleblowing. If the personnel involved in the whistle-blowing suffer threats, intimidation or other adverse acts, the Company will assist them to report to the police for handling. 	No significant deviation

Assessment Item	Operational situation			Deviation from the Corporate Governance Best-practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summarized Description	
4. Enhanced disclosure of ethical corporate management information Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	✓		The Company has disclosed the “Ethical Corporate Management Best Practice Principles”, the “Ethical Operating Procedures and Conduct Guide” and the “Operation Procedures and Guidelines for Ethical Corporate Management”, and the “Whistle-blowing System” on its website and the MOPS. In addition to disclosing the implementation of these regulations and measures adopted in the annual report, it also disclosed relevant content on its website.	No significant deviation
5. If the Company has established the ethical corporate management best-practice principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the implementation and any deviations from the Principles: The Company’s “Ethical Corporate Management Best Practice Principles” and “Ethical Operating Procedures and Conduct Guide” are established based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, and have no significant deviation from these principles.				
6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies. (1) Establish the Remuneration Committee and regularly review the annual and long-term performance objectives of the Company’s directors and managers as well as the policies, systems, standards and structures of the Remuneration Committee. (2) Periodically review and revise the “Ethical Corporate Management Best Practice Principles” to comply with laws and regulations and the company’s current operational status. (3) The Rules of Procedure for the Board of Directors has provided the Directors’ avoidance of motions in conflict of interest to ensure that relevant resolutions are not harmful to the Company’s rights and interests. (4) Each department will conduct an annual self-evaluation to review the effectiveness of the internal control system and the compliance of staff with the rules and regulations in light of changes in the organization and environment.				

- (7) Please disclose the access to the Company's corporate governance principles and related rules and regulations

Measures such as Code of Practice on Corporate Governance, Ethical Operating Procedures and Conduct Guide, Ethical Corporate Management Best Practice Principles, Rules of Procedure for Shareholders' Meeting, Rules of Procedure for Board of Directors Meetings, Remuneration Committee Charter, Audit Committee Charter, Sustainable Development Best Practice Principles, Rules Governing the Scope of Powers of Independent Directors, Method for the Election of Directors, Procedures for Handling Material Inside Information and Prevention of Insider Trading, Director Performance Evaluation Methods, Whistleblowing System, etc. are available on the "Investor Zone-Corporate Governance" of the Company's website (<https://lcyt.lcyic.com/zh>, or the "Corporate Governance-Corporate Governance Structure-Formulation of Relevant Rules and Regulations related to Corporate Governance" on the MOPS (<http://mops.twse.com.tw>)).

- (8) Other important information for facilitating a better understanding of the Company's corporate governance practices.

1. Important information is disclosed on the MOPS and the Company's website in real-time.
2. An audit committee is set up to replace the supervisory authority to ensure that the financial statements are properly presented and the CPAs are independent and fair, and its operational status is disclosed on the MOPS and the Company website.
3. A Remuneration Committee is set up to review the policies, systems, standards and structure of the remuneration system on a regular basis, and its operational status is disclosed on the MOPS and the Company website.
4. Electronic voting has been adopted and listed as a channel for voting on motions of the shareholders' meeting to fully exercise the shareholders' rights.
5. To assure the knowledge on and compliance with the "Procedures for Handling Material Inside Information and Prevention of Insider Trading" of the directors, managers and colleagues of the Company, the Company regularly promotes laws and regulations every year, and incorporates it into the internal control system to reduce the risk of insider trading.
6. Abide by the code of ethical conduct, operate with integrity and implement the internal audit mechanism.

(9) Status of Internal Control System

1. Statement on Internal Control

Statement on Internal Control of Public Companies
Indicate that both design and execution are effective

(In the portion relating to the observance of laws and regulations, this Statement refers to all laws and regulations in effect at the time the Statement was issued)

LCY TECHNOLOGY CORP.

Statement on Internal Control

Date: March 31, 2024

The Company has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31, 2023, and hereby declares the following:

1. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of security for assets), ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as 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 key component includes several items. Please refer to the provisions of the "Criteria" for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
5. Based on the findings of the aforementioned 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 over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the Board of Directors in the meeting held on March 14, 2024, with none of the 7 attending directors expressing dissenting opinions. The remainder all affirmed the content of this statement.

LCY TECHNOLOGY CORP.

Chairman:	Signature
General Manager:	Signature

2. If a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, the CPA Audit Report Shall Be Disclosed: None.

(10) Punishment of the Company and its internal personnel in accordance with the law, the Company's punishment of its internal personnel for violating internal control system regulations, major deficiencies and remedial measures during the most recent fiscal year and up to the publication date of the annual report: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report

1. Shareholders Meeting

Date	Matters Resolved	Implementation
June 28, 2023	1. Acknowledgment of 2022 Business Report and Financial Statements	The resolution results have been followed
	2. Acknowledgment of Distribution of Earnings for 2022	Decided that August 7, 2023 was the ex-dividend base date, and the cash dividend of common stock of \$0.5 per share will be paid on August 28, 2023
	3. Amendments to certain provisions of the Rules of Procedure for the Board of Directors	The resolution results have been followed and the revised version will be updated on the Company's website
	4. Approved the proposal for lifting the non-competition restriction on the Company's directors	The resolution results have been followed
	5. Proposal for Election of the Tenth Term 7 Directors (Including 3 Independent Directors)	In accordance with the resolution results, the 10th Board of Directors held its first meeting on 2023/6/28, where the Chairman was elected, and the three independent directors formed the 3rd Audit Committee and the 6th Remuneration Committee.
	6. Approved the lifting of the non-competition restrictions for the newly elected directors and their representatives.	The resolution results have been followed

2. Board of Directors

Date	Matters Resolved
January 04, 2023	<ul style="list-style-type: none"> ◆ Amendment to the internal control system (including the internal audit system) ◆ Amendment to Rules of Procedure for Board of Directors Meetings ◆ Proposal to lift the non-competition restriction on director Paul Chen ◆ The Company's change of CPAs ◆ The Company's request for the credit line and lines for foreign exchange and derivative financial commodities from the bank ◆ Proposal on confirmation of the bonus payment standard for managers in 2022
March 24, 2023	<ul style="list-style-type: none"> ◆ 2022 Statement on Internal Control System ◆ Amendment to the internal control system (including the internal audit system) ◆ 2022 Business Report ◆ 2023 Business Plan and Annual Budget ◆ Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank ◆ 2022 Financial Statements ◆ Summary of the Company's related party transactions for 2022 ◆ Proposal on 2022 Earnings Distribution ◆ Appointment of CPAs for 2023 financial statements and audit of CPA fees ◆ Proposal on 2022 employee compensation and directors' remuneration distribution ◆ Confirmation of performance evaluation standard for managers in 2023 ◆ Proposal to elect the 10th term of directors of the Company and accept candidates nominated by shareholders ◆ Review the nominated candidates for directors (including independent directors) ◆ Proposal on Lifting the Non-competition Restriction on the New Directors (Including Independent Directors) ◆ Decided the date, location and reasons for the convening of the 2023 Annual Shareholders' Meeting
May 10, 2023	<ul style="list-style-type: none"> ◆ Amendment to the internal control system (including the internal audit system) ◆ The consolidated financial statements for the first quarter of 2023 ◆ Earnings distribution for 2023 Q1 ◆ Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank ◆ Agenda for amending the reasons for convening the 2023 Annual General Meeting of Shareholders.

Date	Matters Resolved
June 28, 2023	<ul style="list-style-type: none"> ◆ Election of the Chairman of the Board of Directors. ◆ Appointment of members of the 6th Compensation Committee.
August 10, 2023	<ul style="list-style-type: none"> ◆ Amendment to the internal control system (including the internal audit system). ◆ The consolidated financial statements for the second quarter of 2023 ◆ The Company's distribution of earnings for second quarter of 2023 ◆ Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank ◆ Amendment to the "Corporate Governance Best Practice Principles". ◆ Amendment to the "Rules of Procedure for Shareholders' Meetings". ◆ Proposal to lift the non-competition restriction on director Sung, Ting-Pang
October 17, 2023	<ul style="list-style-type: none"> ◆ Salary Adjustment for Managerial Officers in 112
November 09, 2023	<ul style="list-style-type: none"> ◆ Amendment to the internal control system (including the internal audit system). ◆ 113 Annual audit plan ◆ The Company's change of CPAs ◆ The consolidated financial statements for the third quarter of 2023 ◆ The Company's distribution of earnings the third quarter of 2023 ◆ Request for the credit line and lines for foreign exchange and derivative financial commodities from the bank ◆ Proposal to lift the non-competition restriction on Peng, Yu-Min Independent Director ◆ The company has set up a case for the chief information security officer. ◆ Change of General Manager of the Company ◆ Case of the Company's Remuneration for managers.
January 05, 2024	<ul style="list-style-type: none"> ◆ The company plans to sign a cooperation project with Nippon Denkai, Ltd.
January 25, 2024	<ul style="list-style-type: none"> ◆ Amendment to the internal control system (including the internal audit system) ◆ Proposal on confirmation of the bonus payment standard for managers in 112 ◆ Irregular salary adjustment for managerial officers in 2024 (meal allowance) ◆ Amendment to "Ethical Corporate Management Best Practice Principles" ◆ Amendment to "Procedures for Ethical Management and Guidelines for Conduct"
March 14, 2024	<ul style="list-style-type: none"> ◆ 2023 Statement on Internal Control System. ◆ Amendment to the internal control system (including the internal audit system). ◆ 2023 Business Report. ◆ 2024 Business Plan and Annual Budget. ◆ 2023 Financial Statements.

Date	Matters Resolved
	<ul style="list-style-type: none"> ◆ Deficit Compensation for the Fiscal Year 2023. ◆ Appointment of CPAs for 2024 financial statements and audit of CPA fees. ◆ Proposal on 2023 employee compensation and directors' remuneration distribution ◆ Change of General Manager and Spokesperson of the Company. ◆ Case of the Company's Remuneration for managers. ◆ Confirmation of performance evaluation standard for managers in 2023. ◆ Decided the date, location and reasons for the convening of the 2024 Annual Shareholders' Meeting.

(12) Record or written Statements made by any Directors or Supervisors dissenting to important resolutions passed by the Board of Directors during the most recent fiscal year and up to the publication date of the annual report: None.

(13) Resignation or dismissal of persons related to financial reports (including Chairman, general manager, accounting manager, and internal audit manager) in the most recent year up to the publication of this annual report:

Title	Name	Date Elected	Date Discharged	Reasons for resigning or discharging
General manager	Paul Chen	May 04, 2018	December 29, 2023	Resigned
General manager	Caleb Lee	December 29, 2023	March 15, 2024	Resigned

5. Information on CPA Professional Fees

(1) The amounts of the audit fees and non-audit fees paid to the CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services.

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Lin, Wen-Chin Liu, Chien-Liang	2023.01-2023.06	2,510	638	3,148	1. Internal Adjustment of CPA Firm 2. Reimbursement of audit fees, personal data protection
	Kuo, Wen-Chi Liu, Chien-Liang	2023.07-2023.12				

- (2) Whether the CPA firm is changed and the audit fees paid for the fiscal year of such fees are lower than those for the previous fiscal year: None.
- (3) The audit fee is reduced by 10% or more compared to last year: None.

6. Information on Replacement of CPAs

(1) Former CPAs

Date of Replacement	Note		
Replacement Reasons and Explanations	Starting from the third quarter of 2023, in line with the internal adjustment of Deloitte & Touche, the CPA Lin, Wen-Chin will be changed to Kuo, Wen-Chi, while Liu Chien-Liang will remain unchanged.		
The statement is for the appointor or accountant to terminate or not accept the appointment	Situation/Party	CPA	Client
	Termination by the Company	✓	
	Termination by the CPAs		
No Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons	None		
Deviation form the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	✓	
Description			
Other disclosed items (under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)	None		

(2) About the Former CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPA	CPA Kuo, Wen-Chi
Date of Appointment	Note
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

Note: This is due to an internal adjustment of Deloitte & Touche, and the CPA was replaced starting from 2023 Q3.

(3) The reply from former CPA to Article 10, Subparagraph 6, Sub-subparagraphs 1 and 2-3 of the Guidelines: Not applicable.

7. The Chairman, General Managers, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm

None.

8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%.

(1) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Unit: Share

Title	Name	2023		Up to the Date of Publication of the Annual Report in 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	LCY Chemical Corp. Representative: Paul Chen		0	0	0
Directors	LCY Chemical Corp. Representative: SUNG,TING-PANG	0	0	0	0
Directors	LEE CHANG YUNG COMPANY, LTD. Representative: PAN,LI-LIN	0	0	0	0
Directors	Wei Cheng-Cheng	0	0	0	0
Independent Director	Liu San-Chi	0	0	0	0
Independent Director	Tu, Wei-Hua	0	0	0	0
Independent Director	Peng, Yu-Min	0	0	0	0
General manager	Paul Chen Resigned on December 29, 2023	(7000)	0	0	0
General manager	Liu, Chia-He (Promoted to General Manager on 2024/3/16)	0	0	0	0
Copper foil plant director	Huang,Shih-Yu	0	0	0	0
Dean of Research & Development Department	Chen,Yenhao	0	0	0	0
Auditing Manager	LIN,CHIA-HUA	0	0	0	0
Finance Manager and currently is also Corporate Governance Director	Stanley Kung	0	0	0	0
Accounting Manager	LEE,LING-CHIH	0	0	0	0
Over 10% Major Shareholder	LCY Chemical Corp.	0	0	0	0

- (2) Any Transfer of Equity Interests by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%, Where the Counterparty in any such Transfer of Equity Interests is a Related Party: None.

- (3) Any Pledge of Equity Interests by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%, Where the Counterparty in any such Pledge of Equity Interests is a Related Party: None.

9. Relationship among the Company’s 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another

April 20, 2024

Name	Shareholding of individual		Shareholding of Spouse or Minor Children		Shares held through nominees		Among 10 Largest Shareholders, Name and Relationship with Anyone who Is a Related Party or a Relative within the Second Degree of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
LCY Chemical Corp.	85,339,392	61.94	—	—	—	—	LEE CHANG YUNG COMPANY, LTD.	Substantive related party	None
Representative: Hung Tsai-Hsing	0	0	0	0	0	0	None	None	None
Hua Nan Commercial Bank, Ltd. in Custody for Li O-Wei Trust Property Account	4,670,788	3.39	—	—	—	—	None	None	None
Lin Kao-Huang	1,700,000	1.23	—	—	—	—	None	None	None
Taiwan Life Insurance Co., Ltd.	1,499,000	1.09	—	—	—	—	None	None	None
CTBC Bank in Custody for LCY TECHNOLOGY CORP. Employee Benefit Saving Trust Property Account	1,386,061	1.01	—	—	—	—	None	None	None
LEE CHANG YUNG COMPANY, LTD.	1,095,538	0.80	—	—	—	—	LCY Chemical Corp.	Substantive related party	None
Representative: Wei Cheng-Cheng	0	0	0	0	0	0	None	None	None
British Virgin Islands Company MARVEL GROWTH LIMITED	831,568	0.60	—	—	Note	—	None	None	None
Sun Chin-Chuan	567,900	0.41	Note	—	Note	—	None	None	None
Citibank Custody Berkeley Capital SBL/PB investment Account	289,100	0.21	—	—	Note	—	None	None	None
Ho, Chia-Hung	277,000	0.20	Note	—	Note	—	None	None	None

Note: The shareholder is not an insider of the Company, thus impossible to know the situation of the shareholder’s spouse, minor children holding shares and holding shares in the name of others.

10. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2023; Unit: Share

Investee business	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Shares	Percentage of Ownership	Shares	Percentage of Ownership	Shares	Percentage of Ownership
LCYT Holdings Corp.	100	100%	—	—	100	100%
KAO HSIUNG COGEN CO., LTD.	200,000	20%	650,000	65%	850,000	85%

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

Unit: thousand shares the issue price is NT\$, and the balance is NT\$1,000

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks			
		Shares	Amount	Shares	Amount	Source of share capital		Capital Increase by Assets Other than Cash	Others
1997.01	10	80,000	800,000	20,000	200,000	Set Up Capital Stock	200,000 thousand	—	Note 1
1998.12	10	80,000	800,000	50,000	500,000	Cash capital increase by	300,000 thousand	—	Note 2
1999.12	11.5	80,000	800,000	60,000	600,000	Cash capital increase by	100,000 thousand	—	Note 3
2001.11	13	80,000	800,000	80,000	800,000	Cash capital increase by	200,000 thousand	—	Note 4
2003.11	10	160,000	1,600,000	110,000	1,100,000	Cash capital increase by	300,000 thousand	—	Note 5
2008.06	10	160,000	1,600,000	44,000	440,000	Reduction of capital	660,000 thousand	—	Note 6
2008.08	10	160,000	1,600,000	50,000	500,000	Cash capital increase by	60,000 thousand	—	Note 7
2008.09	20	160,000	1,600,000	60,000	600,000	Cash capital increase by	100,000 thousand	—	Note 7
2009.12	20	160,000	1,600,000	60,300	603,000	Cash capital increase by	3,000 thousa nd	—	Note 8
2014.07	10	160,000	1,600,000	12,060	120,600	Reduction of capital	482,400 thousand	—	Note 9
2014.07	10	160,000	1,600,000	66,000	660,000	Cash capital increase by	539,400 thousand	—	Note 10
2015.02	10	160,000	1,600,000	140,000	1,400,000	Cash capital increase by	740,000 thousand	—	Note 11
2018.08	10	160,000	1,600,000	153,085	1,530,850	Cash capital increase by	130,850 thousand	—	Note 12
2021.10	10	160,000	1,600,000	137,776	1,377,765	Reduction of capital	153,085 thousand	—	Note 13

Note 1 Approval and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate (86) No. 100795 on January 16, 1997.

Note 2 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate (87) No. 139864 on December 11, 1998.

- Note 3 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate (088) No. 088145376 on December 16, 1999.
- Note 4 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate (090) No. 09001450840 on November 19, 2001.
- Note 5 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 09201315340 on November 19, 2003.
- Note 6 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 09786914410 on July 16, 2008.
- Note 7 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 09701242250 on September 23, 2008.
- Note 8 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 09801297210 on December 31, 2009.
- Note 9 Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 10301132110 on July 10, 2014.
- Note 10: Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 10301132110 on July 10, 2014.
- Note 11: Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 10401022230 on February 5, 2015.
- Note 12: Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 10701104550 on August 16, 2018.
- Note 13: Modification and registration date and No.: By the Commerce Department of the Ministry of Economy by certificate No. 11001192170 on October 27, 2021.

March 31, 2024

Share Type	Authorized capital			Remarks
	Number of shares issued	Number of shares unissued	Total	
Common stock	137,776,500 shares	22,223,500 shares	160,000,000 shares	Listed stocks

Information on the shelf registration system: None.

(2) Shareholder structure

April 20, 2024

Shareholder structure Amount	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institutions and Natural Persons	Total
Number of shareholders (Person)	—	3	93	8,852	25	8,973
Number of shares held (shares)	—	7,555,849	86,694,100	41,882,989	1,643,562	137,776,500
Shareholding Ratio (%)	—	5.48	62.93	30.40	1.19	100.00

(3) Shareholding Distribution Status

1. Common stock

April 20, 2024

Shareholding range	Number of shareholders	Shareholding	%
1-999	2,379	1,408,729	1.02%
1,000-5,000	5,118	11,050,753	8.02%
5,001-10,000	809	6,393,155	4.64%
10,001-15,000	210	2,687,632	1.93%
15,001-20,000	146	2,651,141	1.92%
20,001-30,000	102	2,573,614	1.87%
30,001-40,000	66	2,335,700	1.70%
40,001-50,000	39	1,810,700	1.31%
50,001-100,000	65	4,851,046	3.52%
100,001-200,000	25	3,351,483	2.43%
200,001-400,000	6	1,572,300	1.14%
400,001-600,000	1	567,900	0.41%
600,001-800,000	0	0	0.00%
800,001-1,000,000	1	831,568	0.60%
1,000,001 shares and above	6	95,690,779	69.46%
Total	8,973	137,776,500	100.00%

2. Preference share: None

(4) List of Major Shareholders

April 20, 2024

Name of major shareholder	Shares	Number of shares held (shares)	Shareholding Ratio (%)
LCY Chemical Corp.		85,339,392	61.94
Hua Nan Commercial Bank, Ltd. in Custody for Li O-Wei Trust Property Account		4,670,788	3.39
Lin Kao-Huang		1,700,000	1.23
Taiwan Life Insurance Co., Ltd.		1,499,000	1.09
CTBC Bank in Custody for LCY TECHNOLOGY CORP. Employee Benefit Saving Trust Property Account		1,386,061	1.01
LEE CHANG YUNG COMPANY, LTD.		1,095,538	0.80
British Virgin Islands Company MARVEL GROWTH LIMITED		831,568	0.60
Sun Chin-Chuan		567,900	0.41
Citibank Custody Berkeley Capital SBL/BP Investment Account		289,100	0.21
Ho, Chia-Hung		277,000	0.20

(5) Share Price for the Past Two Fiscal Years, with Net Worth per Share, Earnings per Share (losses), and Dividends per Share

Unit: NT\$

Item		Year	2022	2023	As of March 31, of the Current Year
Market Price Per Share	Highest		46.10	36.50	27.70
	Lowest		21.20	24.25	23.55
	Average		31.72	26.84	25.69
Net Worth per Share (Note)	Before distribution		17.25	16	(Note 6)
	After distribution		16.75	—	—
Earnings per Share	Weighted average number of shares (in thousands)		137,776	137,776	137,776
	Earnings per share (Note 1)		1.47	(0.97)	(Note 6)
Dividend per share	Cash dividend		0.5	— Note 2	—
	Stock dividend	Stock dividends from earnings	—	—	—
		Stock dividends from capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on Investment	Price earnings ratios (Note 3)		21.58	-27.67	—
	Ratio of dividend (Note 4)		63.44	—	—
	Cash dividend yield (Note 5)		1.58%	—	—

Note 1 As After-Tax Earnings per Share.

Note 2 The earnings for the fiscal year 2023 were resolved by the Board of Directors on March 14, 2024 not to be distributed, pending a report to the Annual Shareholders' Meeting.

Note 3 Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 4 Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 5 Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 6 Up to the date of publication of the annual report, has not yet been audited by CPAs.

Note: The number of shares is based on the shares issued at the end of the year.

(6) Dividend Policy and Its Implementation

1. Dividend policy

According to the Articles of Incorporation, if there are earnings in the Company's annual general final accounts, they shall first be used to pay taxes and make up for the accumulated losses (including the amount of the adjustment of the undistributed earnings), and then ten percent shall be allocated as the legal reserve as required by law (not applicable when the accumulated legal reserve has reached the Company's paid-in capital). Afterwards, special surplus reserve shall be allocated as regulated by law or by the competent authority. When the Company sets aside the special surplus reserve required by law, for the insufficient amount of the "net deduction of other equity accumulated in the previous period", before the earnings distribution, it should first set aside the undistributed earnings of the previous period. The special surplus reserve with the same amount set aside, if it is still insufficient, then add the net profit of the current period plus the net profit after tax of the current period to the amount included in the undistributed earnings of the current period.

The balance of the preceding paragraph together with the accumulated undistributed earnings at the beginning of the period (including the amount of the adjustment of the undistributed earnings), shall be formulated as an earnings distribution proposal by the board of directors. When distributing earnings or making deficit compensation quarterly, it shall be distributed under the preceding procedures.

The Company's earnings distribution or loss off-setting of each quarter shall be approved by the Board of Director to distribute all or part of the dividends and bonuses, legal reserve or capital surplus in cash to shareholders after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is based on the Company's profit, capital structure and future operational needs. For each earnings distribution, no less than 10% may be distributed as dividend to the shareholders. However, when the accumulated distributable earnings are lower than the paid-in capital, the earnings do not have to be distributed; the distribution of dividend to shareholders may be conducted by cash or in the form of stock. The distribution of cash dividend shall be no less than 10% of the total of shareholders' dividend, in principle. The Company's industrial environment is variable. The types and proportions of the earnings distribution, based on the Company's future capital needs and long-term business plan, may be formulated by the board of directors under the current operating conditions, taking into account shareholders' interests, balanced dividend policies, and capital demand plan, etc. The distribution plan shall be submitted to the shareholders' meeting for

resolution and adjustment.

2. Distribution of dividends proposed by the Board of Directors

The company's operating results for the fiscal year 2023 showed a net loss after tax. At the board meeting on March 14, 2024, it was resolved that no dividends will be distributed for the fiscal year 2023.

3. If any material change in expected dividend policy: None.

(7) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting

There is no proposed stock dividends issuance for this shareholder meeting, so it is not applicable.

(8) Remuneration of Employees and Directors

1. Percentage and range of the remuneration of employees and directors as set forth in the Articles of Incorporation

Prior to distributing earnings, the Company shall allocate 0.5% or more of the profits (i.e. profit before tax before deducting compensation to employees and directors) shall be allocated as compensation to employees and 2% or less of the profits shall be allocated as compensation to directors. Independent directors shall not participate in the allocation.

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

The Company estimates the amount of employee and director remuneration based on the pre-tax benefits before deducting the distribution of employee remuneration and director remuneration, calculated and estimated according to the appropriation ratio under the Company's Articles of Incorporation, and recognized as salary expenses. If the amount still changes in the amount after the annual consolidated financial report is issued, the change shall be handled as a change in accounting estimates and recognized in the financial statements for the following year.

3. The distribution of remuneration approved by the Board of Directors:

- (1) Employee remuneration and director remuneration may be distributed in the form of cash or stock. If there is any discrepancy between that amount and the estimated recognized expenses in the year, the discrepancy, its cause, and the status of treatment shall be disclosed.

Since 2023 is a loss-making year, there is no need to set aside employee and director compensation.

- (2) The amount of employee remuneration in stock and the amount as a percentage of the sum of net income after tax as in the standalone financial statement for this period and the total employee dividends for this period: N/A.

4. The actual distribution of employee and director remuneration for the previous fiscal year (including the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director remuneration, additionally the discrepancy, cause, and how it is treated

The Company's 2022 actual distribution of employee remuneration is NT\$1,347,527, as well as the director remuneration, with no discrepancy with the estimated figures in the 2022 annual financial report.

- (9) Share Repurchases: None.

2. Handling of Corporate Bonds, Special Shares, Depository Receipts, Employee Stock Options Restricted Stock Awards, or Acquisition or Purchasing Shares Newly Issued by Another Company

- (1) Corporate Bonds: None.
- (2) Preferred Shares: None.
- (3) Global Depository Receipts: None.
- (4) Employee Stock Options: None.
- (5) New Restricted Employee Shares: None.
- (6) Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

3. Implementation of Capital Allocation Plans

- (1) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that have not been completed yet: None.
- (2) Were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

V. Operational Highlights

1. Business Activities

(1) Scope of Business

1. Main line(s) of business engaged in

- (1) Electronics Components Manufacturing.
- (2) Basic Industrial Chemical Manufacturing.
- (3) Precision Chemical Material Manufacturing.
- (4) International Trade.
- (5) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of lines of business of each business

Unit: NT\$ thousand %

Main product	2022		2023	
	Operating Revenue	Ratio to Turnover	Operating Revenue	Ratio to Turnover
Electrolytic copper foil	4,047,957	100.00	3,557,969	100.00

3. Products (Services) Currently Offered by the Company:

- (1) PK-HTE-LP3 low ridge line high temperature elongation property pink electrolytic copper foil, thickness 8 μ m~140 μ m
- (2) PK-HTE-RTF shiny side treated pink electrolytic copper foil, thickness 12 μ m~70 μ m
- (3) BR-HTE-2RT extremely low roughness (Rz<2 μ m) shiny side treated brown electrolytic copper foil, thickness 12 μ m~70 μ m
- (4) BR-DSS-LLX ultra-low roughness brown electrolytic copper foil, thickness 18 μ m~35 μ m

(5) BR-DSS-2LX extremely low roughness ($Rz < 2\mu\text{m}$) brown electrolytic copper foil, thickness $18\mu\text{m} \sim 70\mu\text{m}$

4. New items planned for development.

(1) PK-HTE-LP3 low ridge line high temperature elongation property pink electrolytic copper foil, thickness $8\mu\text{m}$

(2) Next-generation ultra-low roughness ($Rz < 1.5\mu\text{m}$) reverse-treated copper foil, suitable for high-frequency applications, with a thickness range of $12\mu\text{m} \sim 70\mu\text{m}$

(3) Next-generation ultra-low surface roughness ($Rz < 1.5\mu\text{m}$) copper foil, for high-frequency applications, thickness $18\mu\text{m} \sim 35\mu\text{m}$

(2) Overview of the Industry

1. Current status and development of the industry

The Company's main product is electrolytic copper foil. According to different downstream application fields, it can be divided into lithium battery copper foil and electronic circuit copper foil. Lithium battery copper foil is used in lithium batteries as a negative electrode material carrier and negative electrode collector for lithium batteries. Shielding sheets, electrical multi-layer boards, high-power lithium batteries for power, flexible printed circuit boards for automotive electronic control systems, lithium batteries for electric vehicles, lithium batteries for mobile phones or tablets, etc.; electronic circuit copper foil, the indispensable basic material for all electronic products, is applied in printed circuit boards with different power according to its own thickness and technology.

Electrolytic copper foil originated in the 1930s. The global production center of electrolytic copper foil is currently concentrated in Asia. Japanese manufacturers include Mitsui Metals, Nippon Mining Metals, Fukuda Metals, Furukawa Electric, etc. Taiwanese manufacturers include Nan Ya Plastics, Chang Chun Petrochemical, Co-Tech, etc. Chinese manufacturers include Kingboard Chemicals, Anhui Tongguan, Wason Copper Foil, Nord Group, etc., and Korean manufacturers include Iljin Metal and SKN, etc.

Electronic circuit copper foil is the main raw material for producing copper clad laminate (referred to as CCL), and copper clad laminates are the main raw materials for producing printed circuit boards (referred to as PCB).

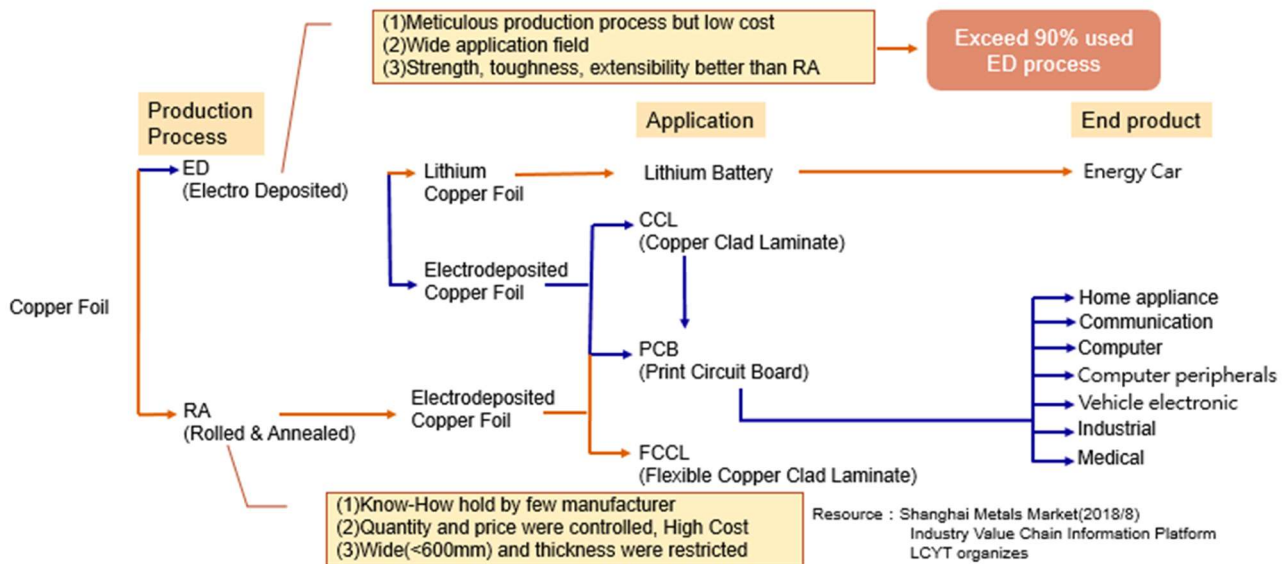
Looking at the development situation in 2022: 1. Affected by the Russia-Ukraine war, the world is confronting energy and food crises. 2. High inflation has negatively impacted the global economy and consumer confidence. 3. Due to the new wave of epidemics in the Chinese mainland, the “dynamic zero-COVID” high-intensity lockdown and control measures have been adopted. 4. The power shortage and shutdown caused by the high temperature and drought in Sichuan have exacerbated the global supply chain crisis. 5. Affected by the sluggish sales of mobile phones, computers, and other consumer-electronics products, the inventory of electronic components continued to rise, forcing demand estimates in terminal customers to become more conservative. Therefore, under the influence of various international conflicts, high inflation, high inventory, and other negative factors, the growth of global circuit board production value in 2022 was worse than last year, with a growth rate of about 2.5%, and the production value was US\$87.5 billion. Initially, it was expected that the economic gloom would gradually dissipate in 2023. However, data shows that although the overall economic situation has improved, it is still affected by negative factors such as high interest rates, low consumption, and geopolitical risks, causing the market recovery to be slow. Despite our optimistic projections for the second half of the year in some areas, such as the recovery of the smartphone and computer markets, and the development of emerging applications like electric vehicles and AI servers, the overall economic downturn and uncertainty still pose challenges to the industry. Therefore, 2023 will be a sluggish year for Taiwan’s PCB industry.

From the perspective of the economic cycle, barring any other significant disruptive events, it is expected that 2024 will enter the next growth cycle. Although it may take some time for consumer demand to recover to its former glory, the overall electronics industry in 2024 will still be able to feel higher growth momentum due to the advantage of a relatively low base period. The circuit board industry will also benefit from an increase in sales of major applications and an upgrade in product specifications, with global output expected to recover to \$78.2 billion. The Industrial Technology Research Institute (ITRI) estimates that global PCB output will rebound to \$78.2 billion in 2024, a 6.3% increase from 2023. Subsequently, the growth momentum and magnitude of the overall consumer market will eventually align with global economic performance, and the expansion rate of global circuit board output will return to the long-term average of 4% to 5%.

Regarding the development of the global PCB industry in 2024, the Taiwan Printed Circuit Association (TPCA) and the ITRI’s Industry, Science and Technology International Strategy Center (ISTI) jointly identified four key issues, including various countries/regions competing to build robust semiconductor industries, driving the PCB and substrate ecosystem. Secondly, carbon-neutral electronic products are in demand, increasing pressure on supply chains to reduce carbon emissions. Additionally, the supply chain is accelerating global deployment, and new PCB

clusters are forming in Southeast Asia. Finally, new product specifications will become a major growth driver.

2. The semiconductor manufacturing supply chain



3. Development Trends and Competition of Products

(1) Product development trends

- A. AI and Automation: The field of generative artificial intelligence (Generative AI) continues to receive significant attention. Many companies are prioritizing investments in generative AI and expect to see returns on investment within 3 to 5 years. Generative AI lowers the barrier to writing code and plays an important role in various domains, such as assisting employees in coding and providing better answer quality.
- B. AI and Automation: The field of generative artificial intelligence (Generative AI) continues to receive significant attention. Many companies are prioritizing investments in generative AI and expect to see returns on investment within 3 to 5 years. Generative AI lowers the barrier to writing code and plays an important role in various domains, such as assisting employees in coding and providing better answer quality.
- C. Electric Vehicle Market: Although the electric vehicle market is facing headwinds, the cost competitiveness of Chinese electric vehicles and the rise of Korean electric vehicles pose a threat to traditional automakers like Tesla. The era of electric vehicle warfare is about to begin.

With the continuous expansion of the application field of terminal products, the density of printed circuit board components continues to increase, and the performance requirements for copper foil are also correspondingly enhanced.

In the application of copper foil substrates, the Company has increased tear strength, oxidation resistance, and high-temperature processability to meet the needs of copper foil substrate manufacturers for high glass transition temperature (High Tg) and halogen-free (Halogen Free) prepregs; In terms of printed circuit board applications, in view of the characteristics of 5G base stations and antennas for low dielectric constant (Low Dk) and low dielectric loss (Low Df), the Company has proposed products with Profile Rz<2μm for customer applications. Additionally, to meet the demands for mobile phone boards, we have developed 8 μm ultra-thin low-profile high-temperature extensible pink electrolytic copper foil.

(2) Competition

Copper foil is an indispensable key material for printed circuit boards. Considering the cost and electrical conductivity, the product has low substitutability. In terms of production area, it can be divided into Japanese copper foil, Taiwanese copper foil, and mainland copper foil. In terms of technical structure surface, Japanese copper foil is a high-end technical product. Currently, it is mainly used for COF (chip on flex substrate) and lithium battery copper foil. Taiwanese copper foil is mostly used in high-end copper foil substrates and printed circuit boards. Most of them are used for low-level copper foil substrates and printed circuit boards. At present, the quality and technology of Taiwan-funded copper foil factories are gradually approaching that of Japanese copper foil. Mainland-funded production capacity can be gradually released due to China's promotion of electric vehicle policies, and the current production capacity annual growth rate has been significantly higher than that of the global, and it has become the main production capacity release country of electrolytic copper foil. Due to the high difficulty in the formula design of electrolytic copper foil, the construction of a factory with a production capacity of 1,000 tons per month requires more than US\$150 million. As far as the copper foil products currently provided by the Company are concerned, their application range is wide. Under the requirements of improving manufacturing process capabilities and the production technology sufficient to meet market requirements, gradually adjusting the sales proportion of niche products, and strengthening customer dependence, it still possesses market competitiveness and room for growth.

(3) Overview of Technologies and R&D Work

1. Technological arrangement in business operations

Since the Company was put into production in 2000, it has focused on the pursuit of high quality, high unit production volume, and environmental protection. In the following years, it has successively completed milestones such as the replacement of lead anodes with dimensionally stable anodes, improved the environmental quality of the clean room, and developed unique formulas.

Currently, the Company's products are principally 1oz and 2oz copper foils with normal thickness, which account for about 37% and 18% of the revenue respectively, followed by 1/3oz and 1/2oz copper foils with higher technical levels, respectively. Accounting for about 18% and 20% of the revenue, they have been normally supplied to the world's leading copper foil substrate manufacturers and printed circuit board manufacturers. The evaluation is equivalent to the quality of Japanese copper foil factories.

For the copper foil requirements for lead-free and halogen-free substrates in recent years, and the requirements for the control of hazardous substances in RoHS, POHS, Green Product, and REACH laws and regulations, the Company has met the requirements and has also introduced production and delivered to customers for use.

2. R&D Status

The current development trend of consumer-electronics products is lighter, thinner, smaller, and more comprehensive functional enhancement. Coupled with the rapid development of 5G, the Internet of Things (IoT), and cloud-related products, the requirements for high-speed transmission, thin line width, and high-frequency interference will be more stringent. Under this requirement, corresponding to the requirements of the raw material copper foil substrate, it is necessary to match the thinner and lower roughness copper foil; in response to this trend, the Company has developed the BR-DSS-LX series and BR-HTE-RT series that to reduce signal loss, the production of thin lines, and reduce costs, and meet the requirements of folding endurance which can not only be used in high-speed multi-layer thin circuit boards, but also in high-frequency signal transmission boards (such as car anti-collision radar, GPS safety system, and Servers, etc.), and the high-end FPC market. In addition, according to the needs of customers in special industries, after the stages of understanding/development/testing/mass testing/mass production, we gradually develop tailor-made copper foils that meet customer specifications. Additionally, to meet the demands for mobile phone boards, we have developed 8 μm ultra-thin low-profile high-temperature extensible pink electrolytic copper foil.

3. Expenditures for R&D Work in the Most Recent Year

The company's technical unit has a considerable degree of familiarity with the formulation parameters and production environment required for production, and periodically discusses, tests, and researches process technology improvements to meet customer quality and specification requirements, as well as maintain market competitiveness; The company's expenses related to research and development include personnel costs for research and development personnel and raw materials required for research and development testing. These expenses are budgeted according to the progress of new product and new technology development. The research and development expenses invested in 2023 totaled NT\$11,272,000. The main purpose is to continuously strengthen the functionality and characteristics of existing products, to increase product added value and enhance the company's market competitiveness.

4. Any successfully developed technologies or products for the most recent years.

Year	R&D achievements	Description
2023	Extremely low roughness reverse copper foil BR-HTE-2RT 12 μm	Customer production line engineering verification successful
	Ultra-thin low-edge high-temperature extensible pink electrolytic copper foil, PK-HTE-LP3 8 μm	Sample production successful, customer verification in progress

(4) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

Continue to deepen the cooperative relationship with existing customers, optimize and adjust the product portfolio structure, and meanwhile cooperate with leading manufacturers of Netcom equipment, servers, and printed circuit boards for automobiles by means of strategic alliances, to understand their requirements for product specifications and to introduce high-level downstream applications through them.

2. Long-term Business Development Plans

- (1) Maintain stable quality and competitive price, and continuously enhance product manufacturing process and efficiency to meet customer demands and fully adapt to market dynamics.
- (2) The application fields of terminal products are increasing day by day. To expand business momentum, the Company actively contacts potential customers on the application side of the printed circuit board market and is committed to achieving the goal of increasing the number of customers year by year, improving production efficiency, diversifying the customer base, and extending sales territory.
- (3) Continue to develop high-end products for high-frequency and high-speed applications, and cooperate with customers on special projects, expecting to gradually occupy the high-end application market in recent years.

2. Analysis of Market and Production and Marketing Situation

(1) Market Analysis

1. Areas/regions of sales of major products and market share

Unit: NT\$ thousand

Region \ Year	2022		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales	415,909	10.27	307,196	8.63%
Export	3,632,048	89.73	3,250,773	91.37%
Total	4,047,957	100.00	3,557,969	100.00%

The Company's export areas include mainland, Japan, South Korea, Thailand, and Germany. The value of the global electrolytic copper foil market (including electronic circuit copper foil and lithium battery copper foil) in 2023 was slightly more than US\$9 billion (approximately NT\$270 billion) (Research and Markets, March 2024). According to calculations based on the year 2023, the Company produced and sold standard copper foil, and its sales revenue of standard copper foil for the year accounted for approximately 5.5% of the global electrolytic copper foil market value.

2. Supply and demand and growth potential of the market in the future.

The global PCB industry landscape is still dominated by Taiwan, mainland China, Japan, and South Korea. When considering the market share in terms of output value, different suppliers display vastly different results due to differences in product and application structures. Analyzing the changing data, although mainland China remains the major production site for PCBs globally, its investment in Southeast Asia under limited resources will cause a crowding-out effect. Especially for Japanese and Korean manufacturers, there are few new production sites or capacity expansions in mainland China. Additionally, with mainland Chinese local manufacturers also starting to invest abroad, the future capacity share will gradually decline. Based on the estimated situation, the output value share will decrease from 57.5% in 2023 to 55.3% in 2026. Taiwan, Japan, and South Korea face similar situations, but due to their relatively higher-end products, their decline is less significant. The share varies slightly depending on the investment strategies of different manufacturers. As South Korea is more concentrated in semiconductor applications, its output value share will increase in the coming years, benefiting from this trend, but it will not affect the overall trend, only causing a slight change.

Although the United States is also a popular option for relocation, it is currently focused on wafer foundry and packaging industries and has not yet generated significant demand for PCBs and printed circuit boards. Its output value growth rate is slightly higher than the global average, with its share increasing by nearly 0.1 percentage points. In contrast, in Southeast Asia, in addition to the continuous expansion of Japanese and Korean factories, new production sites established by Taiwanese and Chinese companies will see significant benefits by 2026. It is estimated that by then, the output value share will increase by more than 2 percentage points compared to the current stage.

Regarding the copper foil substrate market, in the past, the high-end copper foil substrate market was mostly dominated by Japanese and American manufacturers. However, in recent years, domestic manufacturers have gradually stepped into the development and mass production of mid-to-high-end copper foil substrates to respond to requirements of terminal applications such as automotive systems, and 5G equipment. Electrolytic copper foil is mainly applied in the major material for copper foil substrates, to meet the high-frequency, high-speed, miniaturization, and other specification demands required by the carrying components, the technical capabilities of copper foil production are important keys to link board manufacturers and copper foil factories.

Benefiting from the influence of electric vehicles and the consumption of electronic products driven by the epidemic, the electric vehicle market and the PCB market are

in great demand. Overall, the production capacity of the electronic circuit copper foil supply market should be in shortage.

3. Competitive niches

(1) Master the technological trends and continue to develop mainstream products.

The Company's machine design process can disperse different PCB product application fields, and the diversity spans consumer-electronics, automotive electronics, communication equipment, general computer peripherals, etc., and has the tailor-made ability, and co-develop servers, radar, and high-end smartphones with customers by using copper foil, targeting thin lines and high-frequency high-speed transmission boards; the Company has customers all over China, Thailand, Japan, Korea, and Europe, with the depth of technical capabilities and the breadth of downstream customers.

(2) Good and stable customer relationship

The Company has certificated ISO-9001 2015 version quality management system, IATF 16949 2016 version global automotive quality management system, and customer excellent supplier, and has long-term cooperation with downstream customers to maintain stable relationships; in addition, punctual delivery reduces the risk of delayed delivery, and often visit customers to understand customer needs, so that sales customers will not have the risk of downtime for materials, and truly implement product after-sales service to improve customer satisfaction.

(3) Robust financial structure

The Company has a sound asset/liability structure to ensure its sustainable and steady development. In addition, the Company's operating expense ratio in the recent fiscal year is controlled within 5%. Therefore, a stable financial structure is an important foundation for long-term cooperation and grow together for the Company and its customers. It is also the key to maintaining operational stability during the overall economic downturn.

4. Future Development Positive and Negative Factors and Response

(1) Favorable factors:

A. Terminal electronic products are booming, and the demand for conductive materials continues to rise.

Printed circuit boards are the core of the industrial foundation. With the promotion of terminal application products such as the Internet of Things and big data, the production value of the electronics industry has grown year by year. Copper foil has high conductivity and is relatively low in price compared to other metal materials making it an important raw material that is widely used in printed circuit boards, and there is currently no alternative product to replace it. Therefore, under the trend of development, integration of information, communication equipment and devices, consumer products, and industrial medical care, as well as the innovation of new application products, the Company will continue to drive growth room for the copper foil industry.

B. Automotive electronics push up demand for copper foil.

Issues such as the Internet of Vehicles, autonomous driving, and driving safety continue to heat up. Compared with the navigation system that is basically equipped with traditional vehicles, technologies such as Advanced Driver Assistance Systems (ADAS), automotive sensor technology, electronic speakers, and virtual panels have been developed, and also gradually applied to new car models launched by various well-known car manufacturers. It is estimated that each traditional car needs 0.5 square meters of copper foil (approximately 0.143 kg). The amount of electronic copper foil used in cars is estimated to reach 2 square meters level, and the demand for copper foil continues to rise. 5G wireless communication brings new market opportunities.

C. 5G wireless communication brings new market opportunities.

The prototype of the 5th generation communication design and demand has been revealed in 2017. However, due to the impact of Sino-US trade, the spectrum license release schedule has been delayed. The ultra-low dielectric loss coefficient is required by the substrate to improve the transmission quality, and the substrate manufacturers continue to focus on thinning and high-frequency and high-speed fields. In addition to wireless antenna design and high-speed computing calculations, the difficulty of combining design and the process capability of printed circuit boards will influence the development momentum of equipment, the development of copper foil substrates must meet the needs of high-frequency and high-speed. According to Digitimes Research's broadband and wireless research forecast, in response to mobile data services, communication software applications, high-speed and other needs, the market scale of 5G network infrastructure (including communication services, terminals, and base station equipment) will reach US\$26 billion in 2026, and the compound

annual growth rate (CAGR) will continue to expand, creating new growth momentum for the demand for copper foil materials.

- D. It is a high-tech and capital-intensive industry with high barriers to entry for potential competitors.

The copper foil needs to integrate a lot of precise knowledge in the manufacturing process. In addition to high technical requirements, it also needs to meet a certain level of quality and product stability. Therefore, the process of entering the mass production stage of new products is deeply challenging. Furthermore, currently, domestic copper foil factories are mostly deployed in the petrochemical industry system, including Chang Chun Chemical, Nan Ya Plastics, Co-Tech, and the company. In addition to the foundation of petrochemical electroplating, proper pipeline configuration, and key production equipment titanium cylinders are required. And post-processing machines also require high capital investment. Compared with other industries, copper foil is a high-tech and highly capital-intensive production knowledge. As far as new factories are concerned, in addition to land and environmental assessments related to government promoting policies, It takes about one to one and half years lead time to obtain the key equipment titanium cylinder, which leads to an initial estimate of at least NT\$4 billion invested in the construction of the factory. Coupled with the impact of high depreciation costs, it becomes difficult for potential entrants to enter.

(2) Negative Factors

- A. Market supply and demand are affected by global inflation and the capacity expansion of peer industries.

The Company belongs to the printed circuit board industry chain required by global electronic products. In addition to the upstream raw material supply cost being affected by the fluctuations in the international copper price market, the downstream demand of the terminal is impacted by the global inflationary. Furthermore, like the copper foil industry in the Chinese mainland, the continuous expansion of production capacity has caused fluctuations in market supply and demand, and the risks have gradually increased.

- B. It is uneasy to cultivate professional and technical talents in the copper foil industry.

The copper foil industry requires long-term manpower cultivating, and it is uneasy to cultivate R&D personnel and accumulate experience. The Company needs to jointly design and develop products according to customer needs. It needs sufficient and high-quality R&D personnel to meet various tailor-made needs of customers.

- C. Japanese copper foil manufacturers are leading in technology, while Chinese mainland manufacturers are highly competitive.

Compared with other Asian copper foil manufacturers, Japanese copper foil manufacturers possess higher-level technology; in addition, the copper foil industry in the Chinese mainland is highly competitive with each other.

- D. Rising electricity prices

Electricity bill is one of the main costs of producing copper foil by electrolysis, accounting for nearly 10% of the cost. Coupled with the impact of global warming, our country's manufacturing industry is facing the issue of energy transition. To cooperate with energy fairness and energy conservation, matching electricity prices and pollution reduction, industry-specific electricity bill cost burdens, etc., will influence the adjustment of electricity prices and thus affect production costs.

(3) Response

- A. In response to fluctuations in the global economic cycle and changes in the supply and demand of the copper foil industry, the Company continues to improve its own research and development capabilities and cooperates and communicates with professional institutions, introduces special copper foil research and development technology and develops high-end products, and actively increases the proportion of sales to automotive electronics customers with relatively high growth and stability in the printed circuit boards industry, and to keep an eye on market supply and demand anytime, maintain operational stability with a sound financial structure, and reduce the price impact of future economic fluctuations and supply and demand reversals.
- B. In addition to improving employee salaries and various benefits, the Company has also established its core value culture, so that colleagues can deeply recognize its business direction and strategies, so the R&D team has an average seniority of more than 10 years; in addition, the Company also cooperates with professional organizations to cooperate technically,

improve the development of new technologies and new products and jointly design and develop with customers, strengthen the application of special specifications and general products, provide tailor-made products and accumulate R&D talents, skills, and experience.

- C. Beyond that continuously improving its own research and development capabilities, the Company also continues to cooperate and communicate with professional institutions, introduce special copper foil research and development technologies, or research and develop designs according to tailor-made needs. In addition to improving the Company’s research and development and manufacturing capabilities to create technical barriers to entry for other manufacturers, will also help the Company to provide more diversified products, catch up with the distance with Japanese manufacturers, and get rid of the follow-up catch-up of the red supply chain in the Chinese mainland, to strengthen the Company’s competitiveness.

- D. In line with energy transition and supply chain requirements, and under the “Renewable Energy Development Act”, the domestic electricity consumption of more than 5,000 kilowatts should purchase at least 10% green electricity and should be completed within 5 years, thus most domestic enterprises have procured green power, including through self-built power plants, purchase certificates, investment in energy storage equipment or payment of voucher. The Company purchased green power in 2021 and began to use it in 2023, and gradually improved corresponding to the energy conservation equipment ratio.

(2) Usage and Manufacturing Processes for Main Products

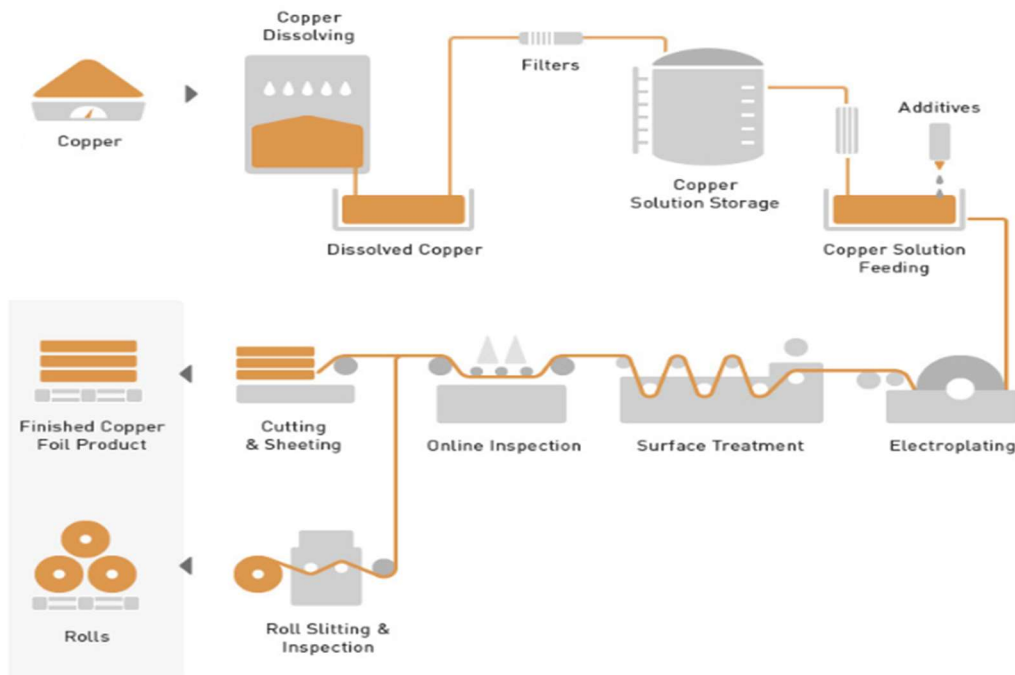
1. Primary functions for main products

Main product	Usage
Electrolytic copper foil	Mainly applied in products such as copper foil substrates and printed circuit boards FCCL, FPC, BGA, TAB, COF, and lithium batteries.

2. Production processes of main products

The manufacture of electrolytic copper foil is mainly to deposit copper sulfate solution under the action of direct current to make a raw foil roll, and then make a raw foil roll, and then surface treatments such as tumorization, high-temperature resistance, and anti-oxidation become annealed foil rolls, which are then cut and packaged to obtain finished products. They are mainly supplied to the upstream and downstream industries of printed circuit boards. The relevant processes and descriptions are as follows:

Flow Chart of Copper Foil



(1) Raw foil manufacturing

Mainly use copper wire as raw material, react with sulfuric acid aqueous solution and oxygen to obtain copper sulfate solution; after precision filtration, control the purified solution at the required temperature and flow rate, add trace additives, and pump the solution into inside electrolytic cell, direct current is applied to carry out copper electroplating and precipitation, and then the equipment speed is controlled, and the copper foil of the required thickness can be torn off from the equipment and coiled, and a semi-finished raw foil roll can be obtained.

(2) Annealed foil manufacturing

After the semi-finished raw foil roll is completed, it still needs to go through the post-processing procedure due to insufficient adhesion with the prepreg. Mainly 4 post-treatment processes, which are tumor treatment, heat resistance treatment, acid resistance treatment, and silane treatment. The roughening treatment is mainly to roughen the adhesion surface on the polymer film, that is, to increase the contact surface area, thereby increasing the adhesion strength with the polymer film. Next is the heat resistance treatment, which is to plate a micro-layer of zinc on the surface of the copper foil to prevent oxidation of the copper foil during the lamination process at the user's end. Then comes the acid resistance treatment, which is to further plate a micro-layer of chromium oxide to enhance the acid resistance of the printed circuits and the oxidation resistance

of the copper foil during storage. Finally, a layer of silane is applied to increase the adhesion strength with the polymer film. After these steps, the semi-finished laminate roll can be obtained.

(3) Cutting and Shipping

The annealed foil rolls are cut and packaged by customer requirements, and after passing the quality control inspection, they can be shipped to customers.

(3) Supply Situation for Major Raw Materials

The main raw material of copper foil is copper wire, the main source of supply comes from several domestic and foreign copper wire recyclers and copper wire manufacturers, the production sources and supply are sufficient.

(4) Suppliers and Clients that Have Accounting for 10% or More of the Total Purchase (Sales) Amount in Either of the Most Recent Two Years, and Explained the Reason for Any Change in the Amount

1. List of Major Suppliers in the Most Recent Two Years

Unit: NT\$ thousand

Item	2022				2023				As of the end of the preceding quarter of the fiscal year 2024 (Note)			
	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the issuer	Name	Amount	Percentage of purchases as of the end of the preceding quarter of the current fiscal year (%)	Relationship with the issuer
1	Company A	882,958	29.75	None	Company A	753,213	27.79	None	N/A.			
2	Company F	508,826	17.15	None	Company B	464,703	17.15	None				
3	FORMOS A COPPER	477,506	16.09	The Company serves as its director	E	459,868	16.97	None				
4	E	463,166	15.61	None	FORMOSA COPPER	457,957	16.90	The Company serves as its director				
5	B	297,757	10.03	None								
	Others	337,446	11.37	—	Others	574,239	21.19	—				
	Net purchase	2,967,659	100	—	Net purchase	2,709,980	100	—	Net purchase		N/A.	N/A.

Change description: In 2023, the amount of goods received from suppliers did not reach ten percent.

Note: As of the date of printing the annual report, the unaudited financial information for March 31, 2024 has not been reviewed by the accountant.

2. List of Major Clients in the Most Recent Two Years

Unit: NT\$ thousand

Item	2022				2023				As of the end of the preceding quarter of the fiscal year 2024 (Note)			
	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the issuer	Name	Amount	Percentage of purchases as of the end of the preceding quarter of the current fiscal year (%)	Relationship with the issuer
1	Client A	972,573	24.03	None	Client A	975,683	27.42	None	N/A.			
2	Client C	804,568	19.88	None	Client C	801,353	22.52	None				
3	Client B	366,447	9.05	None	Client B	354,457	9.96	None				
	Others	1,904,368	47.04	—	Others	1,426,476	40.10	—	Others	N/A.		
	Net Sales	4,047,957	100.00	—	Net Sales	3,557,969	100	—	Net purchase	N/A.		

Explanation of changes: There was no significant difference in the two years.

Note: As of the date of printing the annual report, the unaudited financial information for March 31, 2024 has not been reviewed by the accountant.

(5) Table of Production Volume and Value for the Most Recent Two Years

Unit: Ton NT\$ thousand

Year Production Volume and Value Main product	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Electrolytic copper foil	11,500	10,453	4,125,748	11,413	9,771	3,500,611

(6) Sales Volume and Value in the Past Two Years

Unit: Ton NT\$ thousand

Year Sales Volume and Value Main product	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electrolytic copper foil	1,036	415,909	9,343	3,632,048	797	307,196	9,172	3,250,773

3. Information on Employees for the Two Most Recent Fiscal Years, and the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year		2022	2023	As of March 31, of the Current Year
Number of employees	General staff	113	98	96
	Production line staff	110	100	98
	Total	223	198	194
Average age		41.63	43.05	43.07
Average length of service		12.67	14.75	14.87
Academic Background Distribution (%)	Doctoral Degree	0.4%	0.51%	0.52%
	Master's Degree	6.7%	6.06%	5.67%
	College/University	66.4%	65.66%	65.98%
	Senior high school	26.5%	27.78%	27.84%
	Below senior high school	0%	0%	0%

4. Disbursements for Environmental Protection

Losses and Fines in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report due to Environmental Pollution Incidents: None.

The Company has incorporated the possible risks of violating various environmental laws and regulations into the principles of daily operation and management, and actively understands the government's various environmental protection-related policies and drafts laws and regulations, to take countermeasures in advance. Currently, no environmental pollution and related compensation, punishment, and other expenses have occurred.

5. Labor Relations

Labor harmony is the driving force behind the development of the Company. Based on this common philosophy, all colleagues in the Company work together in unity and cooperation under mutual trust, assistance, and understanding to establish a long-term stable working environment and good corporate culture. It also promotes continuous growth of the Company and will continue in the future, and at the same time, the company will continue to promote the following tasks, striving to create better operating performance and seeking the well-being of the company's shareholders and all employees.

- (1) Employee Benefit Plans, Continuing Education, Training, and 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 benefits

- (1) Labor insurance, health insurance, and related insurance are handled under our laws and regulations.
- (2) Employee group insurance, term life insurance, term accident insurance, medical insurance (including family dependents)
- (3) Regular health examination
- (4) Year-end bonus
- (5) Education and training
- (6) Employee Benefit Saving Trust (Employee holds the share)
- (7) The Company allocates welfare funds by the law for the benefit of employees, and disburses and handles the following welfare matters under our laws and regulations: Spring Festival, Mid-Autumn Festival, Dragon Boat Festival cash gift, birthday cash gift, etc.

In addition to setting a reasonable and competitive salary level based on the labor market conditions, the Company's various benefits also handle relevant insurance under the laws and regulations, and issue bonuses based on its overall operating performance to encourage employees to make long-term contributions and grow together with the Company.

2. Continuing education and training

The goal of the Company's training and development is to continuously improve the quality of human resources and work skills, stimulate work enthusiasm and meet challenges, create higher corporate value, and achieve operating targets and future development. In order to achieve this goal and respond to the rapidly growing manpower needs of the operating scale, the Company has established a complete education and training structure in conjunction with the functional system, planning appropriate new recruit training, professional training, management training at all levels, environmental safety related training and corporate philosophy courses. Providing all-round training for colleagues by physical or e-learning methods, so that each employee can continuously improve their professional functions, find a stage to show their abilities, and build a mid-to-long-term functional and career development plan with the Company.

In addition to professional function training, the Company also arranges job rotations according to the career planning of colleagues and encourages employees to learn in multiple ways or self-improvement, and strives to improve the overall quality of employees and improve the cultivation and development of talents.

(1) Education and training system

EXPERTISE, ON-THE-JOB TRAINING	MANAGEMENT CAPACITY TRAINING	NEWLY RECRUITED PERSONNEL TRAINING	STATUTORY ENVIRONMENTAL SECURITY TRAINING
<p>(1) Use the internal professional learning or the training courses held with external professional institutions to provide opportunities to communicate with peers; through multiple learning methods and channels, and enhance career professional skills.</p> <p>(2) Carry out job rotation, enhance the professional functions of employees in different fields, and increase the breadth and depth of employees' professionalism.</p>	<p>(1) Plan for gradual and continuous supervisory function development, expecting to build a high-quality management team.</p> <p>(2) Courses are divided into different stages by the trainees to cultivate all-round management ability.</p> <p>(3) Establish a common management language to enhance organizational management performance.</p>	<p>(1) Through the common training arranged by the human resources department, new recruits can understand the entire organizational culture and system, strengthen the recognition and solidarity of new recruits to the Company, understand the functions of each unit in a short time, and accelerate their integration into the Company environment.</p> <p>(2) Through the relevant training arranged by the department head, new recruits can clearly learn the working environment and work content, and complete the professional knowledge and skills required for the job.</p>	<p>(1) The Company attaches great importance to environmental safety and hygiene training, and the industrial safety and environmental protection department plans appropriate safety awareness/environmental protection/hygiene/firefighting/emergency response courses, etc., to build and improve the environmental safety and hygiene system.</p> <p>(2) Participate in various legal certificate training courses under laws and regulations and operational requirements to ensure the safety of production and various operations.</p>

- (2) A total of 71 courses were held in 2023, and the total number of training hours was 1,940 hours.

3. Retirement Systems and the Status of Implementation

The Company has a complete and clear retirement system, in line with the implementation of the Labor Pension Act on July 1, 2005. For those who belong to the old system of employee retirement, the seniority has been fully settled, and the employer set aside 6% of the pension monthly. Deposit in the labor pension individual account established by the Bureau of Labor Insurance.

4. Labor-management agreements and measures for preserving employees' rights and interests.

The Company has always attached great importance to the interaction between labor and management. It has a labor-management meeting channel for employees to directly express personal opinions and has a proposal bonus to encourage employees to put forward suggestions for Company improvement. No Labor Dispute Occurred in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report.

To protect the rights of employees, in addition to complying with relevant laws and regulations, the Company has formulated "work rules" to regulate the rights and obligations between employees and the Company. If there is any overreach, the heads of each department will hold a meeting to discuss it. Employees can also directly express personal opinions through the suggestion box and legitimate channels.

- (2) Loss Resulting from Labor Dispute in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

6. Cyber Security Management

- (1) Information and communication security risk management framework, information and communication security policies, management plans, and resources invested in information and communication security management:

The Company has an information security supervise committee, with the general manager as the chairman, and the head of business units or departments as members of other committees. At least one meeting is held every year, and internal colleagues or external experts make reports or put forward suggestions on the Company's information security issues.

To ensure the safety of collection, processing, transmission, storage, and flow of Company information, the information department coordinates and promotes related matters under information security management standards, formulates relevant information security policies, maintains computer system security, network security, system access control management, physical and operating environment security, personnel management, information security education and training, and sensitive information protection management, etc., based on the principles of confidentiality, integrity, and availability, allows the Company's personnel to follow and abide by. Besides, the service contract with third-party manufacturers also requires to sign a confidentiality agreement and compliance with information security regulations to implement the Company's requirements for information security.

The Company evaluates the information security policy every year, and according to the needs of the job category, conducts information security education training and publicity at least once a year, regularly reminds colleagues to update accounts, anti-virus software, and prohibit information access to external hard drives without approval, and other measures, to ensure the effectiveness of information security software; In addition, in terms of computer room security, the equipment is fixed and secure, important entrances and exits are equipped with monitors, temperature and humidity control in the computer room is maintained, and emergency backup power is equipped with an uninterruptible power system protective measures such as emergency response operations for supporting; moreover, equipment maintenance manufacturers also need to register and approve when entering and leaving the computer room, and off-site backup operations, etc., to ensure the effectiveness of information security entities.

Focusing on the key points of information security control, mainly regarding the effectiveness review of information security, such as Company information access should be approved, information system recovery test, system exception handling, off-site backup operations, computer room equipment inspection, and regular inventory. Up to the date of publication of the annual report, no major defects have been found that affect the Company's information security.

In terms of information security risk assessment, although the Company has a complete network and computer security protection system to control or maintain the Company's operations and financial accounting and other important business operations, it still cannot guarantee that its computer system can completely avoid any third parties malicious network attacks, social engineering attacks, and service providers' failure to perform or strictly follow relevant obligations lead to the theft of Company confidential information or interference with Company operations. These attacks can pose the Company to harden its cybersecurity environments and systems causing the cost of remedial and improvement measures has increased, and the responsibility for related legal cases or regulatory investigations may also increase due to leakage of confidentiality obligations to customers or third-party information. However, up to the date of publication of the annual report, the

Company has not discovered any major cyber attacks or events that have or may have a material adverse impact on the Company's business and operations and has not been involved in any legal cases or regulatory investigations related to this.

- (2) List any losses suffered by the Company in the most recent two years and up to the date of publication of the annual report due to significant cyber security incidents, None.

7. Important Contracts

Nature of contracts	Parties involved	Start and end dates	Main contents	Restrictive covenants
Raw material supply	Company A	2023.01.01~2023.12.31 2024.01.01~2024.12.31	Copper Wire Raw material supply	—
Raw material supply	Company B	2023.01.01~2023.12.31 2024.01.01~2024.12.31	Copper Wire Raw material supply	—
Raw material supply	FORMOSA COPPER	2023.01.01~2023.12.31 2024.01.01~2024.12.31	Copper Wire Raw material supply	—
Raw material supply	Company D	2023.01.01~2023.12.31 2024.01.01~2024.12.31	Copper Wire Raw material supply	—
Raw material supply	Company E	2023.01.01~2023.12.31 2024.01.01~2024.12.31	Copper Wire Raw material supply	—
Raw material supply	Company F	2023.01.01~2023.12.31 2024.01.01~2024.12.31	Copper Wire Raw material supply	—
Raw material supply	Company G	2022.01.01~2022.12.31 2024.01.01~2024.03.31	Copper Wire Raw material supply	—
Lease contract	LCY Chemical Corp.	2018.11.01~2028.10.31	Land leasing	—
Lease contract	LEE CHANG YUNG COMPANY, LTD.	2019.01.01~2021.12.31 2022.01.01~2024.12.31	Office lease	—

VI. Financial Information

1. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years and Names and Audit Opinions of CPAs

(1) Condensed Consolidated Balance Sheets and Statements of Comprehensive Profit or Loss - Under IFRSs

1. Condensed Balance Sheets - Consolidated

Unit: NT\$ thousand

Item	Year	Financial Information for the Past Five Fiscal Years (Note 1)					Year as at March 31, 2024 Financial information
		2019	2020	2021	2022	2023	
Current asset		1,885,650	1,828,748	2,537,076	2,431,110	2,133,484	(Note 3)
Property, plant and equipment		439,637	441,723	387,152	456,457	410,525	
Intangible assets		2,837	7,539	6,339	4,909	4,277	
Other assets		222,005	209,486	255,036	198,553	245,382	
Total assets		2,550,129	2,487,496	3,185,603	3,091,029	2,793,668	
Current liabilities	Before distribution	313,323	312,063	631,403	592,373	477,099	
	After distribution	405,174	403,914	838,068	661,261	Note 2	
Non-current liabilities		142,615	133,621	127,056	121,663	112,506	
Total liabilities	Before distribution	455,938	445,684	758,459	714,036	589,605	
	After distribution	547,789	537,535	965,124	782,924	Note 2	
Equity Attributable to Shareholders of the Parent Company		2,094,191	2,041,812	2,427,144	2,376,993	2,204,063	
Share capital		1,530,850	1,530,850	1,377,765	1,377,765	1,377,765	
Additional paid-in capital		307,478	307,478	313,107	318,594	323,671	
Retained earnings	Before distribution	260,211	202,683	675,040	671,369	468,716	
	After distribution	168,360	110,832	468,375	602,481	Note 2	
Other equity		(4,348)	801	61,232	9,265	33,911	
Treasury shares		—	—	—	—	—	
Non-controlling interests		—	—	—	—	—	
Total equity	Before distribution	2,094,191	2,041,812	2,427,144	2,376,993	2,204,063	
	After distribution	2,002,340	1,949,961	2,220,479	2,308,105	Note 2	

Note 1 The financial information for each fiscal year from 2019 to 2023 has been audited by the CPAs.

Note 2 The proposal for making up the loss for the fiscal year 2023 was drafted by the Board of Directors on March 14, 2024, but has not yet been approved by the General Shareholders' Meeting, so the amount after distribution is not shown for now.

Note 3 As of the date of printing the annual report, the unaudited financial information for March 31, 2024 has not been reviewed by the accountant.

2. Condensed Statements of Comprehensive Income - Consolidated

Unit: NT\$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					Year as at March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating revenue	2,984,117	2,796,303	4,483,138	4,047,957	3,557,969	(Note 2)
Gross profit	178,416	183,901	863,976	285,541	(40,782)	
Operating Profit or loss	52,645	68,381	716,411	133,590	(181,511)	
Non-operating income and expenses	(9,547)	(25,478)	(9,785)	133,220	15,020	
Profit Before tax	43,098	42,903	706,626	266,810	(166,491)	
Income from Continuing Operations	34,113	34,323	564,208	202,994	(133,765)	
Loss on discontinued operations	—	—	—	—	—	
Net Income	34,113	34,323	564,208	202,994	(133,765)	
Other Comprehensive Profit or loss (after Tax)	(14,716)	5,149	60,431	(51,967)	24,646	
Total Comprehensive Profit or Loss	19,397	39,472	624,639	151,027	(109,119)	
Net Income Attributable to Shareholders of the Parent	34,113	34,323	564,208	202,994	(133,765)	
Net income attributable to non-controlling interests	—	—	—	—	—	
Comprehensive Income Attributable to Owners of the Parent	19,397	39,472	624,639	151,027	(109,119)	
Comprehensive Income Attributable to Non-controlling Interests	—	—	—	—	—	
Earnings Per Share (NT\$)	0.22	0.22	3.77	1.47	(0.97)	

Note 1 The financial information for each fiscal year from 2019 to 2023 has been audited by the CPAs.

Note 2 As of the date of printing the annual report, the unaudited financial information for March 31, 2024 has not been reviewed by the accountant.

(2) Condensed Parent Company Only Balance Sheets and Statements of Comprehensive Income - Under IFRSs

1. Condensed Balance Sheets - Parent Company Only

Unit: NT\$ thousand

Item	Year	Financial Information for the Past Five Fiscal Years (Note 1)					Year as at March 31, 2024 Financial information
		2019	2020	2021	2022	2023	
Current asset		1,885,637	1,828,736	2,537,064	2,431,097	2,133,471	(Note 3)
Property, plant and equipment		439,637	441,723	387,152	456,457	410,525	
Intangible assets		2,837	7,539	6,339	4,909	4,277	
Other assets		222,018	209,498	255,048	198,566	245,395	
Total assets		2,550,129	2,487,496	3,185,603	3,091,029	2,793,668	
Current liabilities	Before distribution	313,323	312,063	631,403	592,373	477,099	
	After distribution	405,174	403,914	838,068	661,261	Note 2	
Non-current liabilities		142,615	133,621	127,056	121,663	112,506	
Total liabilities	Before distribution	455,938	445,684	758,459	714,036	589,605	
	After distribution	547,789	537,535	965,124	782,924	Note 2	
Equity Attributable to Shareholders of the Parent Company		2,094,191	2,041,812	2,427,144	2,376,993	2,204,063	
Share capital		1,530,850	1,530,850	1,377,765	1,377,765	1,377,765	
Additional paid-in capital		307,478	307,478	313,107	318,594	323,671	
Retained earnings	Before distribution	260,211	202,683	675,040	671,369	468,716	
	After distribution	168,360	110,832	468,375	602,481	Note 2	
Other equity		(4,348)	801	61,232	9,265	33,911	
Treasury shares		—	—	—	—	—	
Non-controlling interests		—	—	—	—	—	
Total equity	Before distribution	2,094,191	2,041,812	2,427,144	2,376,993	2,204,063	
	After distribution	2,002,340	1,949,961	2,220,479	2,305,105	Note 2	

Note 1 The financial information for each fiscal year from 2019 to 2023 has been audited by the CPAs.

Note 2 The proposal for making up the loss for the fiscal year 2023 was drafted by the Board of Directors on March 14, 2024, but has not yet been approved by the General Shareholders' Meeting, so the amount after distribution is not shown for now.

Note 3 Individual financial data is prepared only on an annual basis, and the first quarter of 2024 is not presented.

2. Condensed Statements of Comprehensive Income - Parent Company Only

Unit: NT\$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					Year as at March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating revenue	2,984,117	2,796,303	4,483,138	4,047,957	3,557,969	(Note 2)
Gross profit	178,416	183,901	863,976	285,541	(40,782)	
Operating Profit or loss	52,645	68,381	716,411	133,590	(181,511)	
Non-operating income and expenses	(9,547)	(25,478)	(9,785)	133,220	15,020	
Profit Before tax	43,098	42,903	706,626	266,810	(166,491)	
Income from Continuing Operations	34,113	34,323	564,208	202,994	(133,765)	
Loss on discontinued operations	—	—	—	—	—	
Net Income	34,113	34,323	564,208	202,994	(133,765)	
Other Comprehensive Profit or loss (after Tax)	(14,716)	5,149	60,431	(51,967)	24,646	
Total Comprehensive Profit or Loss	19,397	39,472	624,639	151,027	(109,119)	
Net Income Attributable to Shareholders of the Parent	34,113	34,323	564,208	202,994	(133,765)	
Net income attributable to non-controlling interests	—	—	—	—	—	
Comprehensive Income Attributable to Owners of the Parent	19,397	39,472	624,639	151,027	(109,119)	
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	
Earnings Per Share (NT\$)	0.22	0.22	3.77	1.47	(0.97)	

Note 1 The financial information for each fiscal year from 2019 to 2023 has been audited by the CPAs.

Note 2 Individual financial data is prepared only on an annual basis, and the first quarter of 2024 is not presented.

(3) Name of CPAs and Audit Opinions for the Past Five Fiscal Years

Year	Accounting firm	Name of CPA	Audit opinion
2019	Deloitte & Touche	Lin Wen-Chin, Wang I-Wen	Unqualified opinion
2020	Deloitte & Touche	Lin Wen-Chin, Wang I-Wen	Unqualified opinion
2021	Deloitte & Touche	Lin Wen-Chin, Wang I-Wen	Unqualified opinion
2022	Deloitte & Touche	Lin Wen-Chin, Liu Chien-Liang	Unqualified opinion
2023	Deloitte & Touche	Kuo, Wen-Chi and Liu, Chien-Liang	Unqualified opinion

2. Financial Analyses for the Past Five Fiscal Years

(1) Consolidated Financial Analyses for the Past Five Fiscal Years - Under IFRSs

Analysis Item		Year	Analysis of Financial Status for the Recent 5 Fiscal Years (Note 1)					Year as at March 31, 2024 Financial information
			2019	2020	2021	2022	2023	
Financial structure	Debt ratio (%)		17.88	17.92	23.80	23.10	21.10	(Note)
	Ratio of long-term capital to property, plant, and equipment (%)		508.78	492.49	659.74	547.40	564.29	
Solvency	Current ratio (%)		601.82	586.02	401.81	410.40	447.17	
	Quick ratio (%)		482.20	461.98	304.09	298.25	323.40	
	Interest coverage ratio (ratio)		16.17	16.93	278.98	108.71	N/A	
Operating performance	Accounts receivable turnover (times)		5.17	3.77	4.84	4.19	4.24	
	Average collection period (days)		70.59	96.8289	75.41	87.11	86.08	
	Inventory turnover (times)		6.62	6.98	7.29	5.94	5.79	
	Accounts payable turnover (times)		15.29	14.92	14.32	11.26	10.65	
	Average days in sales		55.13	52.29	50.06	61.44	63.03	
	Property, plant, and equipment turnover rate (times)		6.65	6.35	10.81	9.59	8.20	
	Total assets turnover (times)		1.12	1.11	1.58	1.28	1.20	
Profitability	Return on total assets (%)		1.37	1.45	19.96	6.53	-4.47	
	Return on equity (%)		1.54	1.66	25.25	8.45	-5.83	
	Ratio of income before tax to paid-in capital (%)		2.81	2.80	51.28	19.36	-12.08	
	Net profit margin (%)		1.14	1.23	12.58	5.01	-3.75	
	Earnings Per Share (NT\$)		0.22	0.22	3.77	1.47	-0.97	
Cash flows	Cash flow ratio (%)		(52.50)	53.46	65.18	55.60	-12.29	
	Cash flow adequacy ratio (%)		117.98	107.48	83.61	56.86	49.20	
	Cash reinvestment ratio (%)		(7.69)	1.40	5.50	2.11	-2.23	
Leverage	Operating leverage		7.83	6.31	1.57	3.71	-0.87	
	Financial leverage		1.06	1.04	1.00	1.01	0.98	

Note: As of the date of printing the annual report, the unaudited financial information for March 31, 2024 has not been reviewed by the accountant.

Descriptions for any changes in financial ratios up to 20% for the past two fiscal years:

- Interest Coverage Ratio: Decreased compared to 2022, mainly due to loss before tax.
- Profitability: Due to a decrease in profits for this period, the return on assets, return on equity, pre-tax net income to paid-in capital ratio, net profit margin, and earnings per share decreased accordingly.
- Cash flow ratio (%): Decreased compared to 2022, mainly due to a reduction in profit for the period.
- Cash reinvestment ratio (%): Decreased compared to 2022, mainly due to a decrease in net cash flow from operating activities resulting from lower profits for the period.
- Operating leverage: Decreased compared to 2022, mainly due to a decrease in net operating revenue and operating profit.

Note 1 Each annual financial information has been audited by the CPAs.

Note 2 The calculation formulas of the form are as follows:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.

2. Solvency

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

- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
- (3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.
3. Operating performance
- (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
- (2) Average collection period (days) = 365/Accounts receivable turnover.
- (3) Inventory turnover = Cost of sales/Average inventory.
- (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
- (5) Average days in sales = 365/Inventory turnover.
- (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
- (7) Total asset turnover = Net sales/Average total assets.
4. Profitability
- (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
- (2) Return on equity = Profit or loss after tax/Average total equity.
- (3) Profit margin = Profit or loss after tax/Net sales.
- (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued. (Note 3)
5. Cash flows:
- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
- (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 4)
6. Leverage:
- (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income. (Note 5)
- (2) (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3 Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 4 Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, they will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant, and equipment refer to the total average property, plant, and equipment before accumulated depreciation is deducted.

Note 5 Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6 Where Company shares have no par value or where the par value per share is not NT\$10, any above-mentioned calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

(2) Parent Company Only Financial Analyses for the Past Five Fiscal Years - Under IFRSs

Analysis Item		Year	Analysis of Financial Status for the Recent 5 Fiscal Years (Note 1)					Current year up to March 31, 2024 Financial information
			2019	2020	2021	2022	2023	
Financial structure	Debt ratio (%)		17.88	17.92	23.80	23.10	21.10	(Note)
	Ratio of long-term capital to property, plant, and equipment (%)		508.78	492.49	659.74	547.40	564.29	
Solvency	Current ratio (%)		601.82	586.02	401.81	410.38	447.17	
	Quick ratio (%)		482.19	461.98	304.08	298.25	323.40	
	Interest coverage ratio (ratio)		16.17	16.93	278.98	108.71	N/A	
Operating performance	Accounts receivable turnover (times)		5.18	3.77	4.84	4.19	4.24	
	Average collection period (days)		70.51	96.81	75.41	87.11	86.08	
	Inventory turnover (times)		6.62	6.98	7.29	5.94	5.79	
	Accounts payable turnover (times)		15.29	14.92	14.32	11.26	10.65	
	Average days in sales		55.10	52.29	50.06	61.44	63.03	
	Property, plant, and equipment turnover rate (times)		6.66	6.35	10.81	9.59	8.20	
	Total assets turnover (times)		1.13	1.11	1.58	1.28	1.20	
Profitability	Return on total assets (%)		1.37	1.45	19.96	6.53	-4.47	
	Return on equity (%)		1.55	1.66	25.25	8.45	-5.83	
	Ratio of income before tax to paid-in capital (%)		2.82	2.80	51.28	19.36	-12.08	
	Net profit margin (%)		1.14	1.23	12.58	5.01	-3.75	
	Earnings Per Share (NT\$)		0.22	0.22	3.77	1.47	-0.97	
Cash flows	Cash flow ratio (%)		(52.51)	53.46	65.18	55.60	-12.29	
	Cash flow adequacy ratio (%)		117.99	107.49	83.61	56.86	49.20	
	Cash reinvestment ratio (%)		(7.70)	1.40	5.50	2.11	-2.23	
Leverage	Operating leverage		7.83	6.31	1.57	3.71	-0.87	
	Financial leverage		1.06	1.04	1.00	1.01	0.98	

Note: Individual financial data is prepared only on an annual basis, and is not presented for the first quarter of 2024.

Descriptions for any changes in financial ratios up to 20% for the past two fiscal years:

1. Interest Coverage Ratio: Decreased compared to 2022, mainly due to loss before tax.
2. Profitability: Due to a decrease in profits for this period, the return on assets, return on equity, pre-tax net income to paid-in capital ratio, net profit margin, and earnings per share decreased accordingly.
3. Cash flow ratio (%): Decreased compared to 2022, mainly due to a reduction in profit for the period.
4. Cash reinvestment ratio (%): Decreased compared to 2022, mainly due to a decrease in net cash flow from operating activities resulting from lower profits for the period.
5. Operating leverage: Decreased compared to 2022, mainly due to a decrease in net operating revenue and operating profit.

Note 1 Each annual financial information has been audited by the CPAs.

Note 2 The calculation formulas of the form are as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
 - (3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.
3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
- (2) Average collection period (days) = 365/Accounts receivable turnover.
- (3) Inventory turnover = Cost of sales/Average inventory.
- (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
- (5) Average days in sales = 365/Inventory turnover.
- (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
- (7) Total asset turnover = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
- (2) Return on equity = Profit or loss after tax/Average total equity.
- (3) Profit margin = Profit or loss after tax/Net sales.
- (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued. (Note 3)

5. Cash flows

- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
- (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 4)

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income. (Note 5)
- (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3 Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 4 Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, they will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant, and equipment refer to the total average property, plant, and equipment before accumulated depreciation is deducted.

Note 5 Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6 Where Company shares have no par value or where the par value per share is not NT\$10, any above-mentioned calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

3. Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2023 Business Report, Individual Financial Statements and Consolidated Financial Statements, and Deficit Compensation Proposal. The Individual Financial Statements and Consolidated Financial Statements have been audited by Deloitte & Touche CPAs Kuo, Wen-Chi and Liu, Chien-Liang, who have issued audit reports. The aforementioned business report, individual financial statements, consolidated financial statements, and loss offsetting proposals have been reviewed by this Audit Committee and found to be in compliance with no irregularities. This report is hereby submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.
Please review.

Sincerely,
2024 Annual Shareholders' Meeting of LCY TECHNOLOGY CORP.

LCY TECHNOLOGY CORP.
Convener of the Audit Committee: Liu San-Chi

March 14, 2024

4. Consolidated Financial Statements for the Most Recent Fiscal Year, Certified by CPAs

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

LCY TECHNOLOGY CORP.

By

PAUL CHEN
Chairman

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LCY Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of LCY Technology Corp. and its subsidiary (the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Timing of Revenue Recognition

The Group recognizes revenue when goods arrive at the agreed destination pursuant to the shipping terms of the sale, which increases the risk that the sale of goods may not be recognized in the correct period at or near the end of the reporting period; therefore, we considered the timing of revenue recognition a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

Our audit procedures performed related to the timing of revenue recognition included the following:

1. We evaluated the design of the internal controls with respect to the recognition of revenue from sales under the terms that the transfer of control over the goods to customers is based on the time when goods arrive at the agreed destination; we tested the operating effectiveness of the controls.
2. We performed cut-off tests and confirmed that sales are recognized in the correct period; we traced the recorded sales to third-party notification and related supporting documentation.

Other Matter

We have also audited the parent company only financial statements of LCY Technology Corp. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Chi Kuo and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 558,512	20	\$ 721,055	23
Trade receivable (Notes 8 and 20)	818,184	29	858,445	28
Trade receivable - related parties (Notes 20 and 27)	-	-	2,339	-
Other receivables (Notes 8 and 26)	122,084	4	146,980	5
Other receivables - related parties (Note 27)	25	-	260	-
Current tax assets (Note 22)	1,351	-	-	-
Inventories (Note 9)	587,404	21	653,794	21
Prepayments (Note 14)	3,102	-	10,534	1
Other current assets (Note 14)	42,822	2	37,703	1
Total current assets	2,133,484	76	2,431,110	79
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	81,716	3	57,070	2
Investments accounted for using the equity method (Note 11)	2,022	-	2,006	-
Property, plant and equipment (Notes 12 and 27)	410,525	15	456,457	15
Right-of-use assets (Note 13)	117,954	4	127,724	4
Intangible assets	4,277	-	4,909	-
Deferred tax assets (Note 22)	39,762	2	7,652	-
Refundable deposits (Note 27)	3,687	-	3,227	-
Long-term prepayments	241	-	874	-
Total non-current assets	660,184	24	659,919	21
TOTAL	\$ 2,793,668	100	\$ 3,091,029	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 37,500	1	\$ -	-
Trade payables (Note 16)	288,855	10	305,275	10
Trade payables - related parties (Note 27)	41,237	2	39,892	1
Other payables (Note 17)	80,355	3	142,508	5
Other payables - related parties (Note 27)	13,607	1	21,041	1
Current tax liabilities (Note 22)	-	-	66,476	2
Lease liabilities (Notes 13 and 27)	9,961	-	9,829	-
Other current liabilities (Notes 17 and 20)	5,584	-	7,352	-
Total current liabilities	477,099	17	592,373	19
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 22)	101	-	135	-
Lease liabilities (Notes 13 and 27)	112,405	4	121,528	4
Total non-current liabilities	112,506	4	121,663	4
Total liabilities	589,605	21	714,036	23
EQUITY (Note 19)				
Share capital	1,377,765	49	1,377,765	45
Capital surplus	323,671	12	318,594	10
Retained earnings				
Legal reserve	179,164	7	158,865	5
Unappropriated earnings	289,552	10	512,504	17
Total retained earnings	468,716	17	671,369	22
Other equity	33,911	1	9,265	-
Total equity	2,204,063	79	2,376,993	77
TOTAL	\$ 2,793,668	100	\$ 3,091,029	100

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Note 27)	\$ 3,557,969	100	\$ 4,047,957	100
COST OF GOODS SOLD (Notes 9, 21 and 27)	<u>3,598,751</u>	<u>101</u>	<u>3,762,416</u>	<u>93</u>
GROSS PROFIT (LOSS)	<u>(40,782)</u>	<u>(1)</u>	<u>285,541</u>	<u>7</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	68,406	2	68,855	1
General and administrative expenses	61,051	2	69,859	2
Research and development expenses	<u>11,272</u>	<u>-</u>	<u>13,237</u>	<u>-</u>
Total operating expenses	<u>140,729</u>	<u>4</u>	<u>151,951</u>	<u>3</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(181,511)</u>	<u>(5)</u>	<u>133,590</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	13,476	-	4,443	-
Other income	13,012	-	19,297	-
Other gains and losses	(8,741)	-	111,951	3
Finance costs	(2,748)	-	(2,477)	-
Share of profit or loss of associates (Note 11)	<u>21</u>	<u>-</u>	<u>6</u>	<u>-</u>
Total non-operating income and expenses	<u>15,020</u>	<u>-</u>	<u>133,220</u>	<u>3</u>
PROFIT (LOSS) BEFORE INCOME TAX	(166,491)	(5)	266,810	7
INCOME TAX (BENEFIT) EXPENSE (Note 22)	<u>(32,726)</u>	<u>(1)</u>	<u>63,816</u>	<u>2</u>
NET PROFIT (LOSS)	<u>(133,765)</u>	<u>(4)</u>	<u>202,994</u>	<u>5</u>

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	\$ 24,646	1	\$ (51,968)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total other comprehensive income (loss)	<u>24,646</u>	<u>1</u>	<u>(51,967)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (109,119)</u>	<u>(3)</u>	<u>\$ 151,027</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	
Diluted	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	

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

(Concluded)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	<u>Share Capital</u>		<u>Retained Earnings</u>			<u>Other Equity</u>		<u>Total Equity</u>
	<u>Number of Shares (In Thousands)</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translation of Financial Statements of Foreign Operations</u>	<u>Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>	
BALANCE AT JANUARY 1, 2022	137,776	\$ 1,377,765	\$ 313,107	\$ 102,444	\$ 572,596	\$ 135	\$ 61,097	\$ 2,427,144
Appropriation of 2021 earnings								
Legal reserve	-	-	-	56,421	(56,421)	-	-	-
Cash dividends	-	-	-	-	(206,665)	-	-	(206,665)
Share-based payment	-	-	5,487	-	-	-	-	5,487
Net profit in 2022	-	-	-	-	202,994	-	-	202,994
Other comprehensive income (loss) in 2022	-	-	-	-	-	1	(51,968)	(51,967)
Total comprehensive income (loss) in 2022	-	-	-	-	202,994	1	(51,968)	151,027
BALANCE AT DECEMBER 31, 2022	137,776	1,377,765	318,594	158,865	512,504	136	9,129	2,376,993
Appropriation of 2022 earnings								
Legal reserve	-	-	-	20,299	(20,299)	-	-	-
Cash dividends	-	-	-	-	(68,888)	-	-	(68,888)
Share-based payment	-	-	5,077	-	-	-	-	5,077
Net loss in 2023	-	-	-	-	(133,765)	-	-	(133,765)
Other comprehensive income in 2023	-	-	-	-	-	-	24,646	24,646
Total comprehensive income (loss) in 2023	-	-	-	-	(133,765)	-	24,646	(109,119)
BALANCE AT DECEMBER 31, 2023	137,776	\$ 1,377,765	\$ 323,671	\$ 179,164	\$ 289,552	\$ 136	\$ 33,775	\$ 2,204,063

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (166,491)	\$ 266,810
Adjustments for:		
Depreciation expense	88,899	84,292
Amortization expense	1,291	1,430
Amortization of prepayments	3,426	3,426
Expected credit loss reversed on trade receivables	(2)	(1)
Share-based payment	5,077	5,487
Finance costs	2,748	2,477
Interest income	(13,476)	(4,443)
Dividend income	-	(2,873)
Share of profit of associates	(21)	(6)
Loss (gain) on disposal of property, plant and equipment	1,027	(250)
Write-down of inventories	8,134	10,990
Net loss on unrealized foreign currency exchange	22,434	8,504
Changes in operating assets and liabilities		
Notes receivable - related parties	-	8,688
Trade receivables	19,253	196,719
Trade receivables - related parties	2,339	(2,339)
Other receivables	24,546	(78,887)
Other receivables - related parties	235	(196)
Inventories	58,256	(53,784)
Prepayments	4,639	(4,492)
Other current assets	(5,119)	1,688
Trade payables	(14,122)	20,534
Trade payables - related parties	1,975	4,512
Other payables	(24,487)	(31,539)
Other payables - related parties	(7,434)	12,283
Other current liabilities	<u>(1,768)</u>	<u>123</u>
Cash generated from operations	11,359	449,153
Interest paid	(2,756)	(2,497)
Income tax paid	<u>(67,245)</u>	<u>(117,269)</u>
Net cash (used in) generated from operating activities	<u>(58,642)</u>	<u>329,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(71,918)	(113,162)
Proceeds from disposal of property, plant and equipment	-	250
Increase in refundable deposits	(460)	-
Interest received	13,476	4,443
Other dividends received	<u>5</u>	<u>2,873</u>
Net cash used in investing activities	<u>(58,897)</u>	<u>(105,596)</u>

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 37,500	\$ -
Repayment of the principal portion of lease liabilities	(9,614)	(9,278)
Dividends paid	<u>(68,888)</u>	<u>(206,665)</u>
Net cash used in financing activities	<u>(41,002)</u>	<u>(215,943)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(4,002)</u>	<u>(3,971)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(162,543)	3,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>721,055</u>	<u>717,178</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 558,512</u>	<u>\$ 721,055</u>

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

(Concluded)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

LCY Technology Corp. (the “Corporation”), incorporated on January 16, 1997, mainly manufactures and sells electrolytic copper foil, an upstream material for printed circuit boards (PCBs).

The Corporation’s shares have been listed on the Taiwan Stock Exchange since June 28, 2018.

These consolidated financial statements of the Corporation and its subsidiary (collectively, the “Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 14, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the related standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiary, including special purpose entities).

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 10 and Table 3 for the detailed information of the subsidiary (including the percentages of ownership and main businesses).

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Corporation and other entities in the Group (including subsidiary in other country or those that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date. The cost of inventory received in a swap is based on the carrying amount of inventory given out.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets acquired separately.

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Derecognition of intangible assets

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

Impairment of Property, Plant and Equipment, Right-of-use Asset and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is assessed by discounting the estimated future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost, investments in debt instruments and equity instruments at FVTOCI.

1) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

2) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- 1) Internal or external information show that the debtor is unlikely to pay its creditors.
- 2) When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c. Derecognition of financial assets

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

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

On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Revenue Recognition

The Group identifies contracts and performance obligations in each contract, allocates the transaction price to the performance obligations in each contract, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electrolytic copper foil products. Sales of goods are recognized as revenue when the goods are delivered to the customer's specified location (destination or shipping port) because it is the time when the customer has full control over the products and the Group's performance obligations are satisfied. Trade receivables are recognized concurrently. The Group recognizes contract liabilities for payments received before the delivery of the goods and assumes the responsibility to transfer the goods.

Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the lease or other terms, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Share-based Payment Arrangements

The Corporation's parent grants cash-settled share-based payment to the employees of the Corporation.

The Corporation's parent grants the cash-settled share-based payment to the Corporation's employees and the parent has the obligation to settle the share-based transaction by cash, which is treated as a capital contribution to the Corporation. The fair value at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding recognition of capital surplus - share-based payments.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current tax and deferred tax

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgments, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 19	\$ 24
Checking accounts and demand deposits	558,493	690,321
Cash equivalents		
Time deposits with original maturities less than three months	<u>-</u>	<u>30,710</u>
	<u>\$ 558,512</u>	<u>\$ 721,055</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 81,716</u>	<u>\$ 57,070</u>

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Carrying amount	\$ 790,470	\$ 851,986
Less: Allowance for impairment loss	<u>-</u>	<u>(2)</u>
	790,470	851,984
At FVTOCI	<u>27,714</u>	<u>6,461</u>
	<u>\$ 818,184</u>	<u>\$ 858,445</u>
<u>Other receivables</u>		
Factored accounts receivable	\$ 34,219	\$ 58,151
Sales tax refund receivable	30,893	25,493
Others	<u>56,972</u>	<u>63,336</u>
	<u>\$ 122,084</u>	<u>\$ 146,980</u>

Trade receivables

a. At amortized cost

The average credit period of sales of goods was 90-120 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In determining the recoverable amount of trade receivables, the Group considers any changes in the credit quality of trade receivables from the original credit grant date to the balance sheet date. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The Group establishes credit loss rates based on historical credit loss experience and the loss patterns of different customer segments supplemented by the number of days past due on trade receivables.

The aging of receivables was as follows:

	December 31	
	2023	2022
Not past due	\$ 790,470	\$ 834,001
Up to 90 days	<u>-</u>	<u>17,985</u>
	<u>\$ 790,470</u>	<u>\$ 851,986</u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

As of December 31, 2023 and 2022, there was no past due trade receivables and no allowance was provided for losses.

Refer to Note 26 for details of the factoring agreements for trade receivables.

9. INVENTORIES

	<u>December 31</u>	
	2023	2022
Finished goods	\$ 230,583	\$ 344,631
Work in process	290,762	245,663
Raw materials and supplies	<u>66,059</u>	<u>63,500</u>
	<u>\$ 587,404</u>	<u>\$ 653,794</u>

The nature of the cost of goods sold is as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Cost of inventories sold	\$ 3,532,085	\$ 3,706,724
Inventory write-downs	8,134	10,990
Unallocated production overhead	<u>58,532</u>	<u>44,702</u>
	<u>\$ 3,598,751</u>	<u>\$ 3,762,416</u>

10. SUBSIDIARY

Subsidiary included in the consolidated financial statements:

Investor	Investee	Nature of Activities	<u>% of Ownership</u>		Remark
			<u>December 31</u>		
			2023	2022	
LCY Technology Corp.	LCY Holdings Corp.	Investment	100.0	100.0	

Based on the Corporation's evaluation, the abovementioned foreign subsidiary does not have any anticipated significant business risk.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associate

	<u>December 31</u>	
	2023	2022
<u>Associate that is not individually material</u>		
Unlisted company Kaohsiung Cogen Co., Ltd.	<u>\$ 2,022</u>	<u>\$ 2,006</u>

Percentage of ownership interest and voting rights of the Group in the associate as of the balance sheet date.

Investee	<u>December 31</u>	
	2023	2022
Kaohsiung Cogen Co., Ltd.	20%	20%

Aggregate information of associate that is not individually material.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net profit	\$ <u>21</u>	\$ <u>6</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 449,111	\$ 3,224,110	\$ 11,314	\$ 67,159	\$ 26,880	\$ 3,778,574
Additions	-	-	750	4,601	142,738	148,089
Disposals	-	(26,072)	(3,731)	(3,324)	-	(33,127)
Reclassified to expenses	-	(90)	-	(4,638)	-	(4,728)
Reclassified property in construction	-	79,745	-	17,767	(97,512)	-
Balance at December 31, 2022	<u>\$ 449,111</u>	<u>\$ 3,277,693</u>	<u>\$ 8,333</u>	<u>\$ 81,565</u>	<u>\$ 72,106</u>	<u>\$ 3,888,808</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 321,054	\$ 3,020,629	\$ 10,362	\$ 39,377	\$ -	\$ 3,391,422
Disposals	-	(26,072)	(3,731)	(3,324)	-	(33,127)
Depreciation expense	20,596	47,327	432	5,701	-	74,056
Balance at December 31, 2022	<u>\$ 341,650</u>	<u>\$ 3,041,884</u>	<u>\$ 7,063</u>	<u>\$ 41,754</u>	<u>\$ -</u>	<u>\$ 3,432,351</u>
Carrying amount at December 31, 2022	<u>\$ 107,461</u>	<u>\$ 235,809</u>	<u>\$ 1,270</u>	<u>\$ 39,811</u>	<u>\$ 72,106</u>	<u>\$ 456,457</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 449,111	\$ 3,277,693	\$ 8,333	\$ 81,565	\$ 72,106	\$ 3,888,808
Additions	-	508	-	5,818	30,285	36,611
Disposals	(2,067)	(2,406)	(631)	(78)	-	(5,182)
Reclassified to expenses	-	-	-	(2,373)	-	(2,373)
Reclassified property in construction	-	84,668	-	9,384	(94,052)	-
Reclassified intangible assets	-	-	-	-	(659)	(659)
Balance at December 31, 2023	<u>\$ 447,044</u>	<u>\$ 3,360,463</u>	<u>\$ 7,702</u>	<u>\$ 94,316</u>	<u>\$ 7,680</u>	<u>\$ 3,917,205</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 341,650	\$ 3,041,884	\$ 7,063	\$ 41,754	\$ -	\$ 3,432,351
Disposals	(1,040)	(2,406)	(631)	(78)	-	(4,155)
Depreciation expense	19,326	50,860	211	8,087	-	78,484
Balance at December 31, 2023	<u>\$ 359,936</u>	<u>\$ 3,090,338</u>	<u>\$ 6,643</u>	<u>\$ 49,763</u>	<u>\$ -</u>	<u>\$ 3,506,680</u>
Carrying amount at December 31, 2023	<u>\$ 87,108</u>	<u>\$ 270,125</u>	<u>\$ 1,059</u>	<u>\$ 44,553</u>	<u>\$ 7,680</u>	<u>\$ 410,525</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	26 years
Plant accessories and office renovation	3-11 years
Machinery and equipment	2-20 years
Transportation equipment	5-10 years
Other equipment	2-20 years

No impairment loss was recognized for the years ended December 31, 2023 and 2022.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 115,193	\$ 123,018
Buildings	1,962	3,924
Office equipment	163	222
Transportation equipment	<u>636</u>	<u>560</u>
	<u>\$ 117,954</u>	<u>\$ 127,724</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 645</u>	<u>\$ 6,078</u>
Depreciation charge for right-of-use assets		
Land	\$ 7,825	\$ 7,825
Buildings	1,962	1,962
Office equipment	59	59
Transportation equipment	<u>569</u>	<u>390</u>
	<u>\$ 10,415</u>	<u>\$ 10,236</u>

Except for the recognized depreciation, the Group did not have significant addition, sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 9,961</u>	<u>\$ 9,829</u>
Non-current	<u>\$ 112,405</u>	<u>\$ 121,528</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.41%-1.85%	1.41%-1.85%
Buildings	1.41%	1.41%
Office equipment	1.38%	1.38%
Transportation equipment	1.37%-2.66%	1.37%

c. Material leasing activities and terms

The Group mainly leases office and land with lease terms of 3 to 10 years. The Group does not have bargain purchase options to acquire the leasehold office and land at the end of the lease terms; the lease term of the land has option to extend for another 10 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Short-term lease	<u>\$ 831</u>	<u>\$ 1,706</u>
Expenses relating to low-value asset leases	<u>\$ 41</u>	<u>\$ 41</u>
Total cash outflow for leases	<u>\$ (12,831)</u>	<u>\$ (13,518)</u>

The Group's leases of certain transportation equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Prepayments		
Prepaid expenses	\$ 3,053	\$ 5,057
Input tax	1	4,750
Others	<u>48</u>	<u>727</u>
	<u>\$ 3,102</u>	<u>\$ 10,534</u>
Other current assets		
Spare parts	\$ 42,242	\$ 36,975
Others	<u>580</u>	<u>728</u>
	<u>\$ 42,822</u>	<u>\$ 37,703</u>

15. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
Unsecured borrowings		
Line of credit borrowings	<u>\$ 37,500</u>	<u>\$ -</u>

The range of weighted average effective interest rates on bank loans was 1.9% per annum at December 31, 2023.

16. TRADE PAYABLES

Trade payables are generated from operations. The average credit period on purchases of certain goods was 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 29,759	\$ 41,467
Payables for utilities	25,520	27,826
Payables for equipment	2,959	40,639
Payables for compensation of employees and directors	-	2,694
Others	<u>22,117</u>	<u>29,882</u>
	<u>\$ 80,355</u>	<u>\$ 142,508</u>
Other liabilities		
Refund liabilities	\$ 4,895	\$ 2,361
Contract liabilities	-	4,325
Others	<u>689</u>	<u>666</u>
	<u>\$ 5,584</u>	<u>\$ 7,352</u>

Refund liabilities are recognized on the basis of historical experience, management's judgment and other known reasons for possible sales return and discount, and the relative amount is recognized as a deduction to sale of goods upon the goods were sold.

18. RETIREMENT BENEFIT PLANS

The pension plan under the Labor Pension Act is a defined contribution pension plan. Pursuant to the plan, the Corporation make monthly contributions to employees' individual pension accounts at 6% of each employee's monthly salary.

19. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>137,776</u>	<u>137,776</u>
Shares issued and fully paid	<u>\$ 1,377,765</u>	<u>\$ 1,377,765</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The \$240,000 thousand of the authorized capital share is reserved for the exercise of share options for warrants, preferred share with share options, and corporate bonds with share options.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 307,478	\$ 307,478
<u>May not be used for any purpose</u>		
Share-based payment arrangements	<u>16,193</u>	<u>11,116</u>
	<u>\$ 323,671</u>	<u>\$ 318,594</u>

Capital surplus arising from issuance of ordinary shares may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the Corporation's Articles of Incorporation (the "Articles"), the proposal for profit distribution or offsetting of losses should be made at the end of each quarter of the fiscal year. The distribution should be resolved in the shareholders' meeting if the dividends and bonuses are distributed by issuance of shares, while the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash.

Where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan. The proposal for profit distribution or offsetting of losses made at the end of each quarter should be in compliance with the aforementioned procedures. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses, legal reserve and capital surplus in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 21 (e).

The Corporation's Articles also stipulate a dividends policy whereby the issuance of share dividends takes precedence over the payment of cash dividends. In principle, cash dividends are no less than 10% of the total dividends distributed.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 20,299	\$ 56,421
Cash dividends	68,888	206,665
Dividends per share (NT\$)	0.5	1.5

The Corporation's board of directors proposed the offsetting of losses on March 14, 2024, and resolved not to distribute cash dividends; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 18, 2024.

20. REVENUE

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and trade receivables (Notes 8 and 26)	<u>\$ 818,184</u>	<u>\$ 860,784</u>	<u>\$ 1,070,205</u>
Contract liabilities (recognized as other current liabilities)			
Sale of goods	<u>\$ -</u>	<u>\$ 4,325</u>	<u>\$ -</u>

The changes in the balance of contract liabilities primarily resulted from the timing differences between the Group's satisfaction of performance obligations and the respective customer's payment.

21. NET (LOSS) PROFIT

Information about net (loss) profit is as follows:

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (losses) gains	\$ (4,144)	\$ 114,524
Gain (loss) on disposal of property, plant and equipment	(1,027)	250
Others	<u>(3,570)</u>	<u>(2,823)</u>
	<u>\$ (8,741)</u>	<u>\$ 111,951</u>

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 2,322	\$ 2,473
Interest on bank overdrafts and loans	312	4
Other interest expenses	<u>114</u>	<u>-</u>
	<u>\$ 2,748</u>	<u>\$ 2,477</u>

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 78,484	\$ 74,056
Right-of-use assets	10,415	10,236
Intangible assets	<u>1,291</u>	<u>1,430</u>
	<u>\$ 90,190</u>	<u>\$ 85,722</u>
 An analysis of depreciation by function		
Operating costs	\$ 85,169	\$ 80,696
Operating expenses	<u>3,730</u>	<u>3,596</u>
	<u>\$ 88,899</u>	<u>\$ 84,292</u>
 An analysis of amortization by function		
Operating costs	\$ 280	\$ 430
Operating expenses	<u>1,011</u>	<u>1,000</u>
	<u>\$ 1,291</u>	<u>\$ 1,430</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 220,980	\$ 241,008
Post-employment benefits (Note 17)		
Defined contribution plans	9,566	9,557
Share-based payments (Note 24)	5,077	5,487
Other employee benefits	<u>14,021</u>	<u>14,948</u>
Total employee benefits expense	<u>\$ 249,644</u>	<u>\$ 271,000</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 196,945	\$ 213,757
Operating expenses	<u>52,699</u>	<u>57,243</u>
	<u>\$ 249,644</u>	<u>\$ 271,000</u>

e. Compensation of employees and remuneration of directors

In accordance with the Articles, the Corporation accrued compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors were not accrued for the year ended December 31, 2023 due to a net loss before income tax. The compensation of employees and remuneration of directors for the year ended December 31, 2022, which have been approved by the Corporation's board of directors on March 24, 2023, were as follows:

Accrual rate

	For the Year Ended December 31, 2022
Compensation of employees	0.5%
Remuneration of directors	0.5%

Amount

	For the Year Ended December 31, 2022
Compensation of employees	\$ 1,347
Remuneration of directors	1,347

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 88,631	\$ 167,382
Foreign exchange losses	<u>(92,775)</u>	<u>(52,858)</u>
Net (losses) gains	<u>\$ (4,144)</u>	<u>\$ 114,524</u>

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ -	\$ 56,483
Income tax on unappropriated earnings	-	10,404
Adjustments for prior year	<u>(582)</u>	<u>26</u>
	<u>(582)</u>	<u>66,913</u>
Deferred tax		
In respect of the current year	<u>(32,144)</u>	<u>(3,097)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (32,726)</u>	<u>\$ 63,816</u>

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit (loss) before tax	<u>\$ (166,491)</u>	<u>\$ 266,810</u>
Income tax (benefit) expense calculated at the statutory rate	\$ (33,298)	\$ 53,362
Nondeductible expenses in determining taxable income	227	24
Income tax on unappropriated earnings	-	10,404
Unrecognized deductible temporary difference	927	-
Adjustments for prior years' tax	<u>(582)</u>	<u>26</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (32,726)</u>	<u>\$ 63,816</u>

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 1,351</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 66,476</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Inventory reserve	\$ 2,334	\$ 1,626	\$ 3,960
Loss of foreign investment	1,391	-	1,391
Refund liabilities	472	525	997
Unrealized exchange loss	2,300	4,487	6,787
Others	<u>1,155</u>	<u>(24)</u>	<u>1,131</u>
	7,652	6,614	14,266
Loss carryforwards	<u>-</u>	<u>25,496</u>	<u>25,496</u>
	<u>\$ 7,652</u>	<u>\$ 32,110</u>	<u>\$ 39,762</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Interest capitalization	\$ 101	\$ (34)	\$ 67
Exchange differences on translation of the financial statements of foreign operations	<u>34</u>	<u>-</u>	<u>34</u>
	<u>\$ 135</u>	<u>\$ (34)</u>	<u>\$ 101</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Inventory reserve	\$ 137	\$ 2,197	\$ 2,334
Loss of foreign investment	1,391	-	1,391
Refund liabilities	1,304	(832)	472
Unrealized exchange loss	599	1,701	2,300
Others	<u>1,158</u>	<u>(3)</u>	<u>1,155</u>
	<u>\$ 4,589</u>	<u>\$ 3,063</u>	<u>\$ 7,652</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Interest capitalization	\$ 135	\$ (34)	\$ 101
Exchange differences on translation of the financial statements of foreign operations	<u>34</u>	<u>-</u>	<u>34</u>
	<u>\$ 169</u>	<u>\$ (34)</u>	<u>\$ 135</u>

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
<u>\$ 127,482</u>	2033

e. Income tax assessments

The income tax returns through 2021 have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic (loss) earnings per share	<u>\$ (0.97)</u>	<u>\$ 1.47</u>
Diluted (loss) earnings per share	<u>\$ (0.97)</u>	<u>\$ 1.47</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings (loss) per share were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share from continuing operations	<u>\$ (133,765)</u>	<u>\$ 202,994</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	137,776	137,776
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> -</u>	<u> 74</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>137,776</u>	<u>137,850</u>

The Group may settle compensation or bonuses paid to employees in cash or shares, therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential dilutive shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The compensation of employees for the year ended December 31, 2023 is anti-dilutive and excluded from the computation of diluted earnings per share.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Cash-settled share-based payments granted to the employees of the Group by the Group's parent.

The Corporation's parent LCY Chemical Corp. ("LCY Chemical") issued to certain employees share appreciation rights (SARs) that require LCY Chemical Corp. to settle the SARs by cash; the SARs are treated as a capital contribution to the Corporation. The SARs execution period is from 2021 to 2024, and SARs shall be granted to employees on September 30 every year. The SARs granted are valid for 10 years and exercisable earlier after 3 years from the grant date, or LCY Chemical (or its controlling company) may be successfully listed, and the employees who have remained employed with the Group. The parent shall pay the SARs in cash at the value agreed upon with the employees when the SARs are exercised by employees.

As of December 31, 2023 and 2022, the numbers of share appreciation rights outstanding were both 350 thousand.

The fair value of the cash-settled share-based payments was measured using the Black-Scholes pricing model, and the inputs to the model were as follows:

	<u>Grant Date</u> <u>September 30,</u> <u>2022</u>
Grant-date share price	\$26.40
Exercise price	-
Expected volatility	24.10%
Expected life (in years)	6.5
Expected dividend yield	-
Risk-free interest rate	1.51%
Unit (thousand)	122

Compensation costs recognized were \$5,077 thousand and \$5,487 thousand for the years ended December 31, 2023 and 2022, respectively.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while achieving optimization of the debt and equity balance through the issuance of ordinary shares for cash and loans. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debts and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group usually review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of new shares, and the amount of new debt issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that carrying amounts of other financial instruments, such as cash and cash equivalents, financial assets at amortized cost, receivables and payables recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity shares				
Domestic unlisted shares	\$ -	\$ -	\$ 81,716	\$ 81,716
Investments in debt instruments				
Trade receivables	<u>-</u>	<u>-</u>	<u>27,714</u>	<u>27,714</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,430</u>	<u>\$ 109,430</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity shares				
Domestic unlisted shares	\$ -	\$ -	\$ 57,070	\$ 57,070
Investments in debt instruments				
Trade receivables	<u>-</u>	<u>-</u>	<u>6,461</u>	<u>6,461</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,531</u>	<u>\$ 63,531</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	<u>Financial Assets at FVTOCI</u>		Total
	Equity Instruments	Debt Instruments	
<u>Financial assets</u>			
Balance at January 1, 2023	\$ 57,070	\$ 6,461	\$ 63,531
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	24,646	-	24,646
Increase in trade receivables	-	257,345	257,345
Factoring for trade receivables	<u>-</u>	<u>(236,092)</u>	<u>(236,092)</u>
Balance at December 31, 2023	<u>\$ 81,716</u>	<u>\$ 27,714</u>	<u>\$ 109,430</u>

For the year ended December 31, 2022

	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
<u>Financial assets</u>			
Balance at January 1, 2022	\$ 109,038	\$ 267,999	\$ 377,037
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(51,968)	-	(51,968)
Increase in trade receivables	-	487,170	487,170
Factoring for trade receivables	-	(748,708)	(748,708)
Balance at December 31, 2022	<u>\$ 57,070</u>	<u>\$ 6,461</u>	<u>\$ 63,531</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted equity securities are determined using the market approach, which references the transaction price, price multiplier implicit in the transaction price and other related information of comparable companies that operate in the same industry in active markets.

The fair value of the trade receivable at FVTOCI is based on the estimated future cash flow that reflects the credit risk of counterparties. The Group measures the fair value based on the original invoice amount since the effect of discounting was not material.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,474,778	\$ 1,725,845
Financial assets at FVTOCI		
Equity instruments	81,716	57,070
Trade receivables	27,714	6,461
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	427,563	460,071

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables and other receivables and refundable deposits.

2) The balances include financial assets at amortized cost, which comprise trade payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, trade payables and short-term borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Group's management and board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 91% of the Group's sales were denominated in currencies other than the functional currency, whilst almost 96% of costs were denominated in currencies other than the functional currency. Some of the Group's purchases of plant and equipment were also denominated in currencies other than the functional currency. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusted their translation at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates an increase in pre-tax (loss) profit associated with the New Taiwan dollar (the functional currency) weakening by 1% against the relevant foreign currency. For a 1% strengthening of the New Taiwan dollar (the functional currency) against the relevant foreign currency, there would be an equal and opposite impact on pre-tax (loss) profit.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	<u>\$ 9,082</u>	<u>\$ 9,378</u>

	RMB Impact	
	For the Year Ended December 31	
	2023	2022

Profit or loss	\$ <u>583</u>	\$ <u>2,332</u>
----------------	---------------	-----------------

This was mainly attributable to the exposure outstanding on bank deposits (including time deposits), receivables and payables denominated in currencies other than the functional currency.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ -	\$ 30,710
Financial liabilities	122,366	131,357
Cash flow interest rate risk		
Financial assets	558,493	690,321
Financial liabilities	37,500	-

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended December 31, 2023 would have decreased/increased by \$2,605 thousand. The Group's pre-tax profit for the year ended December 31, 2022 would have increased/decreased by \$3,452 thousand.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is the carrying amount of the financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit limits and scoring. The credit risk on derivatives was limited because the counterparties are large financial institutions.

The Group's concentration of credit risk by geographical location was mainly in China, which accounted for 46% of the total trade receivables as of December 31, 2023.

The Group entered into transactions with a large number of unrelated customers. Apart from the top four customers of the Group, the Group did not have significant credit risk exposure to any single

counterparty or any group of counterparties with similar characteristics.

As of December 31, 2023 and 2022, the concentration of credit risk on the top four customers accounted for 73% and 74% of trade receivables, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the agreed upon repayment dates.

December 31, 2023

	Less than 3 Months	3 Months to 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 424,054	\$ -
Variable interest rate liabilities	<u>12,500</u>	<u>25,000</u>
	<u>\$ 436,554</u>	<u>\$ 25,000</u>

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years
Lease liabilities	<u>\$ 2,999</u>	<u>\$ 8,773</u>	<u>\$ 37,360</u>	<u>\$ 46,238</u>	<u>\$ 43,926</u>	<u>\$ -</u>

December 31, 2022

	Less than 3 Months	3 Months to 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	<u>\$ 506,022</u>	<u>\$ 2,694</u>

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years
Lease liabilities	<u>\$ 2,943</u>	<u>\$ 8,829</u>	<u>\$ 39,400</u>	<u>\$ 46,238</u>	<u>\$ 46,238</u>	<u>\$ 6,936</u>

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank borrowing facilities		
Amount used	\$ 37,500	\$ -
Amount unused	<u>663,525</u>	<u>613,550</u>
	<u>\$ 701,025</u>	<u>\$ 613,550</u>

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

Counterparties	Receivables Factoring Proceeds	Amount Reclassified to Other Receivable	Advance Received Unused	Advance Received Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2023</u>					
O-Bank	<u>\$ 38,021</u>	<u>\$ 34,219</u>	<u>\$ 34,219</u>	<u>\$ -</u>	-
<u>December 31, 2022</u>					
O-Bank	<u>\$ 64,612</u>	<u>\$ 58,151</u>	<u>\$ 58,151</u>	<u>\$ -</u>	-

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns or discounts) were borne by the Group, while losses from credit risk were borne by the banks (amounts factored are recorded in other receivables).

The Group discounted a portion of its trade receivables under letters of credit to the banks. Since the Group has transferred substantially all risks and rewards relating to these trade receivables, the full carrying amount of these trade receivables were derecognized. However, if the derecognized trade receivables are not paid at maturity, the banks have the right to demand the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these trade receivables.

The maximum exposure to loss from the Group's continuing involvement in the derecognized trade receivables is equal to the face amounts of the transferred but unsettled trade receivables, and as of December 31, 2023 and 2022, the face amount of these unsettled trade receivables was \$5,286 thousand and \$5,383 thousand, respectively. The unsettled trade receivables will be due in one month after December 31, 2023 and 2022. Taking into consideration the credit risk of these derecognized trade receivables, the Group estimates that the fair values of its continuing involvement are not significant.

27. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is LCY Chemical Corp. which held 61.94% of the ordinary shares of the Corporation as of December 31, 2023 and 2022.

The Corporation's ultimate parent and ultimate controlling party is the KKR Global Institute.

Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and categories:

<u>Related Party Name</u>	<u>Related Party Category</u>
LCY Chemical Corp. ("LCY Chemical")	The Corporation's parent
LCY Management Consulting Co., Ltd. ("LCY Management Consulting")	Sister corporation
Lee Chang Yung Company, Ltd. ("Lee Chang Yung")	Related party in substance
Lee Jamgo Co., Ltd. ("LEE Jamgo")	Related party in substance
Chi Hwa Co., Ltd. ("Chi Hwa")	Related party in substance
Hank Fah Co., Ltd. ("Hank Fah")	Related party in substance
Quanlicheng Electric Power Co., Ltd. ("Quanlicheng")	Related party in substance
Shinemore Technology Materials Co., Ltd ("Shinemore Technology Materials")	Other related party (the Corporation's parent is one of the directors)
Formosa Copper Technology Corporation ("Formosa Copper Technology")	Other related party (the Corporation is one of the directors)

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Other related party/Shinemore Technology Materials	\$ <u>2,854</u>	\$ <u>21,611</u>

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related party/Formosa Copper Technology	\$ <u>457,957</u>	\$ <u>477,506</u>

d. Exchange of inventories

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related party/Formosa Copper Technology	\$ <u>157,141</u>	\$ <u>139,660</u>

e. Other expenses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Manufacturing costs	The Corporation's parent/LCY Chemical	\$ 20,050	\$ 17,752
Operating expenses	The Corporation's parent/LCY Chemical	9,819	14,252
R&D expenses	The Corporation's parent/LCY Chemical	174	20
Operating expenses	Sister company/LCY Management Consulting	3,000	3,000
Manufacturing costs	Related party in substance/Hank Fah	-	1,518
Manufacturing costs	Related party in substance/Quanlicheng	6,559	-
Manufacturing costs	Other related party/Shinemore Technology Materials	<u>7</u>	<u>20</u>
		<u>\$ 39,609</u>	<u>\$ 36,562</u>

The related-party transactions were carried out under normal terms.

f. Acquisition of property, plant and equipment

Related Party Category/Name	Price	
	For the Year Ended December 31	
	2023	2022
Related party in substance/Hank Fah	<u>\$ 6,580</u>	<u>\$ 2,820</u>

g. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Additions to right-of-use assets	Related party in substance/Lee Chang Yung	\$ -	\$ 5,886
	Related party in substance/LEE Jamgo	<u>-</u>	<u>192</u>
		<u>\$ -</u>	<u>\$ 6,078</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	The Corporation's parent/LCY Chemical	\$ 119,501	\$ 126,485
	Related party in substance/Lee Chang Yung	1,990	3,951
	Related party in substance/LEE Jamgo	<u>65</u>	<u>129</u>
		<u>\$ 121,556</u>	<u>\$ 130,565</u>

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Interest expense		
The Corporation's parent/LCY Chemical	\$ 2,264	\$ 2,391
Related party in substance/Lee Chang Yung	38	66
Related party in substance/LEE Jamgo	<u>1</u>	<u>2</u>
	<u>\$ 2,303</u>	<u>\$ 2,459</u>

The rental is based on local rental rates and are paid quarterly.

h. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables - related parties	Other related party/Shinemoore Technology Materials	\$ <u>-</u>	\$ <u>2,339</u>

i. Other receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivable - related parties	The Corporation's parent/LCY Chemical Related party in substance/Lee Chang Yung	\$ 25 <u>-</u>	\$ 18 <u>242</u>
		<u>\$ 25</u>	<u>\$ 260</u>

j. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2023	2022
Refundable deposits	The Corporation's parent/LCY Chemical Related party in substance/Lee Chang Yung	\$ 2,100 <u>500</u>	\$ 2,100 <u>500</u>
		<u>\$ 2,600</u>	<u>\$ 2,600</u>

k. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables - related parties	Other related party/Formosa Copper Technology	\$ <u>41,237</u>	\$ <u>39,892</u>

l. Other payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other payables - related parties	The Corporation's parent/LCY Chemical	\$ 12,387	\$ 19,961
	Related party in substance/Lee Chang Yung	-	168
	Related party in substance/Hank Fah	-	912
	Related party in substance/Quanlicheng	1,218	-
	Other related party/Shinemore Technology Materials	<u>2</u>	<u>-</u>
		<u>\$ 13,607</u>	<u>\$ 21,041</u>

m. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 9,090	\$ 7,739
Share-based payments	4,052	1,494
Post-employment benefits	<u>99</u>	<u>108</u>
	<u>\$ 13,241</u>	<u>\$ 9,341</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The significant commitments and contingencies of the Group were as follows:

As of December 31, 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$8,716 thousand.

As of December 31, 2023 and 2022, the commitments for purchase of properties were \$9,370 thousand and \$70,064 thousand, respectively.

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 10, 2024, the Corporation entered into a business and capital alliance agreement with Lee Chang Yung Group International Pte. Ltd. (a related party in substance) and Nippon Den kai, Ltd. As part of the business alliance, the Corporation and Nippon Den kai, Ltd. entered into a technology license agreement in which the Corporation has agreed to pay royalty payments to Nippon Den kai, Ltd. upon completion of its provision of technology.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 36,167	30.705 (USD:NTD)	\$ <u>1,110,508</u>
RMB	13,459	4.335 (RMB: NTD)	\$ <u>58,348</u>
<u>Financial liabilities</u>			
Monetary items			
USD	6,588	30.705 (USD:NTD)	\$ <u>202,285</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 37,803	30.71 (USD:NTD)	\$ <u>1,160,930</u>
RMB	52,879	4.409 (RMB: NTD)	\$ <u>233,161</u>
<u>Financial liabilities</u>			
Monetary items			
USD	7,265	30.71 (USD:NTD)	\$ <u>223,108</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	<u>For the Year Ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.15 (USD:NTD)	\$ (7,467)	29.85 (USD:NTD)	\$ 109,501
RMB	4.4242 (RMB:NTD)	<u>3,373</u>	4.4355 (RMB:NTD)	<u>4,282</u>
		<u>\$ (4,094)</u>		<u>\$ 113,783</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
Table 1 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital:
None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital:
None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:
None
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: None
- 11) Information on investees: Table 3 (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China: None
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:
Table 4 (attached)

32. SEGMENT INFORMATION

The Group currently sells a single product, copper foil, and its consolidated income statement is the result of operations that are regularly reviewed by the decision maker. There are no other significant product business units, but the overall information of other enterprises of the Group is disclosed as follows:

a. Geographical information

The Group operates in Taiwan, and its place of operations for revenues from external customers and the location of non-current assets are located in Taiwan.

b. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	% of Sales	Amount	% of Sales
Group F	\$ 975,683	27	\$ 972,573	24
Group Q	801,353	23	804,568	20
Group C	354,457	10	366,447	9

LCY TECHNOLOGY CORP. AND SUBSIDIARY

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
LCY Technology Corp.	Stocks Formosa Copper Technology Corporation	The Corporation is one of the directors	Financial assets at FVTOCI	7,071,646	\$ 81,716	9.7	\$ 81,716	

LCY TECHNOLOGY CORP. AND SUBSIDIARY

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LCY Technology Corp.	Formosa Copper Technology Corporation	The Corporation is one of the directors	Purchase	\$ 457,957	16.90	Net 30 days after delivery	Same as general customers	Same as general customers	\$ (41,237)	(12.49)	

LCY TECHNOLOGY CORP. AND SUBSIDIARY

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
LCY Technology Corp.	LCYT Holdings Corp. Kaohsiung Cogen Co., Ltd	Craigmuir Chamers P.O. Box 71, Road Town, Tortola, BVI 5F., No. 85, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105035, Taiwan (R.O.C.)	Investment	\$ 6,800	\$ 6,800	100	100	\$ 13	\$ -	\$ -	
			Planning, design, and procurement of the co-generation system, environmental protection, and engineering	2,000	2,000	200,000	20	2,022	105	21	

TABLE 4**LCY TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LCY Chemical Corp.	85,339,392	61.94

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

5. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LCY Technology Corp.

Opinion

We have audited the accompanying parent company only financial statements of LCY Technology Corp. (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the 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 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 Parent Company Only Financial Statements section of our report. We are independent of the Corporation 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Timing of Revenue Recognition

The Corporation recognizes revenue when goods arrive at the agreed destination pursuant to the shipping terms of the sale, which increases the risk that the sale of goods may not be recognized in the correct period at or near the end of the reporting period; therefore, we considered the timing of revenue recognition a key audit matter. Refer to Note 4 to the parent company only financial statements for the accounting policies on revenue recognition.

Our audit procedures performed related to the timing of revenue recognition included the following:

1. We evaluated the design of the internal controls with respect to the recognition of revenue from sales under the terms that the transfer of control over the goods to customers is based on the time when goods arrive at the agreed destination; we tested the operating effectiveness of the controls.
2. We performed cut-off tests and confirmed that sales are recognized in the correct period; we traced the recorded sales to third-party notification and related supporting documentation.

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 the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Corporation'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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wen-Chi Kuo and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 558,499	20	\$ 721,042	23
Trade receivable (Notes 8 and 19)	818,184	29	858,445	28
Trade receivable - related parties (Notes 19 and 26)	-	-	2,339	-
Other receivables (Notes 8 and 25)	122,084	4	146,980	5
Other receivables - related parties (Note 26)	25	-	260	-
Current tax assets (Note 21)	1,351	-	-	-
Inventories (Note 9)	587,404	21	653,794	21
Prepayments (Note 13)	3,102	-	10,534	1
Other current assets (Note 13)	42,822	2	37,703	1
Total current assets	<u>2,133,471</u>	<u>76</u>	<u>2,431,097</u>	<u>79</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	81,716	3	57,070	2
Investments accounted for using the equity method (Note 10)	2,035	-	2,019	-
Property, plant and equipment (Notes 11 and 26)	410,525	15	456,457	15
Right-of-use assets (Note 12)	117,954	4	127,724	4
Intangible assets	4,277	-	4,909	-
Deferred tax assets (Note 21)	39,762	2	7,652	-
Refundable deposits (Note 26)	3,687	-	3,227	-
Long-term prepayments	241	-	874	-
Total non-current assets	<u>660,197</u>	<u>24</u>	<u>659,932</u>	<u>21</u>
TOTAL	<u>\$ 2,793,668</u>	<u>100</u>	<u>\$ 3,091,029</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 37,500	1	\$ -	-
Trade payables (Note 15)	288,855	10	305,275	10
Trade payables - related parties (Note 26)	41,237	2	39,892	1
Other payables (Note 16)	80,355	3	142,508	5
Other payables - related parties (Note 26)	13,607	1	21,041	1
Current tax liabilities (Note 21)	-	-	66,476	2
Lease liabilities (Notes 12 and 26)	9,961	-	9,829	-
Other current liabilities (Notes 16 and 19)	5,584	-	7,352	-
Total current liabilities	<u>477,099</u>	<u>17</u>	<u>592,373</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 21)	101	-	135	-
Lease liabilities (Notes 12 and 26)	112,405	4	121,528	4
Total non-current liabilities	<u>112,506</u>	<u>4</u>	<u>121,663</u>	<u>4</u>
Total liabilities	<u>589,605</u>	<u>21</u>	<u>714,036</u>	<u>23</u>
EQUITY (Note 18)				
Share capital	1,377,765	49	1,377,765	45
Capital surplus	323,671	12	318,594	10
Retained earnings				
Legal reserve	179,164	7	158,865	5
Unappropriated earnings	289,552	10	512,504	17
Total retained earnings	468,716	17	671,369	22
Other equity	33,911	1	9,265	-
Total equity	<u>2,204,063</u>	<u>79</u>	<u>2,376,993</u>	<u>77</u>
TOTAL	<u>\$ 2,793,668</u>	<u>100</u>	<u>\$ 3,091,029</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Note 26)	\$ 3,557,969	100	\$ 4,047,957	100
COST OF GOODS SOLD (Notes 9, 20 and 26)	<u>3,598,751</u>	<u>101</u>	<u>3,762,416</u>	<u>93</u>
GROSS PROFIT (LOSS)	<u>(40,782)</u>	<u>(1)</u>	<u>285,541</u>	<u>7</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	68,406	2	68,855	1
General and administrative expenses	61,051	2	69,859	2
Research and development expenses	<u>11,272</u>	<u>-</u>	<u>13,237</u>	<u>-</u>
Total operating expenses	<u>140,729</u>	<u>4</u>	<u>151,951</u>	<u>3</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(181,511)</u>	<u>(5)</u>	<u>133,590</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
Interest income	13,476	-	4,443	-
Other income	13,012	-	19,297	-
Other gains and losses	(8,741)	-	111,951	3
Finance costs	(2,748)	-	(2,477)	-
Share of profit or loss of associates (Note 10)	<u>21</u>	<u>-</u>	<u>6</u>	<u>-</u>
Total non-operating income and expenses	<u>15,020</u>	<u>-</u>	<u>133,220</u>	<u>3</u>
PROFIT (LOSS) BEFORE INCOME TAX	(166,491)	(5)	266,810	7
INCOME TAX (BENEFIT) EXPENSE (Note 21)	<u>(32,726)</u>	<u>(1)</u>	<u>63,816</u>	<u>2</u>
NET PROFIT (LOSS)	<u>(133,765)</u>	<u>(4)</u>	<u>202,994</u>	<u>5</u>

(Continued)

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	\$ 24,646	1	\$ (51,968)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total other comprehensive income (loss)	<u>24,646</u>	<u>1</u>	<u>(51,967)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (109,119)</u>	<u>(3)</u>	<u>\$ 151,027</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	
Diluted	<u>\$ (0.97)</u>		<u>\$ 1.47</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

LCY TECHNOLOGY CORP.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	<u>Share Capital</u>		<u>Retained Earnings</u>			<u>Other Equity</u>		<u>Total Equity</u>
	<u>Number of Shares (In Thousands)</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translation of Financial Statements of Foreign Operations</u>	<u>Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>	
BALANCE AT JANUARY 1, 2022	137,776	\$ 1,377,765	\$ 313,107	\$ 102,444	\$ 572,596	\$ 135	\$ 61,097	\$ 2,427,144
Appropriation of 2021 earnings								
Legal reserve	-	-	-	56,421	(56,421)	-	-	-
Cash dividends	-	-	-	-	(206,665)	-	-	(206,665)
Share-based payment	-	-	5,487	-	-	-	-	5,487
Net profit in 2022	-	-	-	-	202,994	-	-	202,994
Other comprehensive income (loss) in 2022	-	-	-	-	-	1	(51,968)	(51,967)
Total comprehensive income (loss) in 2022	-	-	-	-	202,994	1	(51,968)	151,027
BALANCE AT DECEMBER 31, 2022	137,776	1,377,765	318,594	158,865	512,504	136	9,129	2,376,993
Appropriation of 2022 earnings								
Legal reserve	-	-	-	20,299	(20,299)	-	-	-
Cash dividends	-	-	-	-	(68,888)	-	-	(68,888)
Share-based payment	-	-	5,077	-	-	-	-	5,077
Net loss in 2023	-	-	-	-	(133,765)	-	-	(133,765)
Other comprehensive income in 2023	-	-	-	-	-	-	24,646	24,646
Total comprehensive income (loss) in 2023	-	-	-	-	(133,765)	-	24,646	(109,119)
BALANCE AT DECEMBER 31, 2023	<u>137,776</u>	<u>\$ 1,377,765</u>	<u>\$ 323,671</u>	<u>\$ 179,164</u>	<u>\$ 289,552</u>	<u>\$ 136</u>	<u>\$ 33,775</u>	<u>\$ 2,204,063</u>

The accompanying notes are an integral part of the parent company only financial statements.

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (166,491)	\$ 266,810
Adjustments for:		
Depreciation expense	88,899	84,292
Amortization expense	1,291	1,430
Amortization of prepayments	3,426	3,426
Expected credit loss reversed on trade receivables	(2)	(1)
Share-based payment	5,077	5,487
Finance costs	2,748	2,477
Interest income	(13,476)	(4,443)
Dividend income	-	(2,873)
Share of profit of associates	(21)	(6)
Loss (gain) on disposal of property, plant and equipment	1,027	(250)
Write-down of inventories	8,134	10,990
Net loss on unrealized foreign currency exchange	22,434	8,504
Changes in operating assets and liabilities		
Notes receivable - related parties	-	8,688
Trade receivables	19,253	196,719
Trade receivables - related parties	2,339	(2,339)
Other receivables	24,546	(78,887)
Other receivables - related parties	235	(196)
Inventories	58,256	(53,784)
Prepayments	4,639	(4,492)
Other current assets	(5,119)	1,688
Trade payables	(14,122)	20,534
Trade payables - related parties	1,975	4,512
Other payables	(24,487)	(31,539)
Other payables - related parties	(7,434)	12,283
Other current liabilities	<u>(1,768)</u>	<u>123</u>
Cash generated from operations	11,359	449,153
Interest paid	(2,756)	(2,497)
Income tax paid	<u>(67,245)</u>	<u>(117,269)</u>
Net cash (used in) generated from operating activities	<u>(58,642)</u>	<u>329,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(71,918)	(113,162)
Proceeds from disposal of property, plant and equipment	-	250
Increase in refundable deposits	(460)	-
Interest received	13,476	4,443
Other dividends received	<u>5</u>	<u>2,873</u>
Net cash used in investing activities	<u>(58,897)</u>	<u>(105,596)</u>

(Continued)

LCY TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 37,500	\$ -
Repayment of the principal portion of lease liabilities	(9,614)	(9,278)
Dividends paid	<u>(68,888)</u>	<u>(206,665)</u>
Net cash used in financing activities	<u>(41,002)</u>	<u>(215,943)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(4,002)</u>	<u>(3,972)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(162,543)	3,876
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>721,042</u>	<u>717,166</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 558,499</u>	<u>\$ 721,042</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

LCY TECHNOLOGY CORP.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

LCY Technology Corp. (the “Corporation”), incorporated on January 16, 1997, mainly manufactures and sells electrolytic copper foil, an upstream material for printed circuit boards (PCBs).

The Corporation’s shares have been listed on the Taiwan Stock Exchange since June 28, 2018.

These parent company only financial statements of the Corporation is presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation’s board of directors on March 14, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Corporation has assessed that the application of the related standards and interpretations will not have any material impact on the Corporation’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of related standards and interpretations on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading.
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading.
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

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

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Corporation and other entities in the Corporation (including subsidiary in other country or those that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Corporation similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date. The cost of inventory received in a swap is based on the carrying amount of inventory given out.

Investments Accounted for Using the Equity Method

The Corporation uses the equity method to account for its investments in subsidiaries and investments in associates.

a. Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries attributable to the Corporation.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

b. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in joint venture.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets acquired separately.

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Derecognition of intangible assets

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

Impairment of Property, Plant and Equipment, Right-of-use Asset and Intangible Assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or to the smallest corporation of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is assessed by discounting the estimated future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost, investments in debt instruments and equity instruments at FVTOCI.

1) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

2) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

- 1) Internal or external information show that the debtor is unlikely to pay its creditors.
- 2) When a financial asset is more than 180 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c. **Derecognition of financial assets**

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

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

On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. **Subsequent measurement**

All financial liabilities are measured at amortized cost using the effective interest method.

b. **Derecognition of financial liabilities**

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Revenue Recognition

The Corporation identifies contracts and performance obligations in each contract, allocates the transaction price to the performance obligations in each contract, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electrolytic copper foil products. Sales of goods are recognized as revenue when the goods are delivered to the customer's specified location (destination or shipping port) because it is the time when the customer has full control over the products and the Corporation's performance obligations are satisfied. Trade receivables are recognized concurrently. The Corporation recognizes contract liabilities for payments received before the delivery of the goods and assumes the responsibility to transfer the goods.

Leases

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the lease or other terms, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the balance sheets.

Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Share-based Payment Arrangements

The Corporation's parent grants cash-settled share-based payment to the employees of the Corporation.

The Corporation's parent grants the cash-settled share-based payment to the Corporation's employees and the parent has the obligation to settle the share-based transaction by cash, which is treated as a capital contribution to the Corporation. The fair value at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding recognition of capital surplus - share-based payments.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current tax and deferred tax

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Based on the assessment of the Corporation's management, the accounting policies, estimates, and assumptions adopted by the Corporation have not been subject to material accounting judgments, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 19	\$ 24
Checking accounts and demand deposits	558,480	690,308
Cash equivalents		
Time deposits with original maturities less than three months	<u>-</u>	<u>30,710</u>
	<u>\$ 558,499</u>	<u>\$ 721,042</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ <u>81,716</u>	\$ <u>57,070</u>

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Carrying amount	\$ 790,470	\$ 851,986
Less: Allowance for impairment loss	<u>-</u>	<u>(2)</u>
	790,470	851,984
At FVTOCI	<u>27,714</u>	<u>6,461</u>
	<u>\$ 818,184</u>	<u>\$ 858,445</u>
 <u>Other receivables</u>		
Factored accounts receivable	\$ 34,219	\$ 58,151
Sales tax refund receivable	30,893	25,493
Others	<u>56,972</u>	<u>63,336</u>
	<u>\$ 122,084</u>	<u>\$ 146,980</u>

Trade Receivables

a. At amortized cost

The average credit period of sales of goods was 90-120 days.

In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In determining the recoverable amount of trade receivables, the Corporation considers any changes in the credit quality of trade receivables from the original credit grant date to the balance sheet date. Accordingly, the management of the Corporation believes that the credit risk of the Corporation has been significantly reduced.

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The Corporation establishes credit loss rates based on historical credit loss experience and the loss patterns of different customer segments supplemented by the number of days past due on trade receivables.

The aging of receivables was as follows:

	December 31	
	2023	2022
Not past due	\$ 790,470	\$ 834,001
Up to 90 days	<u>-</u>	<u>17,985</u>
	<u>\$ 790,470</u>	<u>\$ 851,986</u>

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

b. At FVTOCI

The Corporation will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

As of December 31, 2023 and 2022, there was no past due trade receivables and no allowance was provided for losses.

Refer to Note 25 for details of the factoring agreements for trade receivables.

9. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 230,583	\$ 344,631
Work in process	290,762	245,663
Raw materials and supplies	<u>66,059</u>	<u>63,500</u>
	<u>\$ 587,404</u>	<u>\$ 653,794</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 3,532,085	\$ 3,706,724
Inventory write-downs	8,134	10,990
Unallocated production overhead	<u>58,532</u>	<u>44,702</u>
	<u>\$ 3,598,751</u>	<u>\$ 3,762,416</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiary	\$ 13	\$ 13
Investments in associate	<u>2,022</u>	<u>2,006</u>
	<u>\$ 2,035</u>	<u>\$ 2,019</u>

a. Investments in subsidiary

	December 31	
	2023	2022
Unlisted company LCYT Holdings Corp.	<u>\$ 13</u>	<u>\$ 13</u>

Proportion of ownership interest and voting rights in the subsidiary as of the balance sheet date was as follows:

Investee	December 31	
	2023	2022
LCYT Holdings Corp.	100%	100%

b. Investments in associate

	December 31	
	2023	2022
<u>Associate that is not individually material</u>		
Unlisted company Kaohsiung Cogen Co., Ltd.	<u>\$ 2,022</u>	<u>\$ 2,006</u>

Proportion of ownership and voting rights in the associate as of the balance sheet date was as follows:

Investee	December 31	
	2023	2022
Kaohsiung Cogen Co., Ltd.	20%	20%

Aggregate information of associate that is not individually material.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Corporation's share of:		
Net profit	<u>\$ 21</u>	<u>\$ 6</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 449,111	\$ 3,224,110	\$ 11,314	\$ 67,159	\$ 26,880	\$ 3,778,574
Additions	-	-	750	4,601	142,738	148,089
Disposals	-	(26,072)	(3,731)	(3,324)	-	(33,127)
Reclassified to expenses	-	(90)	-	(4,638)	-	(4,728)
Reclassified property in construction	-	79,745	-	17,767	(97,512)	-
Balance at December 31, 2022	<u>\$ 449,111</u>	<u>\$ 3,277,693</u>	<u>\$ 8,333</u>	<u>\$ 81,565</u>	<u>\$ 72,106</u>	<u>\$ 3,888,808</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 321,054	\$ 3,020,629	\$ 10,362	\$ 39,377	\$ -	\$ 3,391,422
Disposals	-	(26,072)	(3,731)	(3,324)	-	(33,127)
Depreciation expense	20,596	47,327	432	5,701	-	74,056
Balance at December 31, 2022	<u>\$ 341,650</u>	<u>\$ 3,041,884</u>	<u>\$ 7,063</u>	<u>\$ 41,754</u>	<u>\$ -</u>	<u>\$ 3,432,351</u>
Carrying amount at December 31, 2022	<u>\$ 107,461</u>	<u>\$ 235,809</u>	<u>\$ 1,270</u>	<u>\$ 39,811</u>	<u>\$ 72,106</u>	<u>\$ 456,457</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 449,111	\$ 3,277,693	\$ 8,333	\$ 81,565	\$ 72,106	\$ 3,888,808
Additions	-	508	-	5,818	30,285	36,611
Disposals	(2,067)	(2,406)	(631)	(78)	-	(5,182)
Reclassified to expenses	-	-	-	(2,373)	-	(2,373)
Reclassified property in construction	-	84,668	-	9,384	(94,052)	-
Reclassified intangible assets	-	-	-	-	(659)	(659)
Balance at December 31, 2023	<u>\$ 447,044</u>	<u>\$ 3,360,463</u>	<u>\$ 7,702</u>	<u>\$ 94,316</u>	<u>\$ 7,680</u>	<u>\$ 3,917,205</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 341,650	\$ 3,041,884	\$ 7,063	\$ 41,754	\$ -	\$ 3,432,351
Disposals	(1,040)	(2,406)	(631)	(78)	-	(4,155)
Depreciation expense	19,326	50,860	211	8,087	-	78,484
Balance at December 31, 2023	<u>\$ 359,936</u>	<u>\$ 3,090,338</u>	<u>\$ 6,643</u>	<u>\$ 49,763</u>	<u>\$ -</u>	<u>\$ 3,506,680</u>
Carrying amount at December 31, 2023	<u>\$ 87,108</u>	<u>\$ 270,125</u>	<u>\$ 1,059</u>	<u>\$ 44,553</u>	<u>\$ 7,680</u>	<u>\$ 410,525</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	26 years
Plant accessories and office renovation	3-11 years
Machinery and equipment	2-20 years
Transportation equipment	5-10 years
Other equipment	2-20 years

No impairment loss was recognized for the years ended December 31, 2023 and 2022.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 115,193	\$ 123,018
Buildings	1,962	3,924
Office equipment	163	222
Transportation equipment	<u>636</u>	<u>560</u>
	<u>\$ 117,954</u>	<u>\$ 127,724</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 645</u>	<u>\$ 6,078</u>
Depreciation charge for right-of-use assets		
Land	\$ 7,825	\$ 7,825
Buildings	1,962	1,962
Office equipment	59	59
Transportation equipment	<u>569</u>	<u>390</u>
	<u>\$ 10,415</u>	<u>\$ 10,236</u>

Except for the recognized depreciation, the Corporation did not have significant addition, sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 9,961</u>	<u>\$ 9,829</u>
Non-current	<u>\$ 112,405</u>	<u>\$ 121,528</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.41%-1.85%	1.41%-1.85%
Buildings	1.41%	1.41%
Office equipment	1.38%	1.38%
Transportation equipment	1.37%-2.66%	1.37%

c. Material leasing activities and terms

The Corporation mainly leases office and land with lease terms of 3 to 10 years. The Corporation does not have bargain purchase options to acquire the leasehold office and land at the end of the lease terms; the lease term of the land has option to extend for another 10 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Short-term lease	<u>\$ 831</u>	<u>\$ 1,706</u>
Expenses relating to low-value asset leases	<u>\$ 41</u>	<u>\$ 41</u>
Total cash outflow for leases	<u>\$ (12,831)</u>	<u>\$ (13,518)</u>

The Corporation's leases of certain transportation equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Prepayments		
Prepaid expenses	\$ 3,053	\$ 5,057
Input tax	1	4,750
Others	<u>48</u>	<u>727</u>
	<u>\$ 3,102</u>	<u>\$ 10,534</u>
Other current assets		
Spare parts	\$ 42,242	\$ 36,975
Others	<u>580</u>	<u>728</u>
	<u>\$ 42,822</u>	<u>\$ 37,703</u>

14. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
Unsecured borrowings		
Line of credit borrowings	<u>\$ 37,500</u>	<u>\$ -</u>

The range of weighted average effective interest rates on bank loans was 1.9% per annum at December 31, 2023.

15. TRADE PAYABLES

Trade payables are generated from operations. The average credit period on purchases of certain goods was 30 days. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 29,759	\$ 41,467
Payables for utilities	25,520	27,826
Payables for equipment	2,959	40,639
Payables for compensation of employees and directors	-	2,694
Others	<u>22,117</u>	<u>29,882</u>
	<u>\$ 80,355</u>	<u>\$ 142,508</u>
Other liabilities		
Refund liabilities	\$ 4,895	\$ 2,361
Contract liabilities	-	4,325
Others	<u>689</u>	<u>666</u>
	<u>\$ 5,584</u>	<u>\$ 7,352</u>

Refund liabilities are recognized on the basis of historical experience, management's judgment and other known reasons for possible sales return and discount, and the relative amount is recognized as a deduction to sale of goods upon the goods were sold.

17. RETIREMENT BENEFIT PLANS

The pension plan under the Labor Pension Act is a defined contribution pension plan. Pursuant to the plan, the Corporation make monthly contributions to employees' individual pension accounts at 6% of each employee's monthly salary.

18. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>137,776</u>	<u>137,776</u>
Shares issued and fully paid	<u>\$ 1,377,765</u>	<u>\$ 1,377,765</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The \$240,000 thousand of the authorized capital share is reserved for the exercise of share options for warrants, preferred share with share options, and corporate bonds with share options.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 307,478	\$ 307,478
<u>May not be used for any purpose</u>		
Share-based payment arrangements	<u>16,193</u>	<u>11,116</u>
	<u>\$ 323,671</u>	<u>\$ 318,594</u>

Capital surplus arising from issuance of ordinary shares may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation’s capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the Corporation’s Articles of Incorporation (the “Articles”), the proposal for profit distribution or offsetting of losses should be made at the end of each quarter of the fiscal year. The distribution should be resolved in the shareholders’ meeting if the dividends and bonuses are distributed by the issuance of shares while the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash.

Where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation’s board of directors as the basis for proposing a distribution plan. The proposal for profit distribution or offsetting of losses made at the end of each quarter should be in compliance with the aforementioned procedures. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses, legal reserve and capital surplus in cash and a report of such distribution should be submitted in the shareholders’ meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 20 (e).

The Corporation’s Articles also stipulate a dividends policy whereby the issuance of share dividends takes precedence over the payment of cash dividends. In principle, cash dividends are no less than 10% of the total dividends distributed.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the sum of net profit for the current period and items other than the net profit that are included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings are not sufficient.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended December 31</u>	
	2022	2021
Legal reserve	\$ 20,299	\$ 56,421
Cash dividends	68,888	206,665
Dividends per share (NT\$)	0.5	1.5

The Corporation's board of directors proposed the offsetting of losses on March 14, 2024, and resolved not to distribute cash dividends; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 18, 2024.

19. REVENUE

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and trade receivables (Notes 8 and 26)	<u>\$ 818,184</u>	<u>\$ 860,784</u>	<u>\$ 1,070,205</u>
Contract liabilities (recognized as other current liabilities)			
Sale of goods	<u>\$ -</u>	<u>\$ 4,325</u>	<u>\$ -</u>

20. NET (LOSS) PROFIT

Information about net (loss) profit is as follows:

a. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Net foreign exchange (losses) gains	\$ (4,144)	\$ 114,524
Gain (loss) on disposal of property, plant and equipment	(1,027)	250
Others	<u>(3,570)</u>	<u>(2,823)</u>
	<u>\$ (8,741)</u>	<u>\$ 111,951</u>

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 2,322	\$ 2,473
Interest on bank overdrafts and loans	312	4
Other interest expenses	<u>114</u>	<u>-</u>
	<u>\$ 2,748</u>	<u>\$ 2,477</u>

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 78,484	\$ 74,056
Right-of-use assets	10,415	10,236
Intangible assets	<u>1,291</u>	<u>1,430</u>
	<u>\$ 90,190</u>	<u>\$ 85,722</u>
An analysis of depreciation by function		
Operating costs	\$ 85,169	\$ 80,696
Operating expenses	<u>3,730</u>	<u>3,596</u>
	<u>\$ 88,899</u>	<u>\$ 84,292</u>
An analysis of amortization by function		
Operating costs	\$ 280	\$ 430
Operating expenses	<u>1,011</u>	<u>1,000</u>
	<u>\$ 1,291</u>	<u>\$ 1,430</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 220,980	\$ 241,008
Post-employment benefits (Note 17)		
Defined contribution plans	9,566	9,557
Share-based payment (Note 23)	5,077	5,487
Other employee benefits	<u>14,021</u>	<u>14,948</u>
Total employee benefits expense	<u>\$ 249,644</u>	<u>\$ 271,000</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 196,945	\$ 213,757
Operating expenses	<u>52,699</u>	<u>57,243</u>
	<u>\$ 249,644</u>	<u>\$ 271,000</u>

e. Compensation of employees and remuneration of directors

In accordance with the Articles, the Corporation accrued compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors were not accrued for the year ended December 31, 2023 due to a net loss before income tax. The compensation of employees and remuneration of directors for the year ended December 31, 2022, which have been approved by the Corporation's board of directors on March 24, 2022, were as follows:

Accrual rate

	For the Year Ended December 31, 2022
Compensation of employees	0.5%
Remuneration of directors and supervisors	0.5%

Cash

	For the Year Ended December 31, 2022
Compensation of employees	\$ 1,347
Remuneration of directors and supervisors	1,347

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts, of the compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 88,631	\$ 167,382
Foreign exchange losses	<u>(92,775)</u>	<u>(52,858)</u>
Net (losses) gains	<u>\$ (4,144)</u>	<u>\$ 114,524</u>

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ -	\$ 56,483
Income tax on unappropriated earnings	-	10,404
Adjustments for prior year	<u>(582)</u>	<u>26</u>
	<u>(582)</u>	<u>66,913</u>
Deferred tax		
In respect of the current year	<u>(32,144)</u>	<u>(3,097)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (32,726)</u>	<u>\$ 63,816</u>

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit (loss) before tax	<u>\$ (166,491)</u>	<u>\$ 266,810</u>
Income tax (benefit) expense calculated at the statutory rate	\$ (33,298)	\$ 53,362
Nondeductible expenses in determining taxable income	227	24
Income tax on unappropriated earnings	-	10,404
Unrecognized deductible temporary difference	927	-
Adjustments for prior years' tax	<u>(582)</u>	<u>26</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (32,726)</u>	<u>\$ 63,816</u>

b. Current tax assets and liabilities

	For the Year Ended December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 1,351</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 66,476</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Inventory reserve	\$ 2,334	\$ 1,626	\$ 3,960
Loss of foreign investment	1,391	-	1,391
Refund liabilities	472	525	997
Unrealized exchange loss	2,300	4,487	6,787
Others	<u>1,155</u>	<u>(24)</u>	<u>1,131</u>
	7,652	6,614	14,266
Loss carryforwards	<u>-</u>	<u>25,496</u>	<u>25,496</u>
	<u>\$ 7,652</u>	<u>\$ 32,110</u>	<u>\$ 39,762</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Interest capitalization	\$ 101	\$ (34)	\$ 67
Exchange differences on translation of the financial statements of foreign operations	<u>34</u>	<u>-</u>	<u>34</u>
	<u>\$ 135</u>	<u>\$ (34)</u>	<u>\$ 101</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Inventory reserve	\$ 137	\$ 2,197	\$ 2,334
Loss of foreign investment	1,391	-	1,391
Refund liabilities	1,304	(832)	472
Unrealized exchange loss	599	1,701	2,300
Others	<u>1,158</u>	<u>(3)</u>	<u>1,155</u>
	<u>\$ 4,589</u>	<u>\$ 3,063</u>	<u>\$ 7,652</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Interest capitalization	\$ 135	\$ (34)	\$ 101
Exchange differences on translation of the financial statements of foreign operations	<u>34</u>	<u>-</u>	<u>34</u>
	<u>\$ 169</u>	<u>\$ (34)</u>	<u>\$ 135</u>

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
<u>\$ 127,482</u>	2033

e. Income tax assessments

The income tax returns through 2021 have been assessed by the tax authorities.

22. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic (loss) earnings per share	<u>\$ (0.97)</u>	<u>\$ 1.47</u>
Diluted (loss) earnings per share	<u>\$ (0.97)</u>	<u>\$ 1.47</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share were as follows:

Net (Loss) Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share from continuing operations	<u>\$ (133,765)</u>	<u>\$ 202,994</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	137,776	137,776
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> -</u>	<u> 74</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>137,776</u>	<u>137,850</u>

The Corporation may settle compensation or bonuses paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential dilutive shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The compensation of employees for the year ended December 31, 2023 is anti-dilutive and excluded from the computation of diluted earnings per share.

23. SHARE-BASED PAYMENT ARRANGEMENTS

Cash-settled share-based payments granted to the employees of the Corporation by the Corporation's parent.

The Corporation's parent LCY Chemical Corp. ("LCY Chemical") issued to certain employees share appreciation rights (SARs) that require LCY Chemical Corp. to settle the SARs by cash; the SARs are treated as a capital contribution to the Corporation. The SARs execution period is from 2021 to 2024, and SARs shall be granted to employees on September 30 every year. The SARs granted are valid for 10 years and exercisable earlier after 3 years from the grant date, or LCY Chemical (or its controlling company) may be successfully listed, and the employees may have remained employed with the Group. The parent shall pay the SARs in cash at the value agreed upon with the employees when the SARs are exercised by employees.

As of December 31, 2023 and 2022, the numbers of share appreciation rights outstanding were both 350 thousand.

The fair value of the cash-settled share-based payments was measured using the Black-Scholes pricing model, and the inputs to the model were as follows:

	<u>Grant Date</u> <u>September 30,</u> <u>2022</u>
Grant-date share price	\$26.40
Exercise price	-
Expected volatility	24.10%
Expected life (in years)	6.5
Expected dividend yield	-
Risk-free interest rate	1.51%
Unit (thousand)	122

Compensation costs recognized were \$5,077 thousand and \$5,487 thousand for the years ended December 31, 2023 and 2022, respectively.

24. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concerns while achieving optimization of the debt and equity balance through the issuance of ordinary shares for cash and loans. The Corporation's overall strategy remains unchanged from the prior year.

The capital structure of the Corporation consists of debts and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Corporation usually review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the number of new shares, and the amount of new debt issued.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that carrying amounts of other financial instruments, such as cash and cash equivalents, financial assets at amortized cost, receivables and payables recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity shares				
Domestic unlisted shares	\$ -	\$ -	\$ 81,716	\$ 81,716
Investments in debt instruments				
Trade receivables	<u>-</u>	<u>-</u>	<u>27,714</u>	<u>27,714</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,430</u>	<u>\$ 109,430</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity shares				
Domestic unlisted shares	\$ -	\$ -	\$ 57,070	\$ 57,070
Investments in debt instruments				
Trade receivables	<u>-</u>	<u>-</u>	<u>6,461</u>	<u>6,461</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,531</u>	<u>\$ 63,531</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
<u>Financial assets</u>			
Balance at January 1, 2023	\$ 57,070	\$ 6,461	\$ 63,531
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	24,646	-	24,646
Increase in trade receivables	-	257,345	257,345
Factoring for trade receivables	-	<u>(236,092)</u>	<u>(236,092)</u>
Balance at December 31, 2023	<u>\$ 81,716</u>	<u>\$ 27,714</u>	<u>\$ 109,430</u>

For the year ended December 31, 2022

	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
<u>Financial assets</u>			
Balance at January 1, 2022	\$ 109,038	\$ 267,999	\$ 377,037
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(51,968)	-	(51,968)
Increase in trade receivables	-	487,170	487,170
Factoring for trade receivables	-	<u>(748,708)</u>	<u>(748,708)</u>
Balance at December 31, 2022	<u>\$ 57,070</u>	<u>\$ 6,461</u>	<u>\$ 63,531</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted equity securities are determined using the market approach, which references the transaction price, price multiplier implicit in the transaction price and other related information of comparable companies that operate in the same industry in active markets.

The fair value of the trade receivable at FVTOCI is based on the estimated future cash flow that reflects the credit risk of counterparties. The Corporation measures the fair value based on the original invoice amount since the effect of discounting was not material.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,474,765	\$ 1,725,832
Financial assets at FVTOCI		
Equity instruments	81,716	57,070
Trade receivables	27,714	6,461
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	427,563	460,071

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables and other receivables and refundable deposits.

2) The balances include financial assets at amortized cost, which comprise trade payables and other payables.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, trade payables and short-term borrowings. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Corporation's management and board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation has foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. Approximately 91% of the Corporation's sales were denominated in currencies other than the functional currency, whilst almost 96% of costs were denominated in currencies other than the functional currency. Some of the Corporation's purchases of plant and equipment were also denominated in currencies other than the functional currency. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Corporation was mainly exposed to the U.S. dollar and RMB.

The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and their translation adjusted at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates an increase in pre-tax (loss) profit associated with the New Taiwan dollar (the functional currency) weakening by 1% against the relevant foreign currency. For a 1% strengthening of the New Taiwan dollar (the functional currency) against the relevant foreign currency, there would be an equal and opposite impact on pre-tax (loss) profit.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ <u>9,082</u>	\$ <u>9,378</u>
	RMB Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ <u>583</u>	\$ <u>2,332</u>

This was mainly attributable to the exposure outstanding on bank deposits (including time deposits), receivables and payables denominated in currencies other than the functional currency.

b) Interest rate risk

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<u>December 31</u>	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ -	\$ 30,710
Financial liabilities	122,366	131,357
Cash flow interest rate risk		
Financial assets	558,480	690,308
Financial liabilities	37,500	-

Sensitivity analysis

The sensitivity analyses below were determined based on the Corporation's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax loss for the year ended December 31, 2023 would have decreased/increased by \$2,605 thousand. The Corporation's pre-tax profit for the year ended December 31, 2022 would have increased/decreased by \$3,452 thousand.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation is the carrying amount of the financial assets as stated in the balance sheets.

The Corporation adopted a policy of only dealing with creditworthy counterparties. Before accepting any new customer, the Corporation uses an internal credit scoring system to assess the potential customer's credit limits and scoring. The credit risk on derivatives was limited because the counterparties are large financial institutions.

The Corporation's concentration of credit risk by geographical location was mainly in China, which accounted for 46% of the total trade receivables as of December 31, 2023.

The Corporation entered into transactions with a large number of unrelated customers. Apart from the top four customers of the Corporation, the Corporation did not have significant credit risk exposure to any single counterparty or any Corporation of counterparties with similar characteristics.

As of December 31, 2023 and 2022, the concentration of credit risk on the top four customers accounted for 73% and 74% of trade receivables, respectively.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Corporation's remaining contractual maturities for its non-derivative financial liabilities. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the agreed upon repayment dates.

December 31, 2023

	Less than 3 Months	3 Months to 1 Year				
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	\$ 424,054	\$ -				
Variable interest rate liabilities	<u>12,500</u>	<u>25,000</u>				
	<u>\$ 436,554</u>	<u>\$ 25,000</u>				
	Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years
Lease liabilities	<u>\$ 2,999</u>	<u>\$ 8,773</u>	<u>\$ 37,360</u>	<u>\$ 46,238</u>	<u>\$ 43,926</u>	<u>\$ -</u>

December 31, 2022

	Less than 3 Months	3 Months to 1 Year				
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	<u>\$ 506,022</u>	<u>\$ 2,694</u>				
	Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years	10-15 Years	More than 15 Years
Lease liabilities	<u>\$ 2,943</u>	<u>\$ 8,829</u>	<u>\$ 39,400</u>	<u>\$ 46,238</u>	<u>\$ 46,238</u>	<u>\$ 6,936</u>

b) Financing facilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank borrowing facilities		
Amount used	\$ 37,500	\$ -
Amount unused	<u>663,525</u>	<u>613,550</u>
	<u>\$ 701,025</u>	<u>\$ 613,550</u>

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

Counterparties	Receivables Factoring Proceeds	Amount Reclassified to Other Receivable	Advance Received Unused	Advance Received Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2023</u>					
O-Bank	<u>\$ 38,021</u>	<u>\$ 34,219</u>	<u>\$ 34,219</u>	<u>\$ -</u>	-
<u>December 31, 2022</u>					
O-Bank	<u>\$ 64,612</u>	<u>\$ 58,151</u>	<u>\$ 58,151</u>	<u>\$ -</u>	-

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns or discounts) were borne by the Corporation, while losses from credit risk were borne by the banks (amounts factored are recorded in other receivables).

The Corporation discounted a portion of its trade receivables under letters of credit to the banks. Since the Corporation has transferred substantially all risks and rewards relating to these trade receivables, the full carrying amount of these trade receivables were derecognized. However, if the derecognized trade receivables are not paid at maturity, the banks have the right to demand the Corporation to pay the unsettled balance; therefore, the Corporation still has continuing involvement in these trade receivables.

The maximum exposure to loss from the Corporation's continuing involvement in the derecognized trade receivables is equal to the face amounts of the transferred but unsettled trade receivables, and as of December 31, 2023 and 2022, the face amount of these unsettled trade receivables was \$5,286 thousand and \$5,383 thousand, respectively. The unsettled trade receivables will be due in one month after December 31, 2023 and 2022. Taking into consideration the credit risk of these derecognized trade receivables, the Corporation estimates that the fair values of its continuing involvement are not significant.

26. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is LCY Chemical Corp. which held 61.94% of the ordinary shares of the Corporation as of December 31, 2023 and 2022.

The Corporation's ultimate parent and ultimate controlling party is the KKR Global Institute.

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed as follows.

a. Related party name and categories:

<u>Related Party Name</u>	<u>Related Party Category</u>
LCY Chemical Corp. ("LCY Chemical")	The Corporation's parent
LCY Management Consulting Co., Ltd. ("LCY Management Consulting")	Sister corporation
Lee Chang Yung Company, Ltd. ("Lee Chang Yung")	Related party in substance
Lee Jamgo Co., Ltd. ("LEE Jamgo")	Related party in substance
Chi Hwa Co., Ltd. ("Chi Hwa")	Related party in substance
Hank Fah Co., Ltd. ("Hank Fah")	Related party in substance
Quanlicheng Electric Power Co., Ltd. ("Quanlicheng")	Related party in substance
Shinemore Technology Materials Co., Ltd ("Shinemore Technology Materials")	Other related party (the Corporation's parent is one of the directors)
Formosa Copper Technology Corporation ("Formosa Copper Technology")	Other related party (the Corporation is one of the directors)

b. Sales of goods

Line Item	Related Party Category/Name	<u>For the Year Ended December 31</u>	
		2023	2022
Sales	Other related party/ Shinemore Technology Materials	\$ <u>2,854</u>	\$ <u>21,611</u>

c. Purchases of goods

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2023	2022
Other related party/Formosa Copper Technology	\$ <u>457,957</u>	\$ <u>477,506</u>

d. Exchange of inventories

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2023	2022
Other related party/Formosa Copper Technology	\$ <u>157,141</u>	\$ <u>139,660</u>

e. Other expenses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Manufacturing costs	The Corporation's parent/LCY Chemical	\$ 20,050	\$ 17,752
Operating expenses	The Corporation's parent/LCY Chemical	9,819	14,252
R&D expenses	The Corporation's parent/LCY Chemical	174	20
Operating expenses	Sister company/LCY Management Consulting	3,000	3,000
Manufacturing costs	Related party in substance/Hank Fah	-	1,518
Manufacturing costs	Related party in substance/Quanlicheng	6,559	-
Manufacturing costs	Other related party/Shinemore Technology Materials	<u>7</u>	<u>20</u>
		<u>\$ 39,609</u>	<u>\$ 36,562</u>

The related-party transactions were carried out under normal terms.

f. Acquisition of property, plant and equipment

Related Party Category/Name	Price	
	For the Year Ended December 31	
	2023	2022
Related party in substance/Hank Fah	<u>\$ 6,580</u>	<u>\$ 2,820</u>

g. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Additions to right-of-use assets	Related party in substance/Lee Chang Yung	\$ -	\$ 5,886
	Related party in substance/LEE Jamgo	<u>-</u>	<u>192</u>
		<u>\$ -</u>	<u>\$ 6,078</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	The Corporation's parent/LCY Chemical	\$ 119,501	\$ 126,485
	Related party in substance/Lee Chang Yung	1,990	3,951
	Related party in substance/LEE Jamgo	<u>65</u>	<u>129</u>
		<u>\$ 121,556</u>	<u>\$ 130,565</u>

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Interest expense		
The Corporation's parent/LCY Chemical	\$ 2,264	\$ 2,391
Related party in substance/Lee Chang Yung	38	66
Related party in substance/LEE Jamgo	<u>1</u>	<u>2</u>
	<u>\$ 2,303</u>	<u>\$ 2,459</u>

The rental is based on local rental rates and are paid quarterly.

h. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables - related parties	Other related party/Shinemoore Technology Materials	\$ <u>-</u>	\$ <u>2,339</u>

i. Other receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivable - related parties	The Corporation's parent/LCY Chemical Related party in substance/Lee Chang Yung	\$ 25 <u>-</u>	\$ 18 <u>242</u>
		<u>\$ 25</u>	<u>\$ 260</u>

j. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2023	2022
Refundable deposits	The Corporation's parent/LCY Chemical Related party in substance/Lee Chang Yung	\$ 2,100 <u>500</u>	\$ 2,100 <u>500</u>
		<u>\$ 2,600</u>	<u>\$ 2,600</u>

k. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables - related parties	Other related party/Formosa Copper Technology	\$ <u>41,237</u>	\$ <u>39,892</u>

l. Other payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other payables - related parties	The Corporation's parent/LCY Chemical	\$ 12,387	\$ 19,961
	Related party in substance/Lee Chang Yung	-	168
	Related party in substance/Hank Fah	-	912
	Related party in substance/Quanlicheng	1,218	-
	Other related party/Shinemore Technology Materials	<u>2</u>	<u>-</u>
		<u>\$ 13,607</u>	<u>\$ 21,041</u>

m. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 9,090	\$ 7,739
Share-based payments	4,052	1,494
Post-employment benefits	<u>99</u>	<u>108</u>
	<u>\$ 13,241</u>	<u>\$ 9,341</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The significant commitments and contingencies of the Corporation were as follows:

As of December 31, 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$8,716 thousand.

As of December 31, 2023 and 2022, the commitments for purchase of properties were \$9,370 thousand and \$70,064 thousand, respectively.

28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 10, 2024, the Corporation entered into a business and capital alliance agreement with Lee Chang Yung Group International Pte. Ltd. (a related party in substance) and Nippon Denkai, Ltd. As part of the business alliance, the Corporation and Nippon Denkai, Ltd. entered into a technology license agreement in which the Corporation has agreed to pay royalty payments to Nippon Denkai, Ltd. upon completion of its provision of technology.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of the entities in the Corporation and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 36,167	30.705 (USD:NTD)	\$ <u>1,110,508</u>
RMB	13,459	4.335 (RMB: NTD)	\$ <u>58,348</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	1	30.705 (USD:NTD)	\$ <u>13</u>
<u>Financial liabilities</u>			
Monetary items			
USD	6,588	30.705 (USD:NTD)	\$ <u>202,285</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 37,803	30.71 (USD:NTD)	\$ <u>1,160,930</u>
RMB	52,879	4.409 (RMB:NTD)	\$ <u>233,161</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	1	30.71 (USD:NTD)	\$ <u>13</u>
<u>Financial liabilities</u>			
Monetary items			
USD	7,265	30.71 (USD:NTD)	\$ <u>223,108</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.15 (USD:NTD)	\$ (7,467)	29.85 (USD:NTD)	\$ 109,501
RMB	4.4242 (RMB:NTD)	<u>3,373</u>	4.4355 (RMB:NTD)	<u>4,282</u>
		<u>\$ (4,094)</u>		<u>\$ 113,783</u>

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
Table 1 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital:
None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital:
None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:
None
- 9) Trading in derivative instruments: None
- 10) Information on investees: Table 3 (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China: None
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 4 (attached)

31. SEGMENT INFORMATION

The Corporation has disclosed segment financial information in the consolidated financial report.

LCY TECHNOLOGY CORP.

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
LCY Technology Corp.	Stocks Formosa Copper Technology Corporation	The Corporation is one of the directors	Financial assets at FVTOCI	7,071,646	\$ 81,716	9.7	\$ 81,716	

LCY TECHNOLOGY CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LCY Technology Corp.	Formosa Copper Technology Corporation	The Corporation is one of the directors	Purchase	\$ 457,957	16.90	Net 30 days after delivery	Same as general customers	Same as general customers	\$ (41,237)	(12.49)	

LCY TECHNOLOGY CORP.

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
LCY Technology Corp.	LCYT Holdings Corp. Kaohsiung Cogen Co., Ltd.	Craigmuir Chambers P.O. Box 71, Road Town, Tortola, BVI 5F., No. 85, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105035, Taiwan (R.O.C.)	Investment	\$ 6,800	\$ 6,800	100	100	\$ 13	\$ -	\$ -	
			Planning, design, and procurement of the co-generation system, environmental protection, and engineering	2,000	2,000	200,000	20	2,022	105	21	

TABLE 4**LCY TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LCY Chemical Corp.	85,339,392	61.94

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

LCY TECHNOLOGY CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of trade receivables, net	2
Statement of inventories	3
Statement of right-of-use assets	4
Statement of trade payables	5
Statement of lease liabilities	6
Major Accounting Items in Profit or Loss	
Statement of sales revenue	7
Statement of cost of goods sold	8
Statement of manufacturing expenses	9
Statement of operating expenses	10
Statement of employee benefit, depreciation and amortization by function	11

STATEMENT 1

LCY TECHNOLOGY CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Summary	Amount
Cash on hand		\$ 19
Check deposits		197
Demand deposits		
New Taiwan dollars		223,240
Foreign currency	Mainly including US\$10,049 thousand and RMB6,089 thousand with exchange rates of NT\$30.705 and NT\$4.335, respectively	<u>335,043</u>
		<u>\$ 558,499</u>

STATEMENT 2

LCY TECHNOLOGY CORP.

**STATEMENT OF TRADE RECEIVABLES, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Group Q	\$ 248,031
Group C	143,053
Group F	124,462
Group I	79,631
Others (Note)	<u>223,007</u>
	818,184
Less: Allowance for doubtful accounts	<u>-</u>
	<u>\$ 818,184</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 3

LCY TECHNOLOGY CORP.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 66,699	\$ 66,599
Work-in-progress	290,762	303,750
Finished goods	<u>249,744</u>	<u>245,389</u>
	607,205	<u>\$ 615,738</u>
Less: Allowance for inventory write-down	<u>(19,801)</u>	
	<u>\$ 587,404</u>	

LCY TECHNOLOGY CORP.

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Office Equipment	Transportation Equipment	Total
<u>Cost</u>					
January 1, 2023	\$ 154,128	\$ 5,886	\$ 356	\$ 1,168	\$ 161,538
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>645</u>	<u>645</u>
December 31, 2023	<u>\$ 154,128</u>	<u>\$ 5,886</u>	<u>\$ 356</u>	<u>\$ 1,813</u>	<u>\$ 162,183</u>
<u>Accumulated depreciation</u>					
January 1, 2023	\$ 31,110	\$ 1,962	\$ 134	\$ 608	\$ 33,814
Depreciation expense	<u>7,825</u>	<u>1,962</u>	<u>59</u>	<u>569</u>	<u>10,415</u>
December 31, 2023	<u>\$ 38,935</u>	<u>\$ 3,924</u>	<u>\$ 193</u>	<u>\$ 1,177</u>	<u>\$ 44,229</u>
December 31, 2023, net	<u>\$ 115,193</u>	<u>\$ 1,962</u>	<u>\$ 163</u>	<u>\$ 636</u>	<u>\$ 117,954</u>

LCY TECHNOLOGY CORP.

**STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
2000001431	\$ 119,308
2000000341	40,370
2600255	38,936
Others (Note)	<u>90,241</u>
	<u>\$ 288,855</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

STATEMENT 6

LCY TECHNOLOGY CORP.

**STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Lease Period	Discount Rate	Ending Balance
Land	3-10 years	1.41%-1.85%	\$ 119,565
Buildings	3 years	1.41%	1,990
Office equipment	6 years	1.38%	167
Transportation equipment	3 years	1.37%-2.66%	<u>644</u>
			122,366
Less: Current portion			<u>(9,961)</u>
Non-current lease liabilities			<u>\$ 112,405</u>

STATEMENT 7

LCY TECHNOLOGY CORP.

**STATEMENT OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Ton)	Amount
Sales from electrolytic copper foil	9,969	\$ 3,602,444
Less: Sales returns and discounts		<u>(44,475)</u>
Sales revenue, net		<u>\$ 3,557,969</u>

LCY TECHNOLOGY CORP.**STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold	
Raw materials	
Raw materials, beginning of year	\$ 63,753
Additions: Raw materials purchased	2,709,980
Others	(14,185)
Raw materials, end of year	<u>(66,699)</u>
	2,692,849
Direct labor	55,133
Outsourcing expense	11,678
Manufacturing expense	<u>711,601</u>
Manufacturing cost	3,471,261
Work in progress, beginning of year	245,663
Work in progress, end of year	<u>(290,762)</u>
Cost of finished goods	3,426,162
Finished goods, beginning of year	356,045
Other	(378)
Finished goods, end of year	<u>(249,744)</u>
	3,532,085
Unallocated fixed production overhead	58,532
Inventory write-downs	<u>8,134</u>
Cost of goods sold	<u>\$ 3,598,751</u>

STATEMENT 9

LCY TECHNOLOGY CORP.

**STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll and pension expense	\$ 114,202
Utilities expense	327,286
Depreciation expense	85,169
Repair and maintenance expense	82,480
Packing expense	47,547
Indirect materials	42,801
Others	<u>12,116</u>
	<u>\$ 711,601</u>

LCY TECHNOLOGY CORP.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll and pension expense	\$ 8,969	\$ 27,377	\$ 6,500	\$ 42,846
Export fee	15,900	58	-	15,958
Fright	20,891	1	-	20,892
Professional service fees	875	18,709	1,030	20,614
Commission expense	12,201	-	-	12,201
Insurance expense	4,667	1,951	649	7,267
Others	<u>4,903</u>	<u>12,955</u>	<u>3,093</u>	<u>20,951</u>
	<u>\$ 68,406</u>	<u>\$ 61,051</u>	<u>\$ 11,272</u>	<u>\$ 140,729</u>

LCY TECHNOLOGY CORP.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 161,363	\$ 38,536	\$ 199,899	\$ 176,339	\$ 41,276	\$ 217,615
Labor and health insurance	15,613	2,752	18,365	16,436	2,917	19,353
Pension	7,972	1,594	9,566	8,132	1,425	9,557
Board compensation	-	2,716	2,716	-	4,040	4,040
Others	11,997	7,101	19,098	12,850	7,585	20,435
	<u>\$ 196,945</u>	<u>\$ 52,699</u>	<u>\$ 249,644</u>	<u>\$ 213,757</u>	<u>\$ 57,243</u>	<u>\$ 271,000</u>
Depreciation	<u>\$ 85,169</u>	<u>\$ 3,730</u>	<u>\$ 88,899</u>	<u>\$ 80,696</u>	<u>\$ 3,596</u>	<u>\$ 84,292</u>
Amortization	<u>\$ 280</u>	<u>\$ 1,011</u>	<u>\$ 1,291</u>	<u>\$ 430</u>	<u>\$ 1,000</u>	<u>\$ 1,430</u>

Note 1: As of December 31, 2023 and 2022, the Corporation had 220 and 231 employees, respectively. There were 6 and 7 non-employee directors, respectively.

- Note 2:
- The average employee benefits for the years ended December 31, 2023 and 2022 were \$1,154 thousand and \$1,192 thousand, respectively.
 - The average salaries for the years ended December 31, 2023 and 2022 were \$934 thousand and \$971 thousand, respectively.
 - The average salaries decreased by 4% year over year.

Note 3: An audit committee was set up to replace supervisors in accordance with Securities and Exchange Act.

- Note 4:
- Directors: The Corporation's compensation to the directors in accordance with the Articles of Incorporation: The board of directors is authorized to determine the compensation of the directors on the basis of the degree of their participation in and the value of their contributions to the operation of the Corporation based on the general standards in the industry. If there is a profit reported, the compensation of directors should be accrued in accordance with the Articles of Incorporation. The compensation of the directors should be reported to the shareholders in their meeting after being reviewed by the compensation committee and submitted to the board of directors for approval. A director who serves as employee of the Corporation is entitled to receive compensation in accordance with the Articles of Incorporation, and also may receive a monthly salary based on the salary level of management.
 - The management: The compensation of the management includes salary, bonuses and employee compensation. The salary level is determined based on the position they served, the responsibilities undertaken and their contribution to the Corporation, based on the general standards in the industry. The compensation of the management is reviewed by the compensation committee and submitted to the board of directors for approval.
 - Employees: In addition to setting reasonable and competitive salary levels based on labor market conditions, the Corporation should insure the employees in accordance with laws and regulations. The distribution of the bonuses is based on the Corporation's overall operational performance.

6. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report

None.

VII. Review and Analysis of Financial Position and Financial Performance, and Listing of Risks

1. Financial Position

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current asset	2,133,484	2,431,110	(297,626)	-12.24
Property, plant and equipment	410,525	456,457	(45,932)	-10.06
Intangible assets	4,277	4,909	(632)	-12.87
Other assets	245,382	198,553	46,829	23.598
Total assets	2,793,668	3,091,029	(297,361)	-9.62
Current liabilities	477,099	592,373	(115,274)	-19.4546
Non-current liabilities	112,506	121,663	(9,157)	-7.532
Total liabilities	589,605	714,036	(124,431)	-17.4243
Share capital	1,377,765	1,377,765	0	0.00
Additional paid-in capital	323,671	318,594	5,077	1.59
Retained earnings	468,716	671,369	(202,653)	-30.198
Other equity	33,911	9,265	24,646	266.01
Total equity	2,204,063	2,376,993	(172,930)	-7.287

1. Prepared on consolidated financial statement information of the Company and its subsidiaries.
2. Explanation of major changes: (the change is over 20%, and the amount of change is over NT\$10 million)
 - (1) Other assets, other equity: Mainly due to the unrealized evaluation loss of the investment in unlisted companies.
 - (2) Retained earnings: Mainly due to a reduction in profit for the period.

2. Financial Performance

- (1) Comparative analysis of operating results for the past two fiscal years

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Operating revenue	3,557,969	4,047,957	(489,988)	-12.10
Operating costs	3,598,751	3,762,416	(163,665)	-4.35
Gross profit	(40,782)	285,541	(326,323)	-114.28
Operating Expenses	140,729	151,951	(11,222)	-7.39
Net operating income	(181,511)	133,590	(315,101)	-235.87

Item \ Year	2023	2022	Difference	
			Amount	%
Non-operating income and expenses	15,020	133,220	(118,200)	88.73
Profit Before tax	(166,491)	266,810	(433,301)	-162.40
Income tax expenses	(32,726)	63,816	(96,542)	-151.28
Net profit for the period	(133,765)	202,994	(336,759)	-165.90

1. Prepared on consolidated financial statement information of the Company and its subsidiaries.
 2. Explanation of major changes: (the change is over 20%, and the amount of change is over NT\$10 million)
 - (1) Gross profit and operating income: mainly due to the decrease in market demand and the decrease in selling price for the year.
 - (2) Non-operating income and expenses: The main factor is foreign exchange losses this year.
 - (3) Income before tax and net income: mainly due to the decrease in market demand and the decrease in selling price for the year.
 - (4) Income tax expense: The main factor is the pre-tax loss for the year, resulting in a relative decrease in income tax expense.
- (2) Sales volume forecast and the basis therefor, and the possible effect on the Company's future financial operations and plans in response

The Company estimates the 2024 full-year operating targets based on industry trends, business prospects of major customers, market demand forecasts, and technical production capabilities. However, there is no financial forecast announced, so it is not applicable.

3. Cash flows

(1) Cash Flow Analysis

Unit: NT\$ thousand

Opening balance of cash	Net Cash Flows from Operating Activities	Other Cash Flows for the Year	Cash Surplus (Inadequacy)	Remedial measures for cash flow deficit	
				Investment Plan	Financial Plan
721,055	(58,642)	(103,901)	558,512		

Changes in Cash Flow Analysis:

1. Operating activities: Net cash outflow of NT\$58,642 thousand, mainly due to decreased revenue.
2. Investing activities: Net outflow of NT\$58,897 thousand, mainly for the purchase of operating equipment.
3. Financing activities: Net outflow of NT\$41,002 thousand, mainly due to payment of cash dividends.

(2) Liquidity Analysis for the Coming Year

Unit: NT\$ thousand

Opening balance of cash (1)	Expected Net Cash Flows from Operating Activities (2)	Expected Other Cash Flows for the Year(3)	Expected remaining (deficit) cash amount (1) + (2) - (3)	Remedial measures for cash flow deficit	
				Investment Plan	Financial Plan
558,512	73,176	(94,530)	537,518		

Changes in Cash Flow Analysis for the Coming Year:

1. Operating activities: It is expected that the revenue and profit will grow steadily, and the operating activities will show a net cash inflow.
2. Investing activities: It is expected to increase the purchase of equipment in the coming year.
3. Financing activities: Mainly for financial needs planning.

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

No Major Capital Expenditures for the Most Recent Fiscal Year.

5. Reinvestment Policies for the Most Recent Year, the Main Reasons for Profit or Loss, and Remedy and Investment Plans for the Coming Year

(1) Reinvestment Policy

The Company's reinvestment policy is based on the consideration of sustainable operation and operational growth, and under the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by the competent authority, the Company has formulated the "Regulations Governing the Acquisition and Disposal of Assets" as the basis of the Company's reinvestment to master the relevant business and financial position; in addition, to enhance the supervision management of the reinvested company, the Company has formulated monitoring management measures for subsidiaries in the internal control system, targeting at its information disclosure, finance, business, inventory, and relevant regulations concerning financial control, so that the Company's reinvestment business can maximize impact.

(2) Main Reasons and Improving Plans for Profits/Losses Generated Thereby Re-investment for the Most Recent Fiscal Year

Unit: NT\$ thousand

Investee	Principal business activities	Investment gains (losses) recognized in 2023	Main Reasons for Profits/Losses	Improving Plans
LCYT Holdings Corp.	General Investment	—	—	Since no major losses have occurred, there is no need for an improvement plan.
KAO HSIUNG COGEN CO., LTD.	Cogeneration System, Environmental Protection, Engineering Plan, Design and Procurement	21	—	

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

6. Risk Issues

(1) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

1. Interest Rate Changes

In recent years, the company's cash inflow from operating activities has been stable, and capital expenditures can mostly be covered by its own operating funds. The main reason for borrowing from banks in 2023 is for fund planning, and its repayment ability is solid. Furthermore, as global interest rates continue to rise in 2023, Taiwan's rate hike is only 0.5 basis points. The company has been closely monitoring changes and trends in various interest rates, maintaining good relationships with banks to obtain favorable rates, and evaluating potential interest rate risks on all interest-bearing liabilities in a timely manner. Therefore, interest rate fluctuations should not have a significant impact on the company.

2. Exchange Rate Changes

The Company always pays attention to exchange rate fluctuations to evaluate the position of foreign exchange funds in daily operations. The net exchange gains and losses in 2022 and 2023 were NT\$(114,524) thousand and NT\$114,524 thousand, respectively, and accounted for (0.33%) and 2.83% of the net operating revenue of the

year, respectively, and the impact on the Company's profit and loss should be limited. The Company adopts foreign currency assets and liabilities balance of payments, with derivative financial product transactions and income and payment currency adjustments to hedge against risks. In general, fluctuations in exchange rates do not have a significant impact on the Company.

3. Inflation

Inflation has a synchronous offsetting effect on the collection and payment of the company's sales and transactions, and will not affect the company's profit; in addition, the company implements the budget system and internal control to effectively control operating costs and expenses. The expenditure is within a reasonable range, so the company has not been significantly affected by inflation.

(2) During the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report, Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

1. Policy regarding High-risk Investments, Highly Leveraged Investments, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

The Company focuses on operating its own business. Based on conservative and prudent operating principles, it has not engaged in high-risk and high-leverage investments during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report.

2. Policy regarding Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

During the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the Company has not engaged in loaning funds to others, and endorsements/guarantees. Based on operational risk considerations, if the Company intends to engage in loan funds to others and endorsement/guarantees in the future, it will be handled under the Company's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees". In addition, the derivatives transactions that the Company engages in are based on the "Procedures Governing Derivatives Trading" formulated by the Company, and all transactions are based on the principle of natural hedging.

(3) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work

The current development trend of consumer-electronics products is thinner, lighter, smaller, and more comprehensive functional enhancement. Coupled with the rapid development of the Internet of Things (IoT) and cloud-related products, the requirements for high-speed transmission, thin line width, and high-frequency interference will be more stringent. Under this requirement, corresponding to the requirements of the raw material copper foil substrate, it is necessary to match the thinner and lower roughness copper foil; for this trend, the Company will continue to use the independent large-scale raw foil testing machine and the independent large-scale post-processing testing machine invests in manufacturing process technologies that reduce signal loss, manufacture thin lines, reduce costs, in order to enhance product competitiveness, diversity, and differentiation.

The development plan for niche copper foil is expected to continue in 2024 as follows:

Expected Develop Items	Develop Progress As of March 31 of the Current Year
Mass production of extremely low roughness ($Rz < 2.0\mu\text{m}$) reverse copper foil	Customer's production line engineering verification was successful, and mass production will continue. LCYT has been introduced into the mass production process.
Ultra-thin low-edge high-temperature extensible pink electrolytic copper foil, PK-HTE-LP3 8 μm	Sample production successful, customer verification in progress

2. Further Expenditures Expected for R&D Work

The research and development expenses invested by the Company are gradually compiled under the development progress of new products and new technologies. To ensure and enhance the Company's competitive advantages, the Company continues to invest manpower and material resources in the development of new products, and adjust anytime depending on the operating conditions and needs, to ensure that while having a highly competitive advantage, it can also respond to market adjustments anytime to strengthen the output of new products. In response to the needs of research and development plans.

(4) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response

The Company operates under the relevant laws and regulations at home and abroad, and pays attention to the development trend of domestic and foreign policies and changes in regulations anytime, to fully master the changes in the market environment and proactively propose countermeasures timely. Up to the date of publication of the annual report, the Company has had no major events of financial business due to the impact of important domestic and foreign policy and legal changes.

- (5) Impact of technological and industrial changes (including information and communication security risks) on the Company's finance and business and corresponding measures:

The Company produces copper foil. Currently, all electronic components need to use copper foil, and there is no substitute product. In response to changes in technology and industry that have a major impact on the Company's financial business, The Company has an Information Security Oversight Committee, which is coordinated and driven by the Information Department in accordance with information security management guidelines. The Company places emphasis on the cultivation of research and development talents and the development of product technologies, ensuring a constant grasp of the pulse of the technology industry.

- (6) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response

Since its establishment, the Company has complied with relevant laws and regulations, proactively enhanced internal management, and maintained harmonious labor relations to maintain a good corporate image. During the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the Company has not had any incidents that have affected the corporate image or suffered any crisis.

- (7) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response

During the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report, The Company did not engage in any mergers and acquisitions.

- (8) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response

During the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report, The Company did not engage in any plant expansion.

(9) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response

1. Net Sales

Among them, the printed circuit board customers are quite diversifying, but the copper foil substrate customers are relatively concentrated. Therefore, in addition to maintaining a stable supply chain relationship, the Company is also actively developing new customers to diversify business volume, to avoid over-reliance on a single customer, there are no concerns about excessive concentration of sales.

2. Net purchase

The main raw material for the production of electrolytic copper foil is copper wire. To reduce the risk of centralized procurement and ensure a safe supply of raw materials, the Company purchases raw materials from different suppliers. Coupled with the international copper price market's open and transparent information, the source of supply is still sufficient, and no shortage or interruption of supply affects the Company's business.

(10) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response

Up to the date of publication of the annual report, no major quantity of shares belonging to a director and shareholder holding greater than a 10% stake in the Company was transferred or changed hands.

(11) Effect on and Risk to the Company Associated with Any Change in Governance Personnel or Top Management, and Measures to Be Taken in Response

Kohlberg Kravis Roberts & Co. LP (KKR), an international investment institution, through its affiliated enterprise Carlton (Luxembourg) Holdings S.a.r.l. in July 2018, paid NT\$56 per share (including NT\$2.89924571 in cash dividends in 2018) in cash to under the Business Mergers and Acquisitions Act. The consideration was to acquire 100% of the shares outstanding of LCY Chemical Corp. (hereinafter referred to as LCY Chemical), the legal person director of the Company and the major shareholder holding more than 10% of the shares. LCY Chemical was converted into privatized on January 30, 2019, and delisted from the TWSE, and the Company became an investment company indirectly held by KKR. Up to the date of publication of the annual report, LCY Chemical has not reduced its

shareholding in the Company, the Company's major shareholder structure is stable, and there is no risk of change of management rights.

(12) Litigation or non-litigation events

1. For the past two fiscal years and up to the date of publication of the annual report, any adjudicated or currently pending litigations, non-litigious proceedings, or administrative disputes whose outcome may have a material impact on shareholders' equity or securities prices:

None.

2. If there has been any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, actual person in charge, or major shareholder with a stake of more than 10%, and the matter was finalized or remained pending during the most recent fiscal years or during the current fiscal year up to the annual report publication date.

The company's corporate director and major shareholder holding more than 10% of shares, Lcy Chemical Corp., has the following pending litigation, non-litigation or administrative litigation cases:

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
National Health Insurance Administration, MOHW	1. Fubon Insurance Co., Ltd. 2. The First Insurance Co., Ltd. 3. Shinkong Insurance Co., Ltd. 4. Cathay Century Insurance Co., Ltd. 5. MSIG Mingtai Insurance CO., LTD. 6. SOUTH CHINA INSURANCE CO., LTD. 7. China General Terminal & Distribution Corporation	Compensation for Damages/2018 Zhong Shang Zi NO. 130	NT\$ 35,687,950	Intervener: Kaohsiung City Government Water Resources Bureau, CPC Corporation, Taiwan, Lin O Chuang, Chin O Ming, Tien O Sheng, Fan O Ta, Lai O Lu, Chiao O Lai, and Wang O Liang

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	8. LCY Chemical Corp.			
1. Taiwan Power Company Kaoping Power Supply Branch 2. Taiwan Power Company Southern Power Plant	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its legal agent Chang O Chang, employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons	Compensation for Damages/2020 Zhong Shang Zi NO. 93	NT\$ 166,277,962	Intervener: Kaohsiung City Government Intervener: CPC Corporation, Taiwan, Lin O Chuang, Chin O Ming, Tien O Sheng, Fan O Ta, Lai O Lu, Chiao O Lai, and Wang O Liang
1. Taiwan Power Company Distribution & Service Division Kaohsiung District Branch 2. Taiwan Power Company Distribution & Service Division Fongshan District Branch	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its legal agent Chang O Chang, employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons	Compensation for Damages/2022 Zhong Shang Zi NO. 93	NT\$ 99,543,652	Intervener: Kaohsiung City Government, Kaohsiung City Government Water Resources Bureau Intervener: CPC Corporation, Taiwan, Lin O Chuang, Chin O Ming, Tien O Sheng, Fan O Ta, Lai O Lu, Chiao O Lai, and Wang O Liang
KAOHSIUNG MASS RAPID TRANSIT	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons	Compensation for Damages/2018 Zhong Shang Zi NO. 116	NT\$ 7,184,838	Intervener: Lai O Lu, Chiao O Lai, and Wang O Liang

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan			
CPC Corporation, Taiwan	LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons	Compensation for Damages/2018 Zhong Shang Zi NO. 101	NT\$ 94,082,749	—
LCY Chemical Corp.	CPC Corporation, Taiwan, Lin O Chuang, HSU O SUNG, KO O TSUNG, Chin O Ming, Tien O Sheng, Fan O Ta, Lai O Lu, Chiao O Lai, and Wang O Liang	Compensation for Damages/2018 Zhong Shang Zi NO. 98	NT\$ 755,921,481	—
SHIN KAO GAS CO., LTD.	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons	Compensation for Damages/2018 Zhong Shang Zi NO. 273	NT\$ 25,398,049	—
Chunghwa Telecom Kaohsiung Operations	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien,	Compensation for Damages/2018	NT\$ 149,129,077	—

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. Chiu O Wen, Yang O Jen, and Chao O Chiao	Zhong Shang Zi NO. 266		
TAIWAN WATER CORPORATION	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. Chiu O Wen, Yang O Jen, and Chao O Chiao	Compensation for Damages/2018 Zhong Shang Zi NO. 263	NT\$ 28,642,664	—
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal &	Compensation for Damages/2018 Zhong Shang Zi NO. 102	NT\$ 173,621,528	—

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, and Chiao O Lai			
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, and Chiao O Lai	Compensation for Damages/2018 Zhong Shang Zi NO. 97	NT\$ 74,932,041	—
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its	Compensation for Damages/2018 Zhong Shang Zi NO. 99	NT\$ 69,987,564	—

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	<p>employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons</p> <p>3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, Chiao O Lai, Chin O Ming, Fan O Ta, Tien O Sheng, Hsu O Sung, and Ko O Tsung</p>			
Kaohsiung City Government	<p>1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons</p> <p>2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons</p> <p>3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, Chiao O Lai, Chin O Ming, Fan O Ta, and Tien O Sheng</p>	Compensation for Damages/2018 Zhong Shang Zi NO. 109	NT\$ 69,545,137	—
Kaohsiung City Government	<p>1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons</p>	Compensation for Damages/2018 Zhong Shang Zi NO. 96	NT\$ 49,465,598	—

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, Chiao O Lai, Chin O Ming, Fan O Ta, Tien O Sheng, Hsu O Sung, and Ko O Tsung			
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, Chiao O Lai, Chin O Ming, Fan O Ta, and Tien O Sheng	Compensation for Damages/2018 Zhong Shang Zi NO. 110	NT\$ 152,376,836	—
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien,	Compensation for Damages/2018	NT\$ 636,139,935	—

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, Chiao O Lai, Chin O Ming, Fan O Ta, and Tien O Sheng	Zhong Shang Zi NO. 100		
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien, Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, and Chiao O Lai	Compensation for Damages/2016 Zhong Shang Zi NO. 287—	NT\$ 1,686,105,781	—
Kaohsiung City Government	1. LCY Chemical Corp., Li O Wei, Wang O Chou, Tsai O Chien,	Compensation for Damages/2020 Shang Zi NO. 145	NT\$ 2,970,283	—

Civil procedure				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
	Li O Lin, Huang O Ming, and Shen O Hsiu, a total of 6 persons 2. China General Terminal & Distribution Corporation and its employees Chen O Heng, Huang O Fa, and Hung O Lin, a total of 3 persons 3. CPC Corporation, Taiwan, Lin O Chuang, Wang O Liang, Lai O Lu, and Chiao O Lai			

Note: The above-mentioned amount will still change due to the reduction or expansion of the plaintiff's claim amount in the lawsuit.

Non-litigious				
Plaintiff (appellant)	Defendant (appellee)	Cause of action/Case No.	Amount	Remarks
TAIWAN WATER CORPORATION	LCY Chemical Corp.	Debit Deposit Order/2017 Si Zhi Quan Chou Zi No. 169	NT\$ 25,603,200	—
LCY Chemical Corp.	1. Taiwan Power Company Kaoping Power Supply Branch 2. Taiwan Power Company Southern Power Plant	1. Advanced Security to Avoid Provisional Seizure/2015 Cun Zi No. 1650 2. Advanced Security to Avoid Provisional Seizure/2015 Cun Zi No. 1651	1.NT\$ 32,858,075 2.NT\$ 128,248,323	—

Our company's corporate director and major shareholder (holding more than 10% shares) Lcy Chemical Corp., regarding the 2014 Kaohsiung gas explosion incident, has already

advanced compensation payments to some of the bereaved families and signed settlement agreements with some claimants. As for the pending lawsuits, the relevant liabilities are still under investigation by the court. We have engaged lawyers to actively handle and respond to the cases.

Based on the amount of capital and scale of operations of Lcy Chemical Corp., a corporate director and shareholder holding more than ten percent of the company's shares, the aforementioned litigation amount is not likely to have a material impact on it. Furthermore, the aforementioned case is not related to our company, and its litigation outcome is not likely to have a material adverse effect on our company's finances, operations, shareholders' equity, or securities prices.

(13) Other Important Risks and Measures to Be Taken in Response

To ensure the safety of collection, processing, transmission, storage, and flow of Company information, the information department coordinates and promotes related matters under information security management standards, formulates relevant information security policies, maintains computer system security, network security, system access control management, physical and operating environment security, personnel management, information security education and training, and sensitive information protection management, etc., based on the principles of confidentiality, integrity, and availability, allows the Company's personnel to follow and abide by. Besides, the service contract with third-party manufacturers also requires to sign a confidentiality agreement and compliance with information security regulations to implement the Company's requirements for information security.

The Company evaluates the information security policy every year, and according to the needs of the job category, conducts information security education training and publicity at least once a year, regularly reminds colleagues to update accounts, anti-virus software, and prohibit information access to external hard drives without approval, and other measures, to ensure the effectiveness of information security software; In addition, in terms of computer room security, the equipment is fixed and secure, important entrances and exits are equipped with monitors, temperature and humidity control in the computer room is maintained, and emergency backup power is equipped with an uninterruptible power system protective measures such as emergency response operations for supporting; moreover, equipment maintenance manufacturers also need to register and approve when entering and leaving the computer room, and off-site backup operations, etc., to ensure the effectiveness of information security entities.

Focusing on the key points of information security control, mainly regarding the effectiveness review of information security, such as Company information access should be approved, information system recovery test, system exception handling, off-site backup operations, computer room equipment inspection, and regular inventory. Up to the date of

publication of the annual report, no major defects have been found that affect the Company's information security.

In terms of information security risk assessment, although the Company has a complete network and computer security protection system to control or maintain the Company's operations and financial accounting and other important business operations, it still cannot guarantee that its computer system can completely avoid any third parties malicious network attacks, social engineering attacks, and service providers' failure to perform or strictly follow relevant obligations lead to the theft of Company confidential information or interference with Company operations. These attacks can pose the Company to harden its cybersecurity environments and systems causing the cost of remedial and improvement measures has increased, and the responsibility for related legal cases or regulatory investigations may also increase due to leakage of confidentiality obligations to customers or third-party information. However, up to the date of publication of the annual report, the Company has not discovered any major cyber attacks or events that have or may have a material adverse impact on the Company's business and operations and has not been involved in any legal cases or regulatory investigations related to this.

7. Other Important Matters

None.

VIII. Special Disclosure

1. Information on Affiliates

(1) Consolidated Financial Statements of Affiliates

Declaration of Consolidated Financial Reports of Affiliates

In 2023 (from January 1 to December 31, 2023), pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, “the Company’s entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

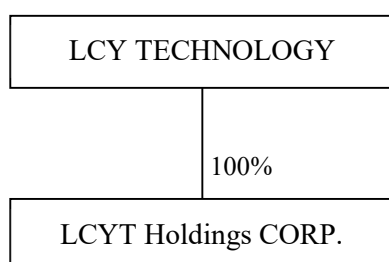
Sincerely,

LCY TECHNOLOGY CORP.

Person in charge:
Paul Chen

March 14, 2024

(2) Organizational chart of affiliates (As of December 31, 2023)



(3) Name of affiliates, establishment date, address, paid-in capital, and principal business activities.

December 31, 2023

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
LCYT Holdings CORP.	2003.03.27	Craigmuir Chambers, Road Town Tortola, BVI (British Virgin Islands)	US\$100	General Investment

(4) Where there is considered to be a controlled and subordinate relation

The Company does not have any circumstances where there is considered to be a controlled and subordinate relation under Article 369-3 of the Company Act.

(5) Overall business scope of affiliates

December 31, 2023

Affiliates	Operating industry	Division of business
LCYT Holdings CORP.	General Investment	None

(6) Information on directors, supervisors, and general manager of affiliates

December 31, 2023; Unit: Share

Name of Affiliate	Title	Name	Shareholding		Remarks
			Shares	Percentage of Ownership	
LCYT Holdings CORP.	Directors	Li O-Wei	0	0%	—
	Directors	Yang Sai-Fen			

(7) Operating status of affiliates

December 31, 2023; Unit: NT\$ Thousand

Name of Affiliate	Capital	Total Assets	Total liabilities	Net Worth	Operating revenue	Operating Profit or loss	After-Tax Profit or Loss	After-Tax Earnings Per Share (NT\$)
LCYT Holdings CORP.	3	13	0	13	0	0	0	0

Note: Foreign companies should be converted into NT\$ according to the exchange rate. The above financial data have been audited by CPAs .

(8) Reports on Affiliations: None.

2. Private Placement of Securities during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report

None.

3. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report

None.

4. Other Supplementary Information

None.

5. Situations Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report

None.