EXCELLENCE OPTO. INC.

(TWSE：6288)

Excellence Optoelectronics Inc.

2023 Annual Report

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Company website：http://www.eoi.com.tw
(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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VI. Overseas trade places for listed negotiable securities：None

VII. Company website：http://www.eoi.com.tw

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I. A Letter to Shareholders

Dear Shareholders,

First of all, we would like to appreciate your participation in the regular shareholders' meeting of Excellence Optoelectronics Inc. (the "company") as well as all your support and encouragement to the company.
In 2023, it was expected that the global automobile market would return to the previous level before COVID-19. However, due to global risks continuously happening, such as Russia-Ukraine war, shortage of global logistic and chip, the global market was still unstable, and European and American market even decreased compared to the previous year. With our management team and employees' effort, the company created positive revenue growth and keep earning profits. The operating revenue in 2023 were NT$ 4,325,353 thousand, representing 13.07% increase compared to 2022; the net profit in 2024 were NT$10,254 thousand, representing 37.87% decreased compared to 2022.

The operating performance of 2023 and the operating plans for 2024 are as followed:

A. Operating Performance of 2023

1. Operating Performance

Unit: NT$, in thousand

Year / Item	2023	2022	Difference	Change in Percentage (%)
Operating Revenue	4,325,353	3,825,456	499,897	13.07%
Cost of Revenue	3,721,930	3,217,297	504,633	15.68%
Gross Profit	603,423	608,159	(4,736)	(0.78%)
Operating Expenses	658,801	736,401	(77,600)	(10.54%)
Income from Operations	(55,378)	(128,242)	72,864	56.82%
Non-operating Income and Expenses	51,019	127,917	(76,898)	(60.12%)
Income before Income Tax	(4,359)	(325)	(4,034)	(1241.23%)
Income Tax Benefit	(14,613)	(16,828)	(2,215)	(13.16%)
Net Income	10,254	16,503	(6,249)	(37.87%)

2. Implementation of Budget: Not applicable as the company did not release an official financial forecast report for 2023.

3. Cash Flow Summary

Unit: NT$, in thousand

Item \ Year	2023	2022	Difference
Cash Generated by (Used in) Operating Activities	(254,792)	55,378	(310,170)
Cash Generated by (Used in) Investing Activities	(212,104)	(261,756)	49,652
Cash Generated by (Used in) Financing Activities	281,673	(81,775)	363,448
1. Cash used in operating activities increased mainly due to increases in inventory this year. 2. Cash used in investing activities decreased mainly due to decreases in the acquisition of property, plant, and equipment. 3. Cash generated by financing activities increased mainly due to proceeds from bank loans.			

4. Analysis of Profitability

Item \ Year	2023	2022
Return on Total Assets (%)	0.64	0.73
Return on Total Equity (%)	0.39	0.69
Pre-tax Income to Paid-in Capital Ratio (%)	(2.69)	(7.02)
Net Margin (%)	0.24	0.43
Earnings Per Share	0.05	0.09
1. Return on total assets, return on total equity, net margin and earnings per share decreased mainly due to decreases in net income this year. 2. Pre-tax income to paid-in capital ratio increased mainly due to decreases in the losses before tax this year.		

5. The company's research and development status (including subsidiaries)

Continuously benefiting society through innovative technology is one of our company's long-term operating goals. With the global automotive industry gradually recovering in 2023, the company spent approximately NT$214,856 thousand for R&D expenses, representing an increase compared to the previous year's NT$185,956 thousand, as a response to the rapid expansion of electric vehicles in the future.

The company continues to invest in the seven core resources of the R&D field, including LED components, optical, mechanical, electronics, thermos technologies, Software and firmware development, and testing, to develop forward-looking automotive innovative LED chip, light sources, modules, and automotive light modules and actively applying for patents in multiple countries. Now the company has obtained numerous orders from famous automotive manufacturers including Ford、FCA、Tesla、BMW、TOYOTA、GM、Volvo、Daimler、Fisker、Rivian, and Audi. Our UniFlex series technology has been used in TESLA’s supplier chain and other North-America automotive manufacturers. Further, the UniFlex and UniFlex Linear series technology also had been implemented into several forward-looking innovative projects for high-end electric sports car and SUV in the North-America, and other domestic automotive lights and electric motorcycles. These projects will start mass production within 2~3 years, bringing more revenue and profits for the company.

The company continues developing UniFlex and UniFlex Linear series technology. Based on the first generation UniFlex Linear technology, the second generation UniFlex Linear II slim LED light module keeps the features of bendable and smooth and dynamic light, it also has a simpler structure and is more cost-effective to be used in the headlights and taillights of mid/high-end vehicles. Coupled with special optical microstructure and new patented structural integration technology, it has provided innovative designs for many international well-known car lamp manufacturers. Through design in customized patented optical technology and automotive light modules, the competitive advantage and success rate of the automotive lighting module project are improved. In addition to having sufficient product layout on the module and packaging ends for automotive lighting, Starting from the perspective of automotive terminal core products in 2018, we hope to establish the advantages of vertical integration of the industry chain in innovative light source modules for automotive lighting. At the same time, due to the trend of linear light source lamps becoming increasingly thinner, the company is developing the advanced version of UniFlex Linear II light source module and optical structure design, and is expected to provide an ultra-thin linear light source design next year , we can provide customers with more design solutions in the future.

In response to changes in automobile environmental regulations in various countries, newly launched gasoline vehicles will no longer be allowed to sell, and electric vehicles and self-driving cars will become the mainstream of market sales. Some countries in Europe will even completely prohibit the sale of new gasoline vehicles from 2025; Taiwan will also prohibit the sale of new gasoline vehicles from 2040. This trend brings new business opportunities and demands. New demands include the company’s LED automotive light modules, LED smart headlight modules, Mini LED interior/exterior display modules, and automotive interior light modules. With the accumulated experience of years of Tesla Model 3 shipment and patented innovative light sources, EOI has the advantage of obtaining new electric vehicle orders in the future. In particular, Mini LED interior/exterior display modules are more suitable for electric vehicles/self-driving cars due to their greater module flexibilities and self-illumination and high brightness that are not affected by sunlight compared to LCD. These features allow electric vehicle/self-driving car manufacturers to facilitate space design and flexible utilization. In the future, it can be used in the communication between self-driving cars (Level 3 and above) and pedestrians or vehicle surfaces, making it clearer and easier. Besides, there is also a trend for taillights (RCL, Rear Combination Lamp) of electric vehicles to use Mini LED digital display as a replacement for LCD.

6. Marketing report

The company's main customers and revenue come from the North American region, accounting for 70% of the total revenue in 2023. According to the statistical data, the sales amount of light vehicles in North America arises from 13.9 million units in 2022 to around 15.5 million units in 2023, representing an increase of 11.5%, since the supply of chips and electric components recovered, leading to increase of the amount of vehicle manufactured to fulfill the market demand. Based on our statistical data, there is one vehicle using EOI's product among 10.3 new vehicles, showing our stable market share in North America from the strong cooperation with different partners in the past years.

B. Summary of operation plan of the company and its subsidiaries in 2024

1. Vision:
   (1) To become the leading supplier of innovative automotive light sources worldwide.
   (2) To achieve an annual revenue and profit growth rate of over 20%.
   (3) To establish a sustainable, environmentally friendly, and energy-saving fantastic group

2. Operating strategy:
   (1) Establish a global presence and pursue sustainable profitability.
   (2) Implement ESG policies. Establish a sustainable and happy enterprise that is honest and pragmatic, responsible and innovative, customer-centric, shareholder and employee satisfactory, and delivers excellent performance.
   (3) As the company's development becomes more international, customers in North America have more specific requirements and propose that future operations need to consider geopolitical risks, comply with the "China + 1" strategy, and plan to move to efficient and low-cost locations. Therefore, we are planning to establish our Mexican sub-subsidiary in the next year. Mexico has transportation advantages, lower labor costs, and is also a member of the North American Trade Agreement, which can strengthen the company's competitive advantage in the North American automotive supply chain.
   (4) Continuously improving market share in Taiwan, China, Europe, and Japan, actively seeking strategic cooperation with European vendors to decrease the shipping and delivery time, cost, and carbon tax and strengthen our competitive advantage in the Europe vehicle supply chain.
   (5) Continuously cultivate and establish world-class, leading-edge talent in optoelectronic technology, lean production, and management teams.
   (6) Continuously innovate, develop forward-looking technologies, and take importance to intellectual property rights and domestic and foreign patents.

(7) Implement lean production and continuously upgrade and optimize production line automation to improve manufacturing performance and reduce costs.
(8) Actively respond to global carbon reduction goals. In addition to expanding the depth and breadth of carbon reduction actions, we also actively promote carbon reduction by suppliers, jointly form a sustainable supply chain, and build an EOI carbon reduction system.

3. Material sales and production strategy
Our company aims to become a "global innovative light source leader in the automotive industry." Our marketing strategy includes providing OEM/ODM services and building our brand, and we position ourselves as a Tier-1.5 light source module provider for Tier-1 automotive lamp manufacturers who are required to use our products for new car projects.
(1) Promote innovative LED light sources in the global automotive market, and actively participate in the design of customer’s new products. Achieve the automotive light module leading company through our innovative automotive light components and modules.
(2) Conduct carbon-reducing and energy-saving through wireless and smart signal lights and ESG street lights, and expand the market of energy-saving product
(3) Get into the forward-looking matrix automotive light and large display market through our Mini-LED display
(4) With our unique advantage of vertical integration, we will promote the use of our in-house LED light sources in the research, design, and production of LED modules by world-renowned automotive lighting manufacturers, thereby enhancing our competitive advantage and profitability
(5) Strengthen the production efficiency of EOI Pioneer by implement automatic production line, reduce purchasing costs, targeting to earn profit in 2024
(6) Improve operating process through AI to increase the efficiency of each department, helping to complete works rapidly and focus on our goal
(7) In response to the characteristics of different suppliers, we will implement cost reduction plans, introduce Lean Production, and use ESG principles to create maximum output from limited resources and eliminate waste in our operations.

4. Future development strategy
The company will continue to enhance six core technologies: optics, mechanics, electronics, thermal, LED packaging, and software firmware to provide forward-looking, cost-effective, energy-saving and environmentally friendly LED vehicle light sources, vehicle displays, and vehicle lighting products as our main business projects. This will serve as the foundation for long-term stable development. We will also:
   i. Develop Mini LED pixel pitch display that could be used in vehicle smart dashboard and large display through the mass transfer technology. It is expected to contribute revenue in 2024.

ii. Develop the Adaptive Driving Beam (ADB) with active control of road lighting and detection of surrounding vehicles, which has advantages in energy consumption and control, and will become the trend of the new generation of automotive lighting.

iii. Future automotive image, reality, information, and internet applications will heavily use LED innovative lights. Integrate radar and AI image recognition to develop new application scenarios and expand interactive functions

Integrate the core spirit of ESG into all aspects of production, sales, and research to continuously enhance R&D innovation capabilities and increase revenue and profits..

5. Impact from external competition environment, regulation and the overall business environment

The company is recognized as one of the leading manufacturers of innovative lights by well-known car manufacturers and vehicle light manufacturers in North America, and continues to obtain certifications from key global vehicle light suppliers and has partners in the United States, Taiwan, China, Japan, Germany, etc.

The entry barrier to the automotive light market is high. In addition, the company has design and development capabilities in optics, thermos, mechanism, circuit, LED packaging, software and firmware, carrying out product differentiation and customization during the design stage, and problem-solving skills. As a result, the company is now a preferred supplier of Tier 2 (modules) and Tier 3 (components).

However, recently, affected by the China-US trade war and international geopolitics, the global automobile production supply chain has been changing rapidly, and suppliers at all levels have been required to establish "China + 1" production plans. The automobile industry must be different from its previous layout in order to cope with the risks of regional changes in the overall industry chain.

For our company, the impact of geopolitics has become increasingly significant, creating strong push and pull forces. In order to cooperate with end customers, we pay more attention to the autonomy, security and controllability of the supply chain. From the perspective of the company's long-term development, "localization production" will inevitably become an increasingly important consideration and key in addition to market, efficiency and cost.

Besides, from 2024, the strong U.S. dollar trend over the past year and a half will lack the strength to support its continued strength due to expected declines in inflation and changes in the direction of interest rates, bringing more uncertainties to the international foreign exchange market. The company will carefully plan and implement hedging strategies to reduce the impact of exchange rate fluctuations on the company's profits.

Looking ahead to this year, our on-hand orders start shipping, plus the chip supply problem is gradually resolved, and the global car market is expected to warm up, leading to a positive growth of Europe and America vehicle market sales.

In terms of environmental regulations, our company has formulated relevant operating procedures in accordance with various policy measures and regulations, and issued an "Enterprise

Sustainability Report" to comply with various legal requirements. We will continue to strengthen various management, pay attention to market dynamics at all times, and respond to operational challenges brought about by future industry and overall economic environment changes.

Chairman: Huang, Kuo-Hsin

President: Huang, Fang-Yue

CFO: Lin, Jun-Chou

II. Company Introduction

A. Date of Establishment: June 13, 1995

B. Company History

Month/Year	Milestones
06/1995	Excellence Opto.Inc. (EOI) was established at Dongguang Road, Hsinchu City, with a paid-in capital of NT$ 137.5 million.
10/1995	Installed the first domestic light emitting diode (LED) signal lamp in Hsinchu Science Park.
06/1997	After the capital increase, the paid-in capital was NT$ 137.5 million.
08/1997	Move in Hsinchu Science Park.
10/1998	Obtained ISO 9001:1994 certification
09/1999	After the capital increase, the paid-in capital amounted to NT$ 455.467 million.
06/2000	The light quantity standard laboratory has passed the CNLA certification of Taiwan (The Republic of China).
09/2000	Won the SME Innovation Research Award.
09/2001	The cash capital increased NT$ 120 million, and the paid-in capital after the capital increase was NT$ 575.467 million.
12/2001	Obtained QS9000 certification.
02/2003	Established the subsidiary of Excellence Opto. Inc. in California, USA
03/2004	Obtained TS16949: 2002 certification.
06/2004	The shareholders' meeting passed and the company's Chinese name was changed to EXCELLENCE OPTO. INC. The capital was reduced by NT$ 152.372 million, and the paid-in capital after the capital reduction was NT$ 423.095 million.
10/2005	The company moved from Lixing Road in Hsinchu City to Yanxin Second Road.
05/2006	The strategic shareholder, UMC, was introduced. The capital increased by NT$ 150,000 in cash, and the paid-in capital after the capital increase was approximately NT$ 573.095 million.
08/2006	EOI merged with Lianxin Optoelectronics and Sibao Technology. After the merger, the paid-in capital amounted to NT$887,800.000.
06/2007	The capital was increased by NT$ 50 million, and the paid-in capital after the capital increase was NT$ 938 million.
07/2008	Obtained the world's largest order for LED signs, and shipped more than 500,000 signs.

Month/Year	Milestones
09/2008	The capital was increased by NT$ 50 million, and the paid-in capital after the capital increase was NT$ 988 million.
12/2008	The global market share of LED Christmas light strings reaches 20%.
12/2008	LED signal lights are the third largest supplier in the world.
05/2009	The capital was increased by NT$ 100 million, and the paid-in capital after the capital increase was NT$ 1,088 million.
07/2010	The capital was increased by NT$ 200 million, and the paid-in capital after the capital increase was NT$ 1,288 million.
09/2010	Prepare the stocks issuance.
11/2010	The company is registered as emerging Stock.
03/2011	The employee stock option was transferred to a capital increase of NT$ 0.94 million, and the paid-in capital after the capital increase was NT$ 1.288,94 million.
04/2011	The American subsidiary obtained ISO9001 certification.
11/2011	The corporate operation headquarters building was officially opened in Jhunan Science Park.
12/2011	The employee stock option was transferred to a capital increase of NT$ 150, 000 and the paid-in capital after the capital increase was NT$ 1,289.9 million.
01/2012	Obtained ISO14000 certification.
12/2012	Established EXCELLENCE OPTO. (DONGGUAN) LTD.
03/2013	SL2 street light products won the United States Department of Energy's (DOE) Outdoor Lighting Competition 2012 New Generation Lighting Fixture Award (NGL).
11/2013	e-lite star & Design is registered with the Canadian trademark.
03/2014	The U.S. subsidiary Obtained URS audit certification.
03/2014	Obtained ISO/TS16949:2009 update certification.
04/2014	Established the Spanish subsidiary EXCELLENCE OPTO. SPAIN, S.A. in Madrid.
08/2014	Obtained OHSAS18001：2007 certification
11/2014	Light quantity standard laboratory obtained TAF/ISO17025 update certification.
02/2015	The capital increase in cash was NT$ 278.448 million, and the paid-in capital after the capital increase was NT$1,521.130 million.
11/2015	EOI DG passed ISO14001 certification.
01/2016 09/2016	Acquire Quardra LED patent. Acquired Uniflex patent.

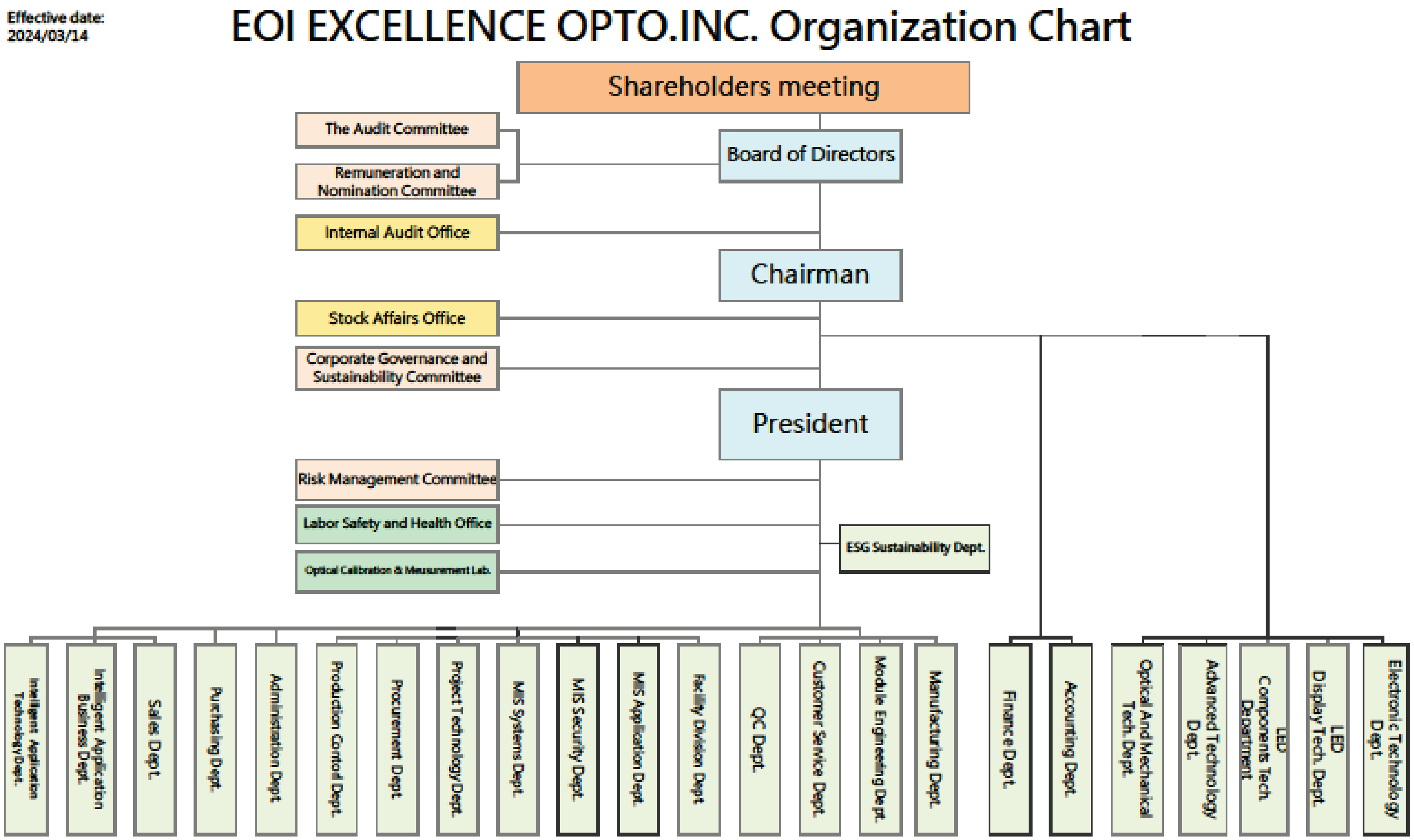
Month/Year	Milestones
01/2017	LED component series products are RoHS (10 items) and Reach (173 items) certified.
02/2017	EOI Headquarter was renewed and obtained ISO 9001:2008 audit certification.
02/2017	EOI DG obtained ISO 9001:2008 audit certification.
02/2017	LXF obtained ISO 9001:2008 audit certification.
02/2017	EOI headquarters was renewed to obtain ISO/TS16949 audit certification.
04/2017	Mass production of Tesla Model 3 taillight module.
04/2017	Renewed URS ISO9001:2009 audit certification in USA.
05/2017	EOI DG obtained ISO/TS16949:2009 audit certification.
05/2017	LXF obtained ISO/TS16949:2009 audit certification.
05/2017	EOI street light series obtained Energy Saving Label certification from the Bureau of Energy, Ministry of Economic Affairs.
07/2017	EOI headquarter was certified by SGS ISO9001:2015.
12/2017	EOI DG was certified by SGS ISO9001:2015.
12/2017	LXF was certified by SGS ISO9001:2015.
04/2018	Purchased a new plant in Michigan, USA, in Dundee.
05/2018	The cash capital increased to NT$392.311 million, and the paid-in capital after the capital increase was NT$1,711.28 million.
05/2018	Companies Listed
08/2018	Obtained ISO14001：2015 certification
11/2018	SAP goes online.
08/2019	Obtained ISO45001：2018 certification
11/2019	EOI and the general manager Ms. Huang, Fang-Yue won the 15th Golden Torch Awards of “Top 10 Outstanding Companies of the Year 2019” and the “Top 10 Outstanding Managers of the Year 2019” respectively which organized by OEMA.
11/2019	EOI headquarters obtained ISO 26262 Functional Safety Management certification.
12/2019	Construction of the second phase of the EOI Headquarters new building officially started.
06/2020	Established the Germany subsidiary EOI GmbH in Stuttgart.
08/2020	EOI is ranked 42nd in the "Top 100 Fast-Growing Companies" survey of Taiwanese companies by CommonWealth Magazine in 2020, among the top 50.
09/2020	EOI and President Huang, Fang-Yue won the "Top Ten Outstanding Companies of the Year" and "Top Ten Outstanding Entrepreneurship Models of the Year".

Month/Year	Milestones
12/2020	Excellence Opto. Inc. is honored with The 2020 Social Innovation–Common Won the 3rd "Social Innovation" Social Good Award by " Association of Sustainable Social Enterprise of Taiwan, ASSET ".
09/2021	Selected by the Ministry of Economic Affairs as "The Sixth Potential Backbone Enterprise"
10/2021	2021 Chinese Public Welfare Festival won the "The 4th Chinese Public Welfare Enterprise Jin Chuan Award"
04/2022	Obtained ISO 14064-1 certification.
10/2022	Chairman Huang Kuo-Hsin, won the honor of excellent businessman of the Gold Merchant Award
11/2022	EOI won the "TCSA Taiwan Corporate Sustainability Awards" -Comprehensive Performance: Taiwan Top 100 Sustainability Model Enterprise Award
11/2022	EOI won the "TCSA Taiwan Corporate Sustainability Awards" - Corporate Sustainability Report: Electronic Information Manufacturing Industry Second Category Gold Award
12/2022	President Huang Fang-Yue won the "2022 Manager Super MVP" award
12/2022	EOI won the 2022 Asia Pacific Outstanding Enterprise Award
06/2023	EOI won the "Corporate Governance Award", "Social Development Award" and "Corporate Sustainability Report Award" of the "Asia Corporate Social Responsibility Awards (AREA)".
07/2023	EOI won the first Linchpin of Asia Awards *2023.*
09/2023	EOI won the 2023" Master Entrepreneur Award" of Asia Pacific Enterprise Awards. President Huang Fang-Yue won the 2023 "Entrepreneur of the year award" of Asia Pacific Enterprise Awards.
09/2023	EOI won the 2023 National Sustainable Citizenship Award - 17th place in the Little Giant Group.
11/2023	EOI won the 2023 SGS ESG Awards.
11/2023	EOI won the "Taiwan Sustainability Enterprise Excellence Award" and "Sustainability Report Silver Award" at the 16th Taiwan Corporate Sustainability Awards (TCSA) in 2023.
12/2023	EOI won the International Innovation Awards 2023.

III. Corporate Governance Report

A. Organization

1. Organizational structure



2. Major Corporate Functions

Departments	Responsibilities and Functions
Chairman office Presidnet Office	1. The formulation and revision of the company's future short-, medium-, and long-term development goals and plans. 2. Supervise each department's implementation of operating plans to achieve the company's operating goals and pursue sustainable operations. 3. Establishment of external public relations.
Internal Audit Office	1. Assist the board of directors to evaluate the soundness, rationality and effectiveness of the internal control system. 2. Measure the effectiveness and efficiency of operations, provide timely improvement suggestions, and reasonably ensure the continuous and effective implementation of the internal control system.
Stock Affairs Office	1. Related matters of the company’s shareholders meeting and board of directors. 2. The company shares the business operations related matters.
Labor Safty and Health Office	1. Planning, execution, supervision and inspection of various operations related to labor safety, health, environmental protection, and emergency response. 2. Collection, sharing, use of safety and health information and other safety and health management measures.
Optical Calibration & Measurement Lab.	1. Follow the National Certification Foundation (TAF) certification system laboratory specifications and ISO17025 specifications. 2. Provide the industry and the company's precise and accurate optical test reports and services.
Finance Department Accounting Department	1. Coordinating the company's financial, accounting, taxation and business analysis matters. 2. The preparation, summary and control of the annual budget. 3. The scheduling and application of various financial activities. 4.
Administration Department	1. The formulation and implementation of administrative systems. 2. Planning, management, and execution of human resources (selection, use, education, retention) operations. 3. Management and maintenance of the company's licenses and members. 4. Contract review and litigation handling. 5. Assist in patent application and management.
MIS system Department MIS Application Department	1. Planning and execution of various computerized information system software and hardware. 2. Planning and implementation of various computer system education and training courses. 3. Assist in the IT application of the work of various departments.
Information Security Department	1. Plan and promote information security governance and formulate the company's overall information security risk management system. 2. Information security incident response and prevention.

Departments	Responsibilities and Functions
Factory Affairs Department	1. Plant maintenance service system normal operation, providing a stable system for the production units. 2. Supervise the evaluation of all projects and maintain the normal operation of all affairs. 3. Various general affairs, general affairs management and operations.
Production Control Department	1. Draft annual production plan and material requirement plan and schedule simulation and management. 2. Capacity planning and management, outsourcing manufacturer management. 3. Coordinate various operations and reduce the backlog of inventory. 4. The establishment of high-quality, short delivery, low cost of production planning, with the least resources to meet customer needs demand. 5. Import and export business.
Purchasing Department	1. The planning and execution of various procurement strategies and plans are based on high-quality, competitive cost and delivery time as an important task. 2. Continue to increase professional and highly reliable suppliers and strategic partners. 3. Familiar with industry and market specifications and costs, continue COST DOWN, and focus on improving the company's competitive advantage as the main goal.
Procurement Department	1. Warehousing, management and receiving and dispatching of various R&D and production materials and materials. 2. Management of various finished product sales and transportation operations. 3. Safety management of warehousing.
Sales department (Northeast Asia Market & Sales, Asia Project & Program, Business Project Management Europe and America Sales)	1. Marketing, sales, and collection of all products of the company. 2. Formulate market strategies, annual business goals, business plans and provide new product ideas. 3. Market trend and intelligence search, summary and analysis. 4. Develop new markets, establish new customers and customer services. 5. Sell inventory to maintain a good inventory turnover rate. 6. Coordinate and clarify all information related to the quotation. 7. According to the project requirements put forward by the customer, convene a project team to conduct feasibility assessment, integrate data, conduct cost analysis and review, and submit a quotation for completion of the review. 8. Integrate the group's quotation information and update the estimated revenue regularly.

Departments	Responsibilities and Functions
Optical and Mechanical Technology Department	1. Car lamp product research and development planning and resource integration / execution design in the fields of optics, mechanism, and heat flow technology. 2. Proofing, trial mass production and commercialization of new products, as well as evaluation of the assembly process and processing instructions. 3. Develop mold fixtures for production needs of new products, review and establish new product specifications and test plans. 4. Establish new product material material number, part acknowledgment, test specifications and the design of engineering data. 5. Related optical test standards and simulation related businesses for product projects.
Advanced Technology Department	1. Car industry product modules are planned in advance to jointly develop new technologies and new product applications with customers. 2. Forward-looking product application design simulations and samples provide customers with advanced development information and integration. 3. The technology integration and innovative design of the optoelectronic thermal forward-looking project obtained advanced technology patents. 4. Execution of business plan objectives to be seeking research intends to acquire new customers modular technology Evolution and niche. 5. Forward-looking project technical supervision and review execution and R&D resources and system integration.
Smart Application Tech. Dept.	1. LED- related energy-saving application product development planning and related resource integration. 2. New energy-saving application product specification establishment, design review and verification plan are scheduled. 3. Integrate the design, development, proofing, trial mass production and optimization of new products. 4. Establish mass production documents for new products and assist in importing products for company marketing.
Electronic Technology Department	1. The OM/AM ODM/OEM development project of car lights is planned and executed in accordance with APQP’s various stages of the schedule. 2. Perform applications for new product evaluation, design, patents, legal collection, technical cooperation, awards, subsidies, etc. 3. Review and establish various new product specifications and design phase plans, and formulate product processes that comply with APQP design and product verification. 4. The implementation of new proofing products, production and commercialization trial design and improvement, undertake business projects end products and related products technology consulting and problem solving.
Project Technology Department	1. Undertake new projects, convene relevant units to conduct feasibility assessment, and submit a feasibility analysis report. 2. Integrate the information of various units and assist the communication between R&D and business to grasp and confirm that the project or product meets the customer's target and price. 3. Provide necessary market-related information for the R&D department, including specifications, prices, technology trends, and future development trends.

Departments	Responsibilities and Functions
Engineering Department (LED Component technology, module engineering)	Component Technology Department: LED component product development research and process design / management. Module Engineering Department: LED module and application product related process design and management. 1. Establishment of engineering technology, setting of process conditions, trial production and introduction of mass production. 2. Sample preparation and development of various derivative new product models, evaluation and improvement of new production equipment, technology and methods. 3. Process analysis and improvement of various products, continuous improvement of yield. 4. OEM product search, evaluation, mass production and other related matters. 5. Assist OEM factory to produce process / quality ability. 6. Perform technical transfer and supervision of the subcontracted processing plant, and establish its production technology and various maintenance technologies.
Manufacturing Department	1. Responsible for the production of various products in the factory. 2. Draw up an annual equipment and manpower requirement plan.
Quality Assurance Department (Component Quality Assurance, Module Quality Assurance)	Component quality assurance : LED components / signal lights / street lights Module Quality Assurance : LED Module 1. Various quality-related assurance, control, and experimentation to improve product quality and yield. 2. Establish various inspection procedures and operating specifications, and control and calibration of measuring instruments. 3. Inspection of various raw materials, semi-finished products and finished products and verification of new products. 4. Quality cost improvement. 5. New vendor evaluation, quality system, product development stage process quality audit and mass production parts approval.
Customer Service Department	1. Serving the various needs of customers and accepting and handling customer complaints. 2. Assist in applications for product certification, factory certification, etc. 3. Quality system (ISO/IATF16949) maintenance operations and document control operations. 4. Coordination and handling of internal and external audits.
Smart Application Sales. Dept.	1. New smart integrated market development. 2. Establish and maintain customer relationships and order management.
LED Display Technology Dept.	1. Development research, design and management of Mini RGB LED components and display screens and other related products. 2. Establish and design product specifications, conduct design reviews and verify plan scheduling.
ESG Sustainability Department	Responsible for the company’s ESG sustainable development 1. Establish and supervise the company’s environmental protection policies and carbon reduction measures. 2. Assist and supervise the company's "Corporate Social Responsibility (CSR)" projects and initiatives. 3. Cooperate with the corporate governance supervisor to supervise the implementation and performance evaluation of corporate governance. Obtain relevant certifications at home and abroad and strive for various awards at home and abroad.

B. Information on The Company's Directors, Supervisors, General Manager, Assistant General Manager, Deputy Assistant General Manager, and The Chiefs of all The Company's Divisions and Branches

1. Profile of Directors

(1) Directors (including independent directors)

April 29, 2024

Title (Note 1)	Name	Nationality or Place of Incorporation, Gender and Age	First Elected Date (Note 2)	Term (Year)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Work Experience (Note 3)	Other Position at the Company or other Companies	Other Officer, Director, or Supervisor who is the Spouse or Relative within Two Degree			Note (Note 4)
					Shares	% (Note 5)	Shares	% (Note 6)	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Kuo-hsin Huang	R.O.C. Male 61-70	2023.05.26 <1996.06.21>	3	229,538	0.13	229,538	0.11	1,530,000	0.71	-	-	· US HP LED business group R&D program/person in charge · Northwestern University /Department of Materials Science & Engineering/PhD · National Taiwan University Department of Mechanical Engineering/Master · National Tsing Hua University department of Materials Science & Engineering/Bachelor · US HP LED business group R&D program/person in charge · United Epitaxy Co., Ltd./Chairman	· EOI EXCELLENCE OPTO. INC. Director & Chairman concurrent CTO · DING JUN INVESTMENT CO.,LTD.person in charge · KUO SHI INVESTMENT CO.,LTD.person in charge · CCJ SERVICE CO., LTD. person in charge · Yu Shin Investment Co., Ltd.person in charge	Director Representative of Institutional Director Senior Manager	Huang, Fang-Yue Huang,Yu-Jyun KUO,KUN-HUA	Spouse Relative in one degree Relative in one degree	(Note 4)
Director	Huang, Fang-Yue	R.O.C. Female 61~70	2023.05.26 <1996.06.21>	3	1,510,000	0.83	1,530,000	0.71			-	-	· National Chengchi University-National Graduate Institute Of Technology, Innovation & Intellectual Property Management/PHD (Studying) · DePaul University Chicago,USA-Graduate School of Computer Science/Master · National Taiwan University EMBA/Master · National Taiwan University Department and Graduate Institute of Library and Information Science/Master · US Price Waterhouse Senior computer consultant · United Epitaxy Co., Lightronlk Technology Inc., LIANXIN OPTO. CO., LTD. and Elite Advanced Laser Corporation. / Director · One of the founders of EOI EXCELLENCE OPTO. INC.	· EOI EXCELLENCE OPTO. INC. Director President · Super Bright Investment Inc. Director · LIANXINFENG OPTO (SHENZHEN) CO., LTD. Chairman concurrent Presitent · EXCELLENCE OPTO. (DONGGUAN) LTD. Chairman concurrent Presitent	Chairman Representative of Institutional Director Senior Manager	Kuo-hsin Huang Huang,Yu-Jyun KUO,KUN-HUA	Spouse Relative in one degree Relative in one degree	(Note 4)
Director	Ding Jyun Investment Co., Ltd.	R.O.C.	2023.05.26 <2001.05.15>	3	28,681,034	15.7	28,681,034	13.35	-	-	-	-	-	-	-	-	-	-

Title (Note 1)	Name	Nationality or Place of Incorporation, Gender and Age	First Elected Date (Note 2)	Term (Year)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Work Experience (Note 3)	Other Position at the Company or other Companies	Other Officer, Director, or Supervisor who is the Spouse or Relative within Two Degree			Note (Note 4)
					Shares	% (Note 5)	Shares	% (Note 6)	Shares	%	Shares	%			Title	Name	Relation	
	Representative: Huang,Yu-Jyun	R.O.C. Male 21~30	2023.05.26 <1996.06.21>		不適用	-	608,075	0.28	-	-	-	-	・National Chiao Tung University Department of Electronics Engineering / Bachelor	・EOI EXCELLENCE OPTO. INC. Engineer ・Ugotit Design Inc. / person in charge	Chairman	Kuo-hsin Huang	Relative in one degree	-
															Director	Huang, Fang-Yue	Relative in one degree	
															Senior Manager	KUO,KUN-HUA	Relative in two degree	
Director	VISION HOLDINGS LTD.	R.O.C.	2023.05.26 <2016.11.21>	3	7,500,000	4.11	7,500,000	3.49	-	-	-	-	-	・Episil Holding Inc. / Institutional Director ・Epileds Co., Ltd. / Institutional Director ・Legal person chairman of Hengda Intelligent Technology (Co., Ltd.)	-	-	-	-
	Representative: Guo,Jheng-Huang	R.O.C. Male 51~60	2023.05.26 <2020.07.15>		Not applicable	-	0-	0-	-	-	-	-	・National Cheng Kung University Institute of Microelectronic / PhD. ・National Chiao Tung University Institute of Lighting and Energy Photonics Associate Professor ・Department of Optics and Photonics, National Central University / Associate Professor ・SOUTH EPITAXY CORPORATION Department of Epitaxy Research / Assistant Manager	・Hermes-Epitek Corp. Department of Technology Development / Department Director ・National Chiao Tung University Institute of Lighting and Energy Photonics / Professor ・Crystalwise Technology Inc. / independent director	-	-	-	-
Director	Yu Shin Investment Co., Ltd.	R.O.C.	2023.05.26 <2011.05.25>	3	796,000	0.44	796,000	0.37	-	-	-	-	-	None	-	-	-	-
	Representative: Chun-Cheng Chen	R.O.C. Male 41~50	2023.05.26 <2011.05.25>		Not applicable	-	1,145,640	0.53	-	-	-	-	・University of Southern California Department of Industrial and Systems Engineering / Master	・SAN WU RUBBER MFG. CO., LTD. / Representative of Institutional Director ・San Wu Textile Co. Ltd. / Representative of Institutional Director ・Tah Yao Textile Co., Ltd. / Representative of Institutional Supervisor ・Tah Lee Textile Co., Ltd. / Director ・Bao Ja Corporation / Director	-	-	-	-

Title (Note 1)	Name	Nationality or Place of Incorporation, Gender and Age	First Elected Date (Note 2)	Term (Year)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Work Experience (Note 3)	Other Position at the Company or other Companies	Other Officer, Director, or Supervisor who is the Spouse or Relative within Two Degree			Note (Note 4)
					Shares	% (Note 5)	Shares	% (Note 6)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Ching-Chi Lai	R.O.C. Male 71~80	2022.05.26 <2018.03.05>	3	-	-	-	-	-	-	-	-	· National Chengchi University Department of Public Finance / Master · Council for Economic Planning and Development, Executive Yuan / Director, Secretary, Director of Finance Department and Director of General Affair Department · Executive Yuan / Vice Secretary-general, Group Leader of No. 4 and No. 5 · Chunghwa Post Co., Ltd.-Chairman · Taiwan Insurance Institute / Chairman · Institute of Financial Law and Crime Prevention / Chairman	· Chung Hua University Department of Finance / Chair Professor · Nanya Technology Co., Ltd. / independent director · Taipei Foundation Of Finance /Director	-	-	-	-
Independent Director	Lu Tingjie	R.O.C. Male 61~70	2023.05.24 <2023.05.24>	2	-	-	-	-	-	-	-	-	· · National Chengchi University Master of Accountancy · Chief Secretary, Financial Supervisory Commission, Executive Yuan S · ecretary-General and Deputy Secretary-General of the Futures Business Association of the Republic of China	· nanshanlife- Independent Director · hyweb-Independent Director · Incorporated legal person Taiwan Financial Engineering Society-Director	-	-	-	Note7
Independent Director	Kun-hong Lai	R.O.C. Male 61~70	2022.05.26 <2022.05.26	3									· Securities and Futures Management Commission of the Ministry of Finance - staff, commissioner, section chief, deputy team leader, etc. · Executive Yuan Financial Supervision and Administration Commission - Jian Ren Secretary · Special Compensation Fund for Automobile Traffic Accidents of Consortium Corporation - Deputy General Manager · EOI Co., Ltd.-Independent Director · Zhiqing Biotechnology Pharmaceutical Co., Ltd. - Independent Director · Yuanta Futures Co., Ltd. - Independent Director · Dongshenghua Pharmaceutical Co., Ltd. - Independent Supervisor	· Yuanta Securities Co., Ltd. - Independent Director · Yida Biotechnology Co., Ltd.- Independent Director · Yuanta Futures Co., Ltd. - Supervisor				

Title (Note 1)	Name	Nationality or Place of Incorporation, Gender and Age	First Elected Date (Note 2)	Term (Year)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Work Experience (Note 3)	Other Position at the Company or other Companies	Other Officer, Director, or Supervisor who is the Spouse or Relative within Two Degree			Note (Note 4)
					Shares	% (Note 5)	Shares	% (Note 6)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Wen-chang Qiu	R.O.C. Male 61~70	2022.05.26 <2022.05.26	3	-	-	-	-	-	-	-	-	· Tamkang University - Ph.D., Department of Finance, School of Business Administration - Doctor of Commerce · Taiwan Futures Exchange Corporation - General Manager	· Mitac Accounting Firm - Accountants · Adjunct Professor, Department of Business Administration, National Taiwan Normal University-School of Management · Intellectual Property and Commercial Court - Commercial Mediation Commissioner · Civil Service Retirement Pension Fund Management Committee - Consultant · Incorporated legal person Taiwan Financial Engineering Society-Director	-	-	-	-

Note 1: Institutional shareholder should be disclosed of its name and the name of its representative separately (noted if the representative is also institutional shareholder, the name of the institutional shareholder should be stated), and fill the table 1.

Note 2: The column shall be filled in the first time that the director or independent director was elected. If there was an interruption, there shall be stated.

Note 3: The experience related to their current position. It shall be disclosed of his/her title and position if the director or independent director served in the engagement accounting firm or associates in prior period.

Note 4:Information on the reasons, reasonableness, necessity and measurement (e.g. increase the number of independent directors, and over half of the board of directors not served at the company, etc.) for relationship of the same, spouse, relative within one degree between chairman and president or the equivalent:

The relationship between the company's chairman and president is spouse; the company believes the relationship could improve the operating efficiency and the execution of strategy. On the other hand, to increase the independence of the board of directors, the corporate governance and the monitor function of independent directors, the chairman has a close and continuous discussion and communication of recent operation and strategies with directors and independent directors. The company also has measurements as followed:

1. The three independent directors are specialized in financial accounting and technology industry area that could improve the monitoring function of these independent directors.
2. Annually arrange external professional training courses for directors to improve the operating effectiveness of board of directors.
3. Independent directors are able to involve the discussion in each functional committee and provide suggestions to board of directors to conduct the corporate governance.
4. Over half of the board of directors does not serve at the company as employees or managers.

Note 5: Shareholding when elected is calculated based on the outstanding shares at the elected date amounted to 171,128,000 shares.

Note 6: Current shareholding is calculated based on the current outstanding shares amounted to 182,684,070 shares.

Note 7: Lu Tingjie was on board on 2023/5/24.

(2) Major Shareholders of the Institutional Shareholders

April 29, 2024

Name of the Institutional Shareholders (Note 1)	Major Shareholders of the Institutional Shareholders (Note 2)
Ding Jyun Investment Co., Ltd.	Lucky World Investments Ltd (96.52%), Huang,Yu-Jyun(1.39%), HUANG,YA-HSUAN (1.05%), HUANG,YU-SHAN (1.04%)
Wei Shan Investment Co., Ltd.	British Virgin Islands Shangjixing International Co., Ltd. (80.00%), Huang Minqi (8.30%), Lu Huiqiang (3.86%), Lin Shuling (4.46%), Huang Meiyun (2.38%), Jieyue Group Ocean Co., Ltd. (1.00%))
Yu Shin Investment Co., Ltd.	Kuo-hsin Huang(100%)

Note 1: Shall be filled in the name of the institution shareholder if the director, supervisor belongs to an institution shareholder.
Note 2: Fill in the major shareholder's name of the institutional shareholder (top 10 shareholders) and its shareholding ratio
Note 3: The above name and shareholding ratio of the institutional shareholder will change to contributors and the contribution ratio if the institutional shareholder does not belong to a business organization

(3) Major Shareholders of the Institutional Shareholders who are the Company's Major Shareholders of the Institutional Shareholders

April 29, 2024

Name of the Institutional Shareholders (Note 1)	Major Shareholders of the Institutional Shareholders (Note 2)
Lucky World Investments Ltd	Kuo-hsin Huang (100%)
BVI Ji Sing International Co., Ltd.	HUANG,MEI-YUN (100%)
JadeYale-CY Company Limited	Xu Jinrong (31.447%), Li Guihua (31.447%), Xu Qingling (37.106%)

Note 1: Shall be filled in the name of the institution if the major shareholder are institutional shareholder listed in table 1 above
Note 2: Fill in the major shareholder's name of the institutional shareholder (top 10 shareholders) and its shareholding ratio
Note 3: The above name and shareholding ratio of the institutional shareholder will change to contributors and the contribution ratio if the institutional shareholder does not belong to a business organization

4.Information on Directors and Independent Directors

(1)Disclosure of expertise and independency of directors and independent directors

April 29, 2024

Criteria / Name	Expertise and experience (Note 1)	Independency (Note 2)	Numbers of other public companies that has the same independent directors
Kuo-hsin Huang	Experience of management, business and research HP LED department research project head in America Chairman of UNITED EPITAXY CO., LTD. Without any affair noted in Article 30 of the Company Act	N/A	0
Huang, Fang-Yue	Experience of management and business Director of UNITED EPITAXY CO., LTD.,Lightronik Technology Inc., SUPER BRIGHT OPTOELECTRONICS INC. and Elite Advanced Laser Corporation Senior Consultant of Price Waterhouse Librarian of Chung-Hua Institution for Economic Research	N/A	0
Ding Jyun Investment Co., Ltd.Representative:Huang,Yu-Jyun	Legal representative is decided by the Legal Person Without any affair noted in Article 30 of the Company Act	N/A	0
Wei Shan Investment Co., Ltd.Representative:Guo,Jheng-Huang	Legal representative is decided by the Legal Person Without any affair noted in Article 30 of the Company Act	N/A	0
Yu Shin Investment Co., Ltd.Representative: Chun-Cheng Chen	Legal representative is decided by the Legal Person Without any affair noted in Article 30 of the Company Act	N/A	0
FORTUNE VENTURE CAPITAL CORP.Representative:Meng Ting Hung	Legal representative is decided by the Legal Person Without any affair noted in Article 30 of the Company Act	N/A	0

Criteria / Name	Expertise and experience (Note 1)	Independency (Note 2)	Numbers of other public companies that has the same independent directors
Ching-Chi Lai	National Chengchi University Institute of Finance - MasterEconomic Development Committee, Executive Yuan - Secretary to the Director, Director of Finance, Director of General Affairs Deputy Secretary-General of the Executive Yuan, Leader of the Fourth and Fifth Groups Chunghwa Post Co., Ltd. – Chairman Chairman of Insurance Business Development Center of Consortium Corporation Chairman of Insurance Crime Prevention Center Department of Financial Management, Chung Hwa University - Chair Professor Nanya Technology Co., Ltd. - Independent Director Taipei Financial Research and Development Foundation – Director More than five years of work experience required by the company's business Relevant independent audits comply with legal norms and have work experience in management, business, finance and legal compliance. Without any affair noted in Article 30 of the Company Act	Independent director with independency, including but not limitied to- himself, or spouse, relative within two degrees are not an employee of the company or associates; own the company's outstanding shares; Not a audit service provider for the company or associates or a business, law, finance or accounting specialist or owner, partner, director, supervisor, manager in the past twe years	1
Lu Tingjie	・National Chengchi University Master of Accountancy ・Chief Secretary, Financial Supervisory Commission, Executive Yuan S・ecretary-General and Deputy Secretary-General of the Futures Business Association of the Republic of China More than five years of work experience required by the company's business Relevant independent audits comply with legal norms and have work experience in management and legal compliance. None of the provisions of Article 30 of the Company Law apply. Experience of management and regulation compliance Supervisor of Securities and Futures Institute Without any affair noted in Article 30 of the Company Act	Independent director with independency, including but not limitied to- himself, or spouse, relative within two degrees are not an employee of the company or associates; own the company's outstanding shares; Not a audit service provider for the company or associates or a business, law, finance or accounting specialist or owner, partner, director, supervisor, manager in the past two years	2

Criteria / Name	Expertise and experience (Note 1)	Independency (Note 2)	Numbers of other public companies that has the same independent directors
Kun-hong Lai	· Securities and Futures Management Commission of the Ministry of Finance - staff, commissioner, section chief, deputy team leader, etc. · Executive Yuan Financial Supervision and Administration Commission - Jian Ren Secretary · Special Compensation Fund for Automobile Traffic Accidents of Consortium Corporation - Deputy General Manager · EOI Co., Ltd.-Independent Director · Zhiqing Biotechnology Pharmaceutical Co., Ltd. - Independent Director · Yuanta Futures Co., Ltd. - Independent Director · Dongshenghua Pharmaceutical Co., Ltd. - Independent Supervisor More than five years of work experience required by the company's business Relevant independent audits comply with legal norms and have work experience in management and legal compliance. None of the provisions of Article 30 of the Company Law apply. Experience of management and regulation compliance Supervisor of Securities and Futures Institute Without any affair noted in Article 30 of the Company Act	Independent director with independency, including but not limitied to- himself, or spouse, relative within two degrees are not an employee of the company or associates; own the company's outstanding shares; Not a audit service provider for the company or associates or a business, law, finance or accounting specialist or owner, partner, director, supervisor, manager in the past two years	2

Criteria / Name	Expertise and experience (Note 1)	Independency (Note 2)	Numbers of other public companies that has the same independent directors
Wen-chang Qiu	・Tamkang University - Ph.D., Department of Finance, School of Business Administration - Doctor of Commerce ・Taiwan Futures Exchange Corporation - General Manager More than five years of work experience required by the company's business Relevant independent audits comply with legal norms and have work experience in management and legal compliance. None of the provisions of Article 30 of the Company Law apply. Experience of management and regulation compliance Supervisor of Securities and Futures Institute Without any affair noted in Article 30 of the Company Act	Independent director with independency, including but not limitied to- himself, or spouse, relative within two degrees are not an employee of the company or associates; own the company's outstanding shares; Not a audit service provider for the company or associates or a business, law, finance or accounting specialist or owner, partner, director, supervisor, manager in the past two years	0

(2) Diversity and independence of the board of directors:

a. Diversity:

Please refer to the topic of Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" in this annual report.

b. Independency:

Please refer to the topic of Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" in this annual report.

Note 1：Expertise and experience：discribe the expertise and experience of each deriectors and supervisors. It shall be stated of their accounting or finance background or work experience and any affair noted in Article 30 of the Company Act for members of the audit committee with accounting or finance expertise.

Note 2：Independent directors shall be stated of his/her independency, including but not limitied to-if himself, or spouse, relative within two degrees are not an employee of the company or associates; own the company's outstanding shares; a audit service provider for the company or associates or a business, law, finance or accounting specialist or owner, partner, director, supervisor, manager in the past twe years

(2) Information about president, vice presidents, assistant vice presidents, and department and branch managers

As of April 29, 2024

Job title (Note2)	Name	gender	Nationality or Place of Registration	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience &Education (Note2)	Current Positions at Everlight and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Title	Title	
Chairman and CTO	Kuo-hsin Huang	Male	R.O.C.	2010.03.09	229,538	0.11	1,530,000	0.71	-	-	· US HP LED business group R&D program/person in charge · Northwestern University /Department of Materials Science & Engineering/PhD · National Taiwan University Department of Mechanical Engineering/Master · National Tsing Hua University department of Materials Science & Engineering/Bachelor · US HP LED business group R&D program/person in charge · United Epitaxy Co., Ltd./Chairman	· EOI EXCELLENCE OPTO. INC. Director & Chairman concurrent CTO · DING JUN INVESTMENT CO.,LTD.person in charge · KUO SHI INVESTMENT CO.,LTD.person in charge · CCJ SERVICE CO., LTD. person in charge · Yu Shin Investment Co., Ltd.person in charge	President Vice President	Huang, Fang-Yue Allan Kuo	Spouse Relatives by blood of spouse	(Note3)
President	Huang, Fang-Yue	Female	R.O.C.	1995.05.01	1,530,000	0.71	229,538	0.11	-	-	· National Chengchi University-National Graduate Institute Of Technology,Innovation & Intellectual Property Management/PHD (Studying) · DePaul University Chicago,USA-Graduate Schoool of Computer Science/Master · National Taiwan University EMBA/Master · National Taiwan University Department and Graduate Institute of Library and Information Science/Master · US Price Waterhouse Senior computer consultant · United Epitaxy Co. and Lightronlk Technology Inc./ Director · One of the founders of EOI EXCELLENCE OPTO. INC.	· EOI EXCELLENCE OPTO. INC. Director President · Super Bright Investment Inc. Director · LIANXINFENG OPTO (SHENZHEN) CO., LTD. Chairman concurrent Presitent · EXCELLENCE OPTO. (DONGGUAN) LTD. Chairman concurrent Presitent	Chairman and CTO Vice President	Kuo-hsin Huang Allan Kuo	Spouse Relatives by blood of spouse	(Note3)
Vice President	Chun-Der Wu	Male	R.O.C.	2010.03.01	72,881	0.03	-	-	-	-	· Yuan Ze University-Department of Mechanical Engineering/Master · Vate Technology Co., LTD. R&D Engineer · EOI EXCELLENCE OPTO. INC. LED Component R&D Department Manager	· Super Bright Investment Inc. Director · EXCELLENCE OPTO. (DONGGUAN) LTD. Director · LIANXINFENG OPTO (SHENZHEN) CO., LTD. Director	-	-	-	-

Job title (Note2)	Name	gender	Nationality or Place of Registration	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience &Education (Note2)	Current Positions at Everlight and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Title	Title	
Vice President	Jack Liu	Male	R.O.C.	2019.05.17	-	-	-	-	-	-	· Lunghwa University-Department of Electronics Engineering/ Bachelor · MLS Co., Ltd. President · EVERLIGHT Electronics Co., Ltd. Director	-	-	-	-	-
CFO	Lin, Jun-Chou	Male	R.O.C.	2020.03.23	-	-	-	-	-	-	· University of Texas at Dallas-Department of Faculty of Business Administration/Master · J.P. Morgan in Taiwan General audit · JPMorgan Chase Bank, N.A., Taipei Branch Associate Manager	-	-	-	-	-
Associate Manager	Efona Laio	Female	R.O.C.	2010.03.15	-	-	-	-	-	-	· China Culture University-Department of Accounting/ Bachelor · UMS MATERIAL CO., LTD. Associate Manager · ACES Electronics Co., Ltd. Finance Associate Manager	EXCELLENCE OPTO. (DONGGUAN) LTD. Chairman Office Special Asistant	-	-	-	-
Associate Manager	Allan Kuo	Male	R.O.C.	2014.09.15	326,249	0.15	709,378	0.33	-	-	· National Tsing Hua University Department of Materials Science & Engineering/PhD · EOI EXCELLENCE OPTO. INC. Manager	EXCELLENCE OPTO. INC .Associate Manager	Chairman and CTO President	Kuo-hsin Huang Huang, Fang-Yue	Spouse of relatives by blood Spouse of relatives by blood	-
Associate Manager	Tony Tsai	Male	R.O.C.	2016.09.02	-	-	-	-	-	-	· National Tsing Hua University Department of Materials Science & Engineering/PhD · Delta Electronics, Inc. Director · LITE-ON Technology Director	-	-	-	-	-

Job title (Note2)	Name	gender	Nationality or Place of Registration	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience &Education (Note2)	Current Positions at Everlight and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Title	Title	
Associate Manager	Alen Yang	Male	R.O.C.	2017.04.28	60,000	0.03	-	-	-	-	‧National Yunlin University of Science and Technology-Mechanical Engineering/Master ‧Donsin Technology company, Ltd. Asia R&D Department Vice President of Technology ‧MERRY ELECTRONICS CO., LTD. HQ R&D Manager ‧Honda Motor Co., Ltd. / Designer of Motor Power ‧Tute Ind Co., Ltd HQ R&D Associate Manager	‧EXCELLENCE OPTO. (DONGGUAN) LTD. Director LIANXINFENG OPTO (SHENZHEN) CO., LTD. Director	-	-	-	-
Associate Manager	Alex Chao	Male	R.O.C.	2017.05.15	30,000	0.02	-	-	-	-	‧National Taiwan University of Science and Technology-Department of Electronic and Computer Engineering	-	-	-	-	-
Associate Manager	TC Chen	Male	R.O.C.	2019.05.13	-	-	-	-	-	-	‧National Tsing Hua University -Department of Power Mechanical Engineering /PhD ‧Kang Da trading Co., Ltd.Quality senior president ‧Wieson Technologies Co., Ltd. R&D President ‧Yang Chyuan Opto-electronic Co., Ltd. R&D vice president ‧Jhong Mong Opto-electronic Co., Ltd. R&D Associate Manager ‧FICTA TECHNOLOGY, INC. R&D senior manager ‧Vanguard INTERNATION Semiconductor Co. R&D Senior Manager	-	-	-	-	-
Associate Manager	Lawrence Tsai	Male	R.O.C.	2020.03.01	30,000	0.01	-	-	-	-	‧Chang Gung University- Department of business and manager / Master ‧EOI EXCELLENCE OPTO. INC. Manager	-	-	-	-	-
Associate Manager	Victor Liang	Male	R.O.C	2022.03.08							‧Master of Geological Sciences, National Taiwan University ‧S OLOMONAssociate _ ‧Director E VERLIGHT ‧TSMC Head					

Job title (Note2)	Name	gender	Nationality or Place of Registration	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience &Education (Note2)	Current Positions at Everlight and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Title	Title	
Factory Director	Frankie Chang Chien	Male	R.O.C	2022.05.16							· Master of Materials Research Institute, Datong Institute of Technology · Director of Mind Electronics · Director of Yili Electronics					
Associate Manager	Rick Wen	Male	R.O.C	2022.07.05							· Bachelor of Industrial Engineering, Tunghai University · Senior Purchasing Manager of Eaton Ferry Mupin · System Electronics Industry CEO Special Assistant and Purchasing Vice President · Purchasing Director of Huayi Electronics					
Associate Manager	Hart Pan	Male	R.O.C	2022.10.13	40,000	0.02					· . Bachelor of Mechanical Engineering, National Taiwan Institute of Technology · Deputy General Manager of Silicon Core Co., Ltd.					
Associate Manager	KCChiang	Male	R.O.C	2024.3.14							· EOI EXCELLENCE OPTO. INC. Manager					
Associate Manager	JessieLin	Female	R.O.C	2024.3.14	40,468	0.02	10,000	0			· EOI EXCELLENCE OPTO. INC. Manager					

Note 1: It is to fill in the current managers as of the printing date of the annual report; it should include the general manager, Vice Presidents, associates, directors of various departments and branches, and any position equivalent to general manager, Vice Presidents or associates, Regardless of Job title, it should be disclosed.

Note 2: The experience related to the current position, if you have worked in a certification audit firm or an affiliated company during the previous disclosure period, you should state the Job title and the responsible position.
Note 3: When the general manager or a person with equivalent positions (the top manager) and the chairman of the board are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors, And there should be more than half of the directors not serving as employees or managers, etc.) related information:
The chairman of the company and the general manager are spouses for each other to improve operating efficiency and decision-making power, but to strengthen the independence of the board of directors; the chairman of the board also closely communicates with directors and independent directors on the company’s current operating conditions and plan guidelines to implement Corporate governance, enhancing the functions of the board of directors and Strengthen the supervision function of independent directors. At present, the company has the following specific measures:

1. The current three independent directors have expertise in the fields of financial accounting and technology industry, and can effectively perform their supervisory functions.
2. Arrange for each director and manager to participate in professional director courses of external institutions every year to enhance the operational effectiveness of the board of directors’ familiarity of manager.
3. Independent directors can fully discuss and make suggestions in each functional committee for the board of directors' reference to implement corporate governance.
4. More than half of the directors of the board of directors do not concurrently serve as employees or managers.

C. Remuneration Paid to Directors, General Manager and Vice President in the most recent year

(1) Payment of remuneration

1. Remuneration of directors (including independent directors):

C. Unit: NT$, in Thousand / %

Job title	Name	Directors' remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (%		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business execution expenses (D)				Salary, Bonuses, and Allowances (E) Severance Pay (F) Employee Compensation (G)		Salary, Bonuses, and Allowances (E) Severance Pay (F) Employee Compensation (G)		Salary, Bonuses, and Allowances (E) Severance Pay (F) Employee Compensation (G)						
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
																Cash	Share	Cash	Share			
Chairman	Kuo-hsin Huang	0	0	0	0	427	427	125	125	552 5.38%	552 5.38%	17,484	25,814	0	561	270	0	270	0	18307 178.54%	27197 265.23%	0
Director	Huang, Fang-Yue																					
Director	Ding Jyun Investment Co., Ltd Representative:Huang,Yu-Jyun																					
Director	VISION HOLDINGS LTD. Representative:Jui-Ching Hu Representative: Guo,Jheng-Huang																					
Director	Yu Shin Investment Co., Ltd. Representative:Chun-Cheng Chen																					
Independent Director	Ting-Jie Lu	2,661	2,661	0	0	0	0	215	215	2,876 28.04%	2,876 28.04%	0	0	0	0	0	0	0	0	0 0%	0 0%	0
Independent Director	Ching-Chi Lai																					
Independent Director	Shu-Yuan Lin																					
Independent Director	Kun-Hong Lai																					
Independent Director	Wen-Chang Qiu																					

Note 1: When the company had a comprehensive re-election on 2011/5/25, an independent director was elected and an audit committee was established to replace the supervisor. The remuneration of directors and independent directors of the company shall be handled in accordance with the provisions of the company's articles of association, and the board of directors shall be authorized to negotiate according to the degree of participation in the company's operations and the value of contributions, and with reference to the usual standards in the industry.

Note 2: Except as disclosed in the above table, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for the parent company/all companies in the financial report/reinvestment enterprises that are not employees, etc.): None.

Note 3: Independent director Shu-Yuan Lin passed away on 2023/2/3.

Note 4: Independent director Ting Jie Lu was elected at the regular meeting of shareholders on 2023/5/24.

Remuneration scale

<table>
<tr><td rowspan="3">Remuneration to each director of the company</td><td colspan="4">Director's name</td></tr>
<tr><td colspan="2">The total amount of the first four remunerations (A+B+C+D)</td><td colspan="2">The total amount of the first seven remunerations (A+B+C+D+E+F+G)</td></tr>
<tr><td>Our company</td><td>Financial report
All companies</td><td>Our company</td><td>Financial report
All companies</td></tr>
<tr><td>Less than 1,000,000</td><td>Kuo-hsin Huang,
Huang, Fang-Yue,
DING JUN INVESTMENT CO.,LTD (Representative:Huang,Yu-Jyun),
VISION HOLDINGS LTD.(Representative:Mei-Chih,Huang),
Yu Shin Investment Co., Ltd.(Representative:Chun-Cheng Chen)
Ching-Chi Lai,
Shu-Yuan Lin,
Kun-Hong Lai,
Wen-Chang Qiu,
Ting-Jie Lu,</td><td>Kuo-hsin Huang,
Huang, Fang-Yue,
DING JUN INVESTMENT CO.,LTD (Representative:Huang,Yu-Jyun),
VISION HOLDINGS LTD.(Representative:Mei-Chih,Huang),
Yu Shin Investment Co., Ltd.(Representative:Chun-Cheng Chen)
Ching-Chi Lai,
Shu-Yuan Lin,
Kun-Hong Lai,
Wen-Chang Qiu,
Ting-Jie Lu,</td><td>DING JUN INVESTMENT CO.,LTD (Representative:Huang,Yu-Jyun),
VISION HOLDINGS LTD.(Representative:Mei-Chih,Huang),
Yu Shin Investment Co., Ltd.(Representative:Chun-Cheng Chen),
Ching-Chi Lai,
Shu-Yuan Lin,
Kun-Hong Lai,
Wen-Chang Qiu,
Ting-Jie Lu</td><td>DING JUN INVESTMENT CO.,LTD (Representative:Huang,Yu-Jyun),
VISION HOLDINGS LTD.(Representative:Mei-Chih,Huang),
Yu Shin Investment Co., Ltd.(Representative:Chun-Cheng Chen),
Ching-Chi Lai,
Shu-Yuan Lin,
Kun-Hong Lai,
Wen-Chang Qiu,
Ting-Jie Lu</td></tr>
<tr><td>NT 1,000,000 (inclusive) ~ NT 2,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT 2,000,000 (inclusive) ~ NT 3,500,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT 3,500,000 (inclusive) ~ NT 5,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT 5,000,000 (inclusive) ~ NT 10,000,000 (exclusive)</td><td></td><td></td><td>Huang, Fang-Yue</td><td></td></tr>
<tr><td>NT 10,000,000 (inclusive) ~ NT 15,000,000 (exclusive)</td><td></td><td></td><td>Kuo-hsin Huang</td><td>Kuo-hsin Huang,</td></tr>
<tr><td>NT 15,000,000 (inclusive) ~ NT 30,000,000 (exclusive)</td><td></td><td></td><td></td><td>Huang, Fang-Yue</td></tr>
<tr><td>NT 30,000,000 (inclusive) ~ NT 50,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT 50,000,000 (inclusive) ~ NT 100,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Over 100,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td></td><td></td><td></td><td></td></tr>
</table>

2. Remuneration of the President and Vice President

Unit: NT$ in thousand

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)
(Note 2)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Bonus and Special expenses, etc. (C)
(Note 3)</th><th colspan="4">Employee compensation amount (D)
(Note 4)</th><th colspan="2">The amount and proportion of the four items A, B, C and D in the net profit after tax (%) (Note 8)</th><th rowspan="3">Receiving remuneration from a subsidiary company or parent company</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statement (Note 5)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statement (Note 5)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statement (Note 5)</th><th colspan="2">The company</th><th colspan="2">All companies in the financial statement (Note 5)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statement (Note 5)</th></tr>
<tr><th>cash Amount</th><th>stock Amount</th><th>cash Amount</th><th>stock Amount</th></tr>
<tr><td>President</td><td>Huang, Fang-Yue</td><td rowspan="3">13,477</td><td rowspan="3">21,245</td><td rowspan="3">240</td><td rowspan="3">801</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">244</td><td rowspan="3">0</td><td rowspan="3">244</td><td rowspan="3">0</td><td rowspan="3">13,961
136.15%</td><td rowspan="3">22,291
217.39%</td><td rowspan="3">0</td></tr>
<tr><td>Vice President</td><td>Chun-Der Wu</td></tr>
<tr><td>Vice President</td><td>Jack Liu</td></tr>
</table>

<u>Remuneration scale</u>

Remuneration levels paid to each general manager and Vice President of the company	Names of general manager and Vice Presidents	
	Our company (Note 7)	All companies in the financial report (Note 8)
Less than 1,000,000		
NT 1,000,000 (inclusive) ~ NT 2,000,000 (exclusive)		
NT 2,000,000 (inclusive) ~ NT 3,500,000 (exclusive)	Jack Liu	
NT 3,500,000 (inclusive) ~ NT 5,000,000 (exclusive)	Chun-Der Wu	Jack Liu , Chun-Der Wu
NT 5,000,000 (inclusive) ~ NT 10,000,000 (exclusive)	Huang, Fang-Yue	
NT 10,000,000 (inclusive) ~ NT 15,000,000 (exclusive)		Huang, Fang-Yue
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 100,000,000		
Total		

Note 1: The names of the general manager and Vice Presidents should be listed separately, and the payment amounts should be disclosed in a summary manner.

Note 2: It is to fill in the salary of the general manager and Vice Presidents in the most recent year, post additions, and severance pay.

Note 3: The amount of bonuses, incentives, carriage fees, special expenses, allowances, dormitories, car allocation and other remunerations provided by the general manager and Vice Presidents in the most recent year is listed.

Note 4: Department of the Republic of China 113 years 2 Yue 29 employees by the amount of remuneration of the Board of Directors date, have not been distributed because the proportion of issuance before the year it is estimated taking into account any of the columns.

Note 5: Refers to the number of shares to be subscribed by the general manager and Vice Presidents who obtained the employee stock option certificates as of the date of publication of the annual report (excluding the executed portion).

Note 6: The total amount of remuneration paid to the general manager and Vice Presidents of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 7: The company pays the total amount of remuneration to each general manager and Vice President, and reveals the names of the general manager and Vice Presidents in the attribution level.

Note 8: The total amount of remuneration paid to each general manager and Vice President of the company by all companies (including the company) in the consolidated report shall be disclosed, and the names of the general manager and Vice Presidents shall be disclosed in the attribution level.

4. The most recent year (2023) dispatch manager remuneration of staff names and loading scenarios:

Unit: NT $ 1000

December 31, 2023

	Job title	Name	Stock amount	Cash amount	total	Proportion of total amount to net profit after tax (%)
Managerial officer	President	Huang, Fang-Yue	0	713	713	6.95%
	CTO	Kuo-hsin Huang				
	Vice President	Chun-Der Wu				
	Vice President	Jack Liu				
	CFO	Tony Lin				
	Factory Director	Frankie Chang Chien				
	Global Marketing Director	Allan Kuo				
	Senior Associate Manager	Alen Yang				
	Senior Associate Manager	TC Chen				
	Senior Associate Manager	Hart Pan				
	Senior Associate Manager	Rick Wen				
	Associate Manager	Efona Liao				
	Associate Manager	Tony Tsai				
	Associate Manager	Lawrence Tsai				
	Associate Manager	Alex Chao				
	Associate Manager	Victor Liang				

Note: Since 2023 employees remuneration for the year has not been paid, the amount of system taking into account any situation before issuing an annual estimate columns.

(2) Analysis of the proportion of the total remuneration paid by the company and all companies in the consolidated statements to the company's directors, supervisors, general managers and Vice Presidents in the net profit after tax of the individual or individual financial reports in the last two years, and explain the remuneration policies and standards Correlation with portfolio, procedures for determining remuneration, and business performance and future risks

The post said	2022		2023	
	The total remuneration paid to the directors, supervisors, general managers and Vice Presidents of the company as a percentage of the net profit after tax of individual or individual financial reports (%)		The total remuneration paid to the directors, supervisors, general managers and Vice Presidents of the company as a percentage of the net profit after tax of individual or individual financial reports (%)	
	Our company	Financial report All companies	Our company	Financial report All companies

Directors and independent directors	21.36	21.36	33.42	33.42
General manager and Vice President	88.20	138.74	136.15	217.39

1. Directors and independent directors:
   The company's remuneration for directors is in accordance with Article 24 of the company's articles of association, and is authorized to be determined by the board of directors in accordance with the extent of their participation in the company's operations and the value of their contributions. Directors' remuneration is in accordance with the provisions of Article 29 of the company's articles of association. ,5% to 15% shall be allocated for employee compensation, which shall be distributed in stock or cash by the resolution of the board of directors. The distribution objects may include employees of affiliated companies who meet certain conditions. The company can increase the amount of profit, which shall be determined by the board of directors. The allocation of no more than 3% shall be the remuneration of the directors. Employee compensation and director compensation shall be reported to the shareholders meeting. However, when the company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate employee remuneration and directors' remuneration based on the proportion of the preceding paragraph; directors and independent directors of the company may receive ride-hailing fees based on actual conditions. The total amount of remuneration is positively correlated with operating performance, and reasonable remuneration is given based on the assessment of future environmental changes and operating risks.

2. President and Vice President:
   The remuneration paid by the company to the general manager and deputy general managers refers to salaries, bonuses, special expenses and employee dividends, etc., which are determined according to their positions and responsibilities, with reference to the standards of similar positions in the industry.

D. Implementation of Corporate Governance

1. Information on Implementation of Board of Directors

The attendance of directors and supervisors of the total 6(A) meetings held in 2022 were as followed:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate % (B/A) (Note 2)	Note
Chairman	Kuo-hsin Huang	5	0	100%	2022/5/26 re-election
Director	Huang, Fang-Yue	5	0	100%	2022/5/26 re-election
Institutional Director	Ding Jun Investment Co., Ltd. Representative: Huang Yujun	5	0	100%	2022/5/26 re-election
Institutional Director Institutional Director	Weishan Investment Co., Ltd. Representative: Huang Meizhi	5 5	0 0	100%	2022/5/26 new appointment
Institutional Director	Yu Shin Investment Co., Ltd. Representative: Chun-Cheng Chen	5	0	100%	2022/5/26 re-election
Independent Director	Qiu Jingbo	5	0	100%	2022/5/26 dismissed
Independent Director	Guo Zongxian	5	0	100%	2022/5/26 dismissed
Independent Director	Lai Qingqi	3	0	100%	2022/5/26 re-election
Independent Director	Lai Kunhong	5	0	100%	2022/5/26 re-election
Independent Director	Qiu Wenchang	5	0	100%	2022/5/26 re-election
Independent Director	Lu Tingjie	3	0	100%	2023/5/24 re-election

Other mentionable items:

1. In the event that the Board of Directors encounters any of the following conditions during the course of its operations, a description of the date, term, and content of the proposed motion of the Board of Directors along with the opinion of the Independent directors and the Company's handling of the Independent directors' opinion shall be provided: None
   (1) Conditions stipulated in Article 14-3 of the Securities and Exchange Act:
   During 2023 and as of the Date of this Annual Report, there were 5 meetings of board of directors held. The resolutions refer to page 110~112 of this annual report. All the items stipulated in Article 14-3 of the Securities and Exchange Act were agreed and approved by all the independent directors.
   (2) Other board meeting decisions that are opposed or reserved by independent directors and have record or written statements: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. Information on Self-assessment of Board of Directors:
   (1) Assessment Frequency: Once per year
   (2) Period of the Assessment: 2023/1/1-2023/12/31
   (3) Scope of the Assessment: Include board of directors, each member of board of directors and each functional committee
   (4) Approach of the Assessment: Self-assessment within board of directors. The evaluation for each item are:
   Excellent (5 points), Great (4 points), Good (3 points), Normal (2 points) and Need Improvement (1 point)
   (5) Content of the Assessment:
   i. Performance assessment of board of directors: Consist of the participation of the company's operation, improvement of strategy quality of board of directors, consistence and structure of board of directors, election of directors and training and internal control
   ii. Performance assessment of each member of board of directors: Consist of understanding of the company's goal and mission, director's duty, participation of the company's operation, management of internal relationship and communication, professionalism of directors and training and internal control
   iii. Performance assessment of each functional committee: Consist of participation of the company's operation,

understanding of the functional committees, improvement of the quality of strategies of the functional committees, election of members of the functional committees and internal control.

(6) Result of the assessment:

i. Self performance assessment of board of directors: self performance assessment of board of directors include 5 area with 22 indicators

Result of the assessment: result of the assessment shown the board of directors has conducted their duties of guide, monitor of corporation strategies, material business and risk management very well and established proper internal control system and the entire operation was great that met the requirement of corporate governance.

5 Area for the Self-Assessment	Indicators	Result
A. Participation of the company's operation	6 items	4.9 points
B. Improvement of strategy quality of board of directors	6 items	4.96 points
C. Consistence and structure of board of directors	5 items	4.95 points
D. Election of directors and training	2 items	5 points
E. Internal control	3 items	4.92 points

ii. Self performance assessment of each member of board of directors: self performance assessment of each member of board of directors include 6 area with 18 indicators

Result of the assessment: result of the assessment shown that each director is positive regarding operating efficiency and effectiveness for each indicator

6 Area for the Self-Assessment	Indicators	Result
A. Understanding of the company's goal and mission	3 items	4.96 points
B. Understanding of director's duty	2 items	4.94 points
C. Participation of the company's operation	6 items	4.98 points
D. Management of internal relationship and communication	2 items	5 points
E. Professionalism of directors and training	3 items	5 points
F. Internal control	2 items	4.94 points

iii. Self performance assessment of each functional committee: self performance assessment of each functional committee include 5 area with 17 indicators

Result of the assessment: result of the assessment shown that the overall operation is fine with the requirement of regulation for corporate governance and is effectively improving the duty of the board of directors

The Audit Committee

5 Area for the Self-Assessment	Indicators	Result
A. Participation of the company's operation	3 items	5 points
B. Understanding of the functional committees	5 items	4.9 points
C. Improvement of the quality of strategies of the functional committees	4 items	5 points
D. Election of members of the functional committees	2 items	5 points
E. Internal control	3 items	5 points

Remuneration and Nomination Committee

5 Area for the Self-Assessment	Indicators	Result
A. Participation of the company's operation	3 items	5 points
B. Understanding of the functional committees	5 items	4.9 points

C. Improvement of the quality of strategies of the functional committees	4 items	5 points
D. Election of members of the functional committees	2 items	5 points
E. Internal control	3 items	5 points

4. BOD performance review for the third party:

   Evaluation period:once for 3 years

   Evaluation time:2021.8.2-2021.9.6

   Evaluation scope:2020.8.1-2021.9.6

   The detail information please refer to the Chinese version of the annual report.

5. The goal and implementation of improvement of board of directors this year and the most recent year (such as establishment of audit committee or improvement of information transparency, etc.):

   (1) The company always operates in accordance with regulations, Articles of Incorporation and resolutions of shareholders meeting. All the directors have the professional knowledge, skills, literacy with principle of good faith and duty of care to conduct their duties and create largest benefits for shareholders. All the material proposals are announced in accordance with the regulations indeed, improving the transparency of information.

   (2) The company has established audit committee and compensation committee to assist the duty of monitoring of board of directors. Further, in order to complete and strengthen the function of monitoring and management, the company also established the "Regulations Governing Procedure for Board of Directors Meetings" and "Principles of Ethical Behavior" to achieve better governing and monitoring function of board of directors.

   (3) The member of board of directors are continuously taking courses related to finance, risk management, business, operating, law, accounting, CSR or internal control, responsibility of financial reporting in spite of the sufficient professional skills they already have at present to improve the understanding of corporate governance. The detail information on such courses please refer to this annual report page 62~65.

Note 1: Director or supervisor belongs to juridical person shall be disclosed for its institutional shareholder's name and the name of the representative.

Note 2: (1) If a director or supervisor resigned before year end, the date of resignation shall be stated in the column Note. The attendance rate shall be calculated based on the number of meetings held and attendance during the period at the position as the company's director or supervisor.

(2)If a director or supervisor is re-elected, the old and new director or supervisor shall all be stated and remark the status and date of election. The attendance rate shall be calculated based on the number of meetings held and attendance during the period at the position as the company's director or supervisor.

2. Information on Implementation of Audit Committee

(1) Establishment of Audit Committee

The audit committee of the company is established by 3 independent directors.The meeting of audit committee will be held at least once per quarter. The audit committee's mission is to help the board of directors to monitor the quality and integrity of the company regarding accounting, internal audit, finance and financial reporting.

The company has established the "Rule of Audit Committee". The operation of audit committee mainly focuses on the following items:

i. Fairly presentation of the company's financial reports

ii. Hiring or dismissal of an attesting CPA and independence and performance review

iii. Implementation of internal control

iv. Compliance of regulations and rules

v. Management of the existing or essential risk of the company

(2) Member of the audit committee:

Title	Name	Education/ Work Experience	Other Position at the Company or other Companies
convener	Lai Qingqi	National Chengchi University Graduate School of Finance Economic Construction Committee of the Executive Yuan - Chief Secretary, Director of Finance, Director of General Affairs Deputy Secretary-General of the Executive Yuan, Team Leaders of the Fourth and Fifth Groups Chunghwa Post Co., Ltd. - Chairman Chairman of the Foundation Insurance Business Development Center Chairman of the Foundation, Insurance Crime Prevention Center	Chair Professor, Department of Financial Management, Chung Hwa University Independent Director of Nanya Technology Co., Ltd. Director of Taipei Financial Research and Development Foundation
member	Lu Tingjie	・National Chengchi University Master of Accountancy ・Chief Secretary, Financial Supervisory Commission, Executive Yuan	Nanshan Life Insurance. - Independent Director Hyweb technology. - Independent Director

Title	Name	Education/ Work Experience	Other Position at the Company or other Companies
		S・ecretary-General and Deputy Secretary-General of the Futures Business Association of the Republic of China	
member	Lai Kunhong	Securities and Futures Administration Commission of the Ministry of Finance - section member, commissioner, section chief, deputy group leader, etc. Executive Yuan Financial Supervisory Commission - Brief Secretary Special Compensation Fund for Automobile Traffic Accidents of Foundation-Deputy General Manager Lianjia Optoelectronics Co., Ltd. - Independent Director Zhiqing Biotech Pharmaceutical Co., Ltd.-Independent Director Yuanta Futures Co., Ltd. - Independent Director Dongshenghua Pharmaceutical Co., Ltd.-Independent Supervisor	Yuanta Securities Co., Ltd. - Independent Director Yida Biotechnology Co., Ltd.-Independent Director
member	Qiu Wenchang	Tamkang University-Doctoral Program in Finance Department of School of Business Administration-Doctor of Business Taiwan Futures Exchange Co., Ltd. - General Manager	Mitac Accounting Firm - Accountant Adjunct Professor, Department of Business Administration, National Taiwan Normal University-College of Management Intellectual Property and Commercial Court - Commercial Mediation Committee Board of Management of the Public Service Pension Fund - Adviser Corporate legal person Taiwan Financial Engineering Society - Director

The Audit Committee is mainly responsible to review the following matters:

i. Stipulate or amend internal control system in accordance with Article 14-1, Securities and Exchange Act.
ii. Review of the effectiveness of the internal comtrol system
iii. Stipulate or amend procedures related to material financial operating activities for acquisition or disposal of assets, derivative transactions, financing provided to others, endorsement or

guarantees provided to others in accordance with Article 361, Securities and Exchange Act.

iv. Matters related to a director's interest
v. Material assets or derivative transactions
vi. Material financing provided to others and endorsement or guarantees provided to others
vii. Public offering, issuing or private placement of securities with nature of equity
viii. Hiring or dismissal of an attesting CPA and the related compensation given thereto
ix. Appointment or discharge of financial, accounting, or internal auditing officers
x. Financial Reports signed by chairman, manager and accounting manager
xi. Other material matters under regulations of the company or government authority

Main working area in 2023:

i. Review of financial reports and communication of key audit matters
ii. Audit and accounting policies and procedures
iii. Internal control system and the related policies and procedures
iv. Corporate Risk Management
v. Material assets and derivative transactions
vi. Material financing provided to others and endorsement or guarantees provided to others
vii. Hiring or dismissal of an attesting CPA, independence assessment and the related compensation given thereto
viii. Information on derivative and cash investments
ix. Appointment or discharge of financial, accounting, or internal auditing officers
x. Regulation Compliance

There were 5 (A) meetings of Audit Committee held in 2023. The attendance information is as followed:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate % (B/A) (Note)	Note
Chairman	Ching-Chi Lai	5	0	100%	
Member	Kun-hong Lai	5	0	100%	
Member	Wen-chang Qiu	5	0	100%	
Member	Lu Tingjie	3	0	100%	2023/5/24on board

Other mentionable items:

1. In the event that the Audit Committee encounters any of the following conditions during the course of its operations, a description of the date, term, the content of the proposed, the independent directors' objections, reservations or major recommendations, the result of the Audit Committee's resolution and the Company's response to the Audit Committee's opinion shall be provided.
   (1) Conditions stipulated in Article 14-5 of the Securities and Exchange Act: refer to the table below.
   (2) Other resolutions not approved by the Audit Committee but passed by more than a two-thirds majority of all Board members: refer to the table below.

Date and Term of the Audit Committee	Content	Objections, from independent directors	Whether the proposal is a matter listed in §14-5 of the Securities and Exchange Act	Not approved be 2/3 audit Committee	Date and Term of the Audit Committee	Action taken by BOD
2023.2.23 (The fourth session of the fifth session)	1. The company's business report, financial statements and consolidated financial statements for the 2022	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	2. Assessment and appointment of the certification accountant's independence and suitability.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	3. The Company's "Internal Control System Statement" in 2022.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	4. The company plans to add new products in the 2023 of Chinaroyal commercial bank Loan amount degree ◦	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	5. It is planned to directly invest in the company's business EOI GROUP INC. to increase the capital amount by US$8 million. ◦	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	6. Formulate the base date for the capital increase of the company by converting corporate bonds and issuing new shares.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	7. The company's earnings distribution statement for the 2022	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	8. The company's earnings distribution and cash dividends in 2022.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	9. The company's remuneration distribution case for employees and directors in 2022.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.

	10. Proposal to amend the company's "Board of Directors Proceeding Standards".	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	11. Plan to amend the company's "Endorsement Guarantee Operating Procedures".	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	12. By-election of independent director seat B and nomination review of independent director candidates.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	13. Formulate plans for matters related to the company's regular shareholders' meeting in 2023.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
2023.5.4 (The fifth session of the five times)	1. 2023 Consolidated Financial Report for Q1	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	2. The company plans to handle the case of increasing the financing quota of financial institutions in the 2023	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	3. The company plans to apply to Wangdao Commercial Bank for increasing the transaction quota of derivative financial products in the 2023th year of the Republic of China.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	4. The company intends to endorse and guarantee the RMB participation of its subsidiary Dongguan Lianjia Optoelectronics Co., Ltd. in the case of tens of millions of yuan。	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	5. EOI LLC (referred to as LLC), the grandson of our company, has PIONEER INC. (abbreviation PIONEER)'s capital loan and proposed one-year extension。	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.

	6. Change case of the company's "Corporate Governance Officer" ◦	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	7. Formulate the general principles for the company's pre-approved non-confidence service policy ◦	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	8. Revise the Company's "Organizational Rules of the Audit Committee" and "Group Risk Management Policy".	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	9. Formulate the base date for the capital increase of the company by converting corporate bonds and issuing new shares.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
2023.8.4 (The 6th Session of the 5th Session)	1. 2023 Consolidated Financial Report for Q2	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	2. As of the end of June 2012, the Company's accounts receivable and overdue amounts other than accounts receivable are not capital loans.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	3. The company plans to handle the matter in the 2023 International Commercial BankFinancing line extension matterscase.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	4. The company plans to apply to Cathay Shihua Commercial Bank for the increase in the transaction quota of derivative financial products in the 2023	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	5. Proposal to amend the company's articles of association.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	6. Plan to amend the company's "Operating Procedures for Fund Loans to Others".	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.

	7. Formulate the base date for capital increase for the company to convert corporate bonds and issue new shares.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	8. The Company plans to handle the issuance of the fourth domestic unsecured conversion corporate bonds.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	9 As of the end of December 2022 and the end of March 2023, the company's accounts receivable and overdue amounts other than accounts receivable were not in the nature of capital loans (recovery). recognize).	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
2023.12.28 (the eighth session of the fifth session)	1.The Company's 2024 Operation Plan and Annual Budget。	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	2. In order to cope with future operational development and realize the localization of the supply chain, it is planned to establish a Mexican subsidiary.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	3. The company plans to handle the matter in the 2023 of China Leasing Co., Ltd.Cases on matters regarding new financing quota。	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	4. The company plans to handle the matter in the 2023 ChinaCooperative Bank Commercial Bank-Toufen BranchMatters concerning new guarantee limit.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.

	5 The company plans to apply to financial institutions for the increase in derivative financial product transaction quotas in 2023。	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	6. The company plans to handle the extension of financing lines from financial institutions in the 2023	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	7. The company plans to apply to financial institutions for the extension of derivative financial product transaction quotas in 2023	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.
	8. Formulate the base date for capital increase for the company to convert corporate bonds and issue new shares.	none	yes	none	All members of the Audit Committee agreed to adopt it.	All directors present agreed to pass.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between independent directors and internal audit officer or CPA (shall including material matters, measurements, results, etc. related to the company's financial and operating situation):
   1. Summary of communications between independent directors and internal audit officer
      Communication channels:
      The internal audit officer was at least once per quarter communicating with independent directors at the regular meeting of audit committee and was at least once per month providing the internal audit report and the following tracking report for deficiencies to describe the status of internal audit plan and the improvement for deficiencies. The internal audit officer may arrange a meeting whenever material matters found.

   Summary of communication in 2023:

Date	Meeting	Content	Action taken by the Company
2023/2/23	Audit Committee	Regular internal audit operation reporting	Report items were reviewed and discussed by the audit committee. The independent directors had no opposite opinion.
2023/5/4	Audit Committee	Regular internal audit operation reporting	Report items were reviewed and discussed by the audit committee. The independent directors had no opposite opinion.
2023/8/4	Audit Committee	Regular internal audit operation reporting	Report items were reviewed and discussed by the audit committee. The independent directors had no opposite opinion.
2023/11/6	Audit Committee	Regular internal audit operation reporting	Report items were reviewed and discussed by the audit committee. The independent directors had no opposite opinion.
2023/12/28	Audit Committee	Regular internal audit operation reporting	Report items were reviewed and discussed by the audit committee. The independent directors had no opposite opinion.

other communication: Independent directors communicate individually with the head of internal audit

Date	Meeting	Content	Action taken by the Company
2023/2/16	Communication meeting (Taipei)	Regular internal audit operation reporting	Questions from independent directors are answered by the audit supervisor on the spot, and there are no other follow-up matters.
2023/4/20	Communication meeting (Taipei)	Regular internal audit operation reporting	Questions from independent directors are answered by the audit supervisor on the spot, and there are no other follow-up matters.

2023/7/21	Communication meeting (Taipei)	Regular internal audit operation reporting	Questions from independent directors are answered by the audit supervisor on the spot, and there are no other follow-up matters.
2023/10/20	Communication meeting (Taipei)	Regular internal audit operation reporting	Questions from independent directors are answered by the audit supervisor on the spot, and there are no other follow-up matters.
2023/12/15	Communication meeting (Taipei)	Regular internal audit operation reporting	Questions from independent directors are answered by the audit supervisor on the spot, and there are no other follow-up matters.

2.Communication channel and summary between independent directors and CPA:
Channel: The company's audit committee and the CPA hold meetings regularly and CPA will report circumstances happened during their audit/review of financial reports and internal control. Further, they will discuss if the update of regulation has material impact to the company or not.
Summary of communication in 2023:

Date	Meeting	Content	Action Taken
2023/2/23	Audit Committee	Annual financial reports	Propose to board of directors after reviewed and approved
2023/5/4	Audit Committee	Quarterly financial reports	Propose to board of directors after reviewed and approved
2023/8/4	Audit Committee	Quarterly financial reports	Propose to board of directors after reviewed and approved
2023/11/4	Audit Committee	Quarterly financial reports	Propose to board of directors after reviewed and approved

The member of the audit committee is able to investigate the business and financial situation anytime and contact CPA as needed. The internal audit officer reports the operation of internal audit to audit committee regularly and will make reports and alert the audit committee whenever any violation or affair that might cause material loss to the company is found.

Note: (1) If an independent director is resigned before the year end, the resigned date shall be disclosed in the column "Note" and the attendance ratio shall be calculated based on the period during the position as independent director.
(2) If an independent director is re-elected before the year end, the name of the old and new independent director shall be denoted and the re-elected date shall be disclosed in the column "Note". The attendance ratio shall be calculated based on the period during the position as independent director.

3. Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The company has established the Corporate Governance Best-Practice Principles based on "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the principles has been approved by the board of directors in 2020 and disclosed on the company's website: https://www.eoi.com.tw/PDFs/Regulation/公司治理實務守則.pdf	No difference.
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has created the spokesman, deputy spokesman system, in-charge person and email address to deal with shareholders' suggestions, doubts and disputes.	No difference.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company always possesses the shareholding status of directors, managers and major shareholders who has over 10% of the company's outstanding shares and announces and declares such information under regulations.	No difference.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The company has established principles for monitoring and administrating of subsidiaries of the company and principles for related party transaction as risk management and firewall system.	No difference.
	✓			

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
(4) Does the company establish internal rules against insiders trading with undisclosed information?			The Company established the procedure for ethical activities against insiders trading with undisclosed information of the Company's securities.	No difference.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		1. The company's "Code of Practice for Corporate Governance" has established a diversity policy. The implementation of the diversity policy is considering operation judgment, operating management, crisis management, industry knowledge and sense of international market and strengthens the structure of the board of directors. The nomination of board of directors members is in accordance with the Article of Incorporation, using the candidates nomination system considering the experience and qualification of the nominees and ensure that the company act in accordance with the "Code of Practice for Corporate Governance" and the "Rule of Election of Board of Directors" as well as the diversity and independence of board of directors members. The specific goal contains but not limited to 1. Basic condition and value: Gender, Age, etc. and 2. Professional knowledge and skills: Professional background, skills or experiences. The members of board of directors of the company normally have the necessary knowledge, skills and literacy to perform their duties. 2. Diversity of the board of directors To strengthen the corporate governance and improve a healthy development of the consistence and structure of the board of directors, the company specially established the Article 20 in	No difference. No difference.

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
			"Code of Practice for Corporate Governance" which indicated the consistence of the board of directors shall consider the diversity. Despite of prohibition of ratio of directors served at the company in the same time not over one-third, other diversity criteria related to the operation, type of operation and requirement of development are indicated in the code including but not limited to: (1) Basic condition and value: Gender, Age, Nationality, Culture, etc., and (2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), skills or experiences. 3. Diversified policy: The board of directors at present consists of 9 directors where independent directors are accounted for 44%, including 4 independent directors with various experience and professionalism such as finance, business and management. In addition, the company also takes importance on the consistence of board of directors regarding the ratio of members' gender. By now, the 9 directors of the company include 2 female, accounted for 22%. The further information of implementation of diversity policy refers to this annual report page 58~59 Note 1.	No difference.
(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	✓		The company has established Compensation Committee and the Audit Committee in accordance with the regulations.	
(3) Does the company establish a standard to measure the performance of the Board, and	✓		To conduct corporate governance better, improve the function of board of directors and establish	No difference.

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
implement it annually and report the results of the performance evaluation to the board of directors and apply them to individual directors' remuneration and nomination of renewal?			performance indicators to improve the efficiency of board of directors, the company established the principle of performance evaluation of board of directors based on the explanation No. 1070025395 from TWSE on 2018/12/27 and approved by the board of directors in their meeting dated December 23, 2020. The company regularly has the board of directors complete the self-assessment to board of directors, member of the board, functional committee to make this performance assessment. The board of directors made the assessment for board of directors, members of board of directors and functional committee and report the assessment in the meeting of board of directors on March 18, 2021 and May 6, 2021, respectively. The further information for the assessment please refer to this annual report page 36~38.	
(4) Does the company regularly evaluate the independence of CPAs	✓		The engagement CPA and accounting firm have no interest relationship with the company and stand their independence. The board of directors discusses the independence and adequacy of the CPA and the appointment every year. The engagement CPA has been approved at the meetings of board of directors held on 2023/2/23. The criteria of the assessment refer to Note 2, page 60-61 of this annual report.	
4. Does the Company established with qualified and appropriate number of corporate	✓		1. The company's Stock Affairs Office is responsible of the preparation of board of directors and	No difference.

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
governance personnel, and designated corporate governance supervisors, responsible for corporate governance related matters (including but not limited to furnish information required for business execution by directors, assist directors and supervisors to follow laws, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, prepare minutes of board meetings and shareholders meetings, etc.			shareholders meeting (including preparing meeting minutes) 2. The company registration and its amendment are performed and maintained by Administration Department.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (include but not limited to shareholders, employees, customers and vendors), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		1. Shareholders: Beside arrangement of the regular shareholders meeting, the company established Stock Affairs Office to deal with shareholders' suggestions, doubts and disputes by specialized employee. 2. Employees: The company not only hold Labor-management meetings regularly that encourage communications between employees and management, but also set a opinion box in the test area to get more opinion from employees to create a two-way communication between employees and the company. 3. The company has established specific department to deal with different stakeholders, such as business department, purchasing department, financing department, etc.. The classification, focusing issues, response, communication ways, and other information please refer to Note 5.	No difference.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has changed the appointed professional shareholder service agency from Taishin International Bank Stock Affairs Agency Department to IBF.	No difference.

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The company has disclosed and announced financial and corporate governace information on the MOPS in accordance with regulations.	No difference.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)?	✓		1.The company has setup the company's website with Chinese and English version and assigned specific employees to allocate, disclose and announce such information on MOPS. The company's website: http://www.eoi.com.tw 2. The Company has also created and followed the spokesman, deputy spokesman system.	No difference.
(3) Does the company announces and declares the annual financial report within two months after the end of the fiscal year, and announces and declares the first, second, and third quarter financial reports and the monthly operating conditions as early as the prescribed period?		✓	The company announced and declares the annual financial report within the period.	
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, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors, etc.)?	✓		1. The company has established rules of employee and operating in accordance with the rules for guarantee of employees' right. Further, the company always hires employees with principles of equality and ability-first regardless of race, gender, age, religion or nationality. The company also prohibits its employees from any discrimination, unfair or sexual harassment affairs under established rules and appeal channels that ensure the employees are in a safety and healthy working environment. The Employee Welfare Committee of the company focuses on being a communicating channel between labor and management and keep pushing the establishment	No difference.

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
			of employee benefit policies to create a harmony working environment that enriches life of employees 2. The company always communicates with employees, vendors, investors and stakeholders under the principle of good faith together with a sincere attitude and uses the most reasonable way to solve problems. The company also provides different channels to announce latest news or make communication, protecting rights for each other. As such, the company did not engage any fight or dispute with employees, vendors, investors and stakeholders 3. Implementation of customer protection or policies: the company has established customer service department with professional customer service personnel that provides a good channel for services and solutions to customers. Further, the company has insured all products into product insurance. In addition, the company has established quality policies to improve quality of products. 4. Aperiodic Ttraining of directors and supervisors: to strengthen the job skills of board of directors, directors of the company attend training and courses for professional knowledge held by the related institution aperiodicly. The information on training and courses that directors attended this year refer to this annual report page 62-65 note 3. 5. Implementation of risk management and criteria of risk assessment: the company focused on its major business following the regulations to	

Evaluation Item	Implementation Status (Note 1)			Reasons and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Abstract Explanation	
			operate policies and establish internal control system, operating process and regulations that decrease and avoid any potential risks. Please refer to the "Risk Management" part of this annual report for further information. 6. Implementation of customer policies: the company keeps close relationship with its customers, updates information on products with their benefits and ensures the reliability and quality of products is on the same level as expected. 7. The information on insurance of directors of the company refer to this annual report page 65 note 4.	
9. Detail the improvement based on the corporate governance assessment result announced by the TWSE Corporate Governance Center in the latest year; propose the urgent matters and actions for the items not improved: The company was rated as the top 6%~20% of the listed companies in the 12023 (10th) Corporate Governance Evaluation and the 6%~10% of the companies with a market value of more than 5 billion yuan to 10 billion yuan. Regarding the performance of governance, the company has strengthened the aspect of "protecting shareholders' rights and treating shareholders equally" among the five rating dimensions. The English version of the meeting notice is uploaded 30 days before the ordinary shareholders' meeting, and the English version is uploaded 7 days before the ordinary shareholders' meeting. The annual report and the company's annual report disclose the implementation of the resolutions of the previous annual general meeting of shareholders; in the aspect of "strengthening the structure and operation of the board of directors", it has strengthened the regular (at least once a year) assessment of the independence of certified accountants, and disclosed the assessment procedures in detail in the annual report; In the aspect of "enhancing information transparency", the annual financial report disclosed in English has been uploaded 7 days before the ordinary shareholders' meeting; in the aspect of "implementing corporate social responsibility", the company's website has been strengthened to disclose the integrity management policy approved by the board of directors, and the specific practices and programs to prevent dishonest behavior.The company will take the evaluation indicators in the area with lower achieving rate as first priority. For those which did not have enough time to improve this year, the company will keep discussing the resolution and will gradually accomplish such improvement in the next few years.				

Note: No matter yes or no, the column of Abstract Explanation should be filling in with explanations.

Note 1：Implementation of diversity policy in the Board of Directors
The professionalism and independence of board of directors
The election system of directors of the company is candidates nomination system. All the candidates are nominated and elected by the shareholders meeting after nominated and reviewed by the board of directors. According to the company's"Code of Practice for Corporate Governance" Article 20 and "Rule of Election of Directors and Independent Directors" Article 2, all the members of the board of directors shall be qualified with necessary knowledge, skills and literacy to perform their duty. To achieve the goal of corporate governance, the necessary abilities are as followed:

1. Operating Judgment
2. Accounting and finance Analysis
3. Management
4. Crisis Management
5. Industry Knowledge
6. Sense of International Market
7. Risk Management
8. Leadership
9. Decision ability

The board of directors consists of 9 directors, including 3 independent directors that are accounted for 33%; further, there are two directors served as management of the company that are accounted for 22% that improve the communication between the board of directors and the management team.

Implementation of professionalism and independence:

Name	Independent Director	Served as the company's employee or not	Operating Judgment	Accounting and finance	Management	Crisis Management	Industry Knowledge	Sense of International Market	Risk Management	Leadership	Decision Ability
Kuo-hsin Huang		V	V	V	V	V	V	V	V	V	V
Huang, Fang-Yue		V	V	V	V	V	V	V	V	V	V
Huang,Yu-Jyun(Note 1)		V	V		V	V	V	V		V	V
Guo,Jheng-Huang(Note 2)			V		V	V		V	V	V	V
Chun-Cheng Chen(Note 3)			V		V	V		V	V	V	V
Ching-Chi Lai	V		V		V	V		V	V	V	V
Lu Tingjie	V		V	V	V	V	V	V	V	V	V
Kun-hong Lai	V		V	V	V	V		V	V	V	V
Wen-chang Qiu	V		V	V	V	V		V	V	V	V

(Note 1)：Representative of Ding Jyun Investment Co., Ltd.

(Note 2)：Representative of Wei Shan Investment Co., Ltd.
(Note 3)：Representative of Yu Shin Investment Co., Ltd.

Implementation of diversity of member of board of directors：

Name of Directors	Nationality	Gender	Age			Professional Background						Professional Skill	Industry Experience
			Under 60	61 to 70	Above 70	Law	Accounting	Industry	Finance	Marketing	Technology		
Kuo-hsin Huang	R.O.C.	Male		V			V	V	V	V	V	V	V
Huang, Fang-Yue	R.O.C.	Female		V			V	V	V	V	V	V	V
Huang,Yu-Jyun(Note 1)	R.O.C.	Male	V				V	V		V	V	V	V
Huang Meizhi (Note 2)	R.O.C.	Female	V				V		V	V	V	V	
Chun-Cheng Chen (Note 3)	R.O.C.	Male	V				V		V	V		V	
Ching-Chi Lai	R.O.C.	Male											
Lu Tingjie	R.O.C.	Male			V	V	V	V	V	V		V	
Kun-hong Lai	R.O.C.	Male		V		V	V			V		V	
Wen-chang Qiu	R.O.C.	Male			V	V	V		V	V		V	

(Note 1)：Representative of Ding Jyun Investment Co., Ltd.
(Note 2)：Representative of Wei Shan Investment Co., Ltd.
(Note 3)：Representative of Yu Shin Investment Co., Ltd.

The company has 9 directors and 4 of them are independent directors, accounted for 44% of total directors. There are also 2 of directors served as management of the company, accounted for 33% of total directors, that the resolutions of the board of directors may express to the management easily.
Specific goal of diversity of the board of directors: Short-term- increase the percentage of independent director to 50%, keep at least one of female director, increase the percentage of academic experience to 50%, expected to be achieve by 2026. Mid-term to long-term- increase the percentage of independent director to 50%, increase female director to 2, increase the percentage of academic experience to 50%
Current status of directors' diversity: the percentage of independent director: 40%, 2 of female directors, percentage of academic experience: 44%

Note 2: Critiria of assessment of CPA independence and competency:
In the regular annual assessment of CPA's independence and competency, the company prepared an "assessment of CPAs' independence and competency" table to perform the assessment for each item that might affect CPAs' independence. The items included but not limited to whether there is any financial interest between the company and the CPAs, CPAs' family, audit engagement team, or the accounting firm except for audit and tax filing fees? Whether there is any kinship or business relationship with the company's directors, supervisors or managers? Whether the

CPA has performed audit for over 7 years? And other independence criteria and independence operating censor items. Further, the company also obtained a statement of independence from the CPAs. And after ensuring the CPAs meet all the above mentioned items and proposed and approved by the Board of Directors and Audit Committee, the company appointed the CPAs for the audit and tax filing services. The assessment for appointed CPA this year is as followed:

Excellence Optoelectronics Inc.

CPA Assessment Form

Date of the Assessment: February 29, 2024

Information on the CPA: ☐Attesting CPA ☐ Nominated CPA CPA: Ming Hui Chen

A. Assessment of Independence Criteria (Any items marked in No shall be investigated)

Item	Content	Mark a "V" in the proper column			Note
		Yes	No	N/A	
01	The CPA, or CPA's spouse or minor has no investment or financial interest relationship with the company.	V			
02	The CPA, or CPA's spouse or minor has no financing providing relationship with the company, except for the case that the principle is a financial institution and such financing providing relationship has a normal condition.	V			
03	The accounting firm does not issue or assist an assurance report for effective operation of financial information system.	V			
04	The CPA or the engagement team members did not serve as directors, managers or other position in the company with significant impact.	V			
05	Other non-audit services are not including significant items with direct impact to the audit service.	V			
06	The CPA or engagement team members do not advocate or act as an agent for the company's shares or other securities.	V			
07	Except for the permitted business according to regulations or acts, the CPA or engagement team members do not provide a legal service or defend for other controversial affair.	V			
08	The CPA or engagement team members has no relationship of spouse, direct relative, direct relative in law or relative in two degree with the directors, managers or other position of the company with significant impact to the audit service.	V			
09	Other partners stepped down less than one year do not serve as directors, managers or other position of the company with significant impact to the audit service.	V			
10	The CPA or engagement team members did not receive high value gift or special favor from the company, directors, managers or major shareholders.	V			

Item	Content	Mark a "V" in the proper column			Note
		Yes	No	N/A	
11	The CPA is not in a position of the company, receiving fixed salary or serve as director or supervisor.	V			
12	Listed Company: The CPA is not attested over 7 years for the audit service. Non-Listed Company: The CPA is not attested over 10 years for the audit service.	V			

B. Assessment of Independence Operating (Any items marked in No shall be investigated)

Item	Content	Mark a "V" in the proper column			Note
		Yes	No	N/A	
01	The CPA has avoided appointed affairs with direct or material indirect interest conflict that might have impact on fairness and independence.	V			
02	The CPA provides audit, review or examination and issues opinion with not only substance but also form of independence.	V			
03	The engagement team members, other partners or institutional shareholders of the accounting firm, the accounting firm itself, associate of the accounting firm and the alliance of the accounting firm are all with independence regarding to the company.	V			
04	The CPA provides professional service with integrity and rigor attitude.	V			
05	When performing the professional service, the CPA stands on the field of fairness and objectivity to avoid impact on professional judgment from bias, interest conflict or interest relationship.	V			
06	There is no lack or lose of independence that makes impact on the CPA's field of fairness and objectivity	V			

C. Other Mentionable Items

Description:
Based on the assessment above performed by the finance and accounting department of the company, there is not inadequate circumstance found.

D. Opinion

☐Pass: Suggest to attest the same CPA
☐Not Pass as concerns with the assessment: Suggest to terminate appointment / change CPA
Description:

Note 3: Training courses for all the board of directors members in 2023

job title	Name	On board date	First On board date	Further study date from	Further study date to	Sponsor	Sponsor Course Name Training Hours	Training Hours	Total hours of further education in the current year
independent director	Lu Tingjie	2023/05/24	2023/05/24	2023/08/29	2023/08/30	The Republic of China Securities and Futures Market Development Foundation	Directors and Supervisors (Including Independent) and Corporate Governance Supervisors Practical Workshop—Taipei Class	12	12.0
director	Huang Fangyu	108/05/30	85/06/21	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6	6.0
Legal person director representative	Huang Meizhi	111/05/26	108/11/01	2023/08/15	2023/08/15	China Corporate Governance Association	How expatriate directors and managers can do a good job in governance	3	6.0
Legal person director representative	Huang Meizhi	111/05/26	108/11/01	2023/04/14	2023/04/14	Taiwan Financial Research and Training Institute	Corporate Governance Lecture No. 158	3	6.0
independent director	Lai Qingqi	108/05/30	107/03/05	2023/09/23	2023/09/23	The Republic of China Securities and Futures Market Development Foundation	Global Prosperity Outlook and Industrial Trends in 2024	3	12.0

job title	Name	On board date	First On board date	Further study date		Sponsor	Sponsor Course Name Training Hours	Training Hours	Total hours of further education in the current year
				from	to				
				2023/08/30	2023/08/30	Taipei Financial Research and Development Foundation	The board of directors of listed OTC companies is in The roles and responsibilities of ESG sustainable governance	3	
				2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6	
independent director	Qiu Wenchang	111/05/26	111/05/26	2023/11/29	2023/11/29	The Republic of China Securities and Futures Market Development Foundation	Legal Compliance Publicity Notes on Insider Equity Transactions	3	6.0
				2023/11/22	2023/11/22	The Republic of China Securities and Futures Market Development Foundation	Sustainable supply chain and circular economy	3	
director	Huang Guoxin	108/05/30	90/05/15	2023/11/18	2023/11/18	Business Development Research Institute	Corporate Governance and Business Sustainability Workshop	3	9.0
				2023/10/13	2023/10/13	The Republic of China Securities and Futures Market Development Foundation	2023 Annual Prevention of Insider Trading Promotion Meeting	3	

job title	Name	On board date	First On board date	Further study date		Sponsor	Sponsor Course Name Training Hours	Training Hours	Total hours of further education in the current year
				from	to				
				2023/07/15	2023/07/15	Business Development Research Institute	Corporate Governance and Business Sustainability Workshop	3	
Legal person director representative	Chen Juncheng	108/05/30	100/05/25	2023/11/18	2023/11/18	Business Development Research Institute	Corporate Governance and Business Sustainability Workshop	3	6.0
				2023/07/15	2023/07/15	Business Development Research Institute	Corporate Governance and Business Sustainability Workshop	3	
Legal person director representative	Huang Yujun	108/05/30	108/05/30	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6	9
				2023/12/18	2023/12/18	The Republic of China Securities and Futures Market Development Foundation	Advanced Seminar on Directors and Supervisors (Including Independent) and Corporate Governance Supervisor Practices	3	
independent director	Lai Kunhong	111/05/26	100/05/25	2023/07/13	2023/07/13	Securities Business Association of the Republic of China	Net zero carbon emissions and corporate governance	3	12.0

job title	Name	On board date	First On board date	Further study date		Sponsor	Sponsor Course Name Training Hours	Training Hours	Total hours of further education in the current year
				from	to				
				2023/05/18	2023/05/18	Securities Business Association of the Republic of China	Financial Consumer Protection Laws and Fair Hospitality	3	
				2023/03/16	2023/03/16	Financial Legal Person and Crime Prevention Center	Propaganda on money laundering prevention and counter-terrorism financing practices and directors' legal obligations and responsibilities	3	

(Note1)：Representative of Dingjun Investment Co., Ltd.

(Note2)：Representative of Weishan Investment Co., Ltd.

(Note3)：Representative of Yuxin Investment Co., Ltd.

Note 4: Insurance Status of the whole members of Board of Directors

Insured	Insurance Company	Coverage	Effective Period of the Insurance	Note
All members of the board of directors and managers	AIG Asia Pacific Insurance Pte. Ltd. Taiwan Branch	USD 3 billion (around NTD 95,250,000)	2022/10/01 to 2023/10/01	1.Reporting date in the board of directors: 2022/08/04 2. Calculated at 1 USD to 31.75 NTD
All members of the board of directors and managers	AIG Asia Pacific Insurance Pte. Ltd. Taiwan Branch	USD 3 billion (around NTD 96,600,000)	2023/10/01 to 2024/10/01	1.Reporting date in the board of directors: 2023/08/04 2. Calculated at 1 USD to 32.2 NTD

Note 5: Classification, Focusing Issues, Communication Ways, Frequency and Responses of stakeholders

(1) Classification, Focusing Issues and Responses

Stakeholders	Focused Issue	Response	Short-term Measurement	Long-term Strategy
Customers	1.Conscientousness and Promises of the Products 2.Learning and development of the career 3.Respectation and Equality of human right of labors 4.Slow down the speed and adjustment regarding the climate change 5.Business ethics and behavior principle	Taking product safety as core value to provide customers best service quality and product safety promise through various management system and certificate of product standard.	Continuously provide design, development and mass production of LED components, LED automotive module and controllers to achieve the expectation of being an international vendor of worldwide automotive light module customer.	Through the results of various environment, society and governance, being a lead vendor of the industry by the overall sustainable performance, and expect to be the most important worldwide vendor of LED automotive modules and automotive electric.

Employees	1.Corporate governance and financial performance 2.Respect and Equality of human right of labors 3.Conscientousness and Promises of the Products 4. Learning and development of the career 5. Business ethics and behavior principle	Taking management of job duty as the core spirit to hire proper talents to the company and also involve the employee training courses to improve the working environment and salaries and benefits for employees.	Strengthen the health and safety of the working environment and improve the employee training and ability. Taking the increase on employee satisfaction as goal, keep improving various internal system and facility.	Establish functional professional specialist and talents training plan and develop and strengthen the knowledge management environment to transfer knowledge effectively and improve the career development and accomplishment of job value of employees
Investors	1. Conscientiousness and Promises of the Products 2. Corporate governance and financial performance 2. Business ethics and behavior principle 4. Learning and development of the career 5. Slow down the speed and adjustment regarding the climate change	In long-term economy trend, involving in sustainable strategy goal has become a central issue of investors. As such, the combination of operation goal and ESG will be the future trend of the company.	Based on the corporate governance roadmap from Financial Supervisory Commission, establish various management system step by step, and conduct various policies and action to improve the operation base of the company with goal of sustainability.	Benchmark sustainable model business, take different area of sustainability into operation decision and target to become a leader of industry ESG performance and bring out growth of economic interest.
Vendors	1. Corporate governance and financial performance 2. Business ethics and behavior principle 3. Slow down the speed and adjustment regarding the climate change 4. Conscientiousness and Promises of the Products 5.Respect and Equality of human right of labors	Establish a long-term cooperation business mechanism from different type of cooperation in the development stage of new products and mass production, to create stable quality and delivery that meets the customers' requirement.	Involve key vendors from the development stage of a new product to accelerate the develop time and quality. Assist the vendors with long-term production forecast and acquisition forecast to receive materials with high quality on time.	Optimize the entire supply chain, establish strategy alliance and improve the purchase process and effectiveness of communication through plan and operating of digitization purchase with VMI to control the risk of raw materials. Plan the sustainable vendor management mechanism, request the vendors to manage on environment and social area gradually.

(2)Communication Channel, Response and Frequency with Stakeholders

Material Stakeholders	Communication ways	Frequency	Description
Customers	• Telephone, E-mail • Visit • Customer Audit, Satisfaction Survey • Abnormal issue meeting	• Anytime • Aperiodic • Annual • Aperiodic	• Instant message communication with customers to provide customer service immediately • Aperiodic visit of customers and communication about the expectation and new product requirement from customers • Customer satisfaction targeted at 85% and achieved 95.44 in 2022. • Provide high efficient and high quality responses to emergencies happened in business operation
Employees	• Performance interview • Employee Satisfaction Survey • Meeting between labor and management • Benefit committee meeting	• Annual • Annual • Every 3 months	• Hold annually to understand the current situation of employee • Hold annually to understand the satisfaction of the company from employee • Hold regularly and arrange additional meetings as needed • Hold regularly and arrange additional meetings as needed • Announce internal information based on the actual situation

	• Internal information announcement • Employee feedback mailbox	• Every 3 months • Anytime • Anytime	• Collect the employee opinion from e-mail and paper
Investors	• Annual shareholders meeting • Meeting of board of directors • Company website • MOPS	• Annual • Quarterly • Aperiodic • Aperiodic	• Hold the shareholders meeting annually in accordance with the Company Act and Articles of Incorporation • Hold the meetings of board of directors every quarter and arrange additional meetings as needed • Update the related public information considering the stakeholders' need • Update the operation announcement on MOPS according to regulations and acts from Financial Supervisory Commission
Vendors	• Assessment of new vendor • Quarterly business review (QBR) • Vendor audit • Environmental risk assessment	• Irregular • Quarterly • Annual • Aperiodic	• Make assessment by the assessment team focusing on customized or cooperating development vendors • Make assessment focusing on the top 5 vendors of each significant materials every quarter • Make key internal audit focusing on the top 3 vendors of each significant materials • Make assessment focusing on the vendors who will provide their services or construction in plants of the company

(3)Contact

Material Stakeholders	Contact
Customers	• Customer Service TEL:+886-37-539000 Contact: Each sales location Email Address: service@eoi.com.tw
Employees	• Employee Service Contact TEL:+886-37-539000 Email Address: staff@eoi.com.tw • Ethic Email Address: right@eoi.com.tw

Investors	• Stock Affairs Office Contact: Alix Liu TEL:+886-37-539000 Email Address: ir@eoi.com.tw • Company Information Spokesman：Wu, Chun-der Vice President TEL:+886-37-539000 Email Address: ir@eoi.com.tw • Stock Transfer Agency IBF Securities Stock Affairs Address: 15F,No 188,Sec.5,Nanjing E.Rd.,Songshan Dist,Taipei, Taiwan (R.O.C) TEL: +886(02)2528-8988 Website: https://www.ibf.com.tw/
Vendors	• Vendor Service TEL:+886-37-539000 Contact: Each sales location Email Address: service@eoi.com.tw

(4) Report of Implementation of Communication with Stakeholders, Content and Frequency

The implementation of Communication with Stakeholders is reported at least once per year in the meeting of board of directors. The implementation of this year was reported in the No.9 meeting of the 11th board of directors on December 28, 2023 by president.

4. Composition, Responsibilities, and Operations of Compensation Committee

(1) Composition of the Compensation Committee Members

Title (Criteria)	Name	Professional qualifications and experience	Independence Criteria	Number of other public companies in which the individual is concurrently serving as a member in Remuneration Committee
Independent Director	Lai Kunhong	Refer to the attachment on page 23-25 Disclosure of expertise and independency of directors and independent directors	Refer to the attachment on page 23-25 Disclosure of expertise and independency of directors and independent directors	2
Independent Director	Lai Qingqi			1
Independent Director	Lu Tingjie			2
Independent Director	Qiu Wenchang			0

(2) Duty of Compensation Committee

The compensation committee is to assist the board of directors to stipulate and review the performance assessment and the compensation policy, system, standard and structure.

The committee shall conduct their duty below with the care of a good administrator, and propose their suggestion to the board of directors for further discussion. Only for the suggestion of compensation of independent directors to the board of directors for further discussion shall be conducted in accordance with the Articles of Incorporation or authorized by the shareholders meeting to evaluate by the board of directors.

i. Review this rules and provide suggestion of amendment regularly

ii. Establish and regularly review the standard of performance assessment, yearly and long-term performance target and the compensation policy, system, standard and structure.

iii. Evaluate directors, independent directors and the managers' accomplishment of the performance target

The committee shall perform the above duties under the following principles:

i. Make sure the compensation of the company is in accordance with related regulations and able to attract great talents

ii. Directors, independent directors and managers' performance assessment and their compensation shall take account normal level with other companies in the same industry together with the result of individual performance assessment and the accomplishment of the company's short-term and long-term business goal, financial position and reasonability of relation of future risk.

iii. Shall not encourage directors and managers to pursue compensation with behavior over the company's risk appetite

iv. The portion of short-term performance related compensation and the time to give variable compensation shall consider the characteristic of the industry and the company

v. Consider the reasonableness when considering the amount and content of the compensation of directors, independent directors and managers. The determination of compensation of directors, independent directors and managers shall not be far from the financial performance. When encounter material decline or long-term deficit, the compensation shall not be higher than previous year.

vi. The member of the committee shall not involve in the discussion and determination of his/her compensation.

vii. Establish critiria of candidate of directors considering their experience, expertise and independence and submit to the board of directors.

viii. Submit the recommended candidates of directors to the board of directors.

ix. Submit the recommended candidates of functional committee (except for compensation committee) to the board of directors.

The compensation mentioned above includes cash, stock option, profit-sharing by shares, retirement benefits or resigned benefits, subsidies or other substance reward measures. The scope shall be consistent with the compensation described in "Regulations Governing Information to be published in Annual Reports of Public Companies"

The compensation of directors and managers' of company's subsidiaries following the authorization that required to be approved from the board of directors of the company shall be suggested from the committee before proposed to the board of directors.

(3) Operation of Compensation Committee

i. The company established the compensation committee on December 21, 2011. The number of members is three.

ii. Period of members for the current term: May 30, 2022 to May 24, 2025

iii. There were 2(A) meetings of compensation committee held in 2021. The title and attendance status are as followed:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate % (B/A) (Note 1)	Note
Chairman	Lai Kunhong	2	0	100%	from 2022/5/26
Member	Lai Qingqi	2	0	100%	from 2022/5/26
Member	Lu Tingjie	1	0	100%	from 2023/8/4
Member	Qiu Wenchang	2	0	100%	from 2022/5/26

Other Mentionable Items:

1. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the compensation committee's opinion: None
2. Resolutions of the compensation committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. The date (term), content, resolution and action taken from the company of the meeting of compensation committee in the most recent year

Date and Term of Compensation	Date and Term of board of directors	Content	Resolution from	Action to the Resolution

committee			Compensation Committee	
February 23, 2023 (the 4th time of the fifth session)	February 23, 2023 (the 5th meeting of the 11th session)	1. The year-end bonus for managers in 2022 and the salary adjustment rules in 2023 1. Selection of the convener of the Salary and Remuneration and Nomination Committee. 2. The company's remuneration distribution case for employees and directors in 2022. 3. By-election of the second independent director seat and nomination review of independent director candidates.	Approved by all the members of the compensation committee	Approved by all the attended directors
December 28, 2023 (the 5th of the fifth session)	December 28, 2023 (the 9th meeting of the 11th session)	1. The year-end bonus for managers in 2022 and the salary adjustment rules in 2023	Approved by all the members of the compensation committee	Approved by all the attended directors

Note 1: (1) If a member of compensation committee is resigned before the year end, the resigned date shall be disclosed in the column "Note" and the attendance ratio shall be calculated based on the period during the position as a member of compensation committee.
(2) If a member of compensation committee is re-elected before the year end, the name of the old and new member of compensation committee shall be denoted and the re-elected date shall be disclosed in the column "Note". The attendance ratio shall be calculated based on the period during the position as a member of compensation committee.

5. Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of listed OTC companies

Evaluation items	Operation status			Differences and reasons for the code of practice for corporate social responsibility of listed companies
	Yes	no	Summary description	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development , which is authorized by the board of directors to handle senior management, and the supervision of the board of directors ?			1. In accordance with the policies and relevant regulations of the Corporate Governance 3.0 - Sustainable Development Blueprint of the Financial Regulatory Commission, EOI actively demonstrates the company's determination for sustainable development, improves the sustainable development (ESG) system, and strengthens the company's competitiveness in the capital market. On November 12, 2020, the board of directors approved the establishment of the "Corporate Governance and Sustainable Management Committee to strengthen ESG (Environmental Protection, Social Responsibility, Governance Corporate Governance), and conduct risk assessments on environmental protection, social responsibility, and corporate governance. To ensure the sustainable governance. To ensure the sustainable operation of the company.	In compliance with the Practice Principles

			2. EOI's "Corporate Governance and Sustainability Committee" is chaired by the Chairman, with the President serving as the Deputy Chairman. The President's Special Assistant also serves as the Head of Sustainability Business. Personnel with over three years of experience in finance, auditing, stock affairs, and meeting procedures provide the necessary information for the directors to perform their duties, assist directors in complying with laws, handle matters related to shareholder meetings and board meetings in accordance with the law, and prepare minutes of meetings. On May 4, 2023, the Board of Directors reappointed Manager Michelle Shung as the dedicated Corporate Governance Officer. On January 1, 2024, the President's Special Assistant, James Hsiao, was concurrently appointed as the Head of the ESG Sustainability Development Department. 3. Since the Board of Directors meeting on May 6, 2021, the progress of sustainable business initiatives has been reported at each board meeting.	
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of			1. Boundary of the risk management: The disclosed information focus on the headquarter of EOI group. 2. Risk Management Policies and Procedures:	In compliance with the Practice Principles

materiality, and formulate relevant risk management policies or strategies?			In response to the global political and economic development trends and changes, EOI formulated the "Risk Management Policy", which was approved by the Board of Directors and revised on May 4, 2023. EOI grasps the relevant risks that may affect the sustainable development of enterprises with a complete risk management organizational structure and practical promotion methods. Through the identification, assessment, control, supervision and communication of potential risks, and qualitative or quantitative management methods, the various risks faced by the group's operations are reduced to a tolerable and controllable range, and used as a reference for the formulation of business strategies, in order to reasonably ensure the achievement of the company's strategic objectives. 3. Risk management organizational structure: (1) The President serves as the Chief Risk Officer, overseeing the execution and coordination of risk management. Department heads and	

			business personnel act as risk management officers, responsible for detecting, identifying, and assessing various risks, and formulating corresponding countermeasures. Detailed rules for the risk management organization are established internally by the company and approved by the President. (2) For different risks, the President also establishes relevant contingency teams based on different events and assigns various responsible managers to oversee the response. When a contingency team is formed, the audit supervisor should be invited to attend and monitor the related risk management activities. (3) In terms of the internal control system, the audit unit is responsible for auditing the implementation status. (4) The Audit Committee regularly hears reports from the company's risk management team, supervises the existing or potential risks faced by the company, and provides suggestions for improvement. 4. (1) On December 23, 2020, the Board of Directors approved the establishment of the company's "Group Risk Management Policy."	

			(2) On May 4, 2023, the Board of Directors approved the first revision. (3) For details on the operation of risk management, please visit our company's website: https://www.eoi.com.tw/Investor/INVESTOR_Risk_Management	
3. Environmental issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics?			1. Based on the TCFD definition of climate-related risk and opportunity categories, our company has identified physical risks, transition risks, and opportunities. Through joint meetings involving the General Manager, internal department heads, and external consultants, we evaluate and focus on climate change risks and potential future opportunities affecting our daily operations. By leveraging the Corporate Governance and Sustainability Committee meetings and staying abreast of domestic and international regulatory trends, we have developed our company's climate change management policy.	In compliance with the Practice Principles
(2) Is the company committed to improving energy efficiency and using recycled materials with low impact on the			Based on the principles of safety and comfort, environmental protection, energy conservation and carbon reduction , the	In compliance with the Practice Principles

environment?			company formulates its environmental management goals and strategies, continuously strives to reduce the use of energy resources and water resources, regularly reviews environmental goals, and adopts appropriate procedures and measures to prevent or mitigate possible impact on the environment.	
(3) Does the company assessed the current and future potential risks and opportunities of climate change, and taken relevant countermeasures?			1. Execute ISO14001 related work promotion and internal/external audit work. 2. According to the environmental impact surface assessment management method, risk assessment and inspection are carried out by each unit on a regular basis every year. 3. According to the green product and operation management procedures, make each unit comply with the international green product requirements. 4. In line with the requirements of the Energy Administration, the annual power saving rate is 1%. 5. Regular maintenance, in line with the Zhunan Park sewage treatment plant management standards.	In compliance with the Practice Principles

(4) Does the company counted the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water reduction or other waste management?			1. EOI's annual statistics on greenhouse gas emissions, water consumption and total waste weight are disclosed in the "Corporate Sustainability Report" for the current year.. 2. As of the publish date of this annual report, the verification of greenhouse gas emissions is still in process. The company's Corporate Governance and Sustainable Management Committee will discuss the proper management process of these issue with each department. The current status please refer to Note 2. 3. EOI followed "Sustainable Development Guide map for TWSE- and TPEx-Listed Companies" launched by FSC to establish the Carbon Footprint Verification and Certification conduction plan in the board of directors' meeting held in 2022 second quarter and reported in the board of directors' meeting quarterly.	In compliance with the Practice Principles
4. Social Issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and			1. In order to fulfill the responsibility of sustainable development of the corporate society and protect the basic human rights of all colleagues,	In compliance with the Practice Principles

international human rights conventions?			customers and stakeholders, the company abides by internationally recognized basic human rights and refers to the "Universal Declaration of Human Rights", "International Labor Organization Tripartite Declaration of Principles" and other international human rights Standards, and strictly abide by domestic labor standards and relevant labor laws and regulations, including freedom of association, caring for disadvantaged groups, prohibition of child labor, elimination of forced labor in various forms, elimination of employment and employment discrimination, protection of employees' legitimate rights and interests, and formulate relevant management policies and procedures in accordance with the law , published on the company's website, and confirms that the human resources application policy does not discriminate in terms of gender, race, socioeconomic class, age, marital and family status, etc., in order to implement employment, employment conditions, remuneration, benefits, training,	

			evaluation and promotion opportunities. Equality and fairness. 2. In order to mitigate human rights risks, the company is committed to improving the working environment and working conditions, taking good care of employees and fulfilling the company's social responsibilities, and regularly holds labor-management meetings to communicate with employees about the company's business and management to ensure employees' safety. rights and mitigation of human rights risks . For situations that endanger labor rights, the company provides an effective and appropriate grievance mechanism to ensure the equality and transparency of the grievance process. The grievance channel is concise, convenient and unobstructed, and appropriate responses are made to employees' grievances. Since 2011 , the training and publicity of this policy has been introduced to new recruits and all employees.	

(2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee remuneration?			1. Overall Remuneration Policy: EOI has formulated relevant salary and bonus measures , and adjusted the salary package with reference to the market and peer conditions. In addition to actively implementing humanistic management and various welfare measures, it also adheres to the concept of profit sharing with employees to attract and motivate outstanding talents. Profits and operating performance are reflected in employee remuneration, and employee remuneration is distributed in proportion to the charter, and the distribution is based on performance evaluation results. The performance evaluation of employees' personal and departmental performance indicators is carried out every year to motivate employees to continue to develop in the department and personal professional fields. The performance evaluation system will also record the achievement of each employee's annual goals and personal development expectations, and conduct two-way communication for supervisor interviews Comments encourage employees to develop and continue their efforts. Employee remuneration, providing	In compliance with the Practice Principles

			employees with fair and reasonable starting salary standards for equal pay for equal work regardless of gender or age , so that wages and benefits are not affected by gender, religion, race, class, or party. The company's articles of association stipulate that if the company has a profit in the year, it should allocate 5 % to 15% as employee compensation. However, the company still has accumulated losses, which should be reserved in advance to make up for it, and then the employee's remuneration should be allocated according to the proportion in the preceding paragraph. 2. Employee Benefits The company has established an employee welfare committee, and the company allocates welfare funds every year to plan and provide high-quality welfare for colleagues, such as: employee travel subsidies, children's education incentives, birthday gifts (gifts), marriage allowances, maternity allowances, funeral allowances, free Employee travel, four festival gifts (gifts), hospitalization condolences, New Year celebrations, etc. The company provides colleagues group	

			insurance, free medical examination, meal allowance and other benefits. In terms of the vacation system, two days a week are off, and special vacations are granted in accordance with the Labor Standards Act. For colleagues who have childcare, major injuries, major accidents, etc., they can also apply for leave without pay, so as to take into account personal and family care. need. The company attaches great importance to the rights and welfare of employees. In terms of hardware facilities, it provides free parking lots, reading books and magazines, breastfeeding rooms, staff restaurants, staff dormitories, etc., to provide employees with convenient daily needs. In terms of taking care of the physical and mental health of employees, we plan on -site massage therapists, annual health check-ups, on- site doctor services , health seminars, etc., to provide employees with stress relief and health care. Workplace Diversity and Equality Men and women have equal pay for equal work and equal opportunities for promotion, promoting sustainable and inclusive economic growth.	

			The company attaches great importance to the rights and welfare of employees, and shares profit and surplus with employees, maintains a good working environment, and includes all-round physical and spiritual care for all ethnic groups : (1) Use disabled colleagues to achieve 100% goals and provide suitable work positions and environment Facilities (2) Implement Filipino colleagues in selection and retention, cultural integration, health and safety, life-work balance, etc. (3) Implement female empowerment in a friendly workplace , so that colleagues of all genders can work with peace of mind.	
(3) Does the company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?			The company is committed to safeguarding "Basic Human Rights of Labor". In order to achieve the goals of "Occupational Safety", "Physical and Physical Health", "Comfortable Environment", "Friendly Workplace", etc., in accordance with the Occupational Safety and Health Law Provide safe and healthy working conditions, comply with occupational safety and health laws and related requirements, eliminate Remove hazards and reduce occupational safety and health risks, and promote	In compliance with the Practice Principles

			employee occupational safety and health consultation and participation. Detailed employee safety and health education and training records are shown in Note 1.	
(4) Does the company establish an effective career development training program for employees?			1. The company attaches great importance to employee training and human development, formulates a training system, strengthens the quality of human resources, and achieves the goal of organizational development, which is also in line with the employee's own development plan. Training, reading clubs, expert training programs, etc. , continue to learn and grow through multiple learning methods, and conduct internal or external professional training courses according to the supervisor training plan or functional professional needs to cultivate the professional key capabilities of colleagues. Actively establish internal lecturers, expect to cultivate professional talents, improve the quality of talents, and achieve the goals of talent cultivation, skill improvement and experience	In compliance with the Practice Principles

			inheritance. 2. Supervisors and colleagues at all levels of the company plan relevant functional training according to their personal work instructions and training maps. During the annual regular performance interviews, the supervisors discuss with the employees and set up their own annual ability development plans. Through regular review and feedback, they help employees to tailor the best career ability development plans.	
(5) Regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards, and formulate relevant policies and appeal procedures for the protection of consumers or customers ’ rights and interests?			1. The company follows the international green laws, and in accordance with the annual EU REACH/RoHS requirements and the US Environmental Protection Agency's TSCA Toxic Substances Management Act's PBT toxic chemical substance management requirements, all product safety components and hazardous substances are monitored and disclosed in product safety. Ingredient list (SDS), 100% health and safety assessment, the product is RoHS compliant. Obtain the ISO26262 functional safety standard certification for the safety design and production of	In compliance with the Practice Principles

			LED automotive lighting modules every year to ensure the quality and safety of all products and reduce the health and safety hazards of potential customers caused by product failures or harmful substances. 2. EOI has formulated a customer satisfaction complaint mechanism and will provide relevant complaint mechanisms for the "customer satisfaction assessment procedure", " customer complaint handling procedure", "communication consultation management procedure", and conduct relevant "satisfaction surveys" for customers every year. And the result of "Customer Scorecard" is to improve customer satisfaction management evaluation mechanism. Through continuous improvement, take customer satisfaction as a bridge to communicate with customers, regularly review, analyze and propose appropriate improvement plans for customer opinions, forming a complete customer satisfaction and complaint handling process.	

			3. The company has long been concerned about the cooperative relationship between the company and its customers or stakeholders, and also abides by the confidentiality contract requirements set by both parties, and in accordance with the requirements of the [Education and Training Operation Procedures], new employees and current employees are required to abide by the company's [Integrity Management Code].	
(6) Has the company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?			1. EOI has formulated the "Purchasing Management Procedures" and "Supplier Management Procedures" to require suppliers and the company to purchase procedures and to follow the principles of ethical behavior. Before establishing a business relationship, the legitimacy of the supplier will be assessed. In order to promote the concept of corporate integrity management to extend to suppliers, the company plans to include human rights clauses in the contracts signed with suppliers in the future, and at the same time ask suppliers to sign the "Supplier Corporate Social Responsibility Commitment" to reflect	In compliance with the Practice Principles

			the implementation status of the supplier's human rights policy. To evaluate new suppliers, and plan to require suppliers to sign the "Manufacturer Integrity Commitment", for supplier environmental assessment and supplier audit, all suppliers are required to abide by the laws and regulations of our country, not illegal production, prohibit the use of child labor, if After inspection, it is found that child labor is used, and it shall be jointly and severally liable for compensation. 2. We will visit and invite suppliers from time to time, conduct direct communication, continue to improve, and hope to achieve the goal of mutual trust and mutual trust. Two-way communication by phone, email and messaging software. And regularly hold supplier meetings and discussions to establish direct communication channels; suppliers hold courses on new products to understand new knowledge and direct communication channels. It is hoped that in the future, all suppliers of the company can comply with the	

			relevant requirements of human rights norms and can still urge suppliers to follow the relevant policies of the company's sustainable operation. Describe the implementation of supplier management policies and related compliance specifications (such as the implementation of supplier self-assessment, coaching or education, performance evaluation, etc.). 3. In order to provide customers with stable, safe and regulatory-compliant products and services, establish a product health and safety and green product evaluation management mechanism, and require product development and design from the research and development stage to prioritize compliance with special directives, such as RoHS, REACH, etc. And conduct supplier evaluations to control and reduce toxicant risks. For special products, suppliers will also be required to issue guarantees that the raw materials do not contain special prohibited substances, such as RoHS...etc.	

			4. For the evaluation of existing suppliers and the evaluation of new suppliers, EOI has formulated supplier management procedures to ensure that the supply chain has and meets the relevant quality (Quality), price (Cost), delivery (Delivery), service (Service), technology (Technology) and corporate social responsibility (CSR) and other norms and competitiveness.	
5. Does the company refer to the internationally accepted report preparation standards or guidelines to prepare reports such as sustainability reports that disclose non-financial information of the company? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?			1. The company's corporate social responsibility report follows the requirements of the GRI Sustainability Reporting Standards (GRI Standards) Core Option (Core) of the Global Sustainability Standards Board (GSSB), and the operating methods for listed companies to prepare and submit corporate social responsibility reports. and the Code of Practice for Corporate Social Responsibility of Listed OTC Companies. 2. Since 2021, our company's sustainability reports have been verified by the third-party verification agency, SGS, to ensure compliance with the GRI Standards Core Option, and to meet the	In compliance with the Practice Principles

			high assurance level of AA1000AS with 2018 Addendum TYPE II. The independent assurance opinion statement issued by the third-party verification agency is also included in the report's appendix. 3. As of the date of printing the annual report, our company's sustainability report for 2023 is still in preparation. It is expected to be publicly disclosed before July 2024.	
6. If the company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed OTC Companies " , please describe the differences between its operation and the prescribed code: The Company has formulated the "Code of Practice for Sustainable Development", and the operation of sustainable development is consistent with the spirit and principles stipulated in the "Code of Practice for Sustainable Development of Listed OTC Companies".				
7. Other important information helpful to understand the implementation of the promotion of sustainable development : ◆ In accordance with the policies and relevant regulations of the Corporate Governance 3.0 - Sustainable Development Blueprint of the Financial Regulatory Commission, EOI actively demonstrates the company's determination for sustainable development, improves the sustainable development (ESG) system, and strengthens the company's competitiveness in the capital market. On November 12, 2020, the board of directors approved the establishment of the "Corporate Governance and Sustainable Management Committee to strengthen ESG (Environmental Environmental Protection, Social Social Responsibility, Governance Corporate Governance), and conduct risk assessments on environmental protection, social responsibility, and corporate governance. To ensure the sustainable operation of the company. ◆ The "Corporate Governance and Sustainable Management Committee" of the company is composed of the chairman as the chairman, the general manager as the deputy chairman, the chief financial officer as the corporate governance director, and the general manager's special assistant as the sustainable business director. Personnel with more than three years of experience in affairs and deliberation provide directors with the information they need to execute their business, assist directors in complying with laws and regulations, handle matters related to shareholder meetings and board				

meetings in accordance with the law, and make minutes of proceedings. And since the board of directors on May 6, 2010, the progress of sustainable business development has been reported in each board of directors.

The business executions in 2023 are as follows:

(1) Plan the meeting schedule of the board of directors and the audit committee, draw up the meeting agenda, assist the chairman to convene the meeting in accordance with the law, and distribute the meeting materials and minutes within the time limit.

(2) After each board meeting, it is responsible for checking the release of important information of important resolutions to ensure the legality and correctness of the content of the information, so as to ensure the equivalence of investors' transaction information.

(3) Assist the directors to perform their duties and improve the effectiveness of the board of directors and be responsible for handling matters required by the directors.

(4) Arrangement of advanced training courses for directors to meet the required training hours by laws and regulations; please refer to page 62-65 of this annual report for the advanced education of all directors.

(5) Assist in the execution of the performance evaluation of the Board of Directors. Please refer to pages 36-38 of this annual report for relevant information.

(6) Handle matters related to the shareholders' meeting in accordance with the law, and announce the procedures manual, annual report and other relevant materials in both Chinese and English before the deadline for meeting the corporate governance evaluation indicators.

(7) Continuously update the company's website information to enable all internal and external stakeholders to understand the company's financial, operational, ESG, and other related information, in order to safeguard the rights and interests of all internal and external stakeholders.

Note 1:

Occupational safety and health implementation results：

1. Monitoring the operating environment：
   Grasp the actual situation of the employees' working environment and assess the employees' exposure status, implement the monitoring of the working environment, so as to improve the working site environment, prevent occupational diseases, and maintain the health of employees, and regularly monitor twice a year.
2. Environmental safety management：
   The company has formulated Workplace Illegal violation prevention procedures, sets up an entry and exit control system, safeguards employees' working rights and provides employees with a safe, comfortable and high-quality work environment that is free from infringement.
3. Health promotion：
   The company implements health inspections, health promotion and health management in accordance with the law to maintain the health of employees and promote the certification of healthy workplaces.
4. Hazard risk factors
   May endanger safety, health, health, or cause financial losses to the company, conduct a comprehensive hazard identification risk assessment, and take appropriate preventive measures or implement necessary control methods to control the risk to an acceptable level.

Year	Number of risk factor assessments
2023	1525
2022	1,200
2021	1,020
2020	810

Work safety performance：

Disaster-free working hours record

Through the management cycle mechanism of safety and health planning, execution, inspection and improvement, improve safety and health awareness, implement comprehensive safety and health management, create a safe and comfortable working environment, promote the concept of zero disasters in the workplace, and eliminate occupational disasters.

Record the time	Annual disaster-free workin	Total cumulative hours worked without disaster
2023/1~2023/12	1,017,891	2,633,053
2022/1/1~2022/12/31	1,010,247	1,615,162
2021/6/17~2021/12/31	604,915	604,915
2021/1/1~2021/6/15	466,243	3,126,612
2020/1/1~2020/12/31	995,002	2,660,369

※A major occupational accident occurred on 2021/6/16, so the record of non-disaster working hours was re-accumulated.

Equipment safety management：

1. Drying equipment

Year	Equipment inspection quantity (sets)
2023	103
2022	98
2021	96
2020	86

2. Automatic check

By implementing automatic inspections to detect defects early, and take preventive measures to prevent occupational disasters and protect workers' safety and health.

➢ Regular monthly inspections

Year	Elevator (times/unit)	Forklift (times/unit)	Explosion-proof electrical (times/unit)
2023	12	12	12
2022	12	12	12
2021	12	12	12
2020	12	12	1

Regular monthly inspections

year	Drying equipment (times)	Local Exhaust Ventilation (times)	Punching and shearing machinery (times)	Forklift (times)	The second type of pressure vessel (times)
2023	103	175	2	1	4
2022	98	203	2	1	6
2021	96	201	2	1	4
2020	86	181	2	1	6

Professional work safety management staff：

- Occupational safety and health affair managers：2 person
- Occupational safety(Health) management specialist：1 person
- Occupational safety and health management personnel：3 person
- Occupational health nurse：1 person
- The organic solvent supervisor：6 person
- Forklift operator：8 person
- Radiation Worker：6 person
- Dangerous goods road transport personnel：2 person
- Hypoxia operation supervisor：1 person

Disabling injury statistics (Disabling accidents: general accidents and minor injuries):

Year	Fatal accidents	Incapacitating accidents
2023	Male：0 Female：0	Male：0 Female：0
2022	Male：0 Female：0	Male：0 Female：0
2021	Male：0 Female：0	Male：1 Female：1
2020	Male：0 Female：0	Male：1 Female：1

Occupational Safety and Health Management System：

- 2014 OHSAS 18001:2007 Occupational Health and Safety Management System certification certified.
- 2019 ISO 45001:2018 conversion certification passed.

Safety and Health Proposal：

Year	Safety and Health Proposal
2023	2
2022	3
2021	3
2020	4

Occupational Safety and Health Education Training：

Year	The total number of new employees in safety and health education training
2023	235
2022	279
2021	259
2020	219

Note 2：Information on water consumption, greenhouse gas and wastes created as of published date of this annual report:

The company follows the regulation to disclaim prevention measures for polluted water and obtain certification. The used water will be emissioned to the sewage treatment plant. The water resource is tap water without any groundwater that does not impact the envirionment nearby. The company also test the water emissioned every half year. The result met the standard of the government authority. In 2021, EOI HQ issioned 18,853m^3 of water and consumed 36,498m^3 of water. The recycle rate of water was higher than 2020, amounted to 25.60562879%。

Year	2020	2021
Water obtained(million L)	32.318	33.684
Water emissioned(million L)	12.423	18.853
Water consumed (million L)	19.895	14.831
Recycled water(million L)	3.992	8.625
Recycle rate of water(%)	10.99	25.60562879
Organization standard usage (thousand)	3,776,717	436,208
Intensity of water took (million L / Organization standard usage)	0.000009	0.00007722
Note： 1. Water consumed＝Water obtained－Water emissioned 2. Recycle rate of water = Water consumed / (Water obtained + Water consumed)*100%		

EOI HQ located in Hsinchu Science Park water consumption standard area, meeting the water consumption standard (in 2020~2023 Chemical Oxygen Demand-500mg/L, Biochemical Oxygen Demand-300mg/L, Suspended Solids-300mg/L) , with no significant impact to water source.

Item	Unit	2020	2021	2022	2023	Standard			
Results meets the water consumption standard (mg/L)						2020	2021	2022	2023
Chemical Oxygen Demand	(mg/L)	77.8	50.95	51.05	29.9	500			
Biochemical Oxygen Demand	(mg/L)	47.2	15.75	18.4	15	300			
Suspended Solids	(mg/L)	15.7	7.95	11.7	5.8	300			

Greenhouse gas consumption

Year	Consumption (tonCO2e)
2020	4871
2021	4593

waste disposal

Unit: ton

Annual	Polluted waste	Normal waste	Recyclable waste	Total
2023	34.921	25.751	34.965	95.637
2022	19.125	42.768	27.99	89.883
2021	30.475	53.639	27.812	111.926
2020	20.67	55.34	17.462	93.472

2. Climate-related information for listed OTC companies

(1) **Implementation of climate-related information**

Item	Execution situation
1. Describe the board and management's oversight and governance of climate-related risks and opportunities.	1. Incorporate climate change issues into the company's comprehensive risk management scope, and regularly convene the convener of the Risk Management Committee to regularly confirm risks and response strategies, and have the audit committee or functional committee at the board level supervise risk management to improve the level of risk management. , and report to the board of directors at least once a year.

2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-term, medium-term, long-term).	2. In order to respond to the various risks and opportunities brought about by climate change, the company has established corresponding risk projects by identifying physical risks and transformation risks, and assessed the impact of these risks on operations and finance in the short, medium and long term. Impact to identify possible potential impacts and effectively formulate corresponding management policies. For details, please refer to the TCFD report on our company's website. https://www.eoi.com.tw/ESG/ESG_Reports_TCFD.
3. Describe the financial impact of extreme climate events and transition actions.	3. For details, please refer to the sustainability report on the company's website and the TCFD report on the company's website. https://www.eoi.com.tw/ESG/ESG_Reports_TCFD.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	4. Set physical risks, transformation risks and opportunity projects based on the climate-related risk and opportunity categories defined by TCFD, and conduct joint meetings with the general manager, heads of internal units and external consultants to evaluate and focus on the company's daily operations. We will formulate the company's climate change management policy through corporate governance and sustainability committee meetings and paying attention to domestic and foreign regulatory trends regarding the climate change risks we will encounter and potential future opportunities.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.	5. For details, please refer to the sustainability report on the company's website and the TCFD report on the company's website. https://www.eoi.com.tw/ESG/ESG_Reports_TCFD.

6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	6. For details, please refer to the sustainability report on the company's website and the TCFD report on the company's website. https://www.eoi.com.tw/ESG/ESG_Reports_TCFD.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. Internal carbon pricing is not yet used as a planning tool.
8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, information such as Explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed.	8. If carbon offsets or renewable energy certificates (RECs) have not been used to achieve relevant goals, the source and quantity of carbon reduction credits or the number of renewable energy certificates (RECs) used should be stated.
9. Greenhouse gas inventory and confirmation, reduction goals, strategies and specific action plans (fill in Table 1-1 and 1-2 separately).	9. Please refer to the following tables 1-1 and 1-2.

1-1 The company's greenhouse gas inventory and confirmation status in the past two years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million yuan) and data coverage of greenhouse gases in the past two years
EOI has introduced ISO 14064-1 greenhouse gas inventory. The greenhouse gas emissions of the Taiwan headquarters in the 2021 were 7,174.81 tons of CO2e.The greenhouse gas emissions of EOI in 2022 were 7,920.1098 tons of CO2e. The density is 1.985 and 2.070.

1-1-2 Greenhouse Gas Confirmation Information

Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.
The greenhouse gas inventory data in 2021 and 2022 have been verified by Taiwan Inspection Technology Co., Ltd. (SGS), a third-party impartial unit, to comply with the reasonable assurance level of ISO 14064-1:2018.

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

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.
The greenhouse gas emissions of EOI are based on 2020 and 2021. The base year data are 6,782.56 tons CO2e and 7,174.82 tons CO2e respectively, with reduction targets. The short-term goal is to reduce greenhouse gas emissions by 5% within five years, the medium-term goal is to reduce greenhouse gas emissions by 50% before 2030, and the long-term goal is to have net zero carbon emissions at all operating sites before 2050. Please refer to the company's sustainability report for details on strategies, specific action plans and achievement of reduction targets.

6. The situation and reasons for the implementation of integrity management and the differences between the integrity management code of the listed company and the listed company

Review estimated term projects	Operation status (Note 1)			Differences and reasons for the code of integrity management of listed companies
	Yes	no	Summary description	
1. Formulate honest management policies and plans (1) Does the company formulate an honest operation policy approved by the board of directors, and clearly indicate the honest operation policy and practice in regulations and external documents, as well as the board of directors and management's commitment to actively implement the operating policy?	✓		The company has formulated the "Code of Integrity Management", and the relevant board of directors and management actively implement it in accordance with the code.	In compliance with the Practice Principles
(2) whether the company established no faith conduct of the risk assessment mechanism, regular analysis and evaluation of business with higher within a range not risk the integrity of the conduct of business activity, and accordingly to provide for prevention is not faith conduct programs and covering at least "publicly traded What are the precautionary measures for each of the actions in the second paragraph of Article 7 of the Code of Corporate Integrity Management?	✓		1. The company has formulated a code of ethical conduct and clearly stated the business policy of honest operation in the management regulations, and actively promotes and implements the implementation of the honest business policy. 2. The company requires suppliers, contractors or other partners to provide written commitments that they will not engage in any illegal business activities and will not provide improper benefits or bribes to colleagues in the company. The company also has a reporting system to provide relevant personnel to report any improper practice.	In compliance with the Practice Principles
(3) Whether the company in preventing not faith conduct programs stipulate operating procedures, behavior guidelines, disciplinary irregularities and complaints system, and the implementation of the implementation and regular review and amendment above-mentioned technical scheme?	✓		The company has established the "Code of Ethical Conduct" and related internal measures. The punishment and complaint system for violations has been clearly established, and it has been publicized and implemented through internal education and training.	In compliance with the Practice Principles
2. Implementing integrity management (1) Does the company evaluate the integrity records of its counterparties and specify the integrity behavior clauses in the contracts it signs with its counterparties?	✓		The company conducts business activities in a fair and transparent manner, and ensures the confidentiality of business information, and respects the business assets and intellectual property of customers and partners.	In compliance with the Practice Principles

Review estimated term projects	Operation status (Note 1)			Differences and reasons for the code of integrity management of listed companies
	Yes	no	Summary description	
			The company's administrative department is part-time to promote the operation of corporate integrity management.	
(2) whether the company set up to promote enterprise operating in good faith under the Board of dedicated (and) unit, and periodically (at least annually) to report its integrity management policy and prevention to the Board no faith conduct and supervise the implementation of the program situation?	✓		The company has formulated the "Code of Ethical Conduct", "Code of Integrity Management", "Integrity Management Operating Procedures and Behavior Guidelines", and reporting channels. The implementation aspects are as follows: 1. Unscheduled internal promotion by all staff 2. Introduce newcomer training and in-service personnel training. 3. The integrity code is included as part of the annual performance appraisal. 4. The employment contract is updated and the employee shall not violate the legal provisions of the integrity code. 5. At least once a year, the board of directors will report the implementation status	In compliance with the Practice Principles
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	✓		All business activities of the company are carried out in accordance with the law, and significant information will be released in accordance with the law to achieve information transparency; if the board of directors votes on conflicts of interest, they must avoid.	In compliance with the Practice Principles
(4) Has the company established an effective accounting system and internal control system for the implementation of honest operation, and has it regularly checked by an internal audit unit, or has it entrusted an accountant to perform the check?	✓		The company has established an effective accounting system and internal control system, which are operating normally, and are checked by the audit office in accordance with the audit plan, and monthly audit reports are issued to independent directors for review. In addition, it is also reported to the competent authority in accordance with regulations.	In compliance with the Practice Principles
(5) Does the company regularly organize internal and external education and training on integrity management?	✓		It has been planned and implemented in the course.	In compliance with the Practice Principles

Review estimated term projects	Operation status (Note 1)			Differences and reasons for the code of integrity management of listed companies
	Yes	no	Summary description	
3. The operation of the company's whistle blowing system (1) Does the company formulate a specific reporting and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?	✓		We encourage internal and external staff report is not faith conduct or misconduct, according to their report violations of the seriousness of the case, have the discretion hair incentive, if any false or malicious insiders allegations of violations, shall be subject to disciplinary action, up major should be Dismissal.	In compliance with the Practice Principles
(2) Has the company established standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	✓		The company maintains a confidentiality mechanism for all informants.	In compliance with the Practice Principles
(3) Does the company take measures to protect the informant from being improperly handled as a result of the report?	✓		The company maintains a confidentiality mechanism for all informants, so no informant has been improperly handled due to the report.	In compliance with the Practice Principles
4. Strengthen information disclosure Does the company disclose on its website and public information observatory the content and promotion effect of its code of integrity management?	✓		The company has established the "Code of Integrity Management" and has disclosed relevant information on the company's website and public information observatory.	In compliance with the Practice Principles
5. If the company has its own code of integrity management in accordance with the "Code of Integrity Management of Listed OTC Companies", please state the difference between its operation and the established code: The company has formulated a code of integrity management, and plans to conduct relevant training and increase publicity in new personnel training courses to implement the spirit of this code.				
6. Other important information that helps to understand the company's integrity management operations: None.				

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

7. If the company has formulated a corporate governance code and related regulations, it should disclose its inquiry method:

The company has formulated the "Corporate Governance Code of Practice", "Ethical Business Code" and related operating regulations, and related information is disclosed in the public information observatory and the company's website http://www.eoi.com.tw.

8. Other important information that is sufficient to enhance the understanding of corporate governance operations may be disclosed:

1. **Policies and Strategies:**
   1.1 The board of directors operates in accordance with the laws, the company's articles of association and the resolutions of the shareholders' meeting. In addition to possessing the necessary professional knowledge, skills and qualities to perform their duties, all directors act on the principle of loyalty and integrity and their duty of care to create the greatest interests for all shareholders. , all important proposals are announced at the Public Information Observatory in accordance with the law, and the information is indeed disclosed and information transparency is improved.
   1.2 EOI has adopted the "Integrity Business Code", "Corporate Governance Practice Code", "Corporate Social Responsibility Practice Code", "Board of Directors Performance Evaluation Methods" and other standards at the board of directors.
   1.3 Every year, board members continue to take courses covering finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility and other topics related to corporate governance, or courses related to internal control systems and financial reporting responsibilities beyond their professional capabilities to improve the directors' Members' understanding and implementation of corporate governance.
   1.4 The Audit Committee and the Salary and Remuneration and Nomination Committee assist the Board of Directors in performing their duties and supervisory responsibilities. In order to improve the supervisory function and strengthen the management function, they also formulate the "Board Meeting Standards" and promulgate the "Ethical Code of Conduct", hoping to establish the Board of Directors more effectively. governance system and improve supervision functions.

2. **Management evaluation mechanism:**According to the performance evaluation method of the board of directors, the board of directors and each functional committee conduct an internal evaluation once a year.
   2.2 The company conducts external performance reviews every three years.

3. **Performance and Adjustment:**In the 10th " 2023 Annual Corporate Governance Assessment Ranking" of the Stock Exchange, EOI has risen for three consecutive years, maintaining 6% to 20% among all listed companies; in the category with a market value of more than 5 billion yuan to 10 billion yuan, it has maintained 6% to 10% grade.
   3.2 Performance evaluation results of the Board of Directors and functional committees in 2023:
   The board of directors' self-evaluation score is 4.95.
   The self-evaluation of the performance of board members is 4.97.
   The self-evaluation of functional committee performance is 4.98.
   3.3 The company appoints external professional independent institutions or experts and scholars to conduct an external performance evaluation every three years. It is expected to conduct an external director performance evaluation in 2024.

4. **Results of the 2021 External Performance Evaluation of the Board of Directors: :**
   4.1 EOI respects the opinions of independent directors. In addition to reporting audit results and tracking improvements to the board of directors and functional committees, the internal audit manager arranges closed-door meetings to communicate and discuss with independent

directors outside the company (Taipei) so that they can Give full play to the functions of independent directors and assist the company in making the best decisions.

4.2 EOI added the function of the Nomination Committee in 2011 and renamed the Salary and Remuneration Committee as the "Salary, Remuneration and Nomination Committee". In the future, the committee will select candidates for the Board of Directors. This shows that the Company proactively implements the corporate governance system to enhance the effectiveness of the Board of Directors and create company value.

4.3 EOI has established a "Corporate Governance and Sustainable Management Committee" for 2020, with the chairman as the chairman and the general manager as the deputy chairman. Each board meeting reports and discusses the implementation progress of corporate governance and corporate social responsibility promotion practices and stakeholder communication-related issues. This shows that the company attaches great importance to corporate social responsibility, and through specific goals and action plans, the company is moving in the direction of sustainable management. Keep moving forward.

4.4 EOI attaches great importance to corporate governance and ESG, actively promotes various related matters, and integrates it into the education, training and performance appraisal projects for new employees. It also applies energy conservation and carbon reduction to the daily operating environment and includes it in the ESG KPI of each department. EOI deploys ESG in advance and exceeds regulatory requirements. Since 2020 , it has voluntarily compiled sustainability reports , conducted ISO- 1 4064-1 greenhouse gas inventories, and obtained SGS certification from a third-party impartial organization . It fully demonstrates the company's gradual implementation of the integrity management philosophy and its goal of fulfilling ESG principles to create value sharing.

5. **Diversified board composition** :
The company re-elected directors in 2022, with a term of three years (from May 26, 2022, to May 25, 2025). There are nine directors, including two female directors, accounting for 22%; There are four independent directors, accounting for 44%. The Company attaches great importance to the diversity of the composition of the Board of Directors and has therefore set specific stage goals for the diversity of the Board of Directors. In order to achieve the specific management goals of the director diversity policy, the number of directors and independent directors has been increased from three to four in the new term, and female directors have maintained two seats.

6. **Integrity management:**
EOI's dedicated unit for promoting corporate integrity management is the " Corporate Governance and Sustainable Management Committee “, and the " Management Department " assists in establishing integrity management policies and other relevant regulations and complaint systems, and through internal publicity, labor contracts, education and training ,Performance appraisal...Comprehensive implementation, and the implementation status will be reported to the board of directors every quarter.

7. **Sustainable management and practice:**
EOI's accounting system and internal control system are operating normally. The audit office conducts audits according to the audit plan and issues monthly audit reports to the independent directors for review. It also reports to the competent authority in accordance with regulations.

9. Disclosure of Implementation of Internal Control

(1) Statement of Internal Control System

EXCELLENCE OPTO. INC.
Statement of Internal Control System

February 29, 2024

Based on the findings of a self-assessment, EXCELLENCE OPTO. INC. (EOI) states the following with regards to its internal control system during the year 2023:

1. EOI's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
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 stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and EOI takes immediate remedial actions in response to any identified deficiencies.
3. EOI evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. EOI has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, EOI believes that, on December 31, 2022, 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 operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of EOI's annual report and prospectus 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 Law.
7. This Statement was passed by the Board of Directors in their meeting held on February 29, 2024, with none of the 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

EXCELLENCE OPTO. INC.

Kuo - Hsin Huang Chairman

Fang - Yue Huang President

(2) If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

10. If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:

None.

11. Material Resolutions of Shareholders Meeting and Board of Directors Meeting during 2021 and as of the Date of this Annual Report

Shareholders Meeting

Date of the Meeting	Material Resolutions and their Implementation Status
2023/5/24	Execution of the resolutions of the general shareholders' meeting in the most recent year and as of the date of publication of the annual report Contents and implementation of important resolutions of the 2023 Annual General Meeting of Shareholders: 1. Report matters: 1、2022 Business Report. 2、Report on the distribution of surplus cash dividends in 2022. 3、Report on the remuneration distribution of employees and directors in 2022. 4、Review Report of the Audit Committee of 2022. 5、2022 the Status of Endorsement and Guarantee. 6、Report on Indirect Investment in Mainland China in 2022. 7、Report the implementation of conversion of corporate bonds. 8、Revised the company's 「Corporate Governance Best Practice Principles」 9、Revised the company's 「Rules of Procedure for Board of Directors Meetings」 10、Corporate Governance Report in 2022 Execution: The above reported matters (1)~(10) were reported at the shareholders' meeting on May 24, 2023. 2. Recognition matters: (1) Business Report and Financial Statement Proposal in 2022. (2)Report on the distribution of surplus cash dividends in 2022. Execution: Recognition (1) was approved at the shareholders' meeting on May 24, 2023. (2)Report on the distribution of surplus cash dividends in 2022. Execution: Recognition (2), approved at the shareholders' meeting on

Date of the Meeting	Material Resolutions and their Implementation Status
	May 24, 2023, to distribute a cash dividend of NT$0.20 per share, totaling NT$35,157,454, and the surplus distribution was made in cash on July 14, 2023 issued to shareholders. 3. Discussion items: (1) Modify Endorsement Guarantee Operating Procedures Implementation: The above discussion items (1)were discussed and approved at the shareholders' meeting on May 24, 2023. The company updated the above procedures and rules on the official website in August 2023 4. reelection for BOD (1) re-election an independent director Implementation: The above discussion items (1)were discussed and approved at the shareholders' meeting on May 24, 2023. New director added and participated in the next BOD. Note: There are no questions from shareholders at this year's regular shareholders' meeting, and the company does not need to reply.

Board of Directors Meeting

Date of the Meeting	Material Resolutions
December 23, 2023 (No. 5 meeting of the Eleventh board of directors)	1. The company's business report, financial statements and consolidated financial statements for the 2022. 2. Assessment and appointment of visa accountant's independence and competency。 3. The company's "Internal Control System Statement" case in 2022. 4.The company plans to add new assets in the 2023th year of the Republic of King Road Bank Financing amount. 5.It is planned to directly invest in the company's business EOIGROUPINC. to increase the capital amount by US$8 million. 6.Set the base date for capital increase when the company converts corporate bonds and issues new shares. 7.The company's earnings distribution statement for the 2022th year of the Republic of China. 8.The company's cash dividend distribution from earnings in 2022. 9. The company's remuneration distribution case r employees and directors in 2022. 10. Proposal to amend the company's "Standards of Procedures for Board of Directors". 11. Proposal to amend the company's "Endorsement and Guarantee Operating Procedures". 12. By-election of independent director seat B and nomination review of independent director candidates.

Date of the Meeting	Material Resolutions
	13. Formulate the matters related to the company’s 2023th regular shareholder meeting of the Republic of China.
May 4, 2023 (No. 6 meeting of the Eleventh board of directors)	1. Our company is from the Republic of China 2023 First Quarter Consolidated Financial Reportcase。 2.The company plans to handle the case of increasing the financing quota of financial institutions in 2023. 3.The company plans to apply to Wangdao Commercial Bank for the increase in the transaction quota of derivative financial products in 2023. 4. The company plans to endorse and guarantee the RMB participation of its subsidiary Dongguan Lianjia Optoelectronics Co., Ltd. 5.The case of the one-year extension of the capital loan from EOILLC (LLC), the grandson of our company, to EOIPIONEERINC. (PIONEER for short). 6. Change case of the company’s “Corporate Governance Manager”. 7. Formulate the general principles for the company’s pre-approval of non-certified service policies. 8.Revised the Company’s “Organizational Rules of the Audit Committee” and “Group Risk Management Policy”. 9.Set the base date for the capital increase of the company by converting corporate bonds into new shares and issuing new shares.
August 4, 2023 (No. 7 meeting of the Eleventh board of directors)	1. The company’s consolidated financial report for the second quarter of 2023. 2. As of the end of June 2023, the Company’s accounts receivable and overdue amounts other than accounts receivable are not capital loans. 3. The company plans to handle the extension of the financing quota of Taishin International Commercial Bank in the year of the Republic of China. The company plans to handle the case of increasing the transaction quota of derivative financial products with Cathay Shihua Commercial Bank in the year of the republic of China. 4. Proposal to amend the company’s articles of association. 5. Plan to amend the company's "Operating Procedures for Fund Loans to Others". 6. Plan to amend the company’s “Operating Procedures for Fund Loans to Others”. 7. Formulate the base date for capital increase when the company converts corporate bonds and issues new shares. 8. The company plans to handle the issuance of the fourth domestic unsecured conversion corporate bonds. 9. The Company’s salary remuneration and appointment of members of the Nomination Committee.
November 6, 2023 (No. 8 meeting of the Eleventh board of directors)	1. The company’s consolidated financial report for the third quarter of 2023. 2. The company plans to endorse and guarantee the entire project of NT$400 million to its subsidiary Jiayuan Co., Ltd. 3. Formulate the company's group audit plan for the 2023th year. 4. Formulate the company's "operating standards related to financial business between related parties".
December 28, 2023 (No. 9 meeting of the	1. The company’s operating plan and annual budget for the 2023. 2. In order to cope with future operational development and realize the

Date of the Meeting	Material Resolutions
Eleventh board of directors)	localization of the supply chain, it is planned to establish a subsidiary company in Mexico. 3.The company plans to handle the matter in the 2023th year of the Republic of ChinaChina Leasing Co., Ltd.Cases concerning new financing quotas ◦ 4.The company plans to handle the matter in the 2023th year of the Republic of ChinaCooperative Bank Commercial Bank-Toufen BranchGuarantee quota new matter case ◦ 5. The company plans to apply to financial institutions for the increase of derivative financial product transaction quotas in 2023 ◦ 6.The company plans to handle the extension of financing lines from financial institutions in the 113th year of the Republic of China.. 7. The company plans to apply to financial institutions for the extension of derivative financial product transaction quotas in 2013. 8. Set the base date for capital increase when the company converts corporate bonds and issues new shares. 9. Set up the company's "Information Security Manager" . 10.Year-end bonuses for managers in 2023 and salary adjustment rules in 2024 of the Republic of China.

12. In the most recent year and as of the publication date of the annual report, the company and its internal personnel have been punished in accordance with the law, or the company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and the results of the penalties may have a significant impact on the rights and interests of shareholders or the price of securities, The punishment content, main deficiencies and improvement situations should be listed :

None.

13. Recent annual and annual reports as of the date of printing, the company chairman and general manager, accounting manager, finance director, internal audit resignation director and director of research such as the summary dismissal of the case: Austin Yang

E. Information on CPA Fees

1. Information on CPA Fees

Unit: NTD thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Note
Deloitte & Touche	Ming Hui Chen Ya Yun Chang	2023.01.01~2023.12.31	4,550	740	5,290	Note: Master File, Transfer Pricing Report

(1) Where The Accounting Firm Changed the Audit Partners and the Audit Fee Paid for the Year is Less than that of the Previous Year, the Sum, Proportion, and Cause of the Reduction Shall be Disclosed: Not applicable.

(2) Where the Audit Fee Paid for the Year is Reduced by more than 10% Compared to that of the Previous Year, the Sum, Proportion, and Cause of the Reduction Shall be Disclosed: Not applicable.

F. Information on Replacement of Accountants: Not applicable.

G. Company Chairman, General Manager, Financial of Accounting Head has worked for Certifying Accounting Firm or Its Affiliate Business in the Past Year：

None.

H. Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Management and Shareholders of 10% Shareholdings or More

1. Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Management and Shareholders of 10% Shareholdings or More

Unit: Share

Title	Name	2022		As of March 24, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and Technology Director	Kuo-hsin Huang	0	0	0	0
Director and President	Huang, Fang-Yue	0	0	0	0
Institutional Dirctor and Major Shareholder	Ding Jyun Investment Co., Ltd.	0	(3,219,000)	0	0
	Representative: Huang,Yu-Jyun	0	0	0	0
Institutional Director	Wei Shan Investment Co., Ltd.	0	0	0	0
	Representative: Guo,Jheng-Huang	0	0	0	0
Institutional Director	Representative: Jui-Ching Hu (Note 1)	0	0	0	0
	Yu Shin Investment Co., Ltd.	0	0	0	0
Independent Director	Lin Shuyuan (Note 1)	0	0	0	0
Independent Director	Lu Tingjie(Note 2)				
Independent Director	Lai Kunhong	0	0	0	0
Independent Director	Lai Qingqi	0	0	0	0
Independent Directo	Qiu Wenchang				
Vice President	Chun-Der Wu	0	0	(36,000)	0
Vice President	LIU,YING-CHIEH	0	0	0	0
Chief Finance Officer	Lin, Jun-Chou	0	0	0	0
Senior Manager	LIAO,SU-LAN	(60,000)	0	0	0
Senior Manager	KUO,KUN-HUA	0	0	0	0
Technology Senior Manager	CHEN,TSUNG-HSIANG	(60,000)	0	0	0
Technology Senior Manager	TSAI,TSENG-KUANG	0	0	0	0
Senior Manager	YANG,SHENG-HUA	0	0	0	0
Senior Manager	CHAO,YUNG-HSIANG	0	0	0	0
Senior Manager	TSAI,CHIA-CHUNG	0	0	0	0
Senior Manager	LAI,CHIEN-SHUN	0	0	0	0
Senior Manager	Yang Mingru(Note 3)	0	0	0	0
Senior Manager	Liang Jiahao	0	0	0	0
Senior Manager	Lin Guiqiong(Note 4)	0	0	0	0
Senior Manager	Jiang Guoqing(Note 4)	0	0	0	0

Note 1: 2023/02/03 passed away

Note 2: 2023/05/24 new appointment

Note 3: 2023/11/03 resigned

Note 4: 2023/03/04 new appointment

2. Shares Trading with Related Parties: None

3. Shares Pledge with Related Parties: None

I. Top 10 shareholders relation

April 29, 2024

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	Shares	%	Shares	%	Name	Relation	
Ding Jyun Investment Co., Ltd.	28,681,034	13.35%	0	0	0	0	Guo Si Investment Co., Ltd.	Same person in charge	
Person in charge: Kuo-hsin Huang	229,538	0.11%	1,530,000	0.71%	0	0			
Han Hsin Co., Ltd.	10,697,216	4.98%	0	0	0	0	none	none	
Person in charge: BIE,FONG-HUA	0	0	0	0	0	0			
Wei Shan Investment Co., Ltd.	7,500,000	3.49%	0	0	0	0	none	none	
Person in charge: LU,HUI-CHIANG	0	0	0	0	0	0			
Shengxi Investment (Shares) Company	5,000,000	2.33%	0	0	0	0	none	none	
Person in charge: Chen Ligui	0	0	0	0	0	0			
Guoxi Investment (Shares) Company Person in charge: Kuo-hsin Huang	3,667,465	1.71%	0	0	0	0	Ding Jyun Investment Co., Ltd.	Same person in charge	
Guoxi Investment (Shares) Company Person in charge: Kuo-hsin Huang	229,538	0.13%	1,530,000	0.71%	0	0	Guoxi Investment (Shares) Company		
Zhou Mengchen	2,837,985	1.32%					none	none	
Citi (Taiwan) Commercial Bank is entrusted with the custody of UBS European SE investment account	2,222,114	1.03%	0	0	0	0	none	none	
Su Liru	1,757,000	0.82%	0	0	0	0	none	none	
Huang Meiling	1,671,625	0.78%	0	0	0	0	none	none	
Chase Custody JP Morgan Securities Co., Ltd. investment account	1,632,903	0.76%	0	0	0	0	none	none	

J. The Total and Combined Shareholding in a Single Enterprise by the Company, its Directors, Supervisors, Managers, and the Directly or Indirectly Controlled Entities

Unit: thousand shares / %

Investment	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, and Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
EXCELLENCE OPTO. INC.	1,900	100%	0	0	1,900	100%
SUPER BRIGHT INVESTMENT INC.	14,993	100%	0	0	14,993	100%
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Note 1	100%	0	0	Note 1	100%
EXCELLENCE OPTO. (DONGGUAN) LTD.	Note 1	100%	0	0	Note 1	100%
EXCELLENCE OPTO.SPAIN SA	56	100%	0	0	56	100%
EOI GmbH	0.001	100%	0	0	0.001	100%
Elite Star Global Ltd	20,574	100%	0	0	20,574	100%
Elite High Technology LTD.	4,295	100%	0	0	4,295	100%
EOI GROUP, INC.	1.89	100%	0	0	1.89	100%
EOI, LLC.	Note 1	100%	0	0	Note 1	100%
EOI PIONEER, INC.	1.45	100%	0	0	1.45	100%
Grand House, Ltd.	1,000	100%	0	0	1,000	100%

Note 1: Shares are not issued as this investment is a limited company.

IV. Information on Implementation of the Company Funds Utilization Plans

A. Capital and Shares

1. Source of Capital

(1) Type of Issued Shares

Unit: Share

Type of Shares	Authorized Capital			Note
	Outstanding Shares (Note)	Unissued Shares	Total	
Nominal Common Shares (Note)	214,845,445	85,154,555	300,000,000	

Note: The company has been listed in Taiwan Stock Exchange since May 9, 2018, and stop listed at emerging stock board on the same date.

(2) Information on shelf registration: Not applicable

(3) Source of Capital

Unit: NT$, in Thousand/ Shares, in Thousand

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Nope		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by Assets other than cash	Note
09/2004	NT$ 10	110,000	1,100,000	42,309.483	423,094.83	Capital Reduction of 15,237.243 thousand shares	-	Note 1
07/2006	NT$ 10	110,000	1,100,000	57,309.483	573,094.83	Cash Injection of 15,000 thousand shares	-	Note 2
09/2006	Consolidation	110,000	1,100,000	79,779.983	797,799.83	Consolidation of Lianxin Optoelectronics	22,470.5 thousand shares	Note 3
09/2006	Consolidation	110,000	1,100,000	88,779.983	887,799.83	Consolidation of Sibao Technology	9,000 thousand shares	Note 3
07/2007	NT$ 10	110,000	1,100,000	93,800	938,000	Cash Injection 5,020.017 thousand shares	-	Note 4
10/2008	NT$ 10	110,000	1,100,000	98,800	988,000	Cash Injection of 5,000 thousand shares	-	Note 5
08/2009	NT$ 12	110,000	1,100,000	108,800	1,088,000	Cash Injection of 10,000 thousand shares	-	Note 6
08/2009	NT$ 12	300,000	3,000,000	108,800	1,088,000	Authorized Capital Increase	-	Note 7
07/2010	NT$ 12	300,000	3,000,000	128,800	1,288,000	Cash Injection of 20,000 thousand shares	-	Note 8
03/2011	NT$ 10	300,000	3,000,000	128,894	1,288,940	Issuance of 94 thousand shares for Exercise of Employee Stock Options	-	Note 9
12/2011	NT$ 10	300,000	3,000,000	128,909	1,289,090	Issuance of 15 thousand shares for Exercise of Employee Stock Options	-	Note 10
11/2015	NT$ 12	300,000	3,000,000	152,113	1,521,130	Cash Injection of 23,204 thousand shares		Note 11
05/2018	NT$ 18	300,000	3,000,000	171,128	1,711,280	Cash Injection of 19,015 thousand shares		Note 12
12/2020	NT$ 10	300,000	3,000,000	181,428	1,814,280	Conversion from convertible bonds of 10,300 thousand shares		Note 13
04/2021	NT$ 10	300,000	3,000,000	182,684	1,826,841	Conversion from convertible bonds of 1,256 thousand shares	–	Note 14
04/2022	NT$ 10	300,000	3,000,000	182,733	1,827,333	Conversion from convertible bonds of 49 thousand shares	–	Note 15
12/2022	NT$ 10	300,000	3,000,000	182,779	1,827,790	Conversion from convertible bonds of 46 thousand shares	–	Note 16
3/2023	NT$ 10	300,000	3,000,000	188,401	1,884,010	Conversion from convertible bonds of 5,631 thousand shares		Note 17
6/2023	NT$ 10	300,000	3,000,000	193,506	1,935,060	Conversion from convertible bonds of 5,095 thousand shares		Note 18
9/2023	NT$ 10	300,000	3,000,000	202,674	2,026,740	Conversion from convertible bonds of 9,168 thousand shares		Note 19

Note 1: In September, 2004, capital reduction of 152,372.43 thousand dollars with 15,237.243 thousand shares, has been approved by Yuan Shang Zih No. 0930024351 from Hsinchu Science Park Bureau.

Note 2: In July, 2006, capital injection of 150,000 thousand dollars with 15,000 thousand shares, has been approved by Yuan Shang Zih No. 0950017664 from Hsinchu Science Park Bureau.
Note 3: In September, 2006, issuance of 22,470.5 thousand shares for consolidation of Lianxin Optoelectronics (noted that the exchange rate of shares is 2 to 1) and 9,000 thousand shares for consolidation of Sibao Technology (noted that the exchange rate of shares is 1 to 1) has been approved by Yuan Shang Zih No. 0950024307 from Hsinchu Science Park Bureau..
Note 4: In July, 2007, capital injection of 50,200.17 thousand dollars with 5,020.017 thousand shares, has been approved by Yuan Shang Zih No. 0960018710 from Hsinchu Science Park Bureau.
Note 5: In October, 2008, capital injection of 50,000 thousand dollars with 5,000 thousand shares, has been approved by Yuan Shang Zih No. 0970028690 from Hsinchu Science Park Bureau.
Note 6: In August, 2009, capital injection of 100,000 thousand dollars with 10,000 thousand shares, has been approved by Yuan Shang Zih No. 0980024303 from Hsinchu Science Park Bureau.
Note 7: In August, 2009, the application of authorized capital from 1.1 billion dollars to 3 billion dollars has been approved by Yuan Shang Zih No. 0980020961 from Hsinchu Science Park Bureau.
Note 8: In July, 2010, capital injection of 200,000 thousand dollars with 20,000 thousand shares, has been approved by Yuan Shang Zih No. 0990021217 from Hsinchu Science Park Bureau.
Note 9: In March, 2011, issuance of 94 thousand shares with increase in paid-in capital of 940 thousand dollars for exercise of employee stock options has been approved by Yuan Shang Zih No. 1000030550 from Hsinchu Science Park Bureau.
Note 10: In December, 2011, issuance of 15 thousand shares with increase in paid-in capital of 150 thousand dollars for exercise of employee stock options has been approved by Yuan Shang Zih No. 1000039654 from Hsinchu Science Park Bureau.
Note 11: In November, 2015, Capital Injection of 278,448 thousand dollars with 23,204 thousand shares, has been approved by Yuan Shang Zih No. 1040034602 from Hsinchu Science Park Bureau.
Note 12: In May, 2018, capital injection of 392,311 thousand dollars with 19,015 thousand shares, has been approved by Yuan Shang Zih No. 1070014563 from Hsinchu Science Park Bureau.
Note 13: In December, 2020, conversion of convertible bonds of 103,001 thousand dollars with 10,300 thousand shares, has been approved by Jhu Shang Zih No. 1090036228 from Hsinchu Science Park Bureau.
Note 14: In April, 2021, conversion of convertible bonds of 12,560 thousand dollars with 1,256 thousand shares, has been approved by Jhu Shang Zih No. 1100010734 from Hsinchu Science Park Bureau.
Note 15: In April, 2022, conversion of convertible bonds of 492 thousand dollars with 49 thousand shares, has been approved by Jhu Shang Zih No. 1110011843 from Hsinchu Science Park Bureau.
Note 16: In December, 2022, conversion of convertible bonds of 492 thousand dollars with 49 thousand shares, has been approved by Jhu Shang Zih No. 1110040484 from Hsinchu Science Park Bureau.
Note 17: In March, 2023, conversion of convertible bonds of 56,310 thousand dollars with 5,631 thousand shares, has been approved by Jhu Shang Zih No. 1120012174 from Hsinchu Science Park Bureau.
Note 18: In June, 2023, conversion of convertible bonds of 50,950 thousand dollars with 5,095 thousand shares, has been approved by Jhu Shang Zih No. 1120017808 from Hsinchu Science Park Bureau.
Note 19: In Septmber, 2023, conversion of convertible bonds of 91,680 thousand dollars with 9,168 thousand shares, has been approved by Jhu Shang Zih No. 1120029243 from Hsinchu Science Park Bureau.

2. Shareholder Structure

As of April 29, 2024 Unit: Person / Share

Shareholder Structure / Quantity	Government Agencies	Financial Institution	Other Juridical Person	Domestic Natural Person	Foreign Institution and Person	Total
Number of Shareholders	0	1	193	28,537	45	28,776
Shareholding	0	2,985,940	685,594,260	1,380,510,050	79,364,200	2,148,454,450
Percentage	0.00%	0.14%	31.91%	64.25%	3.7%	100.00%

Note: Including 7,000,000 shares of treasury stock

3. Distribution of Shareholder Ownership

Par Value per Share: NT$ 10; As of April 29, 2024 Unit: Shares

Range	Number of Shareholders	Shareholding (Shares)	Percentage
1～999	11,669	2,708,120	0.20%
1,000～5,000	13,023	268,798,090	19.48 %
5,001～10,000	1,919	159,966,320	11.59%
10,001～15,000	556	73,108,160	5.30%

Range	Number of Shareholders	Shareholding (Shares)	Percentage
15,001～20,000	428	81,101,990	5.88%
20,001～30,000	336	87,858,380	6.37%
30,001～40,000	162	59,089,150	4.28%
40,001～50,000	106	49,749,570	3.60%
50,001～100,000	178	124,049,950	8.99%
100,001～200,000	88	123,437,210	8.94%
200,001～400,000	37	106,864,980	7.74%
400,001～600,000	17	84,469,060	6.12%
600,001～800,000	4	25,621,480	1.86%
800,001～1,000,000	0	0	0%
1,000,001 以上	9	133,227,590	9.65%
Total	28,532	1,380,510,050	100.00%

Note: Including 7,000,000 shares of treasury stock

4. Major Shareholders

As of April 29, 2024

Shares / Major Shareholders	Shareholding (Shares)	Percentage
Ding Jun Investment Co., Ltd.	28,681,034	13.35%
Hanxin Co., Ltd.	10,697,216	4.98%
Weishan Investment Co., Ltd.	7,500,000	3.49%
Shengxi Investment Co., Ltd.	5,000,000	2.33%
Guoxi Investment Co., Ltd.	2,780,088	1.71%
Zhou Mengchen	2,837,985	1.321%
Citi (Taiwan) Commercial Bank is entrusted with the custody of UBS European SE investment account	2,222,114	1.031%
Su Liru	1,757,000	0.821%
Huang Meiling	1,671,625	0.781%
Chase Custody JP Morgan Securities Co., Ltd. investment account	1,632,903	0.761%

5. Market Price, Net Worth, Earnings, and Dividends per Share in the Most Recent 2 Years

Unit: NT$ / thousand Shares

<table>
<tr><th colspan="3">Item \ Year</th><th>2022</th><th>2023</th></tr>
<tr><td rowspan="3">Market Price per Share</td><td colspan="2">Highest Market Price</td><td>37.40</td><td>37.00</td></tr>
<tr><td colspan="2">Lowest Market Price</td><td>20.00</td><td>22.20</td></tr>
<tr><td colspan="2">Average Market Price</td><td>28.99</td><td>24.85</td></tr>
<tr><td rowspan="2">Net Worth per Share</td><td colspan="2">Before Distribution</td><td>13.05</td><td>12.91</td></tr>
<tr><td colspan="2">After Distribution</td><td>12.85</td><td>12.71</td></tr>
<tr><td rowspan="3">Earnings per Share</td><td colspan="2">Weighted Average Shares</td><td>182,779</td><td>202,674</td></tr>
<tr><td rowspan="2">Earnings per Share</td><td>0.06</td><td>0.06</td><td>0.09</td></tr>
<tr><td>0.06</td><td>0.06</td><td>0.09</td></tr>
<tr><td rowspan="4">Dividends per Share</td><td colspan="2">Cash Dividends</td><td>0.20</td><td>0.20</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>0</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price / Earnings Ratio</td><td>322.1</td><td>26</td></tr>
<tr><td colspan="2">Price / Dividend Ratio</td><td>144.95</td><td>533.3</td></tr>
<tr><td colspan="2">Cash Dividend Yield Rate</td><td>0.6%</td><td>0.18%</td></tr>
</table>

Note: The appropriation of 2022 earnings has been approved by Board of Directors in its meeting held on February 23, 2023 for dividends per share for NT$ 0.2

6. Dividend Policy and Distribution Information

(1) Dividend policy in Articles of Incorporation:

The company may distribute retained earnings by stock dividend or cash dividend. The company belongs to technology-intensive high technology industry with continuously high growth that has large capital requirement, so the dividend policy shall first take future capital expenditure and fund requirement into consideration. If there are surplus of retained earnings considering the capital expenditure, the company may distribute the divisible surplus and determined the amount for stock dividend or cash dividend based on the consideration of finance, business and operation, capital structure, various surplus and distribution of other companies in the same industry. When distributing the divisible surplus, the proportion of cash dividend shall be no less than 30% of the total dividend.

(2) Proposal of Distribution in the Shareholders Meeting in 2023

The board of directors approved and proposed to distribute NT$ 0.2 cash dividends per share(Note) with total amount of NT$ 39,721,038 on February 29, 2024.

Unit: NT$

Item	Amount
Unappropriated Retained Earnings from Previous Years	63,099,512
Plus: Net Income of 2022	10,254,188
Disposal of equity instrument at FVTOCI	1,897,273
Remeasurement of defined benefit plans recognized in retained earnings	18,400,241
Unappropriated Retained Earnings in Current Year	

Item	Amount
Less: Legal reserve	(1,840,024)
Special reserve	33,474,478
Retained Earnings Available for Distribution as of December 31, 2022	
Distribution Item:	
Cash Dividend to Shareholders (NT$0.2/per share)	(35,157,454)
Unappropriated Retained Earnings	63,099,512

Note: 1. The board of directors has approved compensation to employee amounted to NT$ 2,137,367 and compensation to board of directors amounted to NT$ 427,473 on February 29, 2024.
2. The board of directors approved and proposed to distribute NT$ 0.2 cash dividends per share.
3. The distribution proposal was determined based on the outstanding shares on the date of the meeting of board of directors. The board of directors' meeting approved chairman to deal with any change of outstanding shares at the record date of the distribution due to treasury stock or other circumstance.

(3) The description of expectation of material change of dividend policy:

The board of directors approved the revision of the company's incorporation article on March 9, 2022 based on the Article 240 of the company act, A public company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by 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 revision shall be approved by the shareholders' meeting to be valid.

7. The impact of the share dividends determined by the shareholders meeting to the company's operating performance and earnings per share: Not applicable

8. Employee and Director Compensation

(1) The percentage and scope of employee and director compensation stipulated in the Article of Incorporation

If the company earned profit in the period, the company shall defined 5% to 15% as employee compensation by cash or shares determined by the board of directors. The object may include employees of the associates who meet specific condition. The company may using the above amount define director compensation less than 3% by the board of directors. This compensation shall report to shareholders meeting.

When the company is having accumulated loss, the company shall reserve the amount to cover the loss before defining the employee and director compensation following the above mentioned percentage.

(2) The accounting policy regarding differences between accrued basis of employee, director and supervisor compensation, calculation basis of share compensation and the actual amount

The company accrued and recognized the employee and director and supervisor compensation according to the rule of explanation letter No. 52 from the Accounting Research and Development Foundation as cost of goods sold or expenses considering the nature.

If any difference occurred within the resolution from the shareholders meeting and the amount recognized in the financial reports, the difference will be considered change in estimate and recognized as the expenses in the current year.

(3) Information on the compensation approved by the board of director

The board of directors approved the employee compensation amounted to NTD 2,137,367 and director compensation amounted to NTD 427,473 by the meeting dated February 29, 2024.

The actual distribution of employee and director compensation of the previous year (including shares, amount, and share price). If there is any difference between recognized and actual, the amount, reason and situation shall be stated.

Item	Amount
Employee Compensation	NTD 2,137,367
Director Compensation	NTD 427,473

Note: there is no difference between the recognized amount and the granted amount in 2023

9. Status of repurchase of the company's shares：There is no repurchase in 2022 and 2023。

B. Issuance of Corporate Bond ：

1. Outstanding Corporate Bond

Type of Corporate Bond		Second-time Domestic Unsecured Convertible Bond
Issue date		May 19, 2021
Denomination		NT$ 100,000
Issuing and transaction location		Taipei Exchange (Mainboard)
Issue price		101% of the denomination
Total price		NT$ 505,000,000
Total Denomination		NT$ 500,000,000
Coupon rate		0%
Tenor		3 years, until May 19, 2024
Guarantee agency		N/A
Consignee		Trust department of Bank SinoPac
Underwriting institution		SinoPac Securities
Certified lawyer		Lina Chiu (Handsome Attorneys-at-Law)
CPA		Ming Hui Chen, Yu Feng Huang (Deloitte & Touche)
Repayment method		Principle in one time at the maturity date except for those which have been converted to be common shares according to the Regulation Article 10 by the owner of the bond or redeemed according to the Regulation Article 17 or bought from the broker by the company.
Outstanding amount		NT$ 359,100,000
Redemption or advance reimbursement terms		As specified in the issue and conversion regulations.
Restrictions		As specified in the issue and conversion regulations.
Name of credit rating agency, rating date, and rating results		None
Other additional rights	Amount of converted (conversion or subscription) common stocks, GDRs, and other marketable securities as of the Date of this Annual Report.	NT$ 140,900,000
	Issue and conversion (exchange) regulations	As specified in the issue and conversion regulations.
Potential dilution of shares and effect on current shareholder equity of the issue, conversion, exchange, or subscription regulations, and issue conditions		As of March 31, 2024, the outstanding amount of convertible bonds is NT$ 359,100 thousand with NT$33.83 for its conversion price. If all the convertible bonds are converted at the conversion price, the shares of common stock to be exchanged will be 10,614,839 share (NT$ 359,100,000元/ NT$33.83). Regarding the outstanding shares of the company, 202,483,375 shares, and the diluted effect is not material and does not affect shareholders much.
Name of depository organization of exchanged stocks		None

Type of Corporate Bond	Fourth-time Domestic Unsecured Convertible Bond
Issue date	December 21, 2023
Denomination	NT$ 100,000
Issuing and transaction location	Taipei Exchange (Mainboard)

Issue price		100% of the denomination
Total price		NT$ 500,000,000
Total Denomination		NT$ 500,000,000
Coupon rate		0%
Tenor		3 years, until December 21, 2026
Guarantee agency		N/A
Consignee		Trust department of Bank SinoPac
Underwriting institution		President Securities
Certified lawyer		Lina Chiu (Handsome Attorneys-at-Law)
CPA		Ming Hui Chen, Ya Yun Chang (Deloitte & Touche)
Repayment method		Principle in one time at the maturity date except for those which have been converted to be common shares according to the Regulation Article 10 by the owner of the bond or redeemed according to the Regulation Article 17 or bought from the broker by the company.
Outstanding amount		NT$ 500,000,000
Redemption or advance reimbursement terms		As specified in the issue and conversion regulations.
Restrictions		As specified in the issue and conversion regulations.
Name of credit rating agency, rating date, and rating results		None
Other additional rights	Amount of converted (conversion or subscription) common stocks, GDRs, and other marketable securities as of the Date of this Annual Report.	NT$ 0
	Issue and conversion (exchange) regulations	As specified in the issue and conversion regulations.
Potential dilution of shares and effect on current shareholder equity of the issue, conversion, exchange, or subscription regulations, and issue conditions		As of March 31, 2024, the outstanding amount of convertible bonds is NT$ 500,000 thousand with NT$33.35 for its conversion price. If all the convertible bonds are converted at the conversion price, the shares of common stock to be exchanged will be 14,992,504 share (NT$ 500,000,000 / NT$33.35). Regarding the outstanding shares of the company, 202,483,375 shares, and the diluted effect is not material and does not affect shareholders much.
Name of depository organization of exchanged stocks		None

2. Handling Corporate Bond:
   N/A.

3. Information on Convertible Bond:

Type of Corporate Bond		62882 Second-time Domestic Unsecured Convertible Bond	
Item \ Year		2023	As of March 31, 2024
Market price of bonds (NT$)	Highest	110.95	108.35
	Lowest	99.35	100.20
	Average	103.62	104.24

Conversion price (NT$)	33.83
Issue date and Conversion Price at issue (NT$)	May 19, 2021 NT$ 35.43
Conversion obligation	New issued shares

Type of Corporate Bond		62884 Second-time Domestic Unsecured Convertible Bond	
Item \ Year		2023	As of March 31, 2024
Market price of bonds (NT$)	Highest	111.00	152.00
	Lowest	104.00	102.65
	Average	107.50	120.65
Conversion price (NT$)		33.35	
Issue date and Conversion Price at issue (NT$)		December 21, 2023 NT$ 33.35	
Conversion obligation		New issued shares	

C. Issuance of Preferred Stock: None

D. Issuance of Depositary Shares Issuance: None

E. Status of Employee Stock Option Plan: None.

F. Status of Restricted Employee Shares: None.

G. Status of Mergers and Acquisitions: None.

H. Fund Plan Implementation:

1. The company's second-time domestic unsecured convertible bond had been issued on May 17, 2021 and generated NT$ 505,000 thousand. The whole fund plan was for the repayment of bank loans. The company had finished the repayment following the fund plan on June 30, 2021.

2. The company's fourth-time domestic unsecured convertible bond had been issued on December 21, 2023 and generated NT$ 500,000 thousand. The whole fund plan was for the repayment of bank loans. The company had finished the repayment following the fund plan on December 31, 2023.

V. Operation Overview

A. Content

1. Business Scope

(1) Main Markets and Products

Our main businesses are the design, development, testing, manufacturing of LED components, OEM/ODM LED modules and patented solution for automotive market; LED traffic signals, LED street lighting、industrial lighting and LED consumer products for energy-saving market; The design, installation and construction with energy-saving products for government public projects.

The main business types and items are as following:

A. Research and Development, Manufacture of the Following Products

a. AlGaInP and InGaN high brightness LED Packaging.

b. White LED Components and Equipment.

c. High-power LEDP and Application Products

d. Design and Manufacture of Photoelectric Components, Modules and Products for Automotive Market.

h. Import and Export Trading Business for Above Products.

B. Extended Products and Markets

(2) Percentage of each Product

Unit: NT$ in Thousand

Product	2022		2023	
	Net Operating Revenue	%	Net Operating Revenue	%
Automotive LED light modules and components	3,271,093	86%	3,793,757	88%
LED traffic signal and street lights	353,560	9%	358,953	8%
Others	200,803	5%	172,643	4%
Total	3,825,456	100%	4,325,353	100%

(3) Main Products and Services

① LED Automotive Lighting

② Light Emitting Diode Device、High Power LED

③ LED Traffic Signal、LED Street Light

④ LED Light Guiding Module

⑤ LED Fine Pitch LED display

(4) Plan for New Product and Service

We focus on the development of LED packaging and diversified application, including LED packaging components, OEM/ODM automotive LED modules and patented solution, LED traffic signals, LED energy-saving street lights, Mini LED Products, LED flood lights, LED fine-pitch displays, LED energy-saving lighting products. The plan for new product and service as follows:

Item	Description
LED Automotive Modules	EOI serves the Automotive OE customers (Original Equipment) with the five core technologies of Optics, Mechanism, Electronics, Software and Firmware, Thermal and LEDs based on the role as Tier-2 and Tier-3, EOI have been an important supplier to global Tier-1 by providing innovative light sources and solution. We committed to becoming a leading manufacturer of innovative light sources in the global automotive industry, will continue to develop innovative technologies and products related to automobiles. With patented Uniflex series technology and innovative solution, we can expect variety new projects and long term cooperation with target car-maker and Tier 1customers, especially in North American market.
LED Energy-saving Products	EOI is committed to the development of energy-saving LED lighting products. We develop new models based on market demands for various power levels, optical characteristics, electrical properties, safety standards, or regional regulations. We continuously use our self-developed high-power LED components to design more energy-efficient, longer-lasting, and more reliable products. These make us to expand our service to existing channels and customers, providing related products such as LED street lights, LED floodlights, LED traffic signal, intelligent traffic signal systems, and smart lighting applications for markets in Taiwan, the United States, Europe, and beyond. In addition to developing energy-saving products, EOI has also been actively involved in planning smart city solutions in recent years. We have upgraded energy-saving street lights to smart lighting system, using intelligent systems to reduce the maintenance and operation costs and enhance the secondary energy-saving effects. Furthermore, we have collaborated with key manufacturers to develop multifunctional smart poles. EOI partnered with major system vendors to actively participate in various domestic smart energy-saving projects, achieving significant results. We will continue to bring various derivative benefits in the future. EOI is also actively recruiting system-related talents and joining relevant industry associations and alliances. By adding cross-disciplinary value to our products and enhancing the company's competitiveness, we aim to establish a foundation for green energy co-prosperity in society. Looking forward, we will use various innovative products to connect with the Internet of Vehicles(IoV), creating more business opportunities.
LED Components	EOI focus on developing the LED components with high luminous efficiency, high reliability, and long life-span. The main application market are LED Automotive lighting and LED fine-pitch displays, especially for the high-quality LED components with high resistance to humidity, static, and sulfurization to differentiate from the low-priced, low-quality red ocean markets. Moreover, EOI will develop new high-precision, high heat dissipation efficiency, new CSP (Chip Scale Package) LED components for world-renowned car lighting manufacturers, and spec them in various car brands and

Item	Description
	new cars to increase long-term revenue of LED components. For automotive application, EOI got more than 150 types of LED components have passed the automotive component AEC-Q101, AEC-Q102 and USCAR33 product certifications, and many products have approved by top ten car lighting maker in global market and that will further increase the long-term business profitability and growth rate.
LED Traffic Signals	EOI keeps on developing more power-saving, longer life-span, and more reliable LED traffic signals which are made of EOI self-developed high-efficiency LED components, and all products are CNS, ITE, EN regulation approved separately. The resources of research and development will focus on developing the products required by markets in the United States, Taiwan, Spain and other regions. Currently, we are also developing a smart traffic signal project, which will gain more business opportunities through product innovation.
LED Fine-pitch Display	EOI has also developed several different fine-pitch displays this year. In particular, based on a 25% power-saving common cathode structure, the design pitch ranges from P1.5mm to P0.95mm to provide and expand services to customers with different resolutions and brightness. With that we can increase the profitability and growth rate of energy-saving products and create new market demand. At the same time, the technology development plan of ultra-fine pitch P0.59~P0.5mm is also be implemented.

2. Industry Overview

(1) Industry Status and Development

i Overview of LED Lighting Market

The LED lighting industry can be divided into components, modules, and lighting applications. As the components, it can be divided into standard, high-power, high-current, and multi-die packages; And the module, it includes three parts, heat dissipation management, optical modules and the driver; the lighting application is composed of a light source, a control system and an external structure to achieve the purpose of configuring light and protecting the light source. In the early stage of market development, LEDs were only used as indicator light sources. However, as LEDs continue to move toward high brightness, high power development and continuous advancement in light guide technology, their cost performance has far exceeded other lighting products, and gradually formed a high-efficiency technology benchmark. The application market that can be covered is becoming more and more extensive. The main application markets are the lighting market, panel backlights and display signage. The lighting market can be further divided into general lighting, commercial lighting, automotive lighting, outdoor lighting, and landscape lighting, Plant lighting and other various lighting markets.

LED life cycle is longer than that of traditional lamps and the luminous efficiency of lighting has surpassed traditional light sources. According to the latest estimates from TrendForce, starting in 2024, approximately 5.8 billion sets of LED light sources and fixtures will reach the end of their lifespan, leading to a significant demand for secondary replacements. This will help boost the momentum of the LED lighting market. TrendForce suggest that this could drive the overall LED lighting fixtures replacement demand to about 13.4 billion sets. Additionally, TrendForce reports that as of 2023, about 70% of the global lighting fixtures in regular use are equipped with LED light sources. Consequently, the scenarios where traditional non-LED lighting fixtures are used are becoming increasingly limited. Only specific special requirements may still necessitate non-LED lighting fixtures.

Despite a decline in the shipment volume of LED lighting products in 2023, the total volume has not decreased sharply. TrendForce believes that secondary replacement demand is beginning to follow initial replacement demand, becoming a critical driving force supporting the LED lighting market. The study also mentions that LED fixtures that started service between 2014 and 2016 are estimated to have reached the end of their lifespan by 2023, leading to an increasing proportion of secondary replacement demand. This is expected to become the main driver of growth in the lighting market over the next five years. By 2025, secondary replacement demand will surpass both initial replacement and new installation demand, becoming the key force in the LED lighting market. By 2028, approximately 78% of LED lighting demand will come from secondary replacements.

In recent years, LED lighting has been actively promoted by major manufacturers. Under the highly competitive industry, LED lighting products continue to develop towards low prices and high efficiency. In the future, if new technologies such as OLED lighting and Laser lighting want to enter the lighting market, they must face technical challenges, the high-efficiency and low-priced LED lighting products will become its main barrier . Therefore, in the next five years, LED lighting will remain the mainstream light source in the lighting market, and smart lighting technology will become active among major lighting manufacturers which will be the new blue ocean market. In response to the impact of low-cost competition and the rise of smart cities and the Internet of Things(IOT), integrated LED lighting, IOT lighting, lighting management systems, and Light as a Service (LaaS) will create new lighting product value. Become the key to driving the development of the lighting market. Under the trend of intelligent lighting development, smart drives, sensors, communication modules, interoperability/compatibility, security technology, integration technology, etc. will be the technological development directions that will be valued in the future.

ii Automotive lighting market

EOI is engaged in automotive LED modules and components. The rise and fall of its industry is mainly due to changes in the overall automotive market. According to the Taiwan Economic Research Institute, the impact of the US-China trade war and the economic slowdown, coupled with the development of international car dealers into the electric vehicle field, has led to a bad

connectivity in which traditional vehicle production and sales. Therefore, global new vehicles Sales have been declining since 2018. It is estimated that in 2020, affected by the new crown pneumonia epidemic, the annual new car sales data will drop by nearly 22.20% compared with 2019.

As COVID-19 hits the global economy severely in 2020 and has a major impact on the automobile and its parts manufacturing industry, it shows the risk of excessive concentration of production in some countries by international automobile manufacturers in the past, so it has experienced major events such as the US-China trade war and COVID-19 Later, manufacturers began to think about establishing production bases outside of China. In the future, the decentralized layout of the supply chain will receive attention, and the demand for the auto industry due to the epidemic will shrink, and major factories are facing increased capital flows and financial pressures, and they are more strategic considerations in cost-saving.

Although the epidemic has also had an impact on the electric vehicle industry to a certain extent, it does not change the determination of governments of various countries to vigorously promote the popularization of electric vehicles, including China and Germany, which provide subsidies for their citizens to purchase electric vehicles. Therefore, the development of electric vehicles, It will also lead to an increase in the scale of the electric vehicle component market, and various automakers pay more attention to the stability of the supply of electric vehicle components. The global electric vehicle industry will benefit from the European and Chinese markets in 2020, and global sales will grow. In addition, the risk of chain disconnection and supply gaps in the automobile production chain caused by the epidemic has caused automobile manufacturers to seek a third place to supply production parts and establish a diversified supply chain to avoid the dilemma of no parts to produce. Smart manufacturing is also an international automobile factory. Actively introduce solutions to increase production efficiency and fill up the gaps in the supply chain. The main system of the global auto market fluctuates along with the economic ups and downs. Looking to the future, the auto industry will continue to grow electric vehicles, smart driving, Advanced Driver Assistance Systems (ADAS) and autonomous driving, which will continue to attract attention worldwide. The automotive market still has stable growth rate in the future.

In the field of automotive lighting, due to the fast response speed of LED lights, they can be turned on immediately to provide signals to vehicles coming from behind. This allows the driver to have a longer reaction time and improve driving safety. It was first applied to stop lights. With the development of technology, high-brightness LED lights have been widely used in the vehicle lighting market, including stop lights, tail lights, direction lights, front daytime running lights (DRL) and Headlights (H/L Beam), etc. Internal dashboard, reading lights and other applications. Compared with traditional incandescent lamps, xenon lamps, halogen lamps and other light sources, LED automotive light sources have the advantages of energy saving, environmental protection and long life-span, which can greatly reduce fuel consumption, carbon dioxide emissions, and increase overall lamp durability and stability.

Different from the general lighting application market which prioritizes cost, the automotive lighting of the automotive industry not only requires high environmental protection and high energy efficiency, but also takes into account the new technology and avant-garde technology trends. After the ban on the production of incandescent lamps that has been announced in the EU and other countries., the rigid demand for LED automotive lighting has risen. With the increase in the penetration rate of automotive LEDs, the profitability of automotive lighting companies has continued to increase in recent years. In the exterior part of the car, the diversity of the headlight LED market has gradually increased, and the major international manufacturers have successively introduced single chip or 2 chips LEDs for use in low-lights.

Under the trend of miniaturization of LEDs, the design of car headlights is more flexible. From the past emphasis on lighting functions, it is expanded to intelligent systems, and even with projection functions. The output value and penetration rate of the headlight LED market will increase in the next few years. Continue to grow. In addition, due to the introduction of sequential design, the penetration rate and output value of LEDs have also increased rapidly. In the interior of the car, as the production capacity of car panel manufacturers increases and the price-performance ratio of their products increases rapidly, panels have become products that can increase vehicle specifications at limited cost prices. Therefore, the use size of car panels and the number of vehicle installations continue to rise. The LED demand continues to rise. In addition, in response to the current smart lighting trend, some manufacturers have introduced RGB LEDs with built-in driver ICs for interior atmosphere lights to achieve full-color color mixing and dynamic context effects, create an exclusive interior atmosphere for high-end cars, and drive the growth of LED output.

Based on the analysis of the output value and penetration rate of LEDs for automobiles in various countries, due to regulatory requirements and market demand, Europe is currently the region with the highest LED output value and penetration rate among major regions in the world, and Japan has the second highest penetration rate, but due to the total population and the base of car sales Smaller, the output value is lower than that of China and the United States. In addition to the domestic automotive LED market that has been actively deployed by Chinese companies for many years, new energy vehicles such as electric vehicles and self-driving cars have higher power-saving requirements, so the long-term demand potential is good, and the penetration rate of automotive LEDs has also continued to increase. Therefore, despite the impact of the U.S.-China trade war and the new crown pneumonia epidemic in 2019 and 2020, which will affect automobile sales performance, as the proportion of new energy sources and LED penetration rates continue to increase, the effects of LED deployment by domestic companies are gradually showing, which promotes the output value of automotive LEDs. Will rise to 5.95% and 6.56% respectively, showing a continuous upward trend.

Overall, the LED automotive market driven by the continuous improvement of the cost performance with it’s advantages of small size, energy saving, environmental protection, etc., furthermore the the trend of automotive EV design, global ESG principles (environmental, social, and governance three aspects).) and the global carbon neutrality, if global market gradually recover in the future, it will drive the continued expansion and growth of LED-related products and applications in the automotive market.

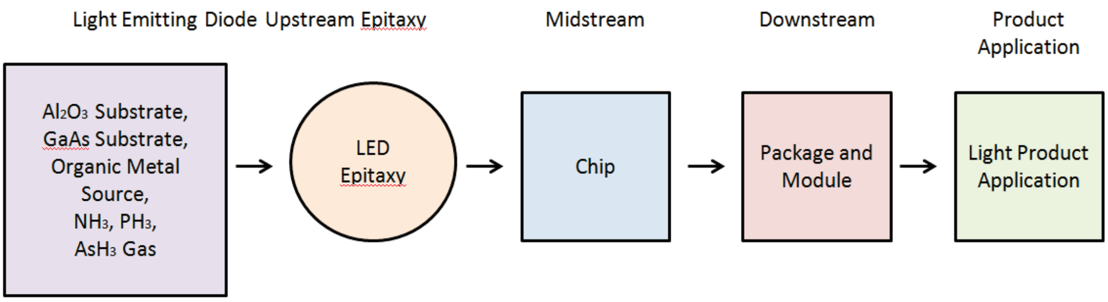
In general, the LED automotive market, driven by the continuous improvement of LED cost performance, smallization, and energy saving advantages, if global automotive sales gradually recover in the future, it will drive the continuous growth of the automotive LED component market.

(2) Supply Chain Position and Relation

i Overview of LED Lighting Market

The LED industry structure can generally be divided into Upstream for epitaxial chip manufacturing, Midstream for die manufacturing, and Downstream for packaging, modules and related terminal applications and lighting product. The upper, middle, and downstream relationships are as follows:

Graph 3. Relationship of upstream, midstream and downstream of LED industry



EOI belongs to the LEDs packaging, modules and terminal applications at the middle and downstream of the LED industry chain. The main products are used in automotive lamps, commercial lighting, outdoor lighting, indoor lighting and traffic lighting. In response to the future development of energy saving and carbon reduction, we provide total solution and services for our customers.

ii The supply chain of the automotive lighting market is explained as follows

EOI is a supplier of middle&downstream products in the automotive lighting industry chain, and mainly plays the role of Tier-2 and Tier-3 to provide automotive LED modules PCBA and LED components. The company is an OE system product and needs to cooperate with the development of the new model car. With the improvement of environmental protection awareness, the automotive lighting product is developing in the direction of energy saving and carbon reduction. Here is a list of the upper, middle and downstream supply chain of the automobile industry:

Graph 4. Relationship of upstream, midstream and downstream of automobile industry

From the activities of the automotive electronics manufacturing process, the components of the industry can be divided into electronic system suppliers, software suppliers, sensor suppliers, automotive semiconductor suppliers, other component suppliers, system integrators, and automobile manufacturers And independent parts distributors, etc., the composition relationship is as follows:

The auto parts industry can be divided into original equipment (OE) and aftermarket (AM) parts according to market characteristics. The original parts of the auto parts can be divided into original equipment manufacturing (Original Equipment Manufacturing; OEM) and Original Design Manufacturing (ODM), which are all original brand parts used in new cars; and after-sales repair parts can also be divided into original equipment services (OES) and informal parts Parts (After Market: AM). OES means that after a certain period of time the vehicle has been used for maintenance, after-sales repair parts are used for vehicle maintenance, while AM is mostly used for supply maintenance and modification of non-original plants.

EOI has actively established a system with zero-defect quality system required by international car manufacturers, obtained IATF 16949, ISO9001, ISO14001 and other certifications, and has developed many LED components that have passed severe conditions such as AEC-Q101, AEC-Q102 and US-CAR33. After long-term efforts, It has gradually become an important member of the original automotive supply chain. About 95% of automotive lighting product orders come from original automotive lighting customers, and about 5% are from the aftermarket.

(3) Future Product Trend

i Automotive Application Market

LED lights are used in the automotive industry: they are divided into external and internal use of automobiles. Because LEDs have the advantages of small size, long life-span, low power consumption, and fast response speed, they have been used in the automotive market and consumed It is widely accepted. According to an experiment conducted by the Transportation Research Institute of the University of Michigan, the use of LED stop lights has a faster response rate than light bulbs, and can alert vehicles behind you in advance to increase the braking distance, which is of considerable help in reducing traffic accidents. In addition to the third brake lights, A large number of side lights and tail lights have also been replaced with LEDs. With the improvement of white LED luminous efficiency and the gradual introduction of electric vehicles and self-driving cars into the market, smart headlights have become an important application in the future. In terms of current and future vehicle lighting applications, almost all light sources will gradually be changed to energy-saving And long-life LED.

With the strengthening of the economic power of emerging countries, the demand for automobiles will also gradually grow, the growth of the automobile market in emerging countries such as Asia, China and South Asia is the strongest. Therefore, in the future, with the improvement of luminous efficiency and the reduction of costs, the penetration rate of automotive LEDs will be increased, and potential business opportunities are expected.

In addition, driven by the trend of energy conservation and sustainability, the sales volume and market share of electric vehicles in the world continue to rise. Major automakers are also stepping up their efforts to invest in the R&D and manufacturing of new energy vehicles and simultaneously drive the market demand for automotive LEDs. In 2021, the global LED and new energy vehicle types, the penetration rate of LED lights will be as high as 90%. In the future, as the auto market recovers to promote the increase in shipments and the penetration rate of LED lighting increases, the global automotive LED market will be ram up again.

ii Outdoor Lighting Application Market

Because white LED lighting has good performance, and has the advantages of power saving, good shock resistance, no heat, no discharge gas and mercury and other harmful substances, and a service life of up to 10 years, it is regarded as an environmentally friendly lighting source in the 21st century. However, as the road lighting revolution takes place, LEDs are gradually replacing high-pressure sodium lamps with their advantages such as longer service life and better light source.

According to estimates, the total number of street lights in the United States is between 45 million and 55 million. Among them, most street lamps are high-pressure sodium lamps, and a small part are metal halide bulbs. Lighting expert Ron Bednarick said: "The adoption rate of LEDs may have tripled in the past two years." "Due to the use of LED lighting, the quality of light is significantly improved and the cost savings are also significant."

LED street lights have three advantages:

First, the light emitted by the well-designed LED street lamp is clear, controllable and beautiful. The precisely designed optical elements in the LED luminaire ensure that the light reaches where it belongs, which means less light is wasted.

Second, the maintenance cost and energy consumption of LED lamps are lower. Since most road lights are owned and operated by utility companies, the use of LEDs can reduce energy consumption by about 40%. At the same time, the more important saving is maintenance. Because the lumen output of high-pressure sodium lamps will decrease, high-pressure sodium lamps must be replaced at least every five years. The material and labor for a single bulb replacement may cost 80 to 200 US dollars. Since the lifespan of LED lamps is three to four times longer than HID, the cost savings of a single maintenance will be very large.

Third, decorative LED street lighting is growing. With the improvement of technology and the reduction of manufacturing cost, lighting manufacturers can provide a wider range of decorative lighting options, which can imitate the lighting design of old-fashioned gas lamps, etc., which has very aesthetic advantages.

Many years ago, LED lamps accounted for only a small part of the road lighting market. Compared with HID lamps, the high cost of LEDs makes it difficult for most towns to switch. But today, with the advancement of LED lighting technology and the decline in prices, the pace of LED adoption is accelerating and expanding.

With the development of 5G commercialization, street lights have played the role of micro base stations in cities in recent years, and smart street lights have become smart poles. In addition, with the continuous development of the Internet of Vehicles, everyone has gradually expanded their attention from electric vehicles and self-driving vehicles to roadside equipment (RSU, Road Side Unit). Traditional municipal construction has spread to many stable infrastructures, as a digitization market, if these infrastructures can be further intelligentized to serve citizens. To build up a dense and sensitive neural networks will be of great help to promote the implementation of smart cities. And the global smart pole business and opportunities could reach $3.4 trillion.

iii Traffic Signal Application

Compared with traditional signal lights, the use of LED signal lights can save 85% to 90% of the electricity, and the life span can reach more than five years. Under the consensus of the global energy crisis, the energy-saving and long-life LED traffic signal lights are affected. With the attention of various countries, budgets and policies for replacing traditional signal lights are generally implemented.

With the application of new technologies and changes in domestic social life patterns, LED signs that are already energy-efficient and efficient will derive more road warnings and improve the safety of pedestrians. This part will also be used in the domestic green energy market. Start a wave of industry renewal.

At present, companies have also begun to design wireless model lights in the market, which can reduce construction costs, save road excavation engineering costs, and reduce the inconvenience of passers-by during road excavation.

Such related products, as technology advances more and more, and the advent of smart cities, this product will become more and more popular in the future under the framework of the Internet of Things and the Internet of Vehicles. At present, Taiwan’s traffic lights and traffic lights are about 850,000, if all of them are replaced with smart wireless signal lights, their output value in Taiwan will reach more than 10 billion Taiwan dollars.

iv LED Small-pitch Display

Since its introduction, the fine-pitch LED display has received extensive attention from the industry and has maintained a high annual growth rate. Although the recovery of China's LED display market after the easing of epidemic restrictions in 2023 is not as expected, compared with the downturn period in 2022, the demand still shows a growth trend, especially in conferences and education spaces (Corporation & Education), and broadcast performances (Broadcast) and retail & exhibition (Retail & Exhibition) and other fields; the North American market continues to maintain a high growth trend, and fields such as outdoor display, retail & exhibition, and virtual photography are the main driving forces for market demand growth; the European region is affected by the Russo-Ukrainian war and affected by factors such as inflation, market demand growth has slowed down; after emerging markets such as Asia, Africa and Latin America experienced a period of rapid growth in 2022, demand will remain strong in 2023. Overall, TrendForce estimates that the global LED display market will grow to US$7.564 billion in 2023. Indoor display screens: benefiting from the market demand for high resolution and high dynamic contrast range (HDR), we can see the steady growth of the corporate conference and education space (Corporation & Education), virtual production, home theater and cinema markets; in addition , Micro LED transparent display is very suitable for use in retail department stores, art spaces (art galleries, museums, aquariums), hospitality industry, etc., as an auxiliary introduction to display products.

Outdoor display screen: Mainly used in advertising, transportation, sports venues, live events and other markets. Benefiting from the recovery in demand in the European and American markets, LED outdoor display applications will still see steady growth in 2023 with Live Events and Sports/Education applications. In addition, the Glasses-Free 3D Display successfully enhances the urban landscape and attracts the attention of passers-by with its extremely realistic display, bringing visual shock.

The development route of the fine-pitch LED display has also evolved from the previous single SMD LED to the coexistence of formal COB, Mini LED and Micro LED technologies. In terms of technology, compared to SMD, formal COB has an excellent protective advantage, but the formal welding wire will occupy a certain space, which cannot be used in LED display with smaller spacing, and a large number of welding wires are to a certain extent It also reduces the reliability of the display; Mini LED displays make up for this defect and will further improve the light output performance. Many manufacturers hope to reduce the manufacturing cost of Mini and Micro LED displays through advanced printing technology, and driver IC manufacturers have also developed ultra-fine pitch Micro LED display modules through technical cooperation with the Industrial Technology Research Institute. They all hope to create ultra-fine pitch and lower-cost LED displays through new technical solutions. Therefore, the industry competition will become fierce in the future.

(4) Product Competition

i More than 80% of EOI's revenue comes from automotive LED light source products. It has successively obtained orders from more than 40 auto factories around the world, and has gradually become a long-term strategic partner of world-renowned Tier1 automotive lighting makers. Orders were visible to the Republic of China in 114. The entry barrier for the automotive OE market is quite high, and EOI has been in this market for more than 18 years, gradually establishing a stable and irreplaceable position.

ii EOI has been benefited from the trust of many international automotive lighting manufacturers in North America and continued to obtain ODM and OEM orders, and the company was able to continue to expand the market. Orders for automotive lighting modules are now steadily and continuously growing substantially, and it is expected that future revenue and market share will grow considerably.

iii Based on driving safety considerations, all original automotive LED light modules need to pass the meticulous and precise design and extremely strict safety standard certification. The module design, development and verification time is often as long as 1-2 years, and if the one is the first time cooperating with major Tier 1 suppliers, the time required from qualification review and verification to delivery of samples must be as long as three years or even longer. On the whole, the verification time is quite lengthy and the cost is high, so it is not easy for new competitors to enter and carve up the market in a short period of time. And Tier 1 manufacturers' strict quality requirements for automotive LED lights are far higher than general consumer lighting product standards.

In addition to the repeated certification of LED lighting modules before approval, Tier 1 factory also sends personnel to supervise and audit the operation of the production line from time to time after the formal approval, to ensure that the quality of raw materials and finished products can be maintained continuously. Therefore, the supply chain is tight, resulting in the same parts and components provided by only two to three suppliers at most. For Tier 1 factory, it takes considerable cost and time to maintain and supervise existing suppliers, but to abandon existing suppliers and use parts from other manufacturers. In addition to the need to reinvest in certification time and cost, part changes will ultimately affect The impact of automotive lighting products is also immeasurable. Therefore, based on conservative psychology and under the considerations of cost and risk, Tier 1 factory usually does not easily change suppliers, so the possibility of original supplier being replaced is relatively low.

iv The automotive industry has extremely high requirements for good quality systems and yields rate. ISO9001 and IATF 16949 are only basic requirements. If you want to serve European customers, you must obtain VDA 6.3 certification. In addition, the quality must pursue zero defects, and the threshold is high.

v The main customers of EOI are the world's major manufacturers in Europe, America and Canada, as well as the R&D and production bases of major US and German companies in China. The partners are mainly world-renowned large-scaled companies with an annual turnover of more than 100 billion Taiwan dollars and a long history. With advanced technical capabilities and extremely high market share, EOI has a strong technical team, fast and accurate optoelectronic and thermal design ability, high-quality and honest customer service, and strong customer-self strategic alliances. With the expansion of the LED application field, the operating performance of continuous growth in revenue can be achieved. we expect to gradually become the most important and long-term supplier of automotive LED lighting modules and components.

3. Technology and R&D Overview

(1) Technical level, research and development of the business

EOI is mainly committed to the design and development of LED component, LED green energy products and automotive light modules. The description of each research and development content is as follows

① LED component

EOI"s LED packaging technology and product development are mainly applied to the needs of the automotive market. In addition to meeting the basic requirements of AEC-Q101 verification of vehicle regulations, in recent years it has been upgraded to AEC-Q102, USCAR33 verification, sulfur resistance verification and compliance with Safe Launch requirements. LED component has 153 products that meet the AEC-Q101 specifications , 60 products meet the AEC-Q102 specifications for automotive, and 66 products meet the USCAR33 Over Stress test. The application areas cover automotive interiors and rear lights. Almost the entire vehicle's demand for LED component, such as front lights. The quality of LEDs continues to maintain high quality with a failure rate of <1 PPM (for every one million LEDs produced, less than one failed LED). EOI mass-produces thin side-emitting LEDs, which provide the light source for the EOI's patented product Flexible Uniflex, and has also been approved by a well-known American electric vehicle company as the LED light source for its new car models mass production in the mid-2017. The company successfully developed a new type of CSP (Chip Scale Package, Wafer Level Package) LED components in 2018. With the advantages of light, thin and miniaturized packages, the design of the car lamp module system is more flexible and stylish.

② LED smart green products

EOI Smart Green (ESG) include LED street lights, LED traffic signals, and related smart application & energy-saving solutions. EOI has a complete range of LED street lights with an efficiency of up to 180 lumens per watt, and the wattage of the luminaires ranges from 20W to 250W. According to the results of road simulation software analysis, different LED distribution types and pattern such as Type II M, III M, III P, III D, V, etc. are replaced, and the best street light configuration suitable for different road conditions is provided. EOI Smart Green streetlight can be paired with smart streetlight controllers. Through integration with a remote platform, not only can remote management be achieved, but secondary energy savings can also be implemented, assisting property owners in achieving energy-saving and carbon reduction goals.

In response to the lighting needs of parking lots, squares, large sports fields, and buildings, EOI has also developed high lumen output and variety of floodlights with different wattages, powers, and light types to meet the specifications and application requirements of different customers. Our products can be connected to the wireless module for remote control and to the motion sensor for sensing and dimming. The wireless module and the motion sensor do not need to be equipped with additional power supply drivers, which can greatly reduce the complexity and cost of wireless intelligent lighting systems and help customers balance energy consumption and site security.

In the development of smart transportation, EOI has also invested in research and development manpower. Integrated communication of traffic lights can be combined with AI recognition to control pedestrian and vehicular traffic in real time. Wireless and green energy-based development is utilized, along with big data computation, to enable device interconnection. For example, dimming functions can be activated at night to save unnecessary power consumption. In the future, integration with the Internet of Vehicles (IoV) can further assist in establishing our country's V2X environment.

③ Patent Design and Technical Development of Automotive Lighting Optical Modules

Our company continuously invests in research and development resources, integrating seven core technologies including LED components, optics, mechanisms/molds, electronics/electrical heating, system thermal management, software and firmware, and testing verification. We focus on developing forward-looking automotive-specific innovative products, including LED chip structures, LED light sources, LED modules, and car light modules. These technological achievements have been patented in multiple countries and have successfully penetrated the supply chains of several well-known automakers, including Ford, Stellantis, Tesla, BMW, TOYOTA, GM, Volvo, Daimler, Fisker, Rivian, and Audi.

Of particular note is our UniFlex series technology, which has been applied to the supply chain of the renowned U.S. electric vehicle manufacturer Tesla, providing car light source modules to major North American automakers. Additionally, another innovative LED automotive light source technology—the UniFlex and UniFlex Linear series—has been integrated into the design projects of high-end electric sports cars, electric SUVs, as well as various new car lights and electric motorcycles domestically.

Building upon existing technological foundations and scopes, we continue to develop innovative UniFlex and UniFlex Linear series technologies. Among them, UniFlex Linear III is an extremely slim LED light source module that not only retains the uniform illumination, bendability, and dynamic lighting features of the first and second generations of UniFlex Linear but also offers the following advantages:

1. Simple Structure: UniFlex Linear III boasts a simple design, facilitating optical design integration.

2. Wide Applicability: Suitable for light guides or inner lamp housings with a narrow emitting surface width of only 5mm.

3. Enhanced Energy Efficiency: Compared to previous-generation products, overall power consumption has been reduced by 20% to 50%, providing better value.

These features enable UniFlex Linear III to be widely used in headlights, taillights, and various signal lights of mid-to-high-end automobiles. We also combine special optical microstructures and new patented structural technologies to provide solutions for customer design projects. Currently, these technologies have begun to be used in the design of new car lights for several internationally renowned car light manufacturers.

In summary, the abundant resources and professional talents of EOI Optoelectronics are key factors in the company's success. The company possesses advanced CAE simulation capabilities in optics, mechanisms, and thermal systems fields, enabling early detection and improvement of problems during product development. Additionally, the company's measurement hardware equipment has passed ISO-17025 and TAF laboratory audits, ensuring the high quality and reliability of products.

The company has nearly a hundred professionals covering LED chips, LED packaging, and LED application-related optics, mechanisms/molds, electronics (hardware/software/firmware), and thermal management fields. These experts continuously propose innovative patented technologies to meet the special needs of customers, from improving luminous efficiency and reliability at the LED chip end to optimizing light efficiency and light distribution control at the LED packaging end, and further to the structure, light distribution design, and dynamic interpretation light efficiency control of LED modules. These technical advantages include:

1. Advantages of Design-in LED light sources: Innovative design to meet specific customer needs, providing optimal LED light utilization efficiency.
2. Advantages of Lowest Energy Consumption: Increasing LED luminous efficiency to achieve the lowest energy consumption.
3. Advantages of Best Cost Performance: Integrating upstream and downstream to maximize cost-effectiveness.
4. Advantages of Customer Convenience in Design: Simplifying car light applications for customer design.

Particularly, the UniFlex and UniFlex Linear series technologies, with UniFlex Linear III being an extremely slim LED light source module, not only retain the characteristics of uniform illumination, bendability, and dynamic lighting of the previous two generations but also feature a simple structure, suitability for narrower emitting surface widths, and higher energy efficiency, making them widely applicable in headlights, taillights, and various signal lights of mid-to-high-end automobiles.

To enhance and accelerate the development and design of car light module products, we conduct rigorous light distribution testing and verification during the research and development phase. The company plans to purchase a Type A automotive-specific light distribution testing machine in 110 years, which can measure light distribution regulations such as SAE, ECE, GB, FMVSS108, and output Type A light distribution IES files to ensure design accuracy and development speed. These resources and technical capabilities enable the company to address various complex technical challenges, meet market and customer diverse needs, and maintain a leading position in fierce competition EOI Optoelectronics is committed to comprehensive technical innovation from LED chips to the final car light application, providing customers with efficient, reliable, and competitive LED lighting solutions.

With the goal of achieving flawless automotive design, our company passed the TUV ISO 26262 functional safety hardware audit requirements at the end of November 2019, and additionally obtained certification for ISO 26262 functional safety for software and firmware by the end of 2021. This ensures that products designed by EOI Optoelectronics can better guarantee personal safety. ISO 26262 certification is applicable to safety applications such as automotive taillights, headlights, front lights, and interior lights. Furthermore, by the end of 2020, EOI Optoelectronics established an EMC laboratory internally for electromagnetic compatibility testing and verification during design and development to ensure the electromagnetic interference of the designed driving power supply and LED modules. As car light designs become more design-oriented, EOI Optoelectronics began conducting ASPICE (Automotive SPICE) coaching certification in 2020 to enhance design quality assurance during firmware development.

In response to the global trend towards net zero carbon emissions and changes in environmental regulations for automobiles in various countries, the sale of new gasoline-powered vehicle models will no longer be allowed in the future. New energy vehicles and autonomous vehicles will become the mainstream choices in the market. Some European countries plan to comprehensively ban the sale of new gasoline-powered vehicles from 2025 onwards, and Taiwan will also implement similar sales bans by 2040. This shift will bring about new market demands and opportunities.

EOI Optoelectronics foresees this trend and actively develops products to meet new demands, including LED car light modules, LED smart headlight modules, Mini LED car interior and exterior information display modules, and automotive interior light modules. Through past ODM and OEM car light module project executions, we have accumulated rich experience and obtained multiple innovative light source patents, which will help the company gain advantages in the future new energy vehicle market.

In terms of appearance design EOI Optoelectronics' latest products can help customers achieve a high sense of technology and modernity. The LED smart headlight module, with its sharp lines and dynamic exterior design, seamlessly integrates with the vehicle body, enhancing the overall technological feel of the vehicle. The Mini LED car interior and exterior information display module adopts a streamlined design that delivers visually stunning effects both day and night. The design of the automotive interior light module focuses more on coordination with the vehicle interior environment, providing drivers and passengers with a more comfortable and high-tech in-car atmosphere.

EOI Optoelectronics will continue to focus on innovation and technological research and development, seizing the enormous opportunities in the new energy vehicle and autonomous vehicle market, and providing efficient and intelligent lighting solutions for the future automotive market. By continuously improving the technical level and market competitiveness of products, we will occupy a favorable position in the emerging new energy vehicle.

(2) .R&D expenses invested in the most recent year and up to the date of publication of the annual report

Unit: NT$ in thousand

Year	R&D expenses	Percentage of operating revenue(%)
2023	214,856	4.97

(3) Successfully developed technology or product

i LED Light component:

Developed 153 products conforming to the automotive specification AEC-Q101 LED light source, 66 products conforming to the automotive specification USCAR-33 LED light source and automotive headlight LED (F1) light source.

ii Outdoor and industrial LED lighting products:

The development of the EOI street light series covers the wattage range from 30W to 250W and can replace different LED distribution types such as Type II M, III M, III P, III D, V, etc. and adopts a modular design to switch light source, light type, driver, lightning strike protector, etc. The street lighting luminaire's energy efficiency can reach 180 lm/W.

The signal lights are designed for communication and smart management, and the power and fault data can be collected in the background for management and tracking. At the same time, light reduction can be performed at night to reduce power consumption. The warning flash system combined with the communication function can be applied to areas such as foggy areas, bridges, and blind bends in mountainous areas to improve the safety of passers-by.

The floodlight series has developed products with different wattage powers (6x6 and 6x5 different light types) from 100W to 180W, and the lamp efficiency can reach 140–150 lm/W. It is a highly competitive product in the market and has also earned recognition for its outstanding performance by customers in the North American market. In the future, there will be models with higher power and higher efficiency output advantages.

iii Development of Automotive Lighting Optical Modules:

EOI Optoelectronics has been dedicated to the innovative development of LED automotive light source modules, particularly its UniFlex series technology. The latest developments include the innovative LED automotive light source UniFlex Linear, as well as further improvements in the design application of the second generation UniFlex and Linear. These new technologies, through structural optimization and cost reduction, not only increase optical efficiency by at least 20%, but also reduce the power consumption of LED modules, achieving the goal of low power consumption and low cost for high-efficiency modules. Patents have been applied for the second-generation integrated surface light source and line light source, which can seamlessly integrate with the appearance design of vehicle lamps and provide uniform and comfortable light. Its unique high-efficiency light distribution design can present curved shapes according to the original vehicle lamp design, a technology that has been recognized and praised by design units of many North American and European automotive manufacturers. It has been applied in forward-looking collaborative research and development projects for multiple vehicle models. EOI Optoelectronics is also actively discussing various projects related to pure electric vehicles and plans to develop them in sync with customers, expecting to bring new opportunities.

The company has obtained multiple patents for the design and application of car light module light sources and will continue to actively integrate and apply UniFlex series module optical technology. The future third generation UniFlex series technology will seamlessly integrate into the design of vehicle lamps, meeting regulatory requirements and maximizing its efficiency. The company is currently participating in OEM vehicle projects, assisting OEMs in collaborative research and development of vehicle lamps and obtaining synchronous engineering orders. It is also conducting preliminary planning and design adjustments for multiple mass production projects.

In response to the demand for low-power car lights from the North American market for pure electric vehicles,EOI Optoelectronics' technical applications fully comply with the strict specifications of electrical components for pure electric vehicles. Whether it is vertical lamps or lamps with large variations in curvature, the company can provide high-quality design planning and preliminary analysis, winning customers' technical trust and expectations. These technological innovations and market strategies will bring continuous growth and new opportunities to the company.

The development of another innovative LED automotive light source, UniFlex Linear, and further development of the second generation UniFlex and Linear designs, as well as the optimization of the structure and cost reduction of the UniFlex surface light technology, will increase the optical efficiency by at least 20% and reduce the power consumption of LED modules, achieving low power consumption and low cost for high-efficiency modules. At the same time, patents have been applied for the second-generation integrated surface light source and line light source. The appearance of these second-generation light sources can be matched with the appearance design of vehicle lamps and can better demonstrate uniform illumination and comfort to the human eye. The design can match the original vehicle lamp appearance design, and it has a special light source design with high efficiency light distribution. Currently, it has been continuously recognized and praised by design units of many North American and European automotive manufacturers, and it has been applied in forward-looking collaborative research and development projects of multiple vehicle models. Meanwhile, it is actively negotiating various demands related to pure electric vehicles and will develop them in sync with customers, which will bring another wave of new business opportunities to the company.

Regarding the design and application of car light module light sources, actively moving towards the integration and application of the UniFlex series module optical technology, and evaluating and designing Hybird-derived future third-generation UniFlex series technology, will seamlessly integrate light sources into lamp appearance and fully maximize benefits to meet regulatory requirements. The company has entered OEM vehicle projects, assisting OEMs in collaborative research and development of vehicle lamps and obtaining synchronous engineering orders. It is also continuing to conduct preliminary planning and design adjustments for several mass production projects. The technical application for low-power car lights required by the North American market for pure electric vehicles can better meet the limited specifications of electrical components for pure electric vehicles. Whether it is vertical lamps or lamps with large variations in curvature, the company can provide customers with high-quality design planning and preliminary analysis based on its technical capabilities, creating customer technical trust and expectations.

4. Long-term and Short-term Business Plans

Our product performance, quality and related technologies have been recognized by customers and the market. As the existing business grows year by year, the way and proportion of orders have also increased from OEM to ODM. Utilize the characteristics of the company's existing and innovative LED light sources to improve the value engineering (VA/VE) of existing products and strengthen the competitiveness of new orders. To meet the needs of the client's design source, engage in the design of new ODM products, on the one hand, expand the demand for LED light sources, and at the same time establish the uniqueness and competitive niche of LED products and car light modules. In response to the continuous improvement of the company's overall business and competitiveness, the future long- and short-term development plans are as follows:

(1) Short-term Business Development Plan

1) Strengthen the relationship with the existing world-class long-term customers, and continue to develop more large international new customers.

2) Continue to develop forward-looking innovative light source technology and products that automotive customers expect, leading the market trend, and becoming an indispensable supplier for customers

3) Implement value engineering (VA/VE) improvement plans to improve the competitiveness of orders.

4) Expand automatic production lines and production capacity to meet business growth needs.

5) Mass production of innovative products (technology).

(2) Long-term Business Development Plan

1) Continue to innovate, strengthen and expand core technologies, enhance business competitiveness and new product supply.

2) Combination of different industries and joint research and development, develop new product lines for vehicles, and expand business services.

3) Continuously expand overseas production bases and service bases in line with operational needs.

4) In the face of global competition, continue to develop innovative products, combine flexible response and efficient design R&D capabilities, process capabilities and business service capabilities to increase the success rate of quotation orders.

5) Accelerate the introduction of E-oriented company-wide and enhance long-term competitive advantage.

B. Industry Survey and Market Analysis

1. Market Analysis

(1) Net Revenue by Geography

Unit: NT$, in thousand

Geography \ Year		2022 Net Revenue	2022 %	2023 Net Revenue	2023 %
Domestic		233,246	6	288,886	7
Export	Asia	544,892	14	543,077	13
	America	2,794,545	73	3,050,478	70
	Europe	244,344	7	439,739	10
	Others	8,429	0	3,173	0
Total		3,825,456	100	4,325,353	100

(2) Market Share

EOI at the position of the middle and downstream (Tier 2 and Tier 3) of the LED industry chain, and provides LED car lighting modules and LED components as our main service items. Our main service targets are OE automotive original customers, providing a series of services for design, development, certification, testing and mass production. It has gradually become an ODM/OEM supplier that automotive lighting customers rely on, and needs to cooperate with the development of finished cars. With the improvement of environmental protection awareness, product development is moving in the direction of energy saving and carbon reduction. We mainly focuses on LED lights for automobiles from major car manufacturers in the world.

The EV vehicle market, which is growing rapidly under the trend of new energy and environmental protection policies, EOI has firmed cooperation with the world's mainstream EV brands (including Tesla, Rivian, Fisker, BMW, STLA, GM, etc.), the automarket market share can be expected to grow exponentially.

In addition, EOI’s LED signal lights are marketed globally, with a market share of approximately 60% in Taiwan, and have obtained the certification of the 43 states of the United States, and are installed in the 43 states, supplying the leading LED signal lights in the United States In addition, it is sold to Malaysia, Vietnam, Argentina, Canada and other countries.

(3) Future Supply, Demand and Growth of the Market

Based on Trend Force's analysis of auto market demand in 2023, inflation is slowing in Europe and North America, but the global economy remains weak. OEMs have lowered vehicle prices to boost sales, but this has led to fierce price competition. Also due to fierce competition in the automotive market, the price of automotive LEDs has dropped significantly, resulting in the postponement of multiple LED product development projects.

Nonetheless, advanced technologies related to ADB headlights, mini LED taillights, full-width taillights, marker lights and (smart) ambient lights will drive the automotive LED market value to US$3.307 billion in 2023. At the same time, it is expected that the global LED market will have the opportunity to resume growth in 2024, with an estimated output value of US$13 billion, an annual increase of 3%.

From the output value and penetration rate of automotive LEDs in various countries, due to regulatory requirements and market demand, Europe currently has the highest LED output value and penetration rate among major regions in the world, and Japan ranks second in penetration rate. However, due to the small base of total population and automobile sales, the output value is lower than that of China and the United States. In the Chinese market, the output value and penetration rate of some specific products have developed very rapidly, while the United States is relatively conservative in comparison.

Under the trend of new lighting design and application, environmental protection and energy saving, and full vehicle electrification, LED-related automotive lighting will continue to be introduced and increase its penetration rate in the fields of exterior lighting, interior lighting, indication and decoration applications, and its market demand is still expected.

This is also the reason why Taiwanese LED manufacturers have actively entered the automotive market in the past few years. 1. Because the automotive supply chain is relatively closed, it requires long-term technology and product verification, and it takes about 5 years of hard work to have a chance to enter. The relative threshold is high. However, as long as the supply chain of the car factory is entered, the cooperation relationship is as long as 10 More than years. According to a report made by IHS Automotive, the global auto market will reach 110 million vehicles in the Republic of China in 114. In terms of the auto industry, the demand will continue to increase in the next ten years, which is of considerable importance to the EOI.

In order to accelerate the zero-carbon emission process of transportation, the European Union has proposed to ban the sale of new cars equipped with internal combustion engines by 2035. Under this goal, 27 EU countries will not be able to sell any vehicles using fossil fuels by 2035, including Gasoline cars, diesel cars, and various forms of petrol-electric cars are the end of the era of the internal combustion engine. In other words, regardless of petrol cars, diesel cars, petrol electric cars, plug-in hybrid cars, there are only the last 13 years of life left in the EU market. In addition, under the new energy policies of various countries, the timetable for the ban on the sale of fuel vehicles has been set successively, including the main market as EU 2035, California (US): 2035, the United Kingdom: 2030, Germany 2030, Taiwan: 2040. The advantages of LEDs to energy saving, environmental protection and variable design will be inseparable from the application of electric vehicles. Electric vehicle lighting, instructions, and smart cockpits (including decoration, context, and information display) will be fully LED-based design.

The compound annual growth rate is estimated to reach 29%; the total sales of electric vehicles will increase from 2.5 million in 2020 to 11.2 million in 2025 and 31.1 million in 2030. EOI continues to cooperate with major and new branding EV maker for product cooperation will also expect another glory decade to be a breakthrough growth.

According to TrendForce analysis, China's LED display market demand will gradually recover in 2023, and the penetration rate of LED small-pitch displays in international markets such as North America, Europe, and Asia continues to increase. In addition, markets such as corporate conference and education spaces, virtual filming, and retail department stores continue to drive market demand for LED small-pitch displays. The entry of new manufacturers into the LED small-pitch display market, coupled with competition among display technologies, has resulted in a higher-than-expected price drop. TrendForce estimates that the global LED small-pitch display market is expected to grow to US$4.506 billion in 2023.

As Micro/Mini LED technology matures year by year, it can be seen that the Micro LED display market size will have the opportunity to reach 406 million US dollars by 2027, of which the total market size of ≤P0.625 and P0.7-P0.8 Micro LED display screens will be the opportunity reaches 349 million US dollars; the Mini LED display market size will have the opportunity to reach 1.847 billion US dollars in 2027, and the Mini LED display screen has the opportunity to expand to P1.2 and ≥P1.5-P1.6.

For the Mini-LED and Fine Pitch application markets that have entered the rapid growth period, the company continues to develop different Fine Pitch display models, and develops based on a more energy-saving design framework. The goal is to provide and Expand the service customer base, create new market applications and demands, and enhance and increase the profit and growth sources of products in different markets. This part will also be conducive to seizing the business opportunities of new-design EV electric vehicles in the future. In particular, Mini-LED car interior and exterior information display modules will be used in electric vehicles and self-driving cars. In addition to self-luminous and high-brightness information reading that is not affected by sunlight, this product also has a more flexible capability being a larger bending degree compared to LCD display. In the near future, information and communication between self-driving cars and pedestrians , inside or outside, will be more convenient, and the taillights of electric vehicles will also have a trend towards Mini-LED digital display.

(4) The Niche of Competitiveness

A. EOI Group-Vertical Integration of Upstream, Midstream and Downstream

We have the capabilities of LED chips, LED packages, LED modules and application products, and have advantages in quality, specification, and cost control. Compared with other peers, they have doubts about the shortage of light source materials.

B. International marketing channels and good customer partnerships

EOI is well aware of the importance of internationalization. In addition, LED products have a wide range of applications, a large number of manufacturers and different needs, so we actively set up subsidiaries in the United States and Spain, and set up a shipping center in Detroit to serve customers nearby. Moreover, A cooperate with distributors in Europe and Asia to expand the local market. After years of hard working and intensive cultivation, a complete marketing channel has been established, supplemented by perfect after-sales service, and EOI has established a good reputation. In addition to providing customers with high-quality, low-cost products, we can also provide professional planning with higher value added on the technical side. Regardless of quality, yield, delivery and after-sales service, it maintains a good interactive relationship with customers , and assist customers to shorten the product development schedule, grow together with customers and maintain long-term cooperative relationships. The established marketing channels and deep-grown customer relationships are all conducive to the development of the company's future operations.

C. Strong management team and independent R&D technology can provide professional ODM services

EOI has a leading optics, electromechanical, circuit design, mechanism, thermal dissipation, precision testing technology, LED technical team, can provide customers with the most quality assurance and the most cost-effective modules and finished products. In addition, the management team has more than ten years of experience in the LED industry, and has rich experience in various aspects of industrial environment changes, product development trends, manufacturing and marketing, which will help improve overall competitiveness and the company's sustainable operation.

D. International certification approved, product quality is well recognized

The automotive LED light modules produced by our company need to undergo rigorous and lengthy testing and certification before they may be adopted by the original automotive manufacturers. The quality is also highly recognized by customers and maintains a long-term relationship with them.

(5) Pro & Con to the Prospects and Countermeasures

A. Advantages to Development Prospects

a. Independent and advanced R&D technology capabilities

EOI focuses on the application market of automotive LED lights, and can provide customized services of different levels according to customer needs, covering the design and manufacturing of LED components and modules, and customer ODM/OEM project cooperation. The technical team has accumulated considerable experience, including heat dissipation solutions, circuit matching, mechanism planning, mold design, optical simulation analysis, etc., while also providing product application solutions to efficiently manufacture and develop new lighting products to provide customers with the most Good and high-quality alternative.

b. Advanced automated production equipment can reduce unit production costs

With a fully automated production line, strict process control and quality control, we hope to bring customers high-standard technology and product services.

c. Precise quality inspection

Adhering to the principle of zero defects, actively deploying the LED automotive market, and components and modules have been certified by Germany, the United States, Japan, China, India and Taiwan Tier-2 automotive lighting. Special attention is paid to the environmental testing of products, simulating various harsh conditions of temperature, humidity, salt spray, and vibration to ensure normal operation in harsh climates and environments. At the same time, various precision testing equipment, such as X-ray penetrating inspection machine, SEM electron microscope, CMM three-dimensional measurement equipment, precision light distribution curve meter, etc., are also purchased to effectively improve product quality.

d. Complete industrial supply chain

Sources of raw materials such as LED chips, lead frames, brackets, packaging resins, PCB boards, ICs and connectors, etc., can be fully grasped in terms of quality, delivery time and cost, so as to reduce supply problems and save logistics time.

B. Disadvantages of Development Prospects

a. The scale of procurement still needs to be strengthened to increase the distance from new competitors in this field.

Countermeasures: The design of the new car project will focus on niche components, and increase the bargaining power with economic volume and overall procurement

b. The main market is in North America, which is far away from the current Taiwan headquarters and the production base of the Chinese subsidiary, resulting in an increase in freight and inventory

Countermeasures: Establish an automated production base in North America to shorten the delivery time, freight and inventory input.

c. The fluctuation of foreign exchange rate seriously affects the company's profit.

Countermeasures: Beside of natural hedging, the company engaged into hedge derivative financial instruments to decrease the net position of revenue and expenses.

d. The personnel training system must be continuously strengthened to improve core competitiveness.

Countermeasures: After the company goes public, it will increase the company's reputation and the introduction of talents, the development of human resources and the relevance of the company's sustainable operation, strengthen the interaction between the company and employees, and cultivate talents to develop management to enhance the company's competitive advantage.

e. Rising labor costs in China.

Countermeasures: Replace part of manual production with automated equipment and improve production processes.

2 Important uses of major products and production processes

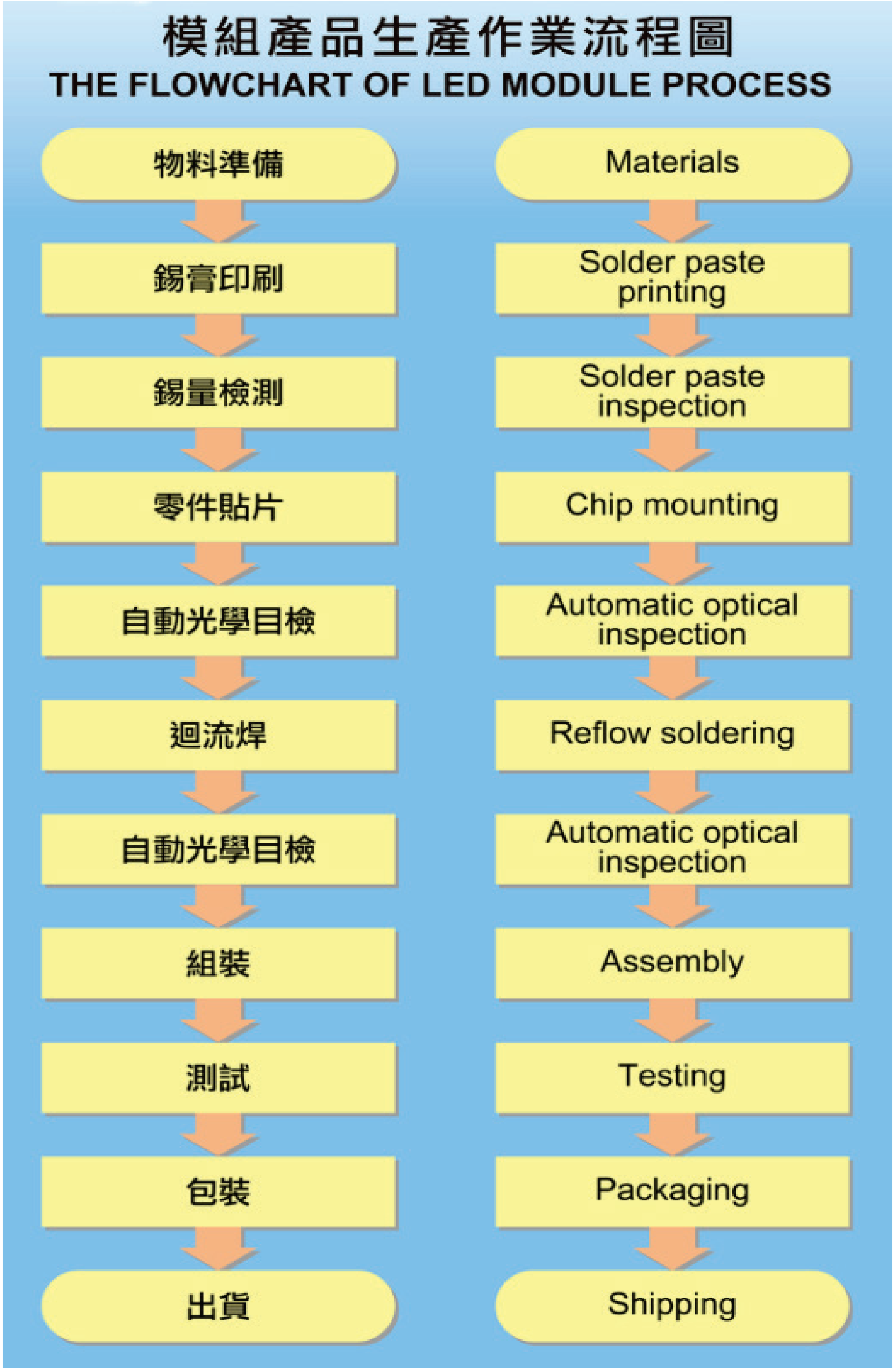
(1) Important uses

The main product name	use the way
Automotive LED modules and components	Through the integrated design of LED components, optics, mechanics, circuits, heat dissipation, software firmware, and special processes, we provide vertically integrated services from LED components to module assembly for automotive customers. It is mainly used in various lighting components of automobiles, such as turn signals, brake lights, daytime running lights, headlights, instrument lights, indicator lights, and various interior and exterior lighting applications.
LED components and modules	LED Components: can be applied to any lighting and indicating products, ranging from small products such as mobile phone keypads, displays, indicators, and backlights, to large products such as billboards, lighting, and other different functional requirements. LED Modules: semi-finished products that integrate LED design and assembly onto a PCB board. They mainly cater to customized demands and design and manufacture various LED lighting components for different LED applications.
LED traffic signals, LED streetlights, and floodlights	Due to the characteristics of LED, such as long lifespan, energy saving, and quick response, LED signals have been applied in the traffic signal system of various countries. The energy-saving feature of LED signals can save 50%~90% of the electricity compared to traditional tungsten filament light bulbs in different-sized signal lights. In addition, due to the high power consumption, short lifespan, and high maintenance costs of traditional streetlights, various governments around the world have allocated budgets in recent years to replace traditional mercury and high-pressure sodium lights with LED streetlights year by year. The floodlights typically used in plazas, parking lots, stadiums, bridges, and the outer walls of buildings, which were originally high-pressure sodium lamps or metal halide lamps, are also gradually being replaced by LED floodlights to achieve the goal of energy-saving, carbon reduction, and sustainable environmental protection.
LED lighting application products (LED fine pitch display screen)	Due to their excellent characteristics such as energy-saving, long life, high color gamut, high brightness, high resolution, and high contrast, LED display screen lighting can replace LCD screen products in special applications, especially for fine pitch and large size panel requirements, LED display screen applications are particularly prominent.

(2) Production process

The company's main products include auto vehicle LED modules and components, LED traffic lights and LED street lighting and other products. Since the Republic of China in 88 years into LED component development and mass production, its LED component packaging production process, mainly the grain glued to different packaging forms of wire racks or thermal substrates, according to different applications of various products to package the grain into different LED light sources. Modules, on the other hand, integrate LED components and other electronic components into functional modules in response to product and customer needs through circuit, mechanism, optics, and thermal solutions. The LED packaging process (in the case of PLCC packaging) and the lamp module process are as follows:


TOP LED 生產流程圖
THE FLOWCHART OF TOP LED PROCESS
備料
LED晶粒黏著作業
LED晶粒銀膠烘烤作業
電漿清洗製程作業
LED晶粒銲線作業
LED點膠製程作業
LED穩定性烘烤作業
LED外觀檢驗作業
LED全切製程作業
LED測試分BIN作業
LED捲帶包裝作業
產品包裝
入庫
Materials
Die Bonding
Post Curing
Plasma Cleaning
Wire Bonding
Encapsulation
Post Backing
Visual Inspection
Trimming and Forming
Sorting
Tapping
Packaging
Stock


模組產品生產作業流程圖
THE FLOWCHART OF LED MODULE PROCESS
物料準備
Materials
錫膏印刷
Solder paste printing
錫量檢測
Solder paste inspection
零件貼片
Chip mounting
自動光學目檢
Automatic optical inspection
迴流焊
Reflow soldering
自動光學目檢
Automatic optical inspection
組裝
Assembly
測試
Testing
包裝
Packaging
出貨
Shipping

(3) Availability of major raw materials

The company's main raw materials for LED components, the company mainly uses OSRAM Group, Nichia Group and other world-renowned LED components, after many years of cooperation in the joint development of China's auto vehicle LED application market results are remarkable, and form a close partnership, in the acquisition of goods there is no shortage.

The demand for semiconductors for vehicles in the market is still very strong, and there is still the risk of the leading time changes, which will affect the production plan, and the inventory should be prepared in advance to solve delivery change risk and meet emergent needs of customers.

The supply status of the main raw materials is adjusted as follows:

The name of the raw material	Supply situation
LED	good
PCB	good
Metal hardware	good
Plastic parts	good
Electronic parts IC	passable
Connector harnesses	good
Packed pieces	good

3. Suppliers/Customers Accounted for at Least 10% of Purchase/Sales and Respective Amount and Percentage

i. Information on Major Suppliers in the Last Two Fiscal Years

Unit: NT$, in thousand

Year / Item	2022				2023			
	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer
1	Others	2,080,737	100	None	Others	3,116,555	100	None
2								
	Net Purchase	2,080,737	100		Net Purchase	3,116,555	100	

Analysis: No further analysis as there is no significant change in major suppliers between 2022 and 2023

ii. Information on Major Customers in the Last Two Fiscal Years

Unit: NT$, in thousand

Year / Item	2022				2023			
	Name	Amount	Percentage of Net Revenue for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Revenue for the Year (%)	Relationship with the Issuer
1	Customer A	807,562	21	None	Customer A	1,146,890	27	None
2	Customer B	727,100	19	None	Customer B	582,247	13	None
3	Others	2,290,794	60	None	Others	2,596,216	60	None
5								
	Net Revenue	3,825,456	100		Net Revenue	4,325,353	100	

Analysis: No further analysis as there is no significant change in major customers between 2022 and 2023.

4. Table of Production and Sales Volume and Value in the Most Recent two Years

i. Production Volume and Value in the Most Recent two Years

Unit: NT$, in thousand / thousand unit

Year / Produce Amount / Main Products	2022			2023		
	Capacity (Note)	Output	Amount	Capacity (Note)	Output	Amount
Automotive light modules and components	-	143,306	2,569,783	-	124,079	3,310,989
LED traffic signals and street lightings	-	241	239,680	-	171	175,378
Others	-	80,157	141,718	-	78,093	124,013
Total	-	223,704	2,951,181	-	202,343	3,610,380

Note: Considering the difference between different products and the difficulties to calculate the capacity for each main product, the table did not show the capacity about each main product.

Analysis: No further analysis as there is no significant change in production between 2022 and 2023.

ii. Sales & Shipments in the Most Recent two Years

Unit: NT$, in thousand / thousand unit

Year / Sales and Shipments / Main Products	2022				2023			
	Domestic		Export		Domestic		Export	
	Shipments	Net Revenue	Shipments	Net Revenue	Shipments	Net Revenue	Shipments	Net Revenue
Automotive light modules and components	49,902	144,516	54,070	3,126,577	50,718	173,272	58,787	3,620,485
LED traffic signals and street lightings	24	53,085	1,352	300,475	22	71,265	711	287,688
Others	23,199	39,126	42,276	161,677	27,666	43,598	31,855	129,045
Total	73,125	236,727	97,698	3,588,729	78,405	288,135	91,353	4,037,218

Analysis: No further analysis as there is no significant change in sales and shipment between 2022 and 2023.

C. Information on employees employed in the past two years and up to the date of publication of the annual report

Number of employed employees, average length of service, average age and educational background distribution ratio for the most recent two years and as of the publication date of the annual report

Unit: person/%

project \ year		2022	2023	April 20,2024
staff number of people (people)	direct personnel	438	464	464
	indirect personnel	497	523	538
	R & D personnel	104	122	113
	total	1039	1109	1115
Average age (years old)		39.14	40.20	40.46
Average years of service (years)		4.83	5.03	5.13
Educational Distribution Ratio (%)	PhD	0.58%	0.63%	0.63%
	master	8.37%	7.48%	7.44%
	junior college	57.07%	57.71%	58.39%
	high school	17.42%	19.21%	19.10%
	below high school	16.56%	14.97%	14.44%

D. Environmental Expenditure Information

For the last two years and up to the printing date of the annual report, the company has suffered losses due to pollution of the environment, the total amount of penalties, and discloses its future countermeasures and possible expenses.

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(1) On July 3, 2023, the Company received a notice from the Environmental Protection Administration (EPA) to check the following information of the Company's waste network declaration: C-0301 waste liquid flash point less than 60℃ from November 111 to February 112 of the LED manufacturing process and E-0218 waste optoelectronic parts, footings and defective products from December 111 to February 112 of the other optoelectronic materials and components manufacturing process, E-0221 Printed circuit boards containing metal and its powder, E-0222 Waste printed circuit boards with components, there is an imbalance in quality, has violated Article 31, paragraph 1, subparagraph 2 of the Waste Disposal Law, and was fined NT$60,000 and sentenced to environmental lectures for 2 hours. The Company has paid off the fine, completed the related improvement measures, and on October 27, 2023, participated in the environmental lecture.

(2) In 2022 to 2023, there was one case of violation of environmental protection laws and regulations and pollution of the environment, which resulted in a fine and mitigation of punishment.

(3) The total environmental protection operating expenses for fiscal 2023 amounted to $1,043,343, which were for ISO14001 periodic verification, air pollution prevention, waste cleanup, sewage discharge water calibration, environmental testing and other environmental protection operating expenses.

E. Labor Relations

1. The company's various employee welfare measures, further education, training, and retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures:

1. Employee welfare measures, further education, training and their implementation

(1) employees from the date of reporting for duty, that enjoy labor insurance, universal health insurance, group health insurance, group accident insurance, overseas travel FPA.

(2) In addition to the basic salary, and depending on the profitability of the company's operations, timely provide incentive bonuses for colleagues, employee remuneration, employee shareholding, dividends, etc., as well as subsidies for weddings and funerals, hospitalization, childbirth, and emergencies.

(3) The company has staff canteens, and provides meals subsidies for colleagues; staff transportation vehicles and dormitories are available.

(4) Implement employee health check every year and provide preferential plan for family members. Including: annual regular health check, identification and management of risk cases, abnormal tracking management and adaptability adjustment, etc., providing various health promotion and psychological consultation programs, caring for the physical and mental well-being of employees.

(5) Pay attention to the management of maternal health protection. Provide pregnant employees with health guidance during pregnancy and lactation, and provide lounge and breast collection room spaces, and create a friendly working environment for female employees on the principle of taking into account the protection of maternity and the equality of employment .

(6) Establish an employee welfare committee to be responsible for the planning and implementation of various welfare programs. Including: club activities, tourism, special store discounts, festivals, birthday gifts, children's education rewards, weddings and funerals, hospitalization, childbirth, emergency relief and other subsidies.

(7) Continues to promote "employee and work-life balance" measures, and regularly organizes employee satisfaction surveys, festive events, and distributes gifts or gifts to promote and enhance employee relations.

(8) In order to improve the professional quality and skills of employees, and strengthen efficiency and quality, the company has established e-learning and digitized courses in addition to holding internal company education and training from time to time , providing a diverse and convenient learning platform for colleagues; and encouraging employee participation Various training activities organized by external organizations in order to effectively develop human resources and improve employee competitiveness and operational performance.

(9) A sound certification development framework, with professional positions and management function certification as the cornerstone, vertical promotion of products, green products, environmental safety and health, legal affairs and other related courses, and then horizontal promotion of various department training, so as to

achieve the company's goals and organizational needs. Diversified education and training approaches.

2. Retirement system and implementation
   (1) From the July 1,2005 selected colleagues freshly pension system, the Company in accordance with the provisions of the Labor Pension Act, six per cent of its monthly salary set aside labor pension to the Bureau of Labor Insurance Labor Personal account.
   (2) July 1,2005 before the date of the old system of seniority, and select colleagues pension system of the old system, in accordance with regulations, "Labor Standards Act", the monthly set aside retirement funds, reserve Oversight Committee Organization retirement "labor The "Labor Retirement Reserve Supervision Committee " formed by the "Articles of Association" manages the fund and handles the payment of employee retirement benefits in accordance with the provisions of the Labor Standards Law.
3. The company has always attached importance to labor-management relations, formulated labor rights policies with reference to international human rights standards, and strictly abiding by domestic labor-related laws and regulations to formulate and implement relevant human resources policies and formulate internal regulations. It mainly considers professional ability, academic experience, and functions, etc., and never considers race, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, marriage, and physical and mental disabilities.

   Maintain two-way communication management and exchange, and regularly hold communication meetings such as labor-management conferences and job welfare conferences; management representatives composed of senior management and labor representatives selected by grass-roots colleagues have direct face-to-face two-way communication, and exchange opinions with each other with an open attitude. ; Also build a comprehensive communication channel, set up employee suggestion boxes and employee suggestion lines, encourage colleagues to make suggestions to understand colleagues and solve problems of employees, and establish a harmonious labor-management relationship.

   Eliminate sexual harassment in order to create a friendly working environment. Develop sexual harassment prevention measures, complaints and management practices to effectively prevent and handle sexual harassment incidents. Under this mechanism of joint participation and adequate communication between labor and management, it is expected that there should be no labor disputes in the future.

2. Losses suffered by the company due to labor disputes in the most recent year and as of the publication date of the annual report, and the estimated amount and corresponding measures that may occur at present and in the future are disclosed:
   1. Losses incurred due to labor disputes in the most recent year and as of the publication date of the annual report: None.
   2. Current and future estimated amount and corresponding measures: None.

F. IT environment safety management:

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

1. Information and security management structure
   (1) In order to protect the confidential information security of the company and customers, the company has set up an information security department and information system department, which is responsible for information security management and supervision, and formulated the "Confidential Information Protection Policy" and "Confidential Information Protection Operation Management Measures" to specify the management procedures and specifications for the protection of the company's confidential information. The Ministry of Information is responsible for coordinating information security and related matters and establishing an information security management system
   (2) The audit office formulates relevant internal control procedures and conducts internal audits on a regular basis. In accordance with the information environment control and application system audit matters provided by professional institutions, the Information Department regularly conducts independent inspections to ensure the safety of information processing related operations.
   (3) Every year, the accountant conducts an information operation review, and if it is found to be deficient, it will ask for improvement measures and track the improvement results.
   (4) Based on the importance of information security, the responsible unit regularly reports to the board of directors on the governance and implementation of enterprise information security every year.

2. Information Security Policy
   In order to strengthen the enterprise information security management, strengthen the supervision and improvement of the information security protection in the factory, effectively reduce the risk of internal and external theft, improper use, leakage, alteration or destruction of information assets caused by human negligence, intentional or natural disasters, etc., ensure information security, establish a proper computer use environment, to fully support various work, formulate relevant information management and information security management and response mechanisms related measures to maintain the company's information security.

3. Specific management plans and resources invested in information security management

   At present, the company has built internal and external firewalls to reduce the exposure to cyber attacks, and has reduced the infection of malicious viruses and cleaned up network viruses in real time through internal virus protection mechanisms. And continue to invest resources to improve existing protective measures.
   For example, invest resources to establish an NDR system to monitor whether the network behavior is abnormal, and the NDR can grasp the source of the abnormal occurrence and abnormal events in real time, and can immediately and effectively control the measures.
   IT The existing IT personnel continue to invest in the management and maintenance of software and hardware, and continue to invest more IT resources in strengthening the mechanism of information system response, backup and recovery, and establish the foundation of the information system for continuous operation. In order to strengthen the improvement of information security technical capabilities, in addition to the addition of full-time information security personnel, other IT colleagues are required to continue to receive external training to improve their ability and knowledge of information security protection.
   And continue to regularly publicize and carry out various protection drills for all colleagues in the

company to educate and enhance the awareness and responsibility of all employees for information security maintenance.

(2) List the losses, possible impacts and response measures suffered due to major information security incidents in the latest year and as of the date of publication of the annual newspaper, and if they cannot be reasonably estimated, explain the facts that cannot be reasonably estimated.

In recent years, there have been no major information security incidents that have affected and suffered losses.

G. Important contracts

Contract nature	Party	Contract start and end date	Main content	Restrictions
Land lease agreement	Science Industrial Park Administration	2009/12/03 - 2028/12/31	Leased land 11635.4 square meters , the lease period of 19 years, rent per paid once a month.	no
Medium- to long-term secured loans	Taiwan Cooperative Bank	2019/10/18-2030/08/15	Loans for building factories, purchasing machinery and equipment, and operating working capital	no
Phase II Construction Contract	Wei state to create a project	2020/01/15-2021/05/01	Responsible for the construction of the company's second phase base construction	no

VI. Operational Highlights

A. Most Recent 5-Year Concise Financial Information

1. Most Recent 5-Year Concise Balance Sheet and Statement of Comprehensive Income-IFRSs

(1) Concise Balance Sheet (Consolidated) – Taiwan-IFRSs

Unit: NT$, in thousand

Item \ Year		Most Recent 5-Year Financial Information (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		3,198,930	3,533,264	3,516,685	3,242,114	3,870,973
Net property, plant and equipment		1,221,857	1,420,294	1,927,726	2,045,971	2,100,510
Intangible assets		93,033	97,551	104,269	110,610	111,577
Other assets		401,473	261,897	315,311	316,376	301,024
Total assets		5,313,006	5,863,991	5,863,991	5,715,071	6,384,084
Current liabilities	Before Distribution	1,806,858	2,217,170	2,197,239	1,761,196	2,450,936
	After Distribution	1,935,204	2,340,119	2,267,532	1,796,353	2,490,657 Note 2
Non-current liabilities		239,032	219,182	774,794	596,153	1,048,767
Total liabilities	Before Distribution	2,581,652	2,813,293	3,468,079	3,299,363	3,499,703
	After Distribution	2,709,998	2,936,272	3,538,372	3,334,520	3,539,424 Note 2
Equity attributable to shareholders of parent company		1,736,728	2,249,862	2,333,641	2,499,713	2,884,381
Capital stock		1,711,280	1,711,280	1,826,396	1,826,841	2,056,052
Capital surplus		300,323	315,992	504,032	521,781	824,246
Retained earnings	Before Distribution	375,171	390,465	279,050	227,157	201,871
	After Distribution	246,825	267,486	208,757	192,000	162,150 Note 2
Other equity		(37,435)	(40,963)	(68,802)	(70,747)	(47,355)
Treasury stock		0	0	(150,433)	(150,433)	(150,433)
Non-controlling interests		0	0	0	0	0
Total equity	Before Distribution	2,333,641	2,499,713	2,395,912	2,415,708	2,884,381
	After Distribution	2,205,295	2,376,734	2,325,619	2,380,551	2,844,660 Note 2

Note 1：Numbers were audited by CPA.

Note 2：The appropriation of 2023 earnings has been approved by Board of Directors in its meeting held on February 29, 2024.

(2) Concise Statement of Comprehensive Income (Consolidated) - Taiwan-IFRSs

Unit: NT$, in thousand

Year / Item	Most Recent 5-Year Financial Information (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	4,301,775	3,776,717	3,614,060	3,825,456	4,325,353
Gross profit	841,184	782,681	703,902	608,159	603,423
Operating income	255,387	188,519	56,733	(128,242)	(55,378)
Non-operating income and expenses	(11,155)	(14,993)	(51,504)	127,917	51,019
Income before income tax	244,232	173,526	5,229	(325)	(4,359)
Profit from continuing operations	206,267	143,588	10,412	16,503	10,254
Loss from discontinuing operations	0	0	0	0	0
Net income	206,267	143,588	10,412	16,503	10,254
Other comprehensive income (loss)	(44,037)	(1,893)	(9,428)	45,053	(9,567)
Total comprehensive income	162,230	141,695	984	61,556	687
Net income attributable to owner of the corporation	206,267	143,588	10,412	16,503	10,254
Net income attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to owner of the corporation	162,230	141,695	984	61,556	687
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.21	0.85	0.06	0.09	0.05

Note 1：Numbers were audited by CPA.

(3) Concise Balance Sheet (Unconsolidated) - Taiwan-IFRSs

Unit: NT$, in thousand

Item / Year		Most Recent 5-Year Financial Information (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		2,644,083	2,919,924	2,803,134	2,558,827	3,121,887
Net property, plant and equipment		667,529	845,876	1,375,199	1,417,428	1,490,586
Intangible assets		38,305	41,256	41,788	48,385	49,717
Other assets		1,250,099	1,132,440	1,346,836	1,488,760	1,503,272
Total assets		4,600,016	4,939,496	5,566,957	5,513,400	6,165,462
Current liabilities	Before Distribution	1,528,354	1,890,573	1,916,758	1,524,368	2,187,167
	After Distribution	1,656,700	2,013,552	1,987,051	1,559,525	2,226,888 Note 2
Non-current liabilities		239,955	738,021	549,210	1,254,287	1,093,914
Total liabilities	Before Distribution	2,266,375	2,439,783	3,171,045	3,097,692	3,281,081
	After Distribution	2,394,721	2,562,762	3,241,338	3,132,849	3,320,802 Note 2
Equity attributable to shareholders of parent company		2,333,641	2,499,713	2,395,912	2,415,708	2,884,381
Capital stock		1,711,280	1,826,396	1,826,841	1,827,873	2,056,052
Capital surplus		315,992	504,032	521,781	549,282	824,246
Retained earnings	Before Distribution	375,171	390,465	279,050	227,157	201,871
	After Distribution	246,825	267,486	208,757	192,000 Note 2	162,150 Note 2
Other equity		(68,802)	(70,747)	(81,327)	(38,171)	(47,355)
Treasury stock		0	(150,433)	(150,433)	(150,433)	(150,433)
Non-controlling interests		0	0	0	0	0
Total equity	Before Distribution	2,333,641	2,499,713	2,395,912	2,415,708	2,884,381
	After Distribution	2,205,295	2,376,734	2,325,619	2,380,551	2,844,660 Note 2

Note 1：Numbers were audited by CPA.

Note 2：The appropriation of 2023 earnings has been approved by Board of Directors in its meeting held on February 29, 2024.

(4) Concise Statement of Comprehensive Income (Unconsolidated) - Taiwan-IFRSs

Unit: NT$, in thousand

Year / Item	Most Recent 5-Year Financial Information (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	3,710,907	3,309,268	3,196,434	2,963,394	3,345,011
Gross profit	561,621	480,476	367,917	309,902	358,774
Operating income	258,081	182,790	40,852	(45,506)	(1,243)
Non-operating income and expenses	(15,459)	(13,209)	(33,668)	72,635	20,052
Income before income tax	242,622	169,581	7,184	27,129	18,809
Profit from continuing operations	206,267	143,588	10,412	16,503	10,254
Loss from discontinuing operations	0	0	0	0	0
Net income	206,267	143,588	10,412	16,503	10,254
Other comprehensive income (loss)	(44,037)	(1,893)	(9,428)	45,053	(9,567)
Total comprehensive income	162,230	141,695	984	61,556	687
Net income attributable to owner of the corporation	206,267	143,588	10,412	16,503	10,254
Net income attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to owner of the corporation	162,230	141,695	984	61,556	687
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.21	0.85	0.06	0.09	0.05

Note 1：Numbers were audited by CPA.

2. Concise Balance Sheet and Comprehensive Income – Taiwan GAAP

Not applicable as the Company have adopted Taiwan-IFRSs since 2013.

3. CPAs and Their Opinions for Most Recent 5-Years

(1) CPAs and Their Opinions for Most Recent 5-Years

Year	Name of CPA Firm	Name of CPA	Auditor's Opinion
2019	Deloitte & Touche	Tung Hui Yeh Yih Shin Kao	An Unqualified Opinion
2020	Deloitte & Touche	Ming Hui Chen Yu Feng Huang	An Unqualified Opinion
2021	Deloitte & Touche	Ming Hui Chen Yu Feng Huang	An Unqualified Opinion
2022	Deloitte & Touche	Ming Hui Chen Ya Yun Chang	An Unqualified Opinion
2023	Deloitte & Touche	Ming Hui Chen Ya Yun Chang	An Unqualified Opinion

(2) Replacement reasons and explanations：Internal job rotation of Deloitte & Touche Accounting firm.

B. Most Recent 5-Year Financial Analysis

1. Financial Analysis (Consolidated) – IFRSs

Item (Note2) \ Year (Note 1)		Most Recent 5-Year Financial Analysis				
		2019	2020	2021	2022	2023
Capital Structure Analysis (%)	Debt ratio	52.52	52.95	59.14	57.73	54.82
	Long-term Fund to Property, Plant and Equipment ratio	254.40	217.97	190.21	193.25	187.25
Liquidity Analysis	Current Ratio (%)	177.04	159.36	160.05	184.09	157.94
	Quick Ratio (%)	110.67	106.00	80.45	89.04	67.52
	Times Interest Earned (Times)	8.67	6.98	1.21	0.99	0.88
Operating Performance Analysis	Average Collection Turnover (Times)	5.59	4.34	4.25	4.57	4.43
	Average Collection Days	65	84	86	80	82
	Average Inventory Turnover (Times)	3.01	2.65	2.08	1.98	2.06
	Average Payment Turnover (Times)	4.64	3.35	3.76	4.22	3.85
	Average Inventory Turnover Days	121	138	175	184	177
	Property, Plant and Equipment Turnover (Times)	3.63	2.86	2.16	1.93	2.09
	Total Assets Turnover (Times)	0.94	0.74	0.65	0.66	0.71
Profitability Analysis	Return on Total Assets (%)	5.09	3.28	0.54	0.73	0.64
	Return on Total Equity (%)	9.00	5.94	0.43	0.69	0.39
	Pre-tax Income to Paid-in Capital Ratio (%)	14.27	9.50	0.29	(0.02)	(0.21)
	Net Margin (%)	4.79	3.80	0.29	0.43	0.24
	Earnings Per Share	1.21	0.85	0.06	0.09	0.05
Cash Flow	Cash Flow Ratio	32.58	13.63	(19.40)	3.14	(10.40)
	Cash Flow Adequacy Ratio	73.40	58.61	15.25	18.37	9.06
	Cash Flow Reinvestment Ratio	13.58	4.66	(12.62)	(0.31)	(5.86)
Leverage	Operating Leverage	1.70	2.05	4.93	(0.77)	(3.53)
	Financial Leverage	1.14	1.18	1.77	0.80	0.61

The reasons for all financial ratio changes within the most recent two years are as follows (changes less than 20% are exempt from analysis):

1. Quick Ratio decreased mainly due to increases in current liabilities from the reclassification of the current portion of the second domestic unsecured convertible bonds.
2. Return on total equity, pre-tax income to paid-in capital ratio and earnings per share decreased mainly due to decreases in net income this year.
3. Pre-tax Income to Paid-in Capital Ratio decreased mainly due to increases in net loss this year.
4. Cash flow ratio, cash flow adequacy ratio and cash flow reinvestment ratio decreased mainly due to decreases in the amount of cash from operating activities.
5. Operating leverage and Financial Leverage decreased mainly due to increase in operating loss this year.

Note 1: Numbers used in Financial Analysis were audited by CPA.

Note 2: Formula used in Financial Analysis:

1. Capital Structure Analysis
   - (1)Debt ratio = Total liabilities / Total Assets
   - (2)Long-term Fund to Property, Plant and Equipment ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   - (1) Current Ratio = Current Assets / Current Liabilities
   - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   - (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   - (1) Average Collection Turnover (Times)＝ Net Sales / Average Trade Receivables
   - (2) Average Collection Days＝365 / Average Collection Turnover
   - (3) Average Inventory Turnover (Times)＝Cost of Sales / Average Inventory
   - (4) Average Payment Turnover (Times)＝ Cost of Sales / Average Trade Payables
   - (5) Average Inventory Turnover Days＝365 / Average Inventory Turnover
   - (6) Property, Plant and Equipment Turnover (Times)＝Net Sales / Average Net Property, Plant and Equipment
   - (7) Total Assets Turnover (Times)＝Net Sales / Average Total Assets
4. Profitability Analysis
   - (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   - (2) Return on Total Equity = Net Income / Average Total equity
   - (3) Pre-tax income to paid-in capital ratio = Income before tax / paid-in capital
   - (4) Net Margin = Net Income / Net Sales
   - (5) Earnings per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   - (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   - (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities – Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage：
   - (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   - (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

2. Financial Analysis (Unconsolidated) – IFRSs

Item (Note2) \ Year (Note 1)		Most Recent 5-Year Financial Analysis				
		2019	2020	2021	2022	2023
Capital Structure Analysis (%)	Debt ratio	49.27	49.39	56.96	56.18	53.22
	Long-term Fund to Property, Plant and Equipment ratio	460.15	360.45	265.43	281.43	266.89
Liquidity Analysis	Current Ratio (%)	173.00	154.45	146.24	167.86	142.74
	Quick Ratio (%)	124.20	119.73	97.61	109.96	81.60
	Times Interest Earned (Times)	15.97	9.32	1.35	2.02	1.70
Operating Performance Analysis	Average Collection Turnover (Times)	2.32	2.09	2.42	2.53	2.63
	Average Collection Days	157	174	151	144	139
	Average Inventory Turnover (Times)	4.57	4.18	3.70	3.12	3.00
	Average Payment Turnover (Times)	4.88	4.01	4.74	4.88	3.94
	Average Inventory Turnover Days	80	87	99	117	122
	Property, Plant and Equipment Turnover (Times)	5.43	4.37	2.88	2.12	2.30
	Total Assets Turnover (Times)	0.86	0.69	0.61	0.53	0.57
Profitability Analysis	Return on Total Assets (%)	5.08	3.37	0.51	0.68	0.55
	Return on Total Equity (%)	9.00	5.94	0.43	0.69	0.39
	Pre-tax Income to Paid-in Capital Ratio (%)	14.18	9.29	0.39	1.48	0.91
	Net Margin (%)	5.56	4.34	0.33	0.56	0.31
	Earnings Per Share	1.21	0.85	0.06	0.09	0.05
Cash Flow	Cash Flow Ratio	25.65	13.16	2.48	19.57	(4.34)
	Cash Flow Adequacy Ratio	64.64	60.97	3.72	46.79	39.73
	Cash Flow Reinvestment Ratio	8.73	3.46	(1.81)	4.95	(2.78)
Leverage	Operating Leverage	1.49	1.55	3.78	(2.08)	(108.77)
	Financial Leverage	1.07	1.13	2.00	0.63	0.04

The reasons for all financial ratio changes within the most recent two years are as follows (changes less than 20% are exempt from analysis):

1. Quick Ratio decreased mainly due to increases in current liabilities from the reclassification of the current portion of the second domestic unsecured convertible bonds.
2. Return on Total Assets, return on total equity, pre-tax income to paid-in capital ratio and earnings per share decreased mainly due to decreases in net income this year.
3. Pre-tax Income to Paid-in Capital Ratio decreased mainly due to increases in net loss this year.
4. Cash flow ratio, cash flow adequacy ratio and cash flow reinvestment ratio decreased mainly due to decreases in the amount of cash from operating activities.
5. Operating leverage and Financial Leverage decreased mainly due to increase in operating loss this year.

Note 1: Numbers used in Financial Analysis were audited by CPA.
Note 2: Formula used in Financial Analysis:

1. Capital Structure Analysis
   (1)Debt ratio = Total liabilities / Total Assets
   (2)Long-term Fund to Property, Plant and Equipment ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Average Collection Turnover (Times)＝ Net Sales / Average Trade Receivables
   (2) Average Collection Days＝365 / Average Collection Turnover
   (3) Average Inventory Turnover (Times)＝Cost of Sales / Average Inventory
   (4) Average Payment Turnover (Times)＝ Cost of Sales / Average Trade Payables
   (5) Average Inventory Turnover Days＝365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover (Times)＝Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover (Times)＝Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Total Equity = Net Income / Average Total equity
   (3) Pre-tax income to paid-in capital ratio = Income before tax / paid-in capital
   (4) Net Margin = Net Income / Net Sales
   (5) Earnings per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities – Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage：
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

3. Financial Analysis (Consolidated) – IFRSs

Not applicable as the Company have adopted Taiwan-IFRSs since 2013.

4. Financial Analysis (Unconsolidated) – IFRSs

Not applicable as the Company have adopted Taiwan-IFRSs since 2013.

C. Audit Committee’s Review Report

1. Audit Committee’s Review Report

Audit Committee's Review Report

The Board of Directors has prepared the company’s 2023 Business Report, Financial Statements (including the unconsolidated financial statements), and Proposal for the earnings distribution plan. The CPA firm of Deloitte & Touche was retained to audit the company’s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and the earnings distribution plan Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4, 14-5 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Chairman of the Audit Committee: Ching-Chyi Lai
February 29, 2024

2. Meeting minutes of financial statements approved by the audit committee:

Please refer to Chinese version of this annual report.

D. Financial Statements and Independent Auditors’ Report: please refer to appendix A and B.

E. Standalone Financial Statements and Independent Auditors’ Report: please refer to appendix B.

F. The Financial Impact to the Company due to Company or Affiliate Companies Financial Difficulties:

There is not any financial difficulty happened within the Company or Affiliate Companies during 2023 and as of the Date of this Annual Report.

VII. Financial Position, Operating Results and Risk Management

A. Financial Position

1. Financial Position in the Most Recent 2 Years

Unit: NT$, in thousand

Year / Item	2022	2023	Difference	
			Amount	%
Current assets	3,242,114	3,870,973	628,859	19.40
Property, plant and equipment	2,045,971	2,100,510	54,539	2.67
Intangible assets	110,610	111,577	967	0.87
Other assets	316,376	301,024	(15,352)	(4.85)
Total assets	5,715,071	6,384,084	669,013	11.71
Current liabilities	1,761,196	2,450,936	689,740	39.16
Noncurrent liabilities	1,538,167	1,048,767	(489,400)	(31.82)
Capital stock	1,827,873	2,056,052	228,179	12.48
Capital surplus	549,282	824,246	274,964	50.06
Retained earnings	227,157	201,871	(25,286)	(11.13)
Other equity	(38,171)	(47,355)	(9,184)	(24.06)
Total equity	2,415,708	2,884,381	468,673	19.40

Analysis for items with difference both over 20% and NT$ 10,000 thousand:

1. Analysis:
   (1) Current liabilities increased mainly due to the reclassification of the current portion of the second domestic unsecured convertible bonds.
   (2) Noncurrent liabilities decreased mainly due to the reclassification of the current portion of the second domestic unsecured convertible bonds.
   (3) Capital surplus increased mainly due to the conversion of the third domestic unsecured convertible bonds.
2. Impact: None.
3. Plan: None.

B. Financial Performance

1. Financial Performance in the Most Recent 2 Years

Unit: NT$, in thousand

Year / Item	2022	2023	Difference	%
Operating revenue	3,825,456	4,325,353	499,897	13.07
Gross profit	608,159	603,423	(4,736)	(0.78)
Operating income	(128,242)	(55,378)	72,864	(56.82)
Non-operating income and expenses	127,917	51,019	(76,898)	(60.12)
Income before income tax	(325)	(4,359)	(4,034)	1,241.23
Profit from continuing operations	16,503	10,254	(6,249)	(37.87)
Loss from discontinuing operations	0	0	0	0
Net income	16,503	10,254	(6,249)	(37.87)
Other comprehensive income (loss)	45,053	(9,567)	(54,620)	(121.23)
Total comprehensive income	61,556	687	(60,869)	(98.88)
Net income attributable to owner of the corporation	16,503	10,254	(6,249)	(37.87)
Net income attributable to non-controlling interests	0	0	0	0
Comprehensive income attributable to owner of the corporation	61,556	687	(60,869)	(98.88)
Comprehensive income attributable to non-controlling interests	0	0	0	0

Analysis for items with difference both over 20% and NT$ 10,000 thousand:

1. Operating income: mainly due to increases operating revenue and control of operating expenses this year.
2. Non-operating income and expenses: mainly due to decreases in foreign exchange gain.
3. Other comprehensive income and Total comprehensive income: mainly due to decreases in exchange differences on translation of foreign financial statements this year.

2. Sales Volume Forecast and Related Information：

(1) The sales volume forecast for 2024 is as followed:

Unit: thousand units

Item	Sales Amount
Automotive light modules and components	193,742
LED traffic signals and street lightings	162

(2) Related Information: The aforementioned information were made based on the environment of our industry, product requirement of customers, market demand, market share and industry forecast information and considering the company’s capacity plan and business strategy.

C. Cash flow

1. Analysis for Change of Cash Flow

Unit: %

Year / Item	2022	2023	Percentage difference
Cash Flow Ratio (%)	3.14	(10.40)	(431)
Cash Flow Adequacy Ratio (%)	18.37	9.06	(51)
Cash Flow Reinvestment Ratio (%)	(0.31)	(5.86)	(1,796)

Analysis for items with a percentage difference over 20%:

i. Cash flow ratio decreased mainly due to decreases in the amount of cash from operating activities.

ii. Cash flow adequacy ratio decreased mainly due to decreases in the amount of cash from operating activities.

iii. Cash flow reinvestment ratio decreased mainly due to decreases in the amount of cash from operating activities.

2. Remedial Actions for Liquidity Shortfall: Not applicable as the company did not aware of any liquidity shortfall.

3. Cash Flow Projection for Next year

Unit: NT$, in thousand

Cash balance 2024/1/1	Net Cash Generated by Operating Activities	Net Cash Used in Investing and Financing Activities	Cash Shortage	Remedy for Liquidity Shortfall	
				Investing Plan	Financing Plan
491,125	465,056	(129,556)	-	-	Bank loan

1. Analysis of cash flow for 2024

(1) Operating activities: Operations are expected to grow up continuously which lead to an increase of operating revenue and profit and net cash flow generated by operating activities.

(2) Investing activities: The company planned to build a new plant and acquire new machines to fulfill new products and orders.

(3) Financing activities: Considering the plan of capital expenditure for the new machines and plant, the company planned to issue long-term bonds.

2. Remedial actions for cash shortfall and liquidity analysis: increase bank loans.

D. Impact for the Company Regarding Material Capital Expenditure during 2023: None.

E. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year

1. Reinvestment Policy for the Most Recent Fiscal Year: None.
2. The Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Next Year:

Unit: NT$, in thousand

Reinvestments	Share of Profits/Losses of subsidiaries	Main Reasons for the Profits/Losses Generated Thereby	Plan for Improving Reinvestment Profitability	Investment Plans for the Next Year
SUPER BRIGHT INVESTMENT INC.	45,482	Recognition of share of profits of subsidiaries	None	None
EOI GROUP,INC.	(65,036)	Recognition of share of losses of subsidiaries	Focus on the plan for improving reinvestment profitability	None
EXCELLENCE OPTO. SPAIN S.A.	3,169	Increase in operating revenue	None	None
EOI GmbH	(475)	Still in promotion stage that operating revenue did not occur yet	Keep working on promotion and endeavor to get more orders	None
Grand House, Ltd.	(738)	Still in design and early construction stage that operating revenue did not occur yet	Accelerate project planning and construction scheduling	None
Elite Star Global LTD.	38,183	Recognition of share of profits of subsidiaries	None	None
Elite High Technology LTD.	(7,299)	Recognition of share of losses of subsidiaries	Focus on the plan for improving reinvestment profitability	None
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	(7,299)	Not enough operating revenue and ineffective control for costs and expenses	Increase the volume of orders and effectively manage cost expenses	None
EXCELLENCE OPTO. (DONGGUAN) LTD.	45,478	Increase in operating revenue	None	None
Excellence Opto. Inc.	3,446	Increase in operating revenue	None	None
EOI, LLC.	15,046	Increase in non-operating income	None	None
EOI PIONEER, INC.	(109,565)	Not enough operating revenue and ineffective control for costs and expenses	Increase the volume of orders and effectively manage cost expenses	None

F. Analysis of risk management during 2023 and as of the Date of this Annual Report

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

Unit: NT$, in thousand

Item/Year	2023
Operating Revenue	4,325,353
Income before income tax	4,359
Foreign exchange gain (loss)	31,507
Interest expenses	35,443
Interest expenses to operating revenue ratio	0.82%
Interest expenses to income before income tax ratio	813.10%
Foreign exchange loss to operating revenue ratio	0.73%
Foreign exchange loss to income before income tax ratio	722.80%

(1) Interest rate

The impact of change in the interest rate and the foreign exchange rate is as aforementioned. The interest expenses were NT$ 35,443 thousand, which accounted for only 0.82% of operating revenue. Regarding the percentage, changes in interest rate do not make a significant impact on the company's profit.

Future response measures: Evaluate the interest rate of bank loans regularly and actively negotiate with banks to reduce interest rates.

(2) Foreign exchange rate

As more than 80% of the company's revenue is denominated in foreign currency, exchange rate fluctuation will impact the company's financial position. Hence the company monitors the net position of foreign currency and pre-sells forward foreign exchange contracts as hedge activity to control the risk of change in foreign exchange rates. The company's net gain on foreign exchange in 2023 was NT$ 31,507 thousand.

Future response measures:

i. Regularly analyze the trend of foreign exchange rates and contact banks to update the latest information on foreign exchange rates

ii. Real-time analyze the risk of changes in foreign exchange rates and reflect the information in quotations instantly

iii. Acquire raw materials or equipment using foreign currency to offset the risk of changes in foreign exchange rates from foreign sales revenue

iv. Adjust foreign deposits based on cash and changes in foreign exchange rates

v. Make adequate hedge activities regarding the net position and cost of the company's foreign assets when encountering significant fluctuation of foreign exchange rates.

(3) Inflation

The company did not encounter a significant impact from inflation. Further, most of the company's quotations to customers and vendors are made regarding the whole market. As a result, the company's profits are not seriously affected by inflation.

2. Policies, Main Causes of Gain or Loss, and Future Response Measures with Respect to High-risk, High-leveraged Investments, Loans of Funds to Others or Endorsement Guarantees, and Derivatives Transactions

The company conducts its business with pragmatics and focuses on its main business. As such, the company did not enter into high-risk or high-leveraged investments. Furthermore, the company allocates its assets and takes hedge activities following conservative principle.

(1) Loans of funds to others: As of the date of this annual report, the company only loans funds to subsidiaries whose shares are 100% owned.

(2) Endorsement guarantees: The company only provides endorsement guarantees to subsidiaries whose shares are 100% owned.

(3) Derivatives transactions: The company enters into derivatives transactions for the net position of US dollars from operating in order to avoid market risks and reduce the operating risks.

(4) Future response: The company follows "the Procedures for Loaning of Funds to Others", "the Operating Procedures for Endorsements and Guarantees", "the Procedures for Acquisition and Disposal of Assets" to conduct loans of funds to others, endorsement guarantees and derivatives transactions and announces the related information according to the regulations of competent authority.

3. Future R&D Projects and the Expected Expenditure

(1) Future R&D projects:

i. Continue to develop and optimize LED light sources that are used in the automotive market and comply with AEC-Q101, AEC-Q102, USCAR33 and other verifications, and expand the proportion of LED components sold in the automotive market.

ii. Technical development of digital display (text and graphics provided) for curved cars (electric cars and self-driving cars).

iii. In response to the market demand of smart cities, develop high-efficiency smart LED street lights, smart floodlights, outdoor Mini-LED smart displays (smart light poles and pedestrian signs) smart sign lights and RSU(road site unit) solutions, and expand to North America/Taiwan /Southeast Asian market.

iv. Research and application of UniFlex Linear visual adaptability of LED car light source module/line light module

1. This research is based on the UniFlex Linear patented technology. At this stage, the integrated design of the ID and the lamp body with different shapes is designed to create visual book suitability.

2. The technology continues to maintain various optical elements, including the structural optimization of the light guide layer and the evaluation of the material properties, and can improve the visual effect for the study in the form of ultra-fine structure, which is

expected to improve the dark area to achieve visual effect and brightness Homogenization improves the efficiency of linear light source modules and meets regulatory requirements.

v. Research and application of the visual adaptability of LED car light source module/line light module UniFlex Linear

1. Dual-color Line Light Source Integration Auxiliary Ground Projection Lamp Module

   EOI's dual-color line light source integration auxiliary ground projection lamp module incorporates UniFlex Linear I patented technology and self-made dual-color LEDs, featuring turn signal (PC Amber color) and position light (White color) functionalities. This module offers sequential animation and flashing effects, suitable for automotive signal lights and decorative lights. Additionally, the module integrates auxiliary ground projection lamps, enhancing driving and pedestrian safety by projecting images onto the ground. The projected images have flashing effects synchronized with the turn signal function of the dual-color line light source module. EOI's new version LED driver circuit design enables direct implementation of sequential animation and flashing effects without the need for additional MCU circuits and software design, thereby reducing costs and enhancing product competitiveness. The application of linear LED dual-color light source modules is for ultra-thin vehicle lamp development projects and applications.

2. Application of Linear LED Dual-color Light Source Modules in Ultra-thin Vehicle Lamp Development Projects and Applications

   EOI's UniFlex Linear is an LED light source module with excellent brightness uniformity and high luminous intensity, suitable for dynamic functions in automotive lighting applications. In recent years, EOI has been committed to the development of LED linear light source modules, introducing the 1st, 2nd, and 3rd generation products to meet customer demands. However, vehicle lamp designs are increasingly trending towards thinner and more slender forms. Based on the design advantages of EOI Slim Bi Color LED, EOI is continuing its new planning. It is anticipated that the next generation UniFlex Linear ultra-thin dual-color linear module can be applied to ultra-thin light guide components less than 5mm wide and comply with SAE/ECE/CCC regulations.

3. Application of Composite Light Source Module Technology in Electric Vehicle Charging Port Cover Development Projects and Applications

   EOI's UniFlex Series technology combines multiple generations of surface light source and line light source technologies, providing excellent optical effects and brightness uniformity, and can be configured for dynamic illumination effects. Currently widely used in automotive signal lights, it meets relevant regulations and customer expectations. With the rapid development of the electric vehicle market, the charging port and charging door have become a new area for light source applications. It is expected that the introduction of UniFlex Series technology can provide better and faster charging progress and battery level identification for car drivers, thereby enhancing user convenience and driving experience.

vi. Research and application of the visual adaptability of LED car light source module/line light module UniFlex Linear

1. This research is based on UniFlex Linear's patented technology. At this stage, the integrated design of ID and lamp body with different shape designs creates visual book suitability.
2. The technology continues to maintain various optical elements, including the structural optimization of the light guide layer and the evaluation of the material properties, and can improve the visual effect for the study in the form of ultra-fine structure, which is expected to improve the dark area to achieve visual effect and brightness Homogenization improves the efficiency of linear light source modules and meets regulatory requirements.
3. The technology continues to maintain various optical elements, including the structural optimization of the light guide layer and the evaluation of the material properties, and can improve the visual effect for the study in the form of ultra-fine structure, which is expected to improve the dark area to achieve visual effect and brightness Homogenization improves the efficiency of linear light source modules and meets regulatory requirements.

vii. Research and application of the micro-lens array（MLA）and Digital projection car light source module/line light module

In 2022, the microprism has been applied in Magna MY24 DT Tail Lamp, Gogoro serials, Volvo CX60, MY26 Chevy and so on. In 2023, the micro-lens array(MLA) will be the core tech to study and applied on projection signature and the MLA-Lithography might be the next step in the future.

viii. Research and application of Linear Bi-color LED light source module in the vehicle signal lamp of ultra slim

UniFlex Linear is a LED string light engine that provides excellent luminance uniformity, high luminous intensity and is available with dynamic animation features for automotive lighting applications.In recent years, EOI is dedicated to the development of LED linear-lighting modules. We have generation 1 and generation 2 products to meet customer expectations.

However, the evolution of the vehicle lamp appearance is getting slimmer in design. EOI has a new plan based on the design advantages of EOI Slim LED, the new generation UniFlex Linear modules will be ultra-thin bi-color linear modules with 5mm width light blade for SAE/ ECE/CCC regulations version.

ix. Application development and verification technology development of smart projection lighting and sensing system for self-driving cars.

x. Establish verification and testing technology for communication software between electric vehicles and self-driving cars and car light modules.

(2) Expected expenditure:

1. The R&D expenditure for the new fiscal year has been planned into the budget for development of new product. As the operating revenue growing up, the company expected to increase R&D expenditure to support R&D plan and increase the company's core technologies and product competitiveness.
2. The estimated R&D expenditure for 2024 will be approximately NT$ 249,118 thousand, which will be approximately 4% of total revenue.

4. Changes in Domestic and Overseas Policies and Laws that Have an Impact on the Company's Financial and Business and the Countermeasures:

- **Environmental Risk:**

  LED industry is always highly affected by the business cycle, quick change in product requirement and the international situation, such as business strategy of customers, China–United States trade war (the Section 301). Considering the operating revenue and profits could be affected by customers' order and international situation, if the company could not reduce the impact from decrease in orders by innovation, development, cost-down or other countermeasures, the operating revenue and profits might decrease when recession and excess capacity occurs or in an international connecting situation.
- **Competitive Risk:**

  The competition in LED industry is very intensive that the company has to compete against companies not only in Taiwan, but also in China. Some of the competitors have more support in finance, technologies, or resources due to larger business scale; some of the competitors gain more sales or development advantage from direct or indirect subsidies or incentives from the government; furthermore, some of the competitors use low pricing strategies that leads to decreases in the company's customers or average sales price.
- **Regulation Risk:**

  In addition to follow the related regulations in Taiwan and other countries, the company also monitors the trend and change of these regulations and consult specialists to keep up with changes of the environment and make proper measures. As a result, the company believes the regulation risk does not highly affect the company's finance and operation and truly protects rights and interests of the company and shareholders.

(5) The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures

Since LED-related application products conform to the environmental protection concept of energy conservation and carbon reduction, this also promotes its application level to be more extensive, and relatively accelerates the company's breakthroughs in the two aspects of improving luminous efficiency and reducing costs; The growth in performance brought about by the excellent price-performance ratio of products has also made the Company more cautious in the management of working capital.
In terms of information security risks, information technology is evolving rapidly, related cyber attacks are frequent, and the relative protection mechanisms established by existing technologies cannot be fully prevented, and subsequent recovery and encryption mechanisms for confidential information are established to reduce the impact of cyber attacks.

The impact of technological changes on the company's financial business and countermeasures

Digital transformation: Enterprises must invest in digital transformation to improve efficiency and innovation, such as adopting new technologies such as artificial intelligence, big data and blockchain to improve business processes to improve process automation and reduce the burden of manpower for routine tasks

ICT security risks: As enterprise data and systems grow, information security risks increase accordingly. Businesses must carefully manage and protect their data and systems to mitigate risk. In recent years, there have been frequent incidents of related cyber attacks, and the relative protection mechanisms established by existing technologies cannot be fully prevented, and it is necessary to establish a follow-up rapid recovery mechanism to enhance response capabilities and target confidential information Encryption mechanisms and other measures to reduce the impact of data leakage after cyberattacks.

6. The impact of corporate image changes on corporate crisis management and countermeasures
Since its establishment, the company has been adhering to the principle of honesty and steadfast management, attaching importance to the company’s image, and complying with relevant laws and regulations, while maintaining harmonious labor relations and local relations. Therefore, the company currently has no corporate crises or corporate crises caused by changes in corporate image. Need for crisis management.

7. Expected Benefits and Potential Risks of Merger and Acquisition:
As of the date of this annual report, the company does not plan to merge or acquire any other company. However, the company will evaluate if there will be specific benefit in a prudent attitude if there is going to be any merger or acquisition to ensure rights and interests of the company and shareholders.
8. Expected Benefits, Potential Risks, and Countermeasures of Factory Expansion:
All the factory expansion of EOI and its subsidiaries are assessed carefully. Besides, all material capital expenditures should be approved by the Board of Directors after evaluating the benefit and risk of such investments.

9. Risks Relating to the Concentration of Purchasing or Sales and the Countermeasures
(1) Risks relating to the concentration of sales and the countermeasures:
The main products of the company are automotive light modules and high efficiency LED components. The main customers are tier 1 and tier 2 suppliers in the automotive industry supply chain. The company's top 10 customers accounted for around 87% of the consolidated revenue. Therefore, except for expanding capacity to fulfill the existing customers, the company endeavors to get more orders from international automobile manufacturers to maintain more steady operation.
(2) Risks relating to the concentration of purchasing and the countermeasures:
The main raw materials of the company are provided by numerous vendors. Despite vendors with long term cooperation relationship, the company also keep contacting with new vendors to ensure the stableness of resource and quality of raw materials. As such, the company believes the risk relating to the concentration of purchasing is very low.
The demand for semiconductors for vehicles in the market is still very strong, and there is still the risk of the leading time changes, which will affect the production plan, and the inventory should be prepared in advance to solve delivery change risk and meet emergent needs of customers.
10. The Impact of Mass Transfer of Equity or Change by Directors, Supervisors, or Shareholders with over than 10% Interest on the Company, Associated Risks and Response Measures:
During 2023 and as of the date of this annual report, there was not material transaction from directors, supervisors or shareholders with over 10% of outstanding shares of the company.
11. The Impact of Change of Operating Rights on the Company, Associated Risk and Response Measures:
The company's management team has great supports and trusts from the board of directors. As such, there was not change of operating rights on the company. Further, the company has established complete internal control system and the related management principles as a response to the risk associated to such condition and the company believes the related impact would significantly decrease by these measurements.

12. Litigious or Non-litigious Events: None.

13. Other Important Risks and Countermeasures:

1. Risk Management:

1.1 Risk Management Policies and Procedures

In response to the global political and economic development trends and changes, EOI formulated the "Risk Management Policy", which was approved by the board of directors on December 23, 2020, as the highest guiding principle for the company's risk management.

Based on the four aspects of environment, society, economy (including corporate governance) and others (including information security), EOI grasps the relevant risks that may affect the sustainable development of enterprises with a complete risk management organizational structure and practical promotion methods. Through the identification, assessment, control, supervision and communication of potential risks, and qualitative or quantitative management methods, the various risks faced by the group's operations are reduced to a tolerable and controllable range, and used as a reference for the formulation of business strategies, in order to reasonably ensure the achievement of the company's strategic objectives.

1.2 Risk Management Organizational Structure

(1) The President serves as the Chief Risk Officer, overseeing the execution and coordination of risk management. Department heads and business personnel act as risk management officers, responsible for detecting, identifying, and assessing various risks, and formulating corresponding countermeasures. Detailed rules for the risk management organization are established internally by the company and approved by the President.

(2) For different risks, the President also establishes relevant contingency teams based on different events and assigns various responsible managers to oversee the response. When a contingency team is formed, the audit supervisor should be invited to attend and monitor the related risk management activities.

(3) In terms of the internal control system, the audit unit is responsible for auditing the implementation status.

(4) The Audit Committee regularly hears reports from the company's risk management team, supervises the existing or potential risks faced by the company, and provides suggestions for improvement..

1.3 Risk management operation

(1) On December 23, 2020, the Board of Directors approved the establishment of the company's "Group Risk Management Policy."

(2) On May 4, 2023, the Board of Directors approved the first revision.

(3) For details on the operation of risk management, please visit our company's website: https://www.eoi.com.tw/Investor/INVESTOR_Risk_Management

1.4 Risk Management Process

The company's risk management process includes risk topic identification, risk assessment, risk control, risk reporting and disclosure, and risk disclosure response, and is continuously managed through the PDCA (Plan, Do, Check, Act) cycle process.

1.5 Risk Scope and Issue Identification

According to the principle of materiality, EOI takes risks from four aspects: environment, society, economy (including corporate governance) and others.

1.6 Risk response

For details on the operation of risk management, please see the report on our company's website: https://www.eoi.com.tw/PDFs/Investor/%E9%A2%A8%E9%9A%AA%E7%AE%A1%E7%90%86%E5%9F%B7%E8%A1%8C%E9%80%B2%E5%BA%A6%E5%A0%B1%E5%91%8A_2023Q3_%E5%AE%98%E7%B6%B2%E5%85%AC%E5%B8%83%E7%89%88.pdf

2. Intellectual property management

   In order to strengthen its competitive advantages, Excellence Optoelectronics Inc. continues to formulate intellectual property strategies based on operational objectives and R&D resources, and implements intellectual property layout and protection measures. Among them, Excellence Optoelectronics Inc. has built an effective promotion mechanism for intellectual property management (including patent education and training, proposal review mechanism, reward system, patent post-approval evaluation, patent activation strategy, etc.), and has also built a perfect patent control framework for the company with the patent management system, so as to strengthen the company's grasp and application of patent layout. As of December 31, 2023, Excellence Optoelectronics Inc. has obtained a total of 96 patents.

   As of December 31, 2023, Excellence Optoelectronics Inc. has obtained a total of 18 registered trademarks worldwide. In addition, through strict security measures, trade secrets and copyrights are controlled, and the protection of all intellectual property is further extended to effectively control and integrate the superior resources of intellectual property, strengthen the company's competitiveness, and ensure the competitive advantage of Excellence Optoelectronics Inc..

   Execution

   The board of directors will report on the implementation of the situation every year, and the general manager will report on the company's intellectual property management in the board of directors on December 28, 2023.

   In order to manage the Company's intellectual property rights more effectively, the "Intellectual Property and Operation Management Measures" was revised in May 2022 to increase the Company's intellectual property norms in accordance with the relevant laws on intellectual property rights, so that the Company's intellectual property management plan can better meet the needs of the Company's operational development and innovation. In addition, in response to the further protection of information related to the company's trade secret, it is planned to formulate "Trade Secret Operation Procedure Measures" and implement the protection of trade secrets in accordance with relevant measures.

   Please refer to the Company's website at the following address:

   https://www.eoi.com.tw/Investor/INVESTOR_Internal_Property_Management

3. Information security policy and specific management plan

In order to protect the confidential information security of the company and customers, the company has set up an information security department and information system department, which is responsible for information security management and supervision, and formulated the "Confidential Information Protection Policy" and "Confidential Information Protection Operation Management Measures" to specify the management procedures and specifications for the protection of the company's confidential information. The Information Department is responsible for coordinating information security and related matters, establishing an information security management system, and the Audit Office formulates relevant internal control procedures and conducts regular internal audits. In accordance with the information environment control and application system audit matters provided by professional institutions, the Information Department regularly conducts independent inspections to ensure the safety of information processing related operations.

The above-mentioned audit matters focus on the company's internal information security education and password and authority management, the establishment of system protection measures between the company's internal network and the external network, and the signing of information security and confidentiality agreements outside the company and the supervision and management of external information cooperation vendors.

For specific specifications, please refer to the company's website at the following URL:

https://www.eoi.com.tw/PDFs/Regulation/ Information Security Risk Management and Disclosure .pdf

4. Successor Plan for Board of Directors and Key Management Team

(1) Successor Plan for Board of Directors

The company has 9 directors (4 independent directors) now who have different professionalism. The company will keep strengthening the structure of the board of directors. Regarding to the successor plan for board of directors, there are many high level managers in the whole group who are qualified as a director. In the same time, the company is also hiring professional talents outside the company as part of the successor plan. For independent directors, the company will follow the Article 2, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies that require the company to hire people with business, law, finance or accounting related experience to be independent directors to exert their function of corporate governance.

(2) Successor Plan for Key Management Team

All the employees with position above or equal to senior manager are the company’s key management team. For each key management team member, there is a substitute set. The substitute will be trained for professionalism, decision, management and problem solving to improve the quality of strategy from the management team and provide talents for long-term development of the company.

Please visit the company’s website for further information:

https://www.eoi.com.tw/About/ABOUT_EOI_Organization_And_Executives

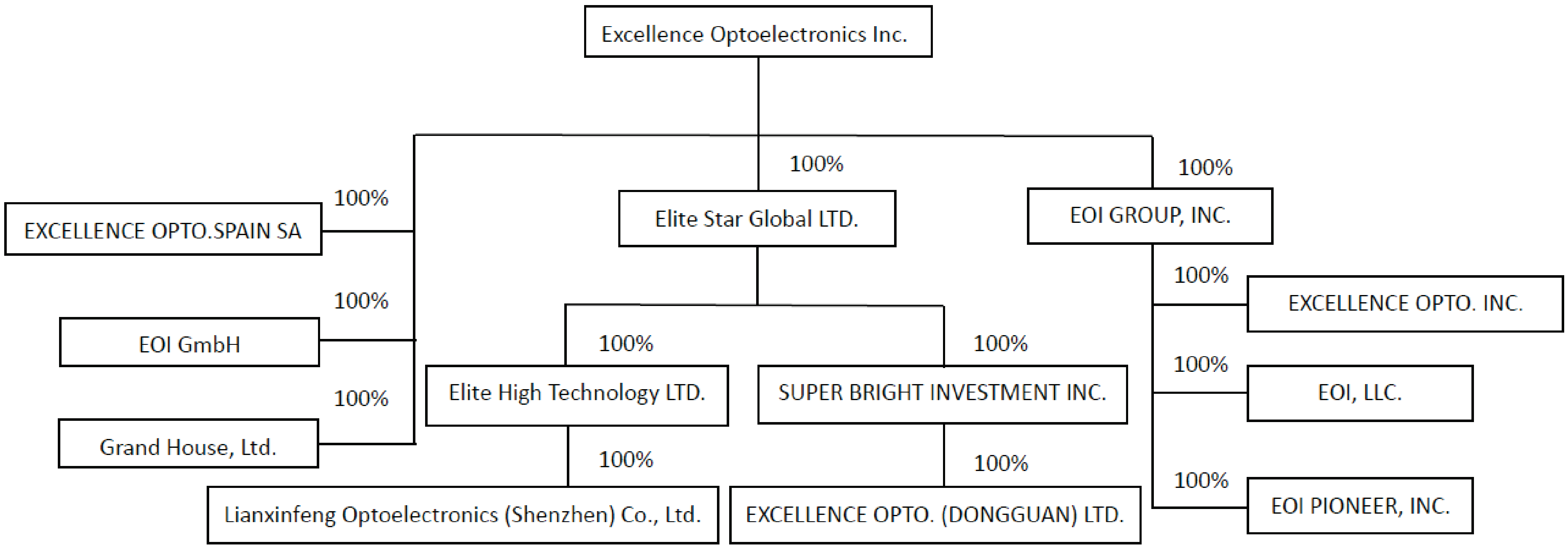
G. Other Significant Events: None.

VIII. Special Notes

A. Affiliated Information

1. Consolidated Business Report:

(1) Corporate Affiliation Chart (Ended on December 31st, 2023)



(2) Basic Information of Affiliated Companies

Unit: dollar

Company Name	Establishment date	Address	Paid-in Capital		Primary Business or Production
SUPER BRIGHT INVESTMENT INC.	1999.10.22	Floor 4, Willow House, Cricket Square, PO Box 2804, Grand Cayman KY1-1112, Cayman Islands.	USD	14,992,590	Investment holding company
EOI GROUP, INC.	2019.05.02	21858 Garcia Lane, Industry CA 91789	USD	18,900,000	Investment holding company
EXCELLENCE OPTO.SPAIN S.A.	2014.10.07	C/ Platino, 2, Portal 8, 4º D Torrejon De Ardoz, Madrid.	EUR	560,000	International trade business
EOI GmbH	2020.06.15	Karlsruhe Unterreut 6, 76135 Karlsruhe	EUR	25,000	International trade business
Grand House, Ltd.	2021.08.02	9F.-8, No. 130, Siwei Rd., North Dist., Hsinchu City, Taiwan (R.O.C.)	NTD	10,000,000	Real estate trade business
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	2000.04.06	1~3/F, Building 5, AoHua Industrial Park, No. 148, HuaRong Road, GaoFeng Community, DaLang Office, LongHua, ShenZhen City, GuangDong Province, P.R.C.	USD	4,200,000	Manufacturing of LED components for vehicles
EXCELLENCE OPTO. (DONGGUAN) LTD.	2012.12.13	No.33, Haibin Rd., Wusha Community, Changan Town, Dongguan City, 523857 P.R.C.	USD	16,000,000	Manufacturing of LED components for vehicles
Elite Star Global LTD.	2016.1.14	P.O. Box 1239,Offshore Incorporations Centre, Victoria, Mah'e, Republic of Seychelles	USD	20,574,080	Investment holding company
Elite High Technology LTD.	2018.10.02	Vistra Corporate Services Centre, Suit 12, 1st Floor, Eden Plaza, Edan Island, Mahe, Seychelles	USD	4,295,320	Investment holding company
EXCELLENCE OPTO.INC.	2001.09.14	1663 West 2nd Street, Building F Pomona, CA 91768	USD	1,900,000	International trade
EOI, LLC	2019.05.11	21858 Garcia Lane, Industry CA 91789	USD	2,450,000	Assets management business
EOI PIONEER, INC.	2019.05.13	21858 Garcia Lane, Industry CA 91789	USD	14,500,000	Manufacturing of LED modules for vehicles

(3) Presumed to be in Effective Control of the Same Shareholder Information with the Affiliate: None.

(4) Directors, Supervisors, and President in all Affiliated Companies:

Unit: NT$, in thousand / share / %

Company Name	Title	Name or Representative	Shares Held	
			Shares	Percentage of Shares
SUPER BRIGHT INVESTMENT INC.	Director	Excellence Optoelectronics Inc. Huang, Kuo-Hsin	14,992,590	100%
EOI GROUP, INC.	President	Huang, Fang-Yue	1,890	100%
EXCELLENCE OPTO.SPAIN SA	Chairman of the Board	Huang, Fang-Yue	56,000	100%
EOI GmbH	Chairman of the Board	Huang, Fang-Yue	1	100%
Grand House, Ltd.	Chairman of the Board	Huang, Kuo-Hsin	1,000,000	100%
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Chairman of the Board Director Director President	Huang, Fang-Yue Wu, Chun-Der Huang, Sheng-Pan Huang, Fang-Yue	Paid-in capital USD 4,200,000	100%
Exellence Opto (Dongguan) Ltd.	Chairman of the Board Director Director Supervisor President	Huang, Fang-Yue Hsu, Tien-Chen Yang, Sheng-Hua Yang, Chun-Hung Huang, Fang-Yue	Paid-in capital USD16,000,000	100%
Elite Star Global LTD.	President	Huang, Fang-Yue	20,574,080	100%
Elite High Technology LTD.	Chairman of the Board	Huang, Fang-Yue	4,295,320	100%
EXCELLENCE OPTO.INC.	President	Huang, Fang-Yue	1,900,000	100%
EOI, LLC	President	Huang, Fang-Yue	Paid-in capital USD2,450,000	100%
EOI PIONEER, INC.	President	Huang, Fang-Yue	1,450	100%

(5) Operational Highlights of Affiliated Companies

Unit: NT$, in thousand

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Profit (Loss) (after tax)
SUPER BRIGHT INVESTMENT INC.	479,491	607,476	364	607,112	0	0	45,482
EOI GROUP, INC.	570,416	529,408	5,076	524,332	0	(477)	(65,036)
EXCELLENCE OPTO.SPAIN SA	19,991	150,981	137,731	13,250	220,057	1,712	3,169
EOI GmbH	823	1,637	1,032	605	0	(8,665)	(475)
Grand House, Ltd.	10,000	9,081	0	9,081	0	(781)	(738)
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	161,861	149,112	31,666	117,446	107,989	(19,712)	(7,299)
EXCELLENCE OPTO. (DONGGUAN) LTD.	495,826	1,277,322	670,132	607,190	1,635,670	54,331	45,478
Elite Star Global LTD.	676,384	778,373	0	778,373	0	0	38,183
Elite High Technology LTD.	131,931	117,446	0	117,446	0	0	(7,299)
EXCELLENCE OPTO. INC.	62,407	956,392	885,643	70,749	2,844,441	3,582	3,446
EOI, LLC	77,420	293,062	3,101	289,961	0	(8,131)	15,046
EOI PIONEER, INC.	432,188	404,206	298,606	105,600	384,704	(118,662)	(109,565)

2. Consolidated Financial Statements: please refer to appendix A

3. Affiliation Report: As the company is not and is not presumed to be under another company's control, the company is not required to prepare an affiliation report.

B. Status of Private Placements Securities: None.

C. Common Shares acquired, disposed of and held by subsidiaries: None.

D. Other Necessary Supplement: None.

E. Any Events in 2023 that had Significant Impacts on Shareholders' Right or Security Prices as started in Item 3 paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

IX. Other Event with Material Impact

Any Events in 2023 that had Significant Impacts on Shareholders' Right or Security Prices as started in Item 2 paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

Appendix A.

Excellence Optoelectronics Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10 "Consolidated Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

Excellence Optoelectronics Inc.

By

____

Huang Kuo-Hsin
Chairman

February 29, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Excellence Optoelectronics Inc.

Opinion

We have audited the accompanying consolidated financial statements of Excellence Optoelectronics Inc. (the "Company") and its subsidiaries (collectively referred to as 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 of the Group for the year ended December 31, 2023 are described as follows:

<u>Inventory evaluation</u>

Recently, due to the very stiff competition in the market for light-emitting diode (LED) products, product prices have changed quickly. For the year ended December 31, 2023, the Group's inventory was NT$2,042,531 thousand, which accounted for 32% of the consolidated assets. Inventory is stated at net realizable value. Refer to Notes 4, 5 and 10 to the consolidated financial statements for detailed information on accounting policies on inventory. The Group is primarily engaged in developing, manufacturing and selling automotive LED modules, automotive LED components, LED traffic lights, LED street lights and other energy-saving lighting products. As the optoelectronics market grows rapidly, the application range of various products continues to grow. The inventory held, including LED electronic components, car lamp modules, etc., is evaluated at the lower of cost or net realizable value under IFRS 2. Inventory is evaluated for obsolete and slow-moving items due to technological changes. Inventory valuation involves judgment of the management with uncertainty. Therefore, we considered inventory valuation as a key audit matter.

In response to the above key audit matter, we performed the following procedures:

1. We obtained an understanding of the inventory provision policy, including the regular assessment for sluggish status and decline in price.

2. We selected appropriate samples from inventory, checked the purchase price of raw materials or the sales price of inventory, verified that the net realizable value is higher than the carrying amount and confirmed that the inventory is measured by lower of cost or net realizable value.

3. We obtained and checked the correctness of inventory age data and inspected whether the Group makes allowances for inventory obsolescence losses in accordance with the inventory provision policy.

4. We observed the annual physical inventory count and test-checked items in the list of obsolete and slow-moving inventory and evaluated the adequacy of the allowance for inventory loss.

Occurrence of sales

The Group's main source of revenue is sales of LED modules. Refer to Notes 4 and 25 to the consolidated financial statements for detailed information on accounting policies on revenue. For the year ended December 31, 2023, the Group's operating revenue was NT$4,325,353 thousand. And the revenue from main customers had grown in 2023. Therefore, we considered the occurrence of sales from the main customers as a key audit matter.

In response to the above key audit matter, we performed the following procedures:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.

2. We selected appropriate samples from sales and examined customer orders, internal orders, shipping notices, receipt documents and collection status.

Other Matter

We have also audited the parent company only financial statements of the Company 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 Ming-Hui Chen and Ya-Yun Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 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 and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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

ASSETS	2023 Amount	2023 %	2022 Amount	2022 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 491,125	8	$ 665,811	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	175	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	6,401	-	1,439	-
Notes receivable (Notes 4 and 9)	29,736	-	21,512	1
Trade receivables (Notes 4, 5, 9 and 25)	1,019,770	16	813,624	14
Other receivables (Notes 4, 9 and 32)	74,985	1	46,504	1
Current tax assets (Notes 4 and 27)	2,515	-	4,139	-
Inventories (Notes 4, 5 and 10)	2,042,531	32	1,553,922	27
Prepayments (Note 17)	173,452	3	119,947	2
Other current assets (Notes 17 and 33)	30,458	1	15,041	-
Total current assets	3,870,973	61	3,242,114	57
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 12)	11,904	-	11,201	-
Property, plant and equipment (Notes 4, 13, 26 and 33)	2,100,510	33	2,045,971	36
Right-of-use assets (Notes 4 and 14)	41,011	-	78,116	1
Other intangible assets (Notes 4 and 16)	57,765	1	56,798	1
Goodwill (Notes 4 and 15)	53,812	1	53,812	1
Deferred tax assets (Notes 4 and 27)	110,154	2	75,904	1
Prepayments for equipment (Note 4)	84,947	1	117,626	2
Refundable deposits (Note 4)	53,008	1	33,529	1
Total non-current assets	2,513,111	39	2,472,957	43
TOTAL	$ 6,384,084	100	$ 5,715,071	100

LIABILITIES AND EQUITY	2023 Amount	2023 %	2022 Amount	2022 %
CURRENT LIABILITIES				
Short-term borrowing (Notes 4, 18 and 33)	$ 337,962	5	$ 473,100	8
Short-term bills payable (Notes 4 and 18)	199,620	3	279,551	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,445	-	-	-
Contract liabilities - current (Note 25)	235	-	6,032	-
Notes payable (Note 20)	45,751	1	1,300	-
Trade payables (Note 20)	948,422	15	674,224	12
Trade payables to related parties (Notes 20 and 32)	1,178	-	209	-
Other payables (Notes 4, 21 and 32)	221,197	4	175,839	3
Current tax liabilities (Notes 4 and 27)	21,807	-	18,385	1
Provisions - current (Notes 4 and 22)	3,332	-	3,332	-
Lease liabilities - current (Notes 4 and 14)	19,767	-	47,434	1
Current portion of long-term borrowings (Notes 4, 18 and 33)	147,623	2	71,017	1
Current portion of bonds payable (Notes 4, 19 and 33)	487,997	8	-	-
Other current liabilities (Note 21)	14,600	-	10,773	-
Total current liabilities	2,450,936	38	1,761,196	31
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 33)	467,107	7	960,749	17
Long-term borrowings (Notes 4, 18 and 33)	535,996	9	519,683	9
Lease liabilities - non-current (Notes 4 and 14)	23,120	1	35,112	1
Net defined benefit liabilities - non-current (Notes 4 and 23)	22,544	-	22,623	-
Total non-current liabilities	1,048,767	17	1,538,167	27
Total liabilities	3,499,703	55	3,299,363	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)				
Share capital				
Ordinary shares	2,026,748	32	1,827,796	32
Capital collected in advance	29,304	-	77	-
Total share capital	2,056,052	32	1,827,873	32
Capital surplus	824,246	13	549,282	10
Retained earnings				
Legal reserve	81,046	1	79,206	1
Special reserve	47,853	1	81,327	2
Unappropriated earnings	72,972	1	66,624	1
Total retained earnings	201,871	3	227,157	4
Other equity	(47,355)	(1)	(38,171)	(1)
Treasury shares	(150,433)	(2)	(150,433)	(3)
Total equity attributable to owners of the Company	2,884,381	45	2,415,708	42
TOTAL	$ 6,384,084	100	$ 5,715,071	100

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

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 25)	$ 4,325,353	100	$ 3,825,456	100
OPERATING COSTS (Notes 4, 10, 26 and 32)	(3,721,930)	(86)	(3,217,297)	(84)
GROSS PROFIT	603,423	14	608,159	16
OPERATING EXPENSES (Notes 4, 26 and 32)				
Selling and marketing	(96,925)	(2)	(266,012)	(7)
General and administrative	(346,418)	(8)	(283,978)	(7)
Research and development	(214,856)	(5)	(185,956)	(5)
Expected credit loss	(602)	-	(455)	-
Total operating expenses	(658,801)	(15)	(736,401)	(19)
LOSS FROM OPERATING	(55,378)	(1)	(128,242)	(3)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 26)	9,978	-	2,748	-
Other income (Notes 4 and 26)	28,360	1	25,709	1
Other gains and losses (Notes 4 and 26)	47,421	1	131,775	3
Finance costs (Notes 4 and 26)	(35,443)	(1)	(32,528)	(1)
Share of profit (loss) of associates (Notes 4 and 12)	703	-	213	-
Total non-operating income and expenses	51,019	1	127,917	3
LOSS BEFORE INCOME TAX	(4,359)	-	(325)	-
INCOME TAX BENEFIT (Notes 4 and 27)	14,613	-	16,828	1
NET INCOME FOR THE YEAR	10,254	-	16,503	1
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 23)	(383)	-	1,897	-
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income (Notes 4 and 24)	267	-	(1,244)	-

(Continued)

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 24)	$ (11,813)	-	$ 55,500	1
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 4 and 27)	2,362	-	(11,100)	-
Other comprehensive (loss) income for the year, net of income tax	(9,567)	-	45,053	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 687	-	$ 61,556	2
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	$ 0.05		$ 0.09	
Diluted	$ 0.05		$ 0.09	

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

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company									
							Other Equity			
	Share Capital			Retained Earnings						
	Ordinary Shares	Capital Collected in Advance	Capita Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,826,841	$ -	$ 521,781	$ 78,050	$ 70,747	$ 130,253	$ (78,866)	$ (2,461)	$ (150,433)	$ 2,395,912
Appropriation of 2021 earnings										
Legal reserve	-	-	-	1,156	-	(1,156)	-	-	-	-
Special reserve	-	-	-	-	10,580	(10,580)	-	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(70,293)	-	-	-	(70,293)
Equity component of convertible bonds issued by the Company	-	-	25,482	-	-	-	-	-	-	25,482
Net profit for the year ended December 31, 2022	-	-	-	-	-	16,503	-	-	-	16,503
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,897	44,400	(1,244)	-	45,053
Convertible bonds converted to ordinary shares	955	77	2,019	-	-	-	-	-	-	3,051
BALANCE AT DECEMBER 31, 2022	1,827,796	77	549,282	79,206	81,327	66,624	(34,466)	(3,705)	(150,433)	2,415,708
Appropriation of 2022 earnings										
Legal reserve	-	-	-	1,840	-	(1,840)	-	-	-	-
Reversal of special reserved	-	-	-	-	(33,474)	33,474	-	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(35,157)	-	-	-	(35,157)
Equity component of convertible bonds issued by the Company	-	-	28,153	-	-	-	-	-	-	28,153
Net profit for the year ended December 31, 2023	-	-	-	-	-	10,254	-	-	-	10,254
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(383)	(9,451)	267	-	(9,567)
Convertible bonds converted to ordinary shares	198,952	29,227	246,893	-	-	-	-	-	-	475,072
Convertible bonds redeemed	-	-	(82)	-	-	-	-	-	-	(82)
BALANCE AT DECEMBER 31, 2023	$ 2,026,748	$ 29,304	$ 824,246	$ 81,046	$ 47,853	$ 72,972	$ (43,917)	$ (3,438)	$ (150,433)	$ 2,884,381

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

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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		
Loss before income tax	$ (4,359)	$ (325)
Adjustments for:		
Depreciation	225,218	202,090
Amortization	25,729	25,178
Expected credit loss recognized on trade receivables	602	455
Net loss (gain) on fair value changes of financial liabilities designated as at fair value through profit or loss	17,821	(9,160)
Finance costs	35,443	32,528
Interest income	(9,978)	(2,748)
Dividend income	-	(152)
Share of profit of associates	(703)	(213)
(Gain) loss on disposal of property, plant and equipment	(349)	105
Write-down of inventories	1,536	14,134
Net (gain) loss on foreign currency exchange	(36,561)	13,529
Changes in operating assets and liabilities		
Notes receivable	(8,224)	(8,720)
Trade receivables	(209,390)	(58,069)
Other receivables	(28,481)	4,484
Inventories	(489,212)	122,926
Prepayments	(53,505)	(60,580)
Other current assets	(15,417)	(12,129)
Contract liabilities	(5,797)	106
Notes payable	44,451	1,300
Trade payables	288,328	(22,357)
Other payables	4,090	(169,774)
Other current liabilities	3,827	520
Net defined benefit liabilities	(461)	(506)
Cash (used in) generated from operations	(215,392)	72,622
Interest received	9,978	2,748
Interest paid	(23,687)	(23,386)
Income tax refunded (paid)	(25,691)	3,394
Net cash (used in) generated from operating activities	(254,792)	55,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(4,759)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	66	137
Payments for property, plant and equipment	(116,461)	(199,408)
Proceeds from disposal of property, plant and equipment	1,924	239
Increase in refundable deposits	(19,479)	(19,938)
Payments for intangible assets	(26,725)	(30,731)

(Continued)

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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

	2023	2022
Increase in prepayments for equipment	$ (46,670)	$ (12,207)
Dividends received	-	152
Net cash used in investing activities	(212,104)	(261,756)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in proceeds from short-term borrowings	(133,605)	(418,016)
(Decrease) increase in short-term bills payable	(81,835)	99,846
Proceeds from issuance of convertible bonds	494,782	494,799
Repayments of bonds	(7,100)	(186,700)
Proceeds from long-term borrowings	92,919	45,300
Decrease in guarantee deposits	-	(268)
Repayments of the principal portion of lease liabilities	(48,331)	(46,443)
Dividends paid to owners of the Company	(35,157)	(70,293)
Net cash generated from (used in) financing activities	281,673	(81,775)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	10,537	17,110
NET DECREASE IN CASH AND CASH EQUIVALENTS	(174,686)	(271,043)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	665,811	936,854
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 491,125	$ 665,811

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

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Excellence Optoelectronics Inc. (the "Company") was established in June 1995. Formerly known as Hengjia Optoelectronics Inc., the company name was changed to Excellence Optoelectronics Inc. in July 2004. The Company was incorporated in Hsinchu Science-based Industrial Park in November 1996. The main businesses are the design, development, testing, manufacturing of LED components, OEM/ODM LED modules and patented solution for automotive market; LED traffic signals, LED street lighting, industrial lighting and LED consumer products for energy-saving market. The design, installation and construction with energy-saving products for government police projects.

The Company's shares have been listed on the Taiwan Stock Exchange since May 9, 2018.

The functional currency of the Company is the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 29, 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease 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 will be 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.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	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.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

   Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other 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

a. 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.

b. Basis of preparation

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

   The fair value measurements, 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:

   1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

   2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

   3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) 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:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

For details on the subsidiaries included in the consolidated financial statements, refer to Note 11 and table 6 following the Notes section.

e. Foreign currencies

In preparing the financial statements of each individual group 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 that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies (including subsidiaries and associates in other countries that use currency different from the currency of the Company) 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; 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.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

f. 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.

g. Investment in associates

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

The Group uses the equity method to account for its investment in associates. Under the equity method, an investment in an associate is 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 equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

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.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant, and equipment

Property, plant and equipment are stated 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. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation on 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 method are reviewed at the end of each reporting period, with the effects of any changes in the 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.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) 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 value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) 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.

k. 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, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount 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.

l. Financial instruments

Financial assets and financial liabilities are recognized when an entity in 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.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets, including cash and cash equivalents, notes and trade receivables, other receivables, 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, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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.

iii. Investments in debt instruments at FVTOCI

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

i) 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

ii) 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.

iv. 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) and investments in debt instruments that are measured at FVTOCI.

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 considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 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 amount 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, 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.

2) Equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities (including any interest and dividend paid on such financial liabilities) are recognized in gains or losses.

Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment products. Sales of goods are recognized as revenue and trade receivables when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Revenue from the rendering of services

Revenue is recognized when labor services are provided.

o. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) 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 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. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment loss and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

   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. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

   Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed 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 Group uses the lessee's incremental borrowing rate.

   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 a lease term resulting from a change in an index or a rate used to determine those payments, 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 (a) 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; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

   Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

   Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

   Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

   Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liability are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan.

s. Taxation

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

1) 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.

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward 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 liability are settled or the asset 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.

3) Current and deferred taxes

Current and deferred taxes 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 and deferred taxes 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 Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31 2023	December 31 2022
Cash on hand	$ 1,772	$ 1,655
Checking accounts and demand deposits	483,198	664,156
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	6,155	-
	$ 491,125	$ 665,811

The ranges of interest rates for cash in bank at the end of the reporting period were as follows:

	December 31 2023	December 31 2022
Bank balance	0.001%-5.050%	0.001%-3.600%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not designated as hedges)		
Foreign exchange swap contracts	$ -	$ 175
Financial liabilities at FVTPL - current		
Held for trading		
Derivative instruments (not designated as hedges)		
Foreign exchange swap contracts	$ 1,445	$ -

At the end of the reporting period, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2023			
Swap	NTD to USD	2024.02.22	NTD 62,026/ USD 2,000
December 31, 2022			
Swap	NTD to USD	2023.02.24-2023.03.29	NTD 365,498/ USD 12,000

The Company entered into the above financial products to manage exposures to exchange rate fluctuations of foreign currency-denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31 2023	December 31 2022
Current		
Investments in equity instruments	$ 1,769	$ 1,439
Investments in debt instruments	4,632	-
	$ 6,401	$ 1,439

a. Investments in equity instruments

	December 31 2023	December 31 2022
Current		
Domestic investments		
Listed shares and emerging market shares	$ 1,769	$ 1,439

These investments in equity instruments are not held for trading. Instead, they are held for medium- to 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.

b. Debt instruments investment

	December 31 2023	December 31 2022
Current		
Foreign investments		
Foreign debt securities	$ 4,632	$ -

In December 2023, the Group bought 32-year Chilean government bonds at market price with a coupon rate of 3.5% and expiry date is April 15, 2053.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31 2023	December 31 2022
Notes receivable		
Notes receivable - operating	$ 29,736	$ 21,512

(Continued)

	December 31	
	2023	2022
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,054,108	$ 848,054
Less: Allowance for impairment loss	(34,338)	(34,430)
	$ 1,019,770	$ 813,624
Other receivables		
Receivables from refund of business tax and value-added tax	$ 44,289	$ 36,351
Other receivables from related parties	759	1,753
Others	29,937	8,400
	$ 74,985	$ 46,504
Overdue receivables		
Overdue receivables	$ 93,468	$ 94,541
Less: Allowance for bad debts	(93,468)	(94,541)
	$ -	$ -

(Concluded)

At amortized cost

The average credit period of sales of goods is 30 days to 120 days. The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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 period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs of IFRS9. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or the debt has been overdue for more than number of days. 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.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	100%	
Gross carrying amount	$ 764,895	$ 248,435	$ 6,440	$ 34,338	$ 1,054,108
Loss allowance (Lifetime ECL)	-	-	-	(34,338)	(34,338)
Amortized cost	$ 764,895	$ 248,435	$ 6,440	$ -	$ 1,019,770

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	100%	
Gross carrying amount	$ 561,681	$ 183,862	$ 68,081	$ 34,430	$ 848,054
Loss allowance (Lifetime ECL)	-	-	-	(34,430)	(34,430)
Amortized cost	$ 561,681	$ 183,862	$ 68,081	$ -	$ 813,624

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 34,430	$ 32,099
Add: Amounts recovered	602	455
Less: Amounts written off	(473)	(455)
Effect of exchange rate changes	(221)	2,331
Balance at December 31	$ 34,338	$ 34,430

The movements of the loss allowance of overdue receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 94,541	$ 93,468
Effect of exchange rate changes	(1,264)	1,073
Balance at December 31	$ 93,277	$ 94,541

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 999,535	$ 930,459
Work in process	206,439	166,677
Raw materials	836,557	456,786
	$ 2,042,531	$ 1,553,922

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were $3,721,930 thousand and $3,217,297 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included write-downs of $1,536 thousand and $14,134 thousand, respectively.

11. SUBSIDIARIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

			Proportion of Ownership (%) December 31		
Investor	**Investee**	**Main Business**	**2023**	**2022**	**Remark**
Excellence Optoelectronics Inc.	EOI GmbH	International trade	100	100	Note
	EXCELLENCE OPTO. SPAIN SA	International trade	100	100	-
	Elite Star Global LTD.	Investment business	100	100	-
	EOI GROUP, INC.	Investment business	100	100	-
	Grand House Co., Ltd.	Real estate business	100	100	-
Elite Star Global LTD.	SUPER BRIGHT INVESTMENT INC.	Investment business	100	100	-
	Elite High Technology LTD.	Investment business	100	100	-
SUPER BRIGHT INVESTMENT INC.	EXCELLENCE OPTO. (DONGGUAN) LTD.	Automotive LED light components and module manufacturing	100	100	-
Elite High Technology LTD.	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Automotive LED light components manufacturing	100	100	-
EOI GROUP, INC.	EXCELLENCE OPTO. INC.	International trade	100	100	-
	EOI, LLC	Asset management	100	100	-
	EOI PIONEER, INC.	Automotive LED light module manufacturing	100	100	-

Note: Non-essential subsidiary. Its financial statements have not been audited by independent accountants. However, the Group believes there will not be significant adjustment if the financial statements are audited by an independent accountant.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31	
	2023	**2022**
Associates that are not individually material		
Power-Con Electronics Corporation	$ 11,904	$ 11,201

The information on the main business, Location and country of registration of the abovementioned associate please refer to table 6.

The share of profit or loss and other comprehensive income of the investment accounted for using the equity was based on the associate's audited financial statements for the same years.

General information of individually insignificant affiliated companies

	December 31	
	2023	**2022**
The Group's share of:		
Profit from continuing operation for the year/Total comprehensive income for the year	$ 703	$ 213

13. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group

	Land	Buildings	Machinery and Equipment	Other Equipment	Property Under Construction	Total
Cost						
Balance at January 1, 2023	$ 296,976	$ 910,414	$ 1,155,249	$ 296,331	$ 519,794	$ 3,178,764
Additions	-	52,913	50,179	54,826	2,804	160,722
Disposals	-	-	(10,798)	(18,654)	-	(29,452)
Reclassified	-	509,732	64,313	7,908	(505,408)	76,545
Effect of foreign currency exchange differences	(4)	(2,318)	(8,249)	(2,008)	-	(12,579)
Balance at December 31, 2023	$ 296,972	$ 1,470,741	$ 1,250,694	$ 338,403	$ 17,190	$ 3,374,000
Accumulated depreciation						
Balance at January 1, 2023	$ -	$ 307,904	$ 620,264	$ 204,625	$ -	$ 1,132,793
Disposals	-	-	(10,161)	(17,717)	-	(27,878)
Depreciation Expenses	-	34,296	109,144	32,402	-	175,842
Effect of foreign currency exchange differences	-	(1,071)	(4,875)	(1,321)	-	(7,267)
Balance at December 31, 2023	$ -	$ 341,129	$ 714,372	$ 217,989	$ -	$ 1,273,490
Carrying amount at December 31, 2023	$ 296,972	$ 1,129,612	$ 536,322	$ 120,414	$ 14,386	$ 2,100,510
Cost						
Balance at January 1, 2022	$ 294,638	$ 885,795	$ 1,025,893	$ 269,132	$ 427,975	$ 2,903,433
Additions	-	2,631	98,059	31,550	91,819	224,059
Disposals	-	-	-	(7,320)	-	(7,320)
Reclassified	-	-	16,806	-	-	16,806
Effect of foreign currency exchange differences	2,338	21,988	14,491	2,969	-	41,786
Balance at December 31, 2022	$ 296,976	$ 910,414	$ 1,155,249	$ 296,331	$ 519,794	$ 3,178,764
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ 272,589	$ 521,584	$ 181,534	$ -	$ 975,707
Disposals	-	-	-	(6,976)	-	(6,976)
Depreciation Expenses	-	33,051	93,993	28,692	-	155,736
Effect of foreign currency exchange differences	-	2,264	4,687	1,375	-	8,326
Balance at December 31, 2022	$ -	$ 307,904	$ 620,264	$ 204,625	$ -	$ 1,132,793
Carrying amount at December 31, 2022	$ 296,976	$ 602,510	$ 534,985	$ 91,706	$ 519,794	$ 2,045,971

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

Buildings	
Main plants	50 years
Electrical and mechanical power equipment	15 years
Engineering System	10 years
Machinery and equipment	1-15 years
Other equipment	1-15 years

Property, plant and equipment used by the Group are pledged as collateral for bank loans; see Note 33.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 16,552	$ 19,863
Buildings	19,979	55,255
Transportation equipment	4,066	2,677
Office equipment	414	321
	$ 41,011	$ 78,116

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 12,227	$ 1,409
Depreciation charge for right-of-use assets		
Land	$ 3,311	$ 3,311
Buildings	43,052	40,690
Transportation equipment	2,890	2,269
Office equipment	123	84
	$ 49,376	$ 46,354

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

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 19,767	$ 47,434
Non-current	$ 23,120	$ 35,112

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.5%	2.5%
Buildings	2.0%-4.9%	2.0%-4.9%
Transportation equipment	4.4%	4.4%
Office equipment	1.0%	1.0%

c. Important lease activity and clause

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 19 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 9,666	$ 7,208
Total cash (outflow) for leases	$ (60,004)	$ (58,891)

The Group leases certain office equipment as short-term 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.

15. GOODWILL

	For the Year Ended December 31	
	2023	**2022**
Cost		
Balance at January 1	$ 79,718	$ 79,718
Balance at December 31	$ 79,718	$ 79,718
Accumulated impairment loss		
Balance at January 1	$ 25,906	$ 25,906
Balance at December 31	$ 25,906	$ 25,906
Carrying amount at December 31	$ 53,812	$ 53,812

16. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 112,614
Additions	26,725
Disposals	(10,663)
Effect of foreign currency exchange differences	(133)
Balance at December 31, 2023	$ 128,543

(Continued)

	Computer Software
Accumulated amortization	
Balance at January 1, 2023	$ 55,816
Amortization expenses	25,729
Disposals	(10,663)
Effect of foreign currency exchange differences	(104)
Balance at December 31, 2023	$ 70,778
Carrying amount at December 31, 2023	$ 57,765
Cost	
Balance at January 1, 2022	$ 92,024
Additions	30,731
Disposals	(12,720)
Effect of foreign currency exchange differences	2,579
Balance at December 31, 2022	$ 112,614
Accumulated amortization	
Balance at January 1, 2022	$ 41,567
Amortization expenses	25,178
Disposals	(12,720)
Effect of foreign currency exchange differences	1,791
Balance at December 31, 2022	$ 55,816
Carrying amount at December 31, 2022	$ 56,798

(Concluded)

The above items of other intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	1-15 years

17. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments		
Prepaid expenses (Note 1)	$ 135,554	$ 100,022
Prepaid taxes	18,468	16,225
Prepayments for purchases	19,430	3,700
	$ 173,452	$ 119,947

(Continued)

	December 31	
	2023	2022
Others current assets		
Temporary payments	$ 3,838	$ 13,641
Restricted assets (Note 2)	26,620	1,400
Others	-	-
	$ 30,458	$ 15,041

(Concluded)

Note 1: Prepaid expenses are mainly prepaid testing fees, certification fees, mold fees and service fees, etc.

Note 2: Refer to Note 33 for information on restricted assets.

18. BORROWINGS

a. Short-term bank loans

	December 31	
	2023	2022
Unsecured loans		
Line of credit loans	$ 337,962	$ 473,100

The ranges of interest rates on short-term bank loans were 1.76%-1.85% and 1.25%-2.03% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term notes and bills payable

	December 31	
	2023	2022
Commercial paper payable	$ 200,000	$ 280,000
Less: Discounts on short-term notes and bills payable	(380)	(449)
	$ 199,620	$ 279,551

Short-term notes and bills payable that have not yet expired are as follows:

December 31, 2023

Guarantee/Acceptance Agency	Coupon Value	Discount Value	Carrying Amount	Interest Rate Range	Contract Period
Commercial paper payable					
Cooperative tickets	$ 100,000	$ 300	$ 99,700	1.918%	2023.12-2024.02
China tickets	100,000	80	99,920	1.948%	2023.11-2024.01
	$ 200,000	$ 380	$ 199,620		

December 31, 2022

Guarantee/Acceptance Agency	Coupon Value	Discount Value	Carrying Amount	Interest Rate Range	Contract Period
Commercial paper payable					
Daqing tickets	$ 80,000	$ 80	$ 79,920	2.038%	2022.11-2023.01
Cooperative tickets	100,000	264	99,736	2.138%	2022.12-2023.02
China tickets	100,000	105	99,895	2.138%	2022.12-2023.01
	$ 280,000	$ 449	$ 279,551		

c. Long-term debt

	December 31 2023	December 31 2022
Secured loans (Note 33)		
Bank loans	$ 506,119	$ 27,500
Unsecured loans		
Line of credit loans	177,500	563,200
	683,619	590,700
Less: Current portion	(147,623)	(71,017)
	$ 535,996	$ 519,683

Lending Institution	Loan Content	December 31 2023	December 31 2022
Medium- and long-term machine mortgage loan - Taiwan Cooperative Bank	Credit line: $1,040,000 thousand Credit period: July 2020 to July 2027 Interest rate range: 1.50% at the end of December 2023 and 1.25% at the end of December 2022 Repayment policy: From July 2020 to July 2022, interest payable monthly. From July 2022 to July 2027, monthly payments of principal and interest.	$ 111,121	$ 27,500
Medium- and long-term plant mortgage loan - Taiwan Cooperative Bank	Credit line: $599,000 thousand Credit period: August 2023 to December 2030 Interest rate range: 1.50% at the end of December 2023 Repayment policy: From August 2023 to December 2030, interest payable monthly; bullet repayment.	394,998	-
Unsecured loans - Taiwan Cooperative Bank (Medium-term loan for return to Taiwan of Taiwanese business investment project)	Credit line: $240,000 thousand Credit period: November 2019 to November 2026 Interest rate range: 1.50% at the end of December 2023 and 1.25% at the end of December 2022 Repayment policy: From November 2019 to November 2021, interest payable monthly. From November 2021 to November 2026, monthly payments of principal and interest.	140,000	188,000

(Continued)

Lending Institution	Loan Content	December 31 2023	December 31 2022
Unsecured loans - Taiwan Cooperative Bank	Credit line: $599,000 thousand Credit period: December 2021 to November 2029 Interest rate range: 1.25% at the end of December 2022 Repayment policy: From December 2021 to November 2023, interest payable monthly; from December 2023 to November 2029 monthly payments of principal and interest. As of the end of December 2023, all loans had been paid in advance.	$ -	$ 325,200
Unsecured loans - Shanghai Commercial & Savings Bank	Credit line: $50,000 thousand Credit period: October 2022 to October 2026 Interest rate range: 1.775% at the end of December 2022 Repayment policy: From October 2022 to October 2026 quarterly payments of principal and interest.	37,500	$ 50,000
Less: Current portion		(147,623)	(71,017)
		$ 535,996	$ 519,683

(Concluded)

The information about the Group provided mortgages and pledges for long-term loans on December 31, 2023 and 2022; see Note 33.

19. BONDS PAYABLE

	December 31 2023	December 31 2022
Domestic unsecured convertible bonds - Second time	$ 490,300	498,300
Less: Discounts on bonds payable	(2,303)	(8,136)
	487,997	490,164
Domestic unsecured convertible bonds - Third time	-	500,000
Less: Discounts on bonds payable	-	(29,415)
	-	470,585
Domestic unsecured convertible bonds - Fourth time	500,000	-
Less: Discounts on bonds payable	(32,893)	-
	467,107	-
Less: Current portion	(487,997)	-
	$ 467,107	$ 960,749

a. Domestic secured convertible bonds

The Company issued 5,000 units of convertible bonds in Taiwan on December 25, 2019; the bonds are denominated in 100 thousand New Taiwan dollars, secured, and with an interest rate of 0%. Total principal amount is $500,000 thousand. The issue price is based on 101% of the coupon value.

Each unit of the bonds has the right to convert to the Company's ordinary share at NT$27.97 per share. The conversion period is from March 26, 2020 to December 25, 2022. The Company repaid the bonds in cash based on the coupon value of the bond on the maturity date, which is on December 25, 2022.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 1.11%.

Proceeds from issuance ($505,000 thousand less transaction costs of $5,769 thousand)	$ 499,231
Equity component (less the transaction cost allocated to equity component of $181 thousand)	(15,669)
Liability component at the date of issue (less the transaction cost allocated to liability component of $5,588 thousand)	483,562
Interest charged at an effective interest rate of 1.11%	4,755
Convertible bonds converted into ordinary shares	(303,156)
Liability component as of December 31, 2020	185,161
Interest calculated based on the effective interest rate of 1.11%	2,063
Conversion of bonds payable to ordinary shares	(1,175)
Liability component as of December 31, 2021	186,049
Interest calculated based on the effective interest rate of 1.11%	2,045
Conversion of bonds payable to ordinary shares	(1,394)
Repayments of bonds	(186,700)
Liability component as of December 31, 2022	$ -

The Company issued 5,000 units of convertible bonds in Taiwan on May 19, 2021; the bonds are denominated in 100 thousand New Taiwan dollars, unsecured, and with an interest rate of 0%. Total principal amount is $500,000 thousand. The issue price is based on 101% of the coupon value.

Each unit of the bonds has the right to convert to the Company's ordinary share at NT$35.43 per share. The conversion period is from August 20, 2021 to May 19, 2024. Afterward according to the regulations of bonds contract, the conversion price is NT$33.83 on December 31, 2023. If the bonds are not converted at the time, they will be repaid in cash based on the coupon value of the bond on the maturity date.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 1.18%.

Issue price ($505,000 thousand minus transaction costs of $5,304 thousand)	$ 499,696
Equity component (including the transaction cost of $181 thousand allocated to equity)	(17,019)
Liability component on issue date (including the transaction cost of $5,123 thousand allocated to liability)	482,677
Interest calculated based on the effective interest rate of 1.18%	3,412
Liability component as of December 31, 2021	486,089
Interest calculated based on the effective interest rate of 1.18%	5,731
Conversion of bonds payable to ordinary shares	(1,656)
Liability component as of December 31, 2022	490,164
Interest calculated based on the effective interest rate of 1.18%	5,741
Conversion of bonds payable to ordinary shares	(890)
Repayments of bonds	(7,018)
Liability component as of December 31, 2023	$ 487,997

The Company issued 5,000 units of convertible bonds in Taiwan on November 15, 2022; the bonds are denominated in 100 thousand New Taiwan dollars, unsecured, and with an interest rate of 0%. Total principal amount is $500,000 thousand. The issue price is based on 100% of the coupon value.

Each unit of the bonds has the right to convert to the Company's ordinary share at NT$21.96 per share. The conversion period is from February 16, 2023 to November 15, 2025. As of December 31, 2023, total of 22,791 thousand shares had been converted.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 2.11%.

Issue price ($500,000 thousand minus transaction costs of $5,201 thousand)	$ 494,799
Equity component (including the transaction cost of $268 thousand allocated to equity)	(25,482)
Liability component on issue date (including the transaction cost of $4,933 thousand allocated to liability)	469,317
Interest calculated based on the effective interest rate of 2.11%	1,268
Liability component as of December 31, 2022	470,585
Interest calculated based on the effective interest rate of 2.11%	3,597
Conversion of bonds payable to ordinary shares	(474,182)
Liability component as of December 31, 2023	$ -

The Company issued 5,000 units of convertible bonds in Taiwan on December 21, 2023; the bonds are denominated in 100 thousand New Taiwan dollars, unsecured, and with an interest rate of 0%. The total principal amount is $500,000 thousand. The issue price is based on 100% of the coupon value.

Each unit of the bonds has the right to be converted to the Company's ordinary share at NT$33.35 per share. The conversion period is from March 22, 2024 to December 21, 2026. If the bonds are not converted at the time, they will be repaid in cash based on the coupon value of the bond on the maturity date.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 2.30%.

Issue price ($500,000 thousand minus transaction costs of $5,218 thousand)	$ 494,782
Equity component (including the transaction cost of $297 thousand allocated to equity)	(28,153)
Liability component on issue date (including the transaction cost of $4,921 thousand allocated to liability)	466,629
Interest calculated based on the effective interest rate of 2.30%	478
Liability component as of December 31, 2023	$ 467,107

20. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	**2022**
Notes payable		
Generated from operating activities with non-related parties	$ 45,751	$ 1,300

(Continued)

	December 31	
	2023	2022
Trade payables		
Generated from operating activities with non-related parties	$ 948,422	$ 674,224
Generated from operating activities with related parties	1,178	209
	$ 949,600	$ 674,433

(Concluded)

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Other payables with non-related parties		
Payable for salaries and bonuses	$ 60,546	$ 90,294
Payable for equipment and engineering	20,139	11,269
Payable for compensation of employees and directors	2,565	5,556
Payable for processing fee	2,869	5,344
Payable for labor and health insurance	4,187	3,714
Payable for pension	1,952	1,860
Accrued expenses-others	127,607	57,802
	219,865	175,839
Other payables with related parties	1,332	-
	$ 221,197	$ 175,839
Other liabilities		
Temporary receipts	$ 14,600	$ 6,542
Others	-	4,231
	$ 14,600	$ 10,773

22. PROVISIONS

	December 31	
	2023	2022
Current		
Employee benefits	$ 3,332	$ 3,332

The provision for employee benefits represents the estimated amount of vested rights of annual leave of employees.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Further, all the contributions from the Company's foreign subsidiaries following its local government's regulation also belong to defined contribution plan.

b. Defined benefit plans

The defined benefit plans adopted by the Company and its domestic subsidiaries in accordance with the Labor Standards Law are managed by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and its domestic subsidiaries contribute amounts equal to 2% of total monthly salaries and wages to a pension fund managed by the Supervisory Committee of Business Entities' Labor Retirement Reserve. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who meet the retirement requirements in the following year, the Company and its domestic subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company and its domestic subsidiaries have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of funded defined benefit obligation	$ 45,360	$ 44,238
Fair value of plan assets	(22,816)	(21,615)
Net defined benefit liability	$ 22,544	$ 22,623

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2022	$ 44,362	$ (19,335)	$ 25,027
Net interest expense (income)	236	(76)	160
Recognized in profit or loss	236	(76)	160
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,537)	(1,537)
Actuarial (profit) loss			
- changes in demographic assumptions	4	-	4

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
- experience adjustments	$ 1,690	$ -	$ 1,690
- changes in financial assumptions	(2,054)	-	(2,054)
Recognized in other comprehensive income	(361)	(1,537)	(1,897)
Contributions from the employer	-	(667)	(667)
Balance at December 31, 2022	44,238	(21,615)	22,623
Net interest expense (income)	478	(200)	278
Recognized in profit or loss	478	(200)	278
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(261)	(261)
Actuarial loss			
- changes in demographic assumptions	1	-	1
- experience adjustments	478	-	478
- changes in financial assumptions	165	-	165
Recognized in other comprehensive income	644	(261)	383
Contributions from the employer	-	(740)	(740)
Balance at December 31, 2023	$ 45,360	$ (22,816)	$ 22,544

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company and the domestic subsidiaries are exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.20%	1.25%
Expected rates of salary increase	5.00%	5.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rates		
0.25% increase	$ (820)	$ (807)
0.25% decrease	$ 845	$ 836
Expected rates of salary increase		
0.25% increase	$ 812	$ 803
0.25% decrease	$ (792)	$ (780)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	$ 632	$ 713
Average duration of the defined benefit obligation	7 years	7 years

24. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Authorized shares (in thousands)	300,000	300,000
Authorized capital	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	202,675	182,780
Shares issued	$ 2,026,748	$ 1,827,796
Capital collected in advance	$ 29,304	$ 77

The change in the Company's share capital is mainly due to the conversion of bonds payable to ordinary shares.

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

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	$ 284,566	$ 284,406
Arising from conversion of bonds	473,070	200,665

(Continued)

	December 31 2023	December 31 2022
Arising from changes in percentage of ownership interest in associates	$ 1,781	$ 1,781
May not be used for any purpose (2)		
Arising from employee share options	14,136	14,136
Arising from convertible bonds share options	50,693	48,294
	$ 824,246	$ 549,282

(Concluded)

1) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital and once a year).

2) Such capital surplus arising from employee share options and from convertible bonds share options cannot be used for any purpose.

c. Retained earnings and dividends policy

The Company's shareholders held a meeting and passed a resolution on May 30, 2019 to amend the articles of association, stating that according to Article 240 of the Corporation Law, the Company's surplus distribution may be authorized by a special resolution of the board of directors and all or part of dividends and bonuses shall be paid in cash and reported to the shareholders' meeting.

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, and then distributed in the following order:

1) Offset losses of previous years.

2) Set aside as legal reserve 10% of the remaining profit.

3) Set aside or reverse a special reserve in accordance with the laws and regulations.

Unappropriated earnings in the previous period, if any, plus the remaining amount after deductions of the amounts specified in paragraphs 1 to 3 shall be used by the board of directors to draft a shareholders' dividend distribution proposal, which shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 26-g.

The Company's Articles also stipulate: The Company is in a capital-intensive, technology-intensive high-tech industry, which has sustained substantial growth for a long time and has a wide demand for funds. So, the Company considers future capital demand and estimates the needs for finance, business, operation, capital, reserve, etc. for the next year. After deciding on the amount of funds to be financed, the Company shall refer to the general distribution level of dividends to determine whether to distribute dividends in the current year. The distribution of surplus earnings can be in the form of cash dividends or stock dividends. The total cash dividends paid in any given year shall be at least 30% of the total dividends distributed.

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

When the Company appropriates the net amount of other equity reduction items accumulated in the previous period to set up special surplus reserves, if the undistributed profits of the previous period are not sufficient for the appropriation, the shortfall will be made up by adding the current year's net profit after tax to items other than the current year's net profit after tax and recording it as undistributed profits for the current period. Prior to the amendment of the Articles of Incorporation, the Company appropriated from undistributed profits of the previous period in accordance with the law.

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

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	$ 1,840	$ 1,156
Special reserve	$ (33,474)	$ 10,580
Cash dividends	$ 35,157	$ 70,293
Cash dividends per share (NT$)	$ 0.20	$ 0.40

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 9, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 24, 2023 and May 26, 2022, respectively.

The appropriation of earnings for 2023 resolved by the Company's board of directors on February 29, 2024 was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 987
Cash dividends	$ 39,721
Cash dividends per share (NT$)	$ 0.20

The abovementioned cash dividends have been distributed by resolution of the board of directors. The remaining appropriations of earnings are expected to be resolved on June 27, 2024.

d. Others equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (34,466)	$ (78,866)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations (after tax)	(9,450)	44,400
Balance at December 31	$ (43,916)	$ (34,466)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (3,705)	$ (2,461)
Recognized for the year		
Unrealized gain (loss) - equity instruments	267	(1,244)
Balance at December 31	$ (3,438)	$ (3,705)

e. Treasury shares

Purpose of buy-back	For Transfer to Employees (In Thousands of Shares)
Number of shares at January 1, 2023	7,000
Number of shares at December 31, 2023	7,000
Number of shares at January 1, 2022	7,000
Number of shares at December 31, 2022	7,000

The Company's board of directors passed a resolution on April 9, 2020 to repurchase shares for transfer to employees following the Regulations Governing Share Repurchase and Transfer to Employees. The resolution stipulated that a total of 7,000 thousand shares will be bought back as treasury shares and transferred to employees at the average repurchase price of NT$21.49 per share.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

25. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	$ 4,325,353	$ 3,825,456

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 9)	$ 1,019,770	$ 813,624	$ 758,395
Contract liabilities - current			
Sale of goods	$ 235	$ 6,032	$ 5,926

Revenue recognized in the current year from the contract liabilities at the beginning of the year was as follows:

	December 31	
	2023	**2022**
From the contract liabilities at the beginning of the year		
Sale of goods	$ 5,881	$ -

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	**2022**
Primary geographical markets		
America	$ 3,050,478	$ 2,794,545
Asia	543,077	544,892
Europe	439,739	244,344
Taiwan	288,886	233,246
Oceania	3,173	8,429
	$ 4,325,353	$ 3,825,456

26. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	**2022**
Interest income		
Bank deposits	$ 9,978	$ 2,445
Others	-	303
	$ 9,978	$ 2,748

b. Other income

	For the Year Ended December 31	
	2023	**2022**
Grant income	$ -	$ 2,521
Dividends income	-	152
Others	28,360	23,036
	$ 28,360	$ 25,709

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on fair value changes of financial assets and financial liabilities		
Financial assets designated as at fair value through profit or loss	$ 25,113	$ 8,811
Financial liabilities designated as at fair value through profit or loss	(7,292)	349
Net foreign exchange gain (loss)	31,507	124,053
Gain (loss) on disposal of property, plant and equipment	350	(105)
Others	(2,257)	(1,333)
	$ 47,421	$ 131,775

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 19,416	$ 14,585
Interest on convertible bonds	9,816	9,044
Interest on lease liabilities	2,301	5,240
Interest on short-term bills	3,910	3,659
	$ 35,443	$ 32,528

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 175,842	$ 155,736
Right-of-use assets	49,376	46,354
Intangible assets (included in operating costs)	25,729	25,178
Total	$ 250,947	$ 227,268
An analysis of depreciation by function		
Operating costs	$ 134,423	$ 130,618
Operating expenses	90,795	71,472
	$ 225,218	$ 202,090
An analysis of amortization by function		
Operating costs	$ 40	$ 419
Operating expenses	25,689	24,759
	$ 25,729	$ 25,178

f. Employee benefits expense

	For the Year Ended December 31	
	2023	**2022**
Short-term benefits	$ 826,707	$ 818,940
Post-employment benefits		
Defined contribution plans	24,208	22,319
Defined benefit plans (Note 23)	160	160
	24,368	22,479
	$ 851,075	$ 841,419
An analysis of employee benefits expense by function		
Operating costs	$ 451,889	$ 446,461
Operating expenses	399,186	394,958
	$ 851,075	$ 841,419

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 5%-15% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on February 29, 2024 and February 23, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	10%	15%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31	
	2023	**2022**
	Cash	**Cash**
Compensation of employees	$ 2,137	$ 4,903
Remuneration of directors	427	654

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.

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on February 23, 2023 and March 9, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	**2021**
	Cash	**Cash**
Compensation of employees	$ 4,903	$ 816
Remuneration of directors	654	163

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 Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Impairment loss

	December 31	
	2023	**2022**
Inventories (included in operating costs)	$ 1,536	$ 14,134
Trade receivables	$ 602	$ 455

27. INCOME TAX

a. Major components of tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 19,715	$ 8,824
Adjustments for prior years	(2,009)	(6,658)
Deferred tax		
In respect of the current year	(32,319)	(18,994)
Income tax expense recognized in profit or loss	$ (14,613)	$ (16,828)

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	**2022**
Loss before tax from operations	$ (4,359)	$ (325)
Income tax expense calculated at the statutory rate	$ 11,818	$ 7,085
Nondeductible expenses	924	1,297
Unrecognized temporary differences (including recognized for the year)	(20,376)	(15,376)
Unrecognized investment tax credit	(4,978)	(3,176)
Adjustments for prior years' tax	(2,001)	(6,658)
Income tax expense recognized in profit or loss	$ (14,613)	$ (16,828)

The applicable tax rate used by subsidiaries in China is 15%-25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (2,362)	$ 11,100

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 2,515	$ 4,139
Current tax liabilities		
Income tax payable	$ 21,807	$ 18,385

d. 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

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Balance, End of Year
Deferred tax assets					
Temporary differences					
Allowance for bad debts exceeded regulation	$ 12,879	$ 3	$ -	$ -	$ 12,882
Inventory write-downs	23,985	1,077	-	(8)	25,054
Exchange differences on translation of the financial statements of foreign operations	6,929	-	2,362	-	9,291
Loss Carryforwards	-	29,266	-	(427)	28,839
Others	32,111	1,973	-	4	34,088
	$ 75,904	$ 32,319	$ 2,362	$ (431)	$ 110,154

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Balance, End of Year
Deferred tax assets					
Temporary differences					
Allowance for bad debts exceeded regulation	$ 12,352	$ 29	$ -	$ 498	$ 12,879
Inventory write-downs	20,866	2,584	-	535	23,985
Exchange differences on translation of the financial statements of foreign operations	18,029	-	(11,100)	-	6,929

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Balance, End of Year
Loss Carryforwards	$ 6,734	$ (6,734)	$ -	$ -	$ -
Others	8,362	20,293	-	634	32,111
	$ 66,343	$ 18,994	$ (11,100)	$ 1,667	$ 75,904

(Concluded)

e. Temporary differences associated with investments for which deferred tax liabilities were not recognized

As of December 31, 2023 and 2022, the aggregate amounts of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized were $109,825 thousand and $134,019 thousand, respectively.

f. Income tax assessments

The tax authorities have examined income tax returns of the Company through 2021.

28. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 0.05	$ 0.09
Diluted earnings per share	$ 0.05	$ 0.09

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earnings used in the computation of diluted earnings per share	$ 10,254	$ 16,503

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

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares in computation of basic earnings per share (treasury shares excluded)	190,415	175,746
Effect of potentially dilutive ordinary shares:		
Compensation of employees	25	224
Weighted average number of ordinary shares used in the computation of diluted earnings per share	190,440	175,970

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. 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.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

29. GOVERNMENT GRANTS

In December 2023 and March 2022, the Company obtained government subsidies for the Industrial Upgrading Innovation Platform Guidance program in the amount of $5,235 thousand and $2,500 thousand and the Work-Life Balance program in the amount of $21 thousand, respectively. The government subsidy was accounted for as non-operating income and expenses - other income.

30. CAPITAL MANAGEMENT

The Group takes into account external competition and related factors such as environmental changes together with the overall business environment and future development to monitor the capital structure regularly by the management team.

The Group considers the cost of various types of capital and related risks to determine the appropriate capital structure. The purpose is to provide for the working capital and research and development needs of the Group in the future and dividend payments, and to ensure that the Group can continue to operate, give back to shareholders and take care of the interests of other stakeholders in the same time, and maintain the best capital structure to enhance shareholder value in the long run.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

There is no other external regulation or restriction regarding the capital structure of the Group.

The management team of the Group reassess the capital structure of the Group annually considering cost of various types of capital and related risks. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

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

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 955,104	$ -	$ 955,908	$ -	$ 955,908

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 960,749	$ -	$ 996,534	$ -	$ 996,534

Level 2 fair value measurement is based on the discounted cash flow analysis of the income method.

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
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 1,769	$ -	$ -	$ 1,769
Foreign debt securities	-	4,632	-	4,632
	$ 1,769	$ 4,632	$ -	$ 6,401
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 1,445	$ -	$ 1,445

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 175	$ -	$ 175
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 1,439	$ -	$ -	$ 1,439

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

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Use of observable forward exchange rates at the end of the period and contract exchange rate to estimate future cash flow, and use of discount rate that can reflect the credit risk of each counterparty.
Foreign debt securities	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets mandatory classified as at FVTPL	$ -	$ 175
Financial assets at FVTOCI		
Investments in equity instruments	1,769	1,439
Investments in debt instruments	4,632	-
Financial assets at amortized cost (Note 1)	1,695,224	1,536,238
Financial liabilities		
Financial liabilities at FVTPL		
Derivatives	1,445	-
Amortized cost (Note 2)	2,892,770	3,004,064

Note 1: The balances include loans and receivables at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term notes and bills payable, notes payable, trade payables (including related parties), other payables (not including payables for dividends, payables for payroll, payables for pensions, and payables for compensation of employees and remuneration of directors), bonds payable (including maturity within one year) and long-term borrowings (including maturity within one year).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, bonds payables, lease liabilities and borrowings. The Group's financial management department provides services to each function, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and iquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives shall be approved by the board of director under the Group's policy, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is 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.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of foreign exchange forward contracts and options to manage its exposure to foreign currency risk and interest rate risk.

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

a) Foreign currency risk

The Group's operating activities, which are mainly transactions in foreign currencies, and the net investment in foreign operations generate foreign currency risk. The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and to manage the risk of the net position. The Group's operating activities are mainly foreign currency transaction, so there is a natural hedging effect. The Group's exchange rate exposure management system uses foreign exchange forward contracts to manage risks within the scope permitted by the policy.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of exchange rate of USD.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is 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 forward contracts, and adjusts 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 profit associated with USD strengthening by 1% against the relevant currency. For a 1% weakening of USD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ 37,295	$ 9,594

The increase in the USD impact was mainly due to the outstanding receivables accounted for USD that had not been covered by a cash flow hedge at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rates.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 6,155	$ -
Financial liabilities	1,833,431	1,795,946
Cash flow interest rate risk		
Financial assets	457,415	570,901
Financial liabilities	342,874	590,700

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is 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 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $1,145 thousand and $198 thousand, respectively, which was mainly attributable to the Group's bank loans with floating interest rates.

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. At the end of the year, 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 and due to the financial guarantees provided by the Group could be equal to:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets

b) The amount of contingent liabilities arising from the financial guarantee provided by the Group.

The Group adopted a policy of dealing only with reputable parties and, where necessary, obtains appropriate guarantees to mitigate the risk of financial losses resulting from the default of payment. The Group only deals with companies whose ratings are equal to or higher than the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Group assesses the creditworthiness of the key customers based on external financial information available and mutual transaction records. The Group continuously monitors the credit risk and credit rating of the counterparties, distributes the total transaction amount to customers with sound credit ratings, and controls the credit risk by ensuring that each counterparty's credit limit is reviewed by the financial management department every year.

In order to minimize credit risk, the management of the Group assigned a dedicated team responsible for credit limit decision, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the management considers that the Group's credit risk was significantly reduced.

The counterparties of liquidity and derivative financial instruments are banks with high credit quality according to international credit rating agencies, so the credit risk is not high.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of 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.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights immediately. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+Years
Non-derivative financial liabilities					
Non-interest bearing					
Notes payable and trade payables	$ 373,034	$ 432,336	$ 189,982	$ -	$ -
Other payables (Note)	-	154,802	-	-	-
Lease liabilities	1,647	3,305	14,815	23,120	-
Variable interest rate liabilities	-	-	-	343	-
Fixed interest rate liabilities	99,700	179,919	257,962	615,119	680,731
	$ 474,381	$ 770,362	$ 462,759	$ 638,582	$ 680,731

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1-5 years	5-10 years
Lease liabilities	$ 20,678	$ 24,005	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+Years
Non-derivative financial liabilities					
Non-interest bearing					
Notes payable and trade payables	$ 155,626	$ 449,739	$ 70,368	$ -	$ -
Other payables (Note)	-	100,035	-	-	-
Lease liabilities	4,149	8,102	35,302	31,536	3,695
Variable interest rate liabilities	-	82,760	188,976	145,288	244,578
Fixed interest rate liabilities	148,829	271,736	348,164	692,686	639,942
	$ 308,604	$ 912,372	$ 642,810	$ 869,510	$ 888,215

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1-5 years	5-10 years
Lease liabilities	$ 47,553	$ 31,536	$ 3,695

Note: The above other payables did not include payables for dividends, payables for payroll, payables for pensions and payables for compensation of employees and remuneration of directors.

The amounts of variable interest rate instruments for both non-derivative financial assets and liabilities could be changed if the variable interest rates are different from the estimated interest rates at the end of the reporting date.

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft line (reviewed annually)		
Amount used	$ 838,205	$ 1,460,460
Amount unused	1,834,545	1,536,800
	$ 2,672,750	$ 2,997,260
Secured bank overdraft line		
Amount used	$ 506,119	$ 27,500
Amount unused	1,696,000	1,010,000
	$ 2,202,119	$ 1,037,500

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Company
Power-Con Electronics Corporation	Associate
Lin, Cang-Xiang	Related party in substance

Note: The disclosed transaction amount represent the transaction amount occurred in the period that the relationship existed.

b. Purchase

	For the Year Ended December 31	
Related Party Category/Name	2023	2022
Associate- Power-Con Electronics Group	$ 10,323	$ 14,671

Purchases were made at general prices and payment terms are in accordance with the Group's payment policy for related parties and non-related parties.

c. Trade receivables from related parties

		December 31	
Line Item	Related Party Category/Name	2023	2022
Other receivables	Associate- Power-Con Electronics Group	$ 759	$ 1,753

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

d. Trade payables to related parties (excluding borrowing from related parties)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade payables	Associate- Power-Con Electronics Group	$ 1,179	$ 209
Other payables	Associate- Power-Con Electronics Group	$ 1,332	$ -

The outstanding trade payables to related parties are unsecured.

e. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Operating expenses - Professional service fees	Related party in substance - Lin Cang-Xiang	$ 700	$ 1,200

f. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 33,174	$ 33,762
Termination benefits	549	548
	$ 33,723	$ 34,310

The compensation of directors and other key management personnel was determined by the compensation committee on the basis of individual performance and market trends, and decided by the board of directors.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral of bank borrowings:

	December 31 2023	December 31 2022
Buildings	$ 784,364	$ 340,630
Machinery and equipment, net	122,088	29,184
Pledged time deposits (classified as other current assets - other)	26,620	1,400
	$ 933,072	$ 371,214

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2023 were as follows:

a. Unrecognized commitments were as follows:

	For the Year Ended December 31	
	2023	**2022**
Acquisition of property, plant and equipment	$ 26,552	$ 74,342

The Company's board of directors approved the investment plan in November 2019, and it is expected to expand the plant and purchase equipment. The above amount represented the amount that has not been recognized in consolidated financial statements as of December 31, 2023, as the Company entered into a plant expansion and equipment purchase contract that the Group entered into with the supplier.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currency of the entities in the Group and the exchange rates between foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 126,135	30.71	$ 3,866,908
Financial liabilities			
Monetary items			
USD	10,375	30.71	$ 137,366

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 53,275	30.71	$ 1,636,075
Financial liabilities			
Monetary items			
USD	11,014	30.71	$ 338,231

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain and (losses) were $31,507 thousand and $124,053 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions of the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions, and b. information on investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investment in subsidiaries) (Table 3)

4) Marketable securities acquired and disposed 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 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments. (Note 7)

10) Other: Intercompany relationships and significant intercompany transaction (Table 9)

11) Information on investees (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

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.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 8)

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 8)

   c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 2)

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. 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 10)

37. SEGMENT INFORMATION

a. The Group researches, develops, manufactures and sells optoelectronic measurement system equipment, laser diodes, ultra-high brightness and colorful bright diode components, traffic signs and lighting equipment installation engineering industry and other application products. In addition, the Group also engages in electrical installation industry and computer equipment installation industry. The Group is a single-industry department that provides information to chief operating decision-maker for allocating resources and evaluating performance, which is consistent with the information in the consolidated financial statements.

b. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2023	**2022**
Automotive LED modules and components	$ 3,793,757	$ 3,271,093
LED traffic signal lights and street lights	358,953	353,560
Others	172,643	200,803
	$ 4,325,353	$ 3,825,456

c. Geographical information

The Group mainly operates in three regions-Taiwan, China and the United States

The Group's revenue from continuing operations from external customers and information about its noncurrent assets by geographical location are detailed below:

	Revenue from External Customers For the Year Ended December 31		Noncurrent Assets December 31	
	2023	**2022**	**2023**	**2022**
Taiwan	$ 761,718	$ 298,236	$ 1,618,706	$ 1,570,395
China	527,433	536,593	278,623	334,769
America	3,036,202	2,990,627	386,772	393,347
	$ 4,325,353	$ 3,825,456	$ 2,284,101	$ 2,298,511

Non-current assets exclude financial instruments, long-term investments accounted for by the equity method, refundable deposits, goodwill and deferred tax assets.

d. Major customer information:

Revenue from individual customer over 10% of the consolidated net revenue are as followed:

	For the Year Ended December 31			
	2023		2022	
Customer	Amount	% to Total	Amount	% to Total
A	$ 1,146,890	27	$ 807,562	21
B	582,247	13	727,100	19
	$ 1,729,137	40	$ 1,534,662	40

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limits (Note 8)	Note
													Item	Value			
1	EOI LLC.	EOI PIONEER INC.	Other receivables from related parties	Yes	$ 46,005 (USD 1,500 thousand)	$ 46,005 (USD 1,500 thousand)	$ 46,058 (USD 1,500 thousand)	3.50%	For shortterm financing	$ -	Working capital	$ -	-	$ -	$ 130,482	$ 260,965	-

Note 1: The description of the number column is as follows:

1) Lender is numbered as 0.

2) Investee is numbered sequentially from 1.

Note 2: Accounts receivable from associated companies, receivables from related parties, shareholder transactions, prepayments, temporary payments... and other items in the account, if belong to the nature of capital loans, must be filled in this column.

Note 3: The highest balance for the period, and the loan limit that is still valid at the end of the period.

Note 4: The nature of financing should be marked as a business transaction or short-term financing.

Note 5: If the nature of the fund loan is a business transaction, the amount of the business transaction should be disclosed. The amount of business transactions refers to the amount of business transactions between the company that lends funds and the borrower in the most recent year.

Note 6: If the nature of the fund loan is short-term financing, the reason and the purpose of the loan should be specified, such as: repayment of borrowings, purchase of equipment, working capital... etc.

Note 7: The amount of financing provided to any individual shall not exceed forty five percent of the net worth of EOI LLC.

Note 8: The aggregate amount available for financing should not exceed ninety percent of the net worth of EOI LLC.

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 3 and 8)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 3 and 9)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Excellence Optoelectronics Inc.	EXCELLENCE OPTO. (DONGGUAN) LTD.	(2)	$ 576,876	$ 225,135 (USD 3,000 and RMB 30,000 thousand)	$ 225,135 (USD 3,000 and RMB 30,000 thousand)	$ 158,136	$ -	7.81	$ 1,153,752	Y	-	Y	-
		Grand House Co., Ltd.	(2)	576,876	400,000	400,000	-	-	13.87	1,153,752	Y	-	-	-

Note 1: The description of the number column is as follows:

1) Lender is denoted as 0.

2) Investee is numbered sequentially from 1.

Note 2: The following six relationships between endorser and endorsee are denoted as the following number without further descriptions:

1) Companies with business relationship

2) Subsidiaries with over 50% of its common stock directly held by the company

3) Investments with over 50% of its common stock hold by the company and its subsidiaries

4) Parent company with over 50% of the subsidiaries' common stock directly or indirectly.

5) Companies following the contract to be endorser for each other based on construction requirements

6) Companies endorsed by its shareholders based on their shareholding ratio because of the joint investment relationship.

Note 3: Represent the maximum limit on endorsement guarantee of the individual party set in accordance with the company's procedures of endorsement/guarantee. The calculation method of the individual endorsement guarantee and the total limit should be denoted in column "Note".

Note 4: The highest balance in the current year.

Note 5: At end of the year, every endorsement/guarantee contract or note that has signed by the company and agreed by the bank will assume to be responsible; other related endorsement guarantees shall be included in the balance of the endorsement guarantee.

Note 6: Denoted as the actual amount used by the endorsee within the limit of the endorsement/guarantee balance.

Note 7: Y is required only for endorsement from listed parent company to its subsidiary, from subsidiaries to its listed parent company, or to companies located in China.

Note 8: The total amount for individual endorsee shall not exceed twenty percent of EOI's net worth.

Note 9: The total amount shall not exceed forty percent of EOI's net worth.

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	December 31, 2023				Note (Note 4)
				Shares/Units (Thousands)	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
Excellence Optoelectronics Inc.	Shares							
	Innolux Group	-	Financial assets at fair value through other comprehensive income	124	$ 1,769	-	$ 1,769	-
	Bonds							
	Republic of Chile US$1,500,000,000 3.500% Notes due 2053	-	Financial assets at fair value through other comprehensive income	-	4,632	-	4,632	-

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from such items that fall within the scope of IAS 9 "Financial Instruments: Recognition and Measurement".

Note 2: If the securities issuer is not a related party of the Group, this column is not required.

Note 3: If measured by fair value, please fill in the amount after fair value evaluation adjustments and deduction of accumulated impairment; if it is not measured by fair value, please fill in the original acquisition cost or amortized cost after deduction of accumulated impairment.

Note 4: If the listed securities are restricted due to the provision of guarantees, pledged loans, or other agreed upon agreement, disclosure of the number of guarantee or pledged shares, the amount of guarantees or pledges, and the circumstances of restricted use shall be required.

Note 5: Information on subsidiaries and associates is provided in Table 6 and 7.

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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 Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/ Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Excellence Optoelectronics Inc.	EXCELLENCE OPTO. INC.	Sub-subsidiary	Sale	$ 2,202,575	66	Mainly paid on the 120th day after the month of the invoice date	$ -	-	Trade receivables $ 763,064	57	-
	EXCELLENCE OPTO. SPAIN S.A.	Subsidiary	Sale	218,521	7	Mainly paid on the 180th day after the month of the invoice date	-	-	Trade receivables 133,011	10	-
	EXCELLENCE OPTO. (DONGGUAN) LTD.	Sub-subsidiary	Purchase	1,129,052	38	Mainly paid on the 60th day after the month of the invoice date	-	-	Trade payables (364,190)	38	-
	EOI PIONEER INC.	Sub-subsidiary	Sale	126,364	4	Mainly paid on the 60th day after the month of the invoice date	-	-	Trade receivables $ 143,078	16	-
EXCELLENCE OPTO. INC.	EOI PIONEER INC.	Sub-subsidiary of Excellence Optoelectronics Inc.	Purchase	342,318	12	Mainly paid on the 30th day after the month of the invoice date	-	-	Trade payables (96,349)	10	-

Note 1: If the related party transaction conditions are different from the general transaction conditions, the facts and reasons for the difference should be stated in the unit price and payment terms.

Note 2: If there is an advanced receipt or prepayment, the reason, contractual terms, amount, and differences from the general transaction type should be stated in the column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

TABLE 5

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Excellence Optoelectronics Inc.	EXCELLENCE OPTO. INC.	Sub-subsidiary of Excellence Optoelectronics Inc.	Trade receivables $ 763,064	2.60	$ -	-	$ 322,034	$ -
	EOI PIONEER INC.	Sub-subsidiary of Excellence Optoelectronics Inc.	Trade receivables 143,078	1.43	52,042	-	-	-
	EXCELLENCE OPTO. SPAIN S.A.	Subsidiary of Excellence Optoelectronics Inc.	Trade receivables 133,011	1.47	14,045	-	3,579	-

Note 1: Trade receivables or notes receivable, other receivables or any others shall be disclosed separately.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES IN MAINLAND CHINA (EXCLUDING ANY INVESTEES COMPANY IN MALNLAND CHINA)
For the year ended December 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Equity-Method Investee Company (Notes 1 and 2)	Location	Main Businesses	Investment Amount		Balance as of December 31, 2023			Net Income of the Equity-method Investee (Note 2(2))	Investment Income (Note 2(3))	Note
				December 31, 2023	December 31, 2022	Shares (Thousands)	% of Ownership	Carrying Value			
Excellence Optoelectronics Inc.	EXCELLENCE OPTO. SPAIN SA	Spain	International trade	$ 20,040	$ 20,040	56,000	100	$ 13,250	$ 3,169	$ 3,169	-
	Elite Star Global LTD.	Seychelles	Investment business	676,384	676,384	20,574,080	100	778,373	38,183	38,183	-
	EOI GROUP, INC.	USA	Investment business	650,501	589,451	1,890	100	524,332	(65,036)	(65,036)	-
	EOI GmbH	Germany	International trade	16,972	16,972	1	100	605	(475)	(475)	-
	Power-Con Electronics Group	Taiwan	Manufacturing of motors and electronic components	14,000	14,000	1,688,432	16.88	11,904	4,163	703	-
	Grand House Co., Ltd.	Taiwan	Real esate business	10,000	10,000	1,000,000	100	9,081	(738)	(738)	-
Elite Star Global LTD.	SUPER BRIGHT INVESTMENT INC.	British Virgin Islands	Investment business	479,491	479,491	14,992,590	100	607,112	45,482	45,482	-
	Elite High Technology LTD.	Seychelles	Investment business	131,931	131,931	4,295,320	100	117,446	(7,299)	(7,299)	-
Elite High Technology LTD.	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Shenzhen, China	Automotive LED light components manufacturing	138,106	138,106	-	100	117,446	(7,299)	(7,299)	-
SUPER BRIGHT INVESTMENT INC.	EXCELLENCE OPTO. (DONGGUAN) LTD.	Dongguan, China	Automotive LED light components and module manufacturing	495,826	495,826	-	100	607,190	45,478	45,478	-
EOI GROUP, INC.	EXCELLENCE OPTO. INC.	USA	International trade	62,407	62,407	1,900,000	100	70,749	3,446	3,446	-
	EOI, LLC.	USA	Assets management	77,420	77,420	-	100	289,961	15,046	15,046	-
	EOI PIONEER, INC.	USA	Automotive LED light module manufacturing	432,188	371,138	1,450	100	105,600	(109,565)	(109,565)	-

Note 1: If a public company has a foreign holding company which uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

1) The columns of "Equity-Method Investee Company", "Location", "Main Businesses and Products", "Investment Amount" and "Balance as of December 31, 2022" shall be disclosed based on the reinvestment status of the (public) company and each direct or indirect control in the reinvestment situation of the investee, and indicate the relationship between each investee and the (public) company in the column (if it is a subsidiary or a sub-subsidiary).

2) The amount of current profit and loss of each investee should be provided in the column of "Net Income of the Equity- method Investee".

3) In the "Investment Income" column, only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee evaluated by the equity method is required, and the rest is not required. When filling in the "Investment Income", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss of its reinvestment that should be recognized in accordance with the regulations.

Note 3: Please refer to Table 7 for information on investments in mainland China.

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Automotive LED light components manufacturing	$ 139,966 (USD 4,200 thousand)	(2)	$ 138,106 (USD 4,150 thousand)	$ -	$ -	$ 138,106 (USD 4,150 thousand)	$ (7,299)	100%	$ (7,299)	$ 117,446	$ -	-
EXCELLENCE OPTO. (DONGGUAN) LTD.	Automotive LED light components and module manufacturing	495,826 (USD 16,000 thousand)	(2)	495,826 (USD 16,000 thousand)	-	-	495,826 (USD 16,000 thousand)	45,478	100%	45,478 (Note 2.(2).B)	607,190	-	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission MOEA	Ceiling Amount on of the Group's Investment in Mainland China
USD 20,150 thousand (NTD 618,706 thousand)	USD 20,150 thousand (NTD 618,706 thousand)	NTD1,730,629 thousand

Note 1: There are three investment methods denoted as the following codes:

1) Direct investment in the mainland China

2) Reinvest in mainland China through third-region companies (The third-region companies are SUPER BRIGHT INVESTMENT INC. and ELITE HIGH TECHNOLOGY LTD.)

3) Other

Note 2: The column of Investment Gain (Loss) denoted following below rules:

1) If the investment is under preparation and there is no investment gain or loss, it should be indicated.

2) The investment gains and losses recognition basis is denoted as the following codes:

A. The financial statements are audited by international accounting firms in cooperation with the Republic of China.

B. The financial statements are audited by the accounting firm which audit the Taiwan parent company.

C. Other

Note 3: The amount of this table should be presented in NTD.

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

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
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain
					Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
EXCELLENCE OPTOELECTRONICS INC.	EXCELLENCE OPTO. (DONGGUAN) LTD.	Sub-subsidiary	Purchase	$ 1,129,052	bargain	According to the contract	No significant difference	Trade payables $ (364,190)	(38)	$ 25,679
			Sales	35,700	bargain	According to the contract	No significant difference	Trade receivables 18,961	1	-
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Sub-subsidiary	Purchase	92,206	bargain	According to the contract	No significant difference	Trade payables (46,377)	(5)	1,617
			Sales	133	bargain	According to the contract	No significant difference	Trade receivables 25	-	-

EXCELLENCE OPTOELECTRONICS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions (Note 4)			
				Financial Statements Items	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	Excellence Optoelectronics Inc.	EXCELLENCE OPTO. INC.	1	Sales	$ 2,202,575	Bargain with transacting parties	51%
				Purchase	1,782	Bargain with transacting parties	-
				Trade receivables	763,064	-	12%
				Other receivables	297	-	-
				Other income	87	Bargain with transacting parties	-
				Other payables	133	-	-
				Trade payables	95	-	-
		EXCELLENCE OPTO. SPAIN SA	1	Sales	218,521	Bargain with transacting parties	5%
				Trade receivables	133,011	-	2%
		EXCELLENCE OPTO. (DONGGUAN) LTD.	1	Sales	35,700	Bargain with transacting parties	1%
				Other income	8	Bargain with transacting parties	-
				Purchase	1,129,052	Bargain with transacting parties	26%
				Trade receivables	18,961	-	-
				Other receivables	51,512	-	1%
				Trade payables	364,190	-	6%
				Other payables	132	-	-
		Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	1	Sales	133	Bargain with transacting parties	-
				Purchase	92,206	Bargain with transacting parties	2%
				Trade receivables	25	-	-
				Other receivables	1,580	-	-
				Trade payables	46,377	-	-
		EOI PIONEER INC.	1	Sales	126,364	Bargain with transacting parties	3%
				Purchase	7,605	Bargain with transacting parties	-
				Trade receivables	143,078	-	2%
				Other receivables	5,041	-	1%
				Other income	26	Bargain with transacting parties	-
				Trade payables	963	-	-
1	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	EXCELLENCE OPTO. (DONGGUAN) LTD.	3	Sales	436	Bargain with transacting parties	-
				Purchase	7,730	Bargain with transacting parties	-
				Trade receivables	165	-	-
				Other receivables	3,042	-	-
				Trade payables	2,516	-	-
				Other income	7,254	Bargain with transacting parties	-
2	EOI LLC	EOI PIONEER INC.	3	Rental income	16,219	Bargain with transacting parties	-
				Other income	1,636	-	-

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions (Note 4)			
				Financial Statements Items	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
3	EXCELLENCE OPTO. INC.	EOI PIONEER INC.	3	Purchase	$ 342,318	Bargain with transacting parties	8%
				Sales	26,589	Bargain with transacting parties	-
				Trade receivables	44,872	-	1%
				Trade payables	96,349	-	1%
		EOI GROUP INC.	3	Trade receivables	470	-	-

Note 1: The description of the number column is as follows:

1) Lender is numbered as 0.

2) Investee is numbered sequentially from 1

Note 2: The following three items are relationship of transaction parties:

1) The transaction between the parent company and its subsidiary

2) The transaction between the subsidiary and the parent company

3) The transaction between the subsidiary and the subsidiary

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets: If it is an asset or liability account, the percentage is calculated with the ending balance of the consolidated total assets as denominator; if it is a profit and loss account, the percentage is calculated with the amount of total revenue for the period as denominator.

Note 4: Important transactions between the parent company and its subsidiary have been eliminated when preparing consolidated financial statements.

(Concluded)

TABLE 10

EXCELLENCE OPTOELECTRONICS INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Ding Jun Investment Co., Ltd.	28,681,034	13.94%
HAN SHIN CORP.	10,697,216	5.20%

Note 1: The main shareholder information in this table is based on the last business day of the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares and special shares (including treasury shares) that have completed registration. The share capital recorded in the company's consolidated financial report and the actual number of registered shares may be different due to different calculation bases.

Note 2: If the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the principal who opened the trust account. As for the shareholder's declaration of shares held by an insider who holds more than 10% of the shares in accordance with the Securities and Exchange Act, his/her shareholding includes his/her own shareholding plus the shares delivered to the trust that have the right to use the trust property, etc. For information on insider equity declaration, please refer to the public information in the Market Observation Post System.

Appendix B.

Excellence Optoelectronics Inc.

Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Excellence Optoelectronics Inc.

Opinion

We have audited the accompanying financial statements of Excellence Optoelectronics Inc. (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2023 are described as follows:

Inventory evaluation

Recently, due to the very stiff competition in the market for light-emitting diode (LED) products, product prices have changed quickly. For the year ended December 31, 2023, the Company's inventory was NT$1,200,344 thousand, which accounted for 20% of the assets. Inventory is stated at net realizable value. Refer to Notes 4, 5 and 10 to the financial statements for detailed information on accounting policies on inventory. The Company is primarily engaged in developing, manufacturing and selling automotive LED modules, automotive LED components, LED traffic lights, LED street lights and other energy-saving lighting products. As the optoelectronics market grows rapidly, the application range of various products continues to grow. The inventory held, including LED electronic components, car lamp modules, etc., is evaluated at the lower of cost or net realizable value under IFRS 2. Inventory is evaluated for obsolete and slow-moving items due to technological changes. Inventory valuation involves judgment of the management with uncertainty. Therefore, we considered inventory valuation as a key audit matter.

In response to the above key audit matter, we performed the following procedures:

1. We obtained an understanding of the inventory provision policy, including the regular assessment for sluggish status and decline in price.

2. We selected appropriate samples from inventory, checked the purchase price of raw materials or the sales price of inventory, verified that the net realizable value is higher than the carrying amount and confirmed that the inventory is measured by lower of cost or net realizable value.

3. We obtained and checked the correctness of inventory age data and inspected whether the Company makes allowances for inventory obsolescence losses in accordance with the inventory provision policy.

4. We observed the annual physical inventory count and test-checked items in the list of obsolete and slow-moving inventory and evaluated the adequacy of the allowance for inventory loss.

Occurrence of sales

The Company's main source of revenue is sales of LED modules. Refer to Notes 4 and 22 to the financial statements for detailed information on accounting policies on revenue. For the year ended December 31, 2023, the Company's operating revenue was NT$3,345,011 thousand. And the revenue from main customers had grown in 2023 Therefore, we considered the occurrence of sales from the main customers as a key audit matter.

In response to the above key audit matter, we performed the following procedures:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.

2. We selected appropriate samples from sales and examined customer orders, internal orders, shipping notices, receipt documents and collection status.

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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Ming-Hui Chen and Ya-Yun Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 2024

Notice to Readers

The accompanying 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 and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

EXCELLENCE OPTOELECTRONICS INC.

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 299,828	5	$ 373,441	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	175	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	6,401	-	1,439	-
Notes receivable, net (Notes 4 and 9)	5,509	-	4,816	-
Trade receivables (Notes 4 and 9)	272,304	4	58,666	1
Trade receivables from related parties (Notes 4, 9 and 29)	1,058,139	17	1,142,570	21
Other receivables (Notes 4, 9 and 29)	96,191	2	92,145	2
Current tax assets (Notes 4 and 24)	-	-	1,599	-
Inventories (Notes 4, 5 and 10)	1,200,344	20	793,398	14
Prepayments	136,801	2	89,178	1
Other current assets (Notes 4 and 30)	46,370	1	1,400	-
Total current assets	3,121,887	51	2,558,827	46
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	1,337,545	22	1,312,501	24
Property, plant and equipment (Notes 4, 12 and 30)	1,490,586	24	1,417,428	26
Right-of-use assets (Notes 4 and 13)	24,212	-	24,002	-
Other intangible assets (Notes 4 and 14)	49,717	1	48,385	1
Deferred tax assets (Notes 4 and 24)	48,546	1	43,130	1
Prepayments for equipment (Note 4)	54,191	1	80,580	1
Refundable deposits (Note 4)	38,778	-	28,547	1
Total non-current assets	3,043,575	49	2,954,573	54
TOTAL	$ 6,165,462	100	$ 5,513,400	100

	2023		2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 15 and 30)	$ 180,000	3	$ 381,000	7
Short-term bills payable (Notes 4 and 15)	199,620	3	279,551	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,445	-	-	-
Contract liabilities - current (Note 22)	-	-	5,881	-
Notes payable (Note 17)	45,751	1	1,300	-
Trade payables (Note 17)	497,643	8	255,696	5
Trade payables to related parties (Notes 17 and 29)	412,804	7	301,579	6
Other payables (Notes 4, 18 and 29)	158,284	3	193,709	4
Current tax liabilities (Notes 4 and 24)	21,807	-	18,385	-
Provisions - current (Notes 4 and 19)	3,332	-	3,332	-
Lease liabilities - current (Notes 4 and 13)	8,483	-	6,060	-
Current portion of long-term borrowings (Notes 4, 15 and 30)	147,623	2	71,017	1
Current portion of bonds payable (Notes 4, 16 and 28)	487,997	8	-	-
Other current liabilities (Note 18)	22,378	-	6,858	-
Total current liabilities	2,187,167	35	1,524,368	28
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 16 and 30)	467,107	8	960,749	17
Long-term borrowings (Notes 4, 15 and 30)	535,996	9	519,683	10
Lease liabilities - non-current (Notes 4 and 13)	16,920	-	19,036	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	22,544	-	22,623	-
Deferred credits - gains on intercompany accounts	51,347	1	51,233	1
Total non-current liabilities	1,093,914	18	1,573,324	28
Total liabilities	3,281,081	53	3,097,692	56
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	2,026,748	33	1,827,796	33
Capital collected in advance	29,304	-	77	-
Total share capital	2,056,052	33	1,827,873	33
Capital surplus	824,246	14	549,282	10
Retained earnings				
Legal reserve	81,046	1	79,206	1
Special reserve	47,853	1	81,327	2
Unappropriated earnings	72,972	1	66,624	1
Total retained earnings	201,871	3	227,157	4
Other equity	(47,355)	(1)	(38,171)	-
Treasury shares	(150,433)	(2)	(150,433)	(3)
Total equity attributable to owners of the Company	2,884,381	47	2,415,708	44
TOTAL	$ 6,165,462	100	$ 5,513,400	100

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

EXCELLENCE OPTOELECTRONICS INC.

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)	$ 3,345,011	100	$ 2,963,394	100
OPERATING COSTS (Notes 4, 10, 23 and 29)	(2,986,123)	(89)	(2,639,385)	(89)
GROSS PROFIT	358,888	11	324,009	11
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(114)	-	(14,107)	-
REALIZED GROSS PROFIT	358,774	11	309,902	11
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing	(43,319)	(1)	(48,332)	(2)
General and administrative	(159,462)	(5)	(182,119)	(6)
Research and development	(157,236)	(5)	(124,502)	(4)
Expected credit loss	-	-	(455)	-
Total operating expenses	(360,017)	(11)	(355,408)	(12)
LOSS FROM OPERATING	(1,243)	-	(45,506)	(1)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	8,668	-	2,235	-
Other income (Notes 4, 23, 26 and 29)	7,356	-	4,064	-
Other gains and losses (Notes 4 and 23)	55,279	2	143,948	5
Finance costs (Notes 4 and 23)	(27,057)	(1)	(26,706)	(1)
Share of profit or loss of subsidiaries and associates (Notes 4 and 11)	(24,194)	(1)	(50,906)	(2)
Total non-operating income and expenses	20,052	-	72,635	2
PROFIT BEFORE INCOME TAX	18,809	-	27,129	1
INCOME TAX EXPENSE (Notes 4 and 24)	(8,555)	-	(10,626)	-
NET INCOME FOR THE YEAR	10,254	-	16,503	1

(Continued)

EXCELLENCE OPTOELECTRONICS INC.

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	$ (383)	-	$ 1,897	-
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income (Notes 4 and 21)	267	-	(1,244)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 21)	(11,813)	-	55,500	2
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 4 and 24)	2,362	-	(11,100)	(1)
Other comprehensive (loss) income for the year, net of income tax	(9,567)	-	45,053	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 687	-	$ 61,556	2
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 0.05		$ 0.09	
Diluted	$ 0.05		$ 0.09	

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

EXCELLENCE OPTOELECTRONICS INC.

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

	Share Capital			Retained Earnings			Other Equity			
	Ordinary Shares	Capital Collected In Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,826,841	$ -	$ 521,781	$ 78,050	$ 70,747	$ 130,253	$ (78,866)	$ (2,461)	$ (150,433)	$ 2,395,912
Appropriation of 2021 earnings										
Legal reserve	-	-	-	1,156	-	(1,156)	-	-	-	-
Special reserve	-	-	-	-	10,580	(10,580)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(70,293)	-	-	-	(70,293)
Equity component of convertible bonds issued by the Company	-	-	25,482	-	-	-	-	-	-	25,482
Net profit for the year ended December 31, 2022	-	-	-	-	-	16,503	-	-	-	16,503
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,897	44,400	(1,244)	-	45,053
Convertible bonds converted to ordinary shares	955	77	2,019	-	-	-	-	-	-	3,051
BALANCE AT DECEMBER 31, 2022	1,827,796	77	549,282	79,206	81,327	66,624	(34,466)	(3,705)	(150,433)	2,415,708
Appropriation of 2022 earnings										
Legal reserve	-	-	-	1,840	-	(1,840)	-	-	-	-
Reversal of special reserved	-	-	-	-	(33,474)	33,474	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(35,157)	-	-	-	(35,157)
Equity component of convertible bonds issued by the Company	-	-	28,153	-	-	-	-	-	-	28,153
Net profit for the year ended December 31, 2023	-	-	-	-	-	10,254	-	-	-	10,254
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(383)	(9,451)	267	-	(9,567)
Convertible bonds converted to ordinary shares	198,952	29,227	246,893	-	-	-	-	-	-	475,072
Convertible bonds redeemed	-	-	(82)	-	-	-	-	-	-	(82)
BALANCE AT DECEMBER 31, 2023	$ 2,026,748	$ 29,304	$ 824,246	$ 81,046	$ 47,853	$ 72,972	$ (43,917)	$ (3,438)	$ (150,433)	$ 2,884,381

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

EXCELLENCE OPTOELECTRONICS INC.

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		
Income before income tax	$ 18,809	$ 27,129
Adjustments for:		
Depreciation	114,303	103,074
Amortization	22,023	22,951
Expected credit loss recognized on trade receivables	-	455
Net loss (gain) on fair value changes of financial liabilities designated as at fair value through profit or loss	17,821	(9,160)
Finance costs	27,057	26,706
Interest income	(8,668)	(2,235)
Dividend income	-	(152)
Share of loss of subsidiaries and associates	24,194	50,906
Gain on disposal of property plant and equipment	(1,180)	(239)
Write-down of inventories	2,901	12,763
Unrealized gain on transactions with subsidiaries	114	14,107
Net gain on foreign currency exchange	(10,344)	(9,677)
Changes in operating assets and liabilities		
Notes receivable	(693)	(339)
Trade receivables	(158,926)	(69,427)
Other receivables	(4,039)	92,480
Inventories	(409,847)	93,774
Prepayments	(47,623)	(56,832)
Other current assets	(44,970)	1,198
Notes payable	44,451	1,300
Trade payables	368,469	38,194
Other payables	(44,696)	(22,086)
Other current liabilities	9,639	(2,409)
Net defined benefit liabilities	(463)	(506)
Cash generated from operations	(81,668)	311,975
Interest received	8,659	2,235
Interest paid	(15,301)	(15,659)
Income tax paid	(6,588)	(163)
Net cash (used in) generated from operating activities	(94,898)	298,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(4,759)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	66	137
Acquisition of associates	(61,050)	(93,969)
Payments for property, plant and equipment	(102,264)	(145,854)
Proceeds from disposal of property, plant and equipment	1,923	239
Decrease in refundable deposits	(10,231)	(19,720)
Payments for intangible assets	(23,355)	(29,548)

(Continued)

EXCELLENCE OPTOELECTRONICS INC.

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

	2023	2022
Increase in prepayments for equipment	$ (41,394)	$ (62,936)
Dividends received	-	152
Net cash used in investing activities	(241,064)	(351,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(201,000)	(502,000)
(Decrease) increase in short-term bills payable	(81,835)	97,942
Proceeds from issuance of convertible bonds	494,782	494,799
Repayments of bonds	(7,100)	(186,700)
Proceeds of long-term borrowings	92,919	45,300
Repayments of the principal portion of lease liabilities	(8,602)	(8,243)
Dividends paid to owners of the Company	(35,157)	(70,293)
Net cash generated from (used in) financing activities	254,007	(129,195)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	8,342	215
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,613)	(182,091)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	373,441	555,532
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 299,828	$ 373,441

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

EXCELLENCE OPTOELECTRONICS INC.

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 INFORMATION

Excellence Optoelectronics Inc. (the "Company") was established in June 1995. Formerly known as Hengjia Optoelectronics Inc., the company name was changed to Excellence Optoelectronics Inc. in July 2004. The Company was incorporated in Hsinchu Science-based Industrial Park in November 1996. The main businesses are the design, development, testing, manufacturing of LED components, OEM/ODM LED modules and patented solution for automotive market; LED traffic signals, LED street lighting, industrial lighting and LED consumer products for energy-saving market. The design, installation and construction with energy-saving products for government police projects.

The Company's shares have been listed on the Taiwan Stock Exchange since May 9, 2018.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on February 29, 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 Company's accounting policies.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease 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 will be 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.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will not have a material impact on its financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	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.

l) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. 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 and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. 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, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, 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:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these financial statements, the Company 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 Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) 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:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company 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.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company’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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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 cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting parent company only financial statements, the foreign operation (including subsidiaries and associates in other countries that use currency different from the currency of the Company) 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; 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.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. 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 Company 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities (including structured entities) controlled by the Company.

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company 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 Company 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.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

The Company uses the equity method to account for its investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

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.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant, and equipment

Property, plant and equipment are stated 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. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation on 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 method are reviewed at the end of each reporting period, with the effects of any changes in the 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.

i. Intangible assets

1) 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 value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) 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.

j. Impairment of property, plant, and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant, and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount 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.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets, including cash and cash equivalents, notes and trade receivables, other receivables, 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, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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.

iii. Investments in debt instruments at FVTOCI

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

i) 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

ii) 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.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company’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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Company 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 amount 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 Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, 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.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses (including any interest and dividend paid on such financial liabilities) are recognized in gains or losses.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment products. Sales of goods are recognized as revenue and trade receivables when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Revenue from the rendering of services

Revenue is recognized when labor services are provided.

n. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company 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 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. 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 presented on a separate line in the balance sheets.

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. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed 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 Company uses the lessee's incremental borrowing rate.

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 a lease term resulting from a change in an index or a rate used to determine those payments, the Company 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 Company accounts for the remeasurement of the lease liability by (a) 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; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liability are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company’s defined benefit plan.

r. Taxation

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

1) 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.

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward 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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 liability are settled or the asset 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes 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 and deferred taxes 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 Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 1,359	$ 1,221
Checking accounts and demand deposits	298,469	372,220
	$ 299,828	$ 373,441

The range of interest rates for cash in bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank balance	0.001%-5.050%	0.001%-3.600%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not designated as hedges)		
Foreign exchange swap contracts	$ -	$ 175
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not designates as hedges)		
Foreign exchange swap contracts	$ 1,445	$ -

At the end of the reporting period, outstanding foreign exchange swap contracts not under hedge accounting was as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2023			
Swap	NTD to USD	2024.02.22	NTD 62,026 /USD 2,000

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
Swap	NTD to USD	2023.02.24-2023.03.29	NTD 365,498/ USD 12,000

(Concluded)

The Company entered into the above financial products to manage exposures to exchange rate fluctuations of foreign currency-denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Current		
Investments in equity instruments	$ 1,769	$ 1,439
Investments in debt instruments	4,632	-
	$ 6,401	$ 1,439

a. Investments in equity instruments

	December 31	
	2023	2022
Current		
Domestic investments		
Listed shares and emerging market shares	$ 1,769	$ 1,439

These investments in equity instruments are not held for trading. Instead, they are held for medium-to 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 Company's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments

	December 31	
	2023	2022
Current		
Foreign investments		
Foreign debt securities	$ 4,632	$ -

In December 2023, the Company bought 32-year Chilean government bonds at market price with a coupon rate of 3.5% and expiry date is April 15, 2053.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
Notes receivable - operating	$ 5,509	$ 4,816
Trade receivables from non-related parties		
At amortized cost		
Gross carrying amount	$ 272,883	$ 59,717
Less: Allowance for impairment loss	(579)	(1,051)
	272,304	58,666
Trade receivables from related parties	1,058,139	1,142,570
	$ 1,330,443	$ 1,201,236
Other receivables		
Other receivables from related parties	$ 59,190	$ 75,375
Receivables from refund of business tax	35,721	16,770
Others	1,280	-
	$ 96,191	$ 92,145
Overdue receivables		
Overdue receivables	$ 45,383	$ 45,383
Less: Allowance for bad debts	(45,383)	(45,383)
	$ -	$ -

a. At amortized cost

The average credit period of sales of goods was 30 days to 120 days. The Company adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Allowance for impairment loss was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of counterparties and analysis of their current financial position. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

In order to minimize credit risk, the management of the Company 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 debt. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to 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 and consider the industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or the debt has been overdue for more than number of days. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	7.5%	
Gross carrying amount	$ 210,617	$ 60,085	$ 23	$ 2,158	$ 272,883
Loss allowance (Lifetime ECL)	-	-	-	(579)	(579)
Amortized cost	$ 210,617	$ 60,085	$ 23	$ 1,579	$ 272,304

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	94%	
Gross carrying amount	$ 44,885	$ 10,456	$ 3,260	$ 1,116	$ 59,717
Loss allowance (Lifetime ECL)	-	-	-	(1,051)	(1,051)
Amortized cost	$ 44,885	$ 10,456	$ 3,260	$ 65	$ 58,666

The following table details the loss allowance from related parties of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 983,012	$ 43,224	$ 27,018	$ 4,885	$ 1,058,139

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 884,010	$ 258,560	$ -	$ -	$ 1,142,570

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,051	$ 1,051
Add: Amounts recovered	-	455
Less: Amounts written off	(472)	(455)
Balance at December 31	$ 579	$ 1,051

The movements of the loss allowance of overdue receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	$ 45,383	$ 45,383

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 533,919	$ 463,303
Work in process	115,857	67,158
Raw materials	550,568	262,937
	$ 1,200,344	$ 793,398

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were $2,986,123 thousand and $2,639,385 thousand, respectively. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of $2,901 thousand and $12,763 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 1,325,641	$ 1,301,300
Investments in associates	11,904	11,201
	$ 1,337,545	$ 1,312,501

a. Investments in subsidiaries

	December 31	
	2023	2022
Grand House Co., Ltd.	$ 9,081	$ 9,819
EOI GROUP, INC.	524,332	527,104
EOI GmbH	605	1,044
EXCELLENCE OPTO. SPAIN S.A.	13,250	9,682
Elite Star Global Ltd.	778,373	753,651
	$ 1,325,641	$ 1,301,300

On the balance sheet date, the percentage of the Company's ownership and voting rights to the subsidiaries were as follows:

Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31 2023	2022
Grand House Co., Ltd.	100%	100%
EOI GROUP, INC.	100%	100%
EOI GmbH	100%	100%
EXCELLENCE OPTO. SPAIN S.A.	100%	100%
Elite Star Global Ltd.	100%	100%

For details of the investment in subsidiaries that the Company indirectly held, refer to Note 33 and Table 6.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the subsidiaries' audited financial statements for the same years, except for year 2022 for EOI GmbH. The Company's management team believes that audit of the financial statements of the above-mentioned subsidiaries will not cause significant adjustment.

As stated in Note 29, the Company provides financial guarantees for subsidiary's bank loans.

b. Investments in associates

	December 31 2023	2022
Associates that are not individually material		
Power-Con Electronics Corporation	$ 11,904	$ 11,201

Refer to Table 6 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associate's audited financial statements for the same years.

General information of individually insignificant affiliated companies

	December 31 2023	2022
The Company's share		
Profit from continuing operation/Total comprehensive income (loss) for the year	$ 703	$ 213

12. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Land	Buildings	Machinery and Equipment	Molding Equipment	Other Equipment	Property Under Construction	Total
Cost							
Balance at January 1, 2023	$ 273,278	$ 581,441	$ 597,609	$ 78,445	$ 102,912	$ 519,794	$ 2,153,479
Additions	-	50,230	20,483	5,122	27,125	-	102,960
Disposals	-	-	(4,422)	(6,651)	(10,827)	-	(21,900)
Reclassifications	-	509,732	64,313	-	7,908	(505,408)	76,545
Balance at December 31, 2023	$ 273,278	$ 1,141,403	$ 677,983	$ 76,916	$ 127,118	$ 14,386	$ 2,311,084
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 239,065	$ 361,762	$ 66,561	$ 68,663	$ -	$ 736,051
Disposals	-	-	(4,422)	(6,651)	(10,084)	-	(21,157)
Depreciation Expenses	-	21,961	64,274	5,493	13,876	-	105,604
Balance at December 31, 2023	$ -	$ 261,026	$ 421,614	$ 65,403	$ 72,455	$ -	$ 820,498
Carrying amount at December 31, 2023	$ 273,278	$ 880,377	$ 256,369	$ 11,513	$ 54,663	$ 14,386	$ 1,490,586
Cost							
Balance at January 1, 2022	$ 273,278	$ 581,441	$ 563,775	$ 78,783	$ 95,204	$ 427,975	$ 2,020,456
Additions	-	-	33,834	1,795	9,453	91,819	136,901
Disposals	-	-	-	(2,133)	(1,745)	-	(3,878)
Balance at December 31, 2022	$ 273,278	$ 581,441	$ 597,609	$ 78,445	$ 102,912	$ 519,794	$ 2,153,479
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 217,968	$ 307,410	$ 62,318	$ 57,561	$ -	$ 645,257
Disposals	-	-	-	(2,133)	(1,745)	-	(3,878)
Depreciation Expenses	-	21,097	54,352	6,376	12,847	-	94,672
Balance at December 31, 2022	$ -	$ 239,065	$ 361,762	$ 66,561	$ 68,663	$ -	$ 736,051
Carrying amount at December 31, 2022	$ 273,278	$ 342,376	$ 235,847	$ 11,884	$ 34,249	$ 519,794	$ 1,417,428

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

Buildings	
Main plants	50 year
Electrical and mechanical power equipment	15 year
Engineering system	10 year
Machinery and equipment	1-15 year
Molding equipment	1-6 year
Other equipment	1-15 year

Property, plant and equipment used by the Company are pledged as collateral for bank loans; see Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 16,553	$ 19,863
Buildings	3,971	1,142
Transportation equipment	3,275	2,677
Office equipment	413	320
	$ 24,212	$ 24,002

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 8,909	$ -
Depreciation charge for right-of-use assets		
Land	$ 3,310	$ 3,311
Buildings	2,777	2,738
Transportation equipment	2,489	2,269
Office equipment	123	84
	$ 8,699	$ 8,402

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

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 8,483	$ 6,060
Non-current	$ 16,920	$ 19,036

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.1%	2.5%
Buildings	1.7%	2.0%
Transportation equipment	3.7%	4.4%
Office equipment	1.0%	1.0%

c. Material leasing activities and terms as lessee

The Company also leases land and buildings for the use of plants and offices with lease terms of 2 to 10 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 3,447	$ 2,774
Total cash (outflow) for leases	$ (12,907)	$ (11,856)

The Company leases certain office equipment as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 97,775
Additions	23,355
Disposal	(10,663)
Balance at December 31, 2023	$ 110,467
Accumulated amortization	
Balance at January 1, 2023	$ 49,390
Amortization expenses	22,023
Disposal	(10,663)
Balance at December 31, 2023	$ 60,750
Carrying amount at December 31, 2023	$ 49,717
Cost	
Balance at January 1, 2022	$ 80,680
Additions	29,548
Disposal	(12,453)
Balance at December 31, 2022	$ 97,775
Accumulated amortization	
Balance at January 1, 2022	$ 38,892
Amortization expenses	22,951
Disposal	(12,453)
Balance at December 31, 2022	$ 49,390
Carrying amount at December 31, 2022	$ 48,385

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	1-15 years

15. BORROWINGS

a. Short-term bank loans

	December 31	
	2023	2022
Unsecured loans		
Line of credit loans	$ 180,000	$ 381,000

The ranges of interest rates on short-term bank loans were 1.78%-1.85% and 1.25%-2.03% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term notes and bills payable

	December 31 2023	December 31 2022
Commercial paper payable	$ 200,000	$ 280,000
Less: Discounts on short-term notes and bills payable	(380)	(449)
	$ 199,620	$ 279,551

Short-term notes and bills payable that have not yet expired are as follows:

December 31, 2023

Guarantee/ Acceptance Agency	Coupon Value	Discount Value	Carrying Amount	Interest Rate Range	Contract Period
Commercial paper payable					
Cooperative tickets	$ 100,000	$ 300	$ 99,700	1.918%	2023.12-2024.02
China tickets	100,000	80	99,920	1.948%	2023.11-2024.01
	$ 200,000	$ 380	$ 199,620		

December 31, 2022

Guarantee/ Acceptance Agency	Coupon Value	Discount Value	Carrying Amount	Interest Rate Range	Contract Period
Commercial paper payable					
Daqing tickets	$ 80,000	$ 80	$ 79,920	2.038%	2022.11-2023.01
Cooperative tickets	100,000	264	99,736	2.138%	2022.12-2023.02
China tickets	100,000	105	99,895	2.138%	2022.12-2023.01
	$ 280,000	$ 449	$ 279,551		

c. Long-term debt

	December 31 2023	December 31 2022
Secured loans (Note 30)		
Bank loans	$ 506,119	$ 27,500
Unsecured loans		
Line of credit loans	177,500	563,200
	683,619	590,700
Less: Current portions	(147,623)	(71,017)
	$ 535,996	$ 519,683

Lending Institution	Loan Content	December 31 2023	December 31 2022
Medium- and long-term machine mortgage loan - Taiwan Cooperative Bank	Credit line: $1,040,000 thousand Credit period: July 2020 to July 2027 Interest rate range: 1.50 % at the end of December 2023 and 1.25% at the end of December 2022 Repayment policy: From July 2020 to July 2022, interest payable monthly. From July 2022 to July 2027, monthly payments of principal and interest.	$ 111,121	$ 27,500
Medium- and long-term plant mortgage loan - Taiwan Cooperative Bank	Credit line: $599,000 thousand Credit period: August 2023 to December 2030 Interest rate range: 1.50% at the end of December 2023 Repayment policy: From August 2023 to December 2030, interest payable monthly; bullet repayment.	394,998	-
Unsecured loans - Taiwan Cooperative Bank (Medium-term loan for return to Taiwan of Taiwanese business investment project)	Credit line: $240,000 thousand Credit period: November 2019 to November 2026 Interest rate range: 1.50% at the end of December 2023 and 1.25% at the end of December 2022 Repayment policy: From November 2019 to November 2021, interest payable monthly. From November 2021 to November 2026, monthly payments of principal and interest.	140,000	188,000
Unsecured loans - Taiwan Cooperative Bank	Credit line: $599,000 thousand Credit period: December 2021 to November 2029 Interest rate range: 1.25% at the end of December 2022 Repayment policy: From December 2021 to November 2023, interest payable monthly. From December 2023 to November 2029, monthly payments of principal and interest. As of the end of December 2023, all loans had been paid in advance.	-	325,200
Unsecured loans - Shanghai Commercial & savings Bank	Credit line: $50,000 thousand Credit period: October 2022 to October 2026 Interest rate range: 2.025% at the end of December 2023 and 1.775% at the end of December 2022 Repayment policy: From October 2022 to October 2026, quarterly payments of principal and interest	37,500	50,000
Less: Current portion		(147,623)	(71,017)
		$ 535,996	$ 519,683

The Company provided mortgages and pledges for long-term loans on December 31, 2023 and 2022; see Note 30.

16. BONDS PAYABLE

	December 31 2023	December 31 2022
Domestic unsecured convertible bonds - Second time	$ 490,300	$ 498,300
Less: Discounts on bonds payable	(2,303)	(8,136)
	487,997	490,164
Domestic unsecured convertible bonds - Third time	-	500,000
Less: Discounts on bonds payable	-	(29,415)
	-	470,585
Domestic unsecured convertible bonds - Fourth time	500,000	-
Less: Discounts on bonds payable	(32,893)	-
	467,107	-
Less: Current portion	(487,997)	-
	$ 467,107	$ 960,749

The Company issued 5,000 units of convertible bonds in Taiwan on December 25, 2019; the bonds are denominated in 100 thousand New Taiwan dollars, secured, and with an interest rate of 0%. Total principal amount is $500,000 thousand. The issue price is based on 101% of the coupon value.

Each unit of the bonds has the right to convert to the Company's ordinary share at NT$27.97 per share. The conversion period is from March 26, 2020 to December 25, 2022. The Company repaid the bonds in cash based on the coupon value of the bond on the maturity date, which is on December 25, 2022.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 1.11%.

Proceeds from issuance ($505,000 thousand less transaction costs of $5,769 thousand)	$ 499,231
Equity component (less the transaction cost allocated to equity component of $181 thousand)	(15,669)
Liability component at the date of issue (less the transaction cost allocated to liability component of $5,588 thousand)	483,562
Interest charged at an effective interest rate of 1.11%	4,755
Convertible bonds converted into ordinary shares	(303,156)
Liability component as of December 31, 2020	185,161
Interest calculated based on the effective interest rate of 1.11%	2,063
Conversion of bonds payable to ordinary shares	(1,175)
Liability component as of December 31, 2021	186,049
Interest calculated based on the effective interest rate of 1.11%	2,045
Conversion of bonds payable to ordinary shares	(1,394)
Repayments of bonds	(186,700)
Liability component as of December 31, 2022	$ -

The Company issued 5,000 units of convertible bonds in Taiwan on May 19, 2021; the bonds are denominated in 100 thousand New Taiwan dollars, unsecured, and with an interest rate of 0%. Total principal amount is $500,000 thousand. The issue price is based on 101% of the coupon value.

Each unit of the bonds has the right to convert to the Company's ordinary share at NT$35.43 per share. The conversion period is from August 20, 2021 to May 19, 2024. Afterward according to the regulations of bonds contract, the conversion price are NT$33.83 on December 31, 2023. If the bonds are not converted at the time, they will be repaid in cash based on the coupon value of the bond on the maturity date.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 1.18%.

Issue price ($505,000 thousand minus transaction costs of $5,304 thousand)	$ 499,696
Equity component (including the transaction cost of $181 thousand allocated to equity)	(17,019)
Liability component on issue date (including the transaction cost of $5,123 thousand allocated to liability)	482,677
Interest calculated based on the effective interest rate of 1.18%	3,412
Liability component as of December 31, 2021	486,089
Interest calculated based on the effective interest rate of 1.18%	5,731
Conversion of bonds payable to ordinary shares	(1,656)
Liability component as of December 31, 2022	490,164
Interest calculated based on the effective interest rate of 1.18%	5,741
Conversion of bonds payable to ordinary shares	(890)
Repayments of bonds	(7,018)
Liability component as of December 31, 2023	$ 487,997

The Company issued 5,000 units of convertible bonds in Taiwan on November 15, 2022; the bonds are denominated in 100 thousand New Taiwan dollars, unsecured, and with an interest rate of 0%. Total principal amount is $500,000 thousand. The issue price is based on 100% of the coupon value.

Each unit of the bonds has the right to convert to the Company's ordinary share at NT$21.96 per share. The conversion period is from February 16, 2023 to November 15, 2025. As of December 31, 2023, total of 22,791 thousand shares had been converted.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 2.11%.

Issue price ($500,000 thousand minus transaction costs of $5,201 thousand)	$ 494,799
Equity component (including the transaction cost of $268 thousand allocated to equity)	(25,482)
Liability component on issue date (including the transaction cost of $4,933 thousand allocated to liability)	469,317
Interest calculated based on the effective interest rate of 2.11%	1,268
Liability component as of December 31, 2022	470,585
Interest calculated based on the effective interest rate of 2.11%	3,597
Conversion of bonds payable to ordinary shares	(474,182)
Liability component as of December 31, 2023	$ -

The Company issued 5,000 units of convertible bonds in Taiwan on December 21, 2023; the bonds are denominated in 100 thousand New Taiwan dollars, unsecured, and with an interest rate of 0%. The total principal amount is $500,000 thousand. The issue price is based on 100% of the coupon value.

Each unit of the bonds has the right to be converted to the Company's ordinary share at NT$33.35 per share. The conversion period is from March 22, 2024 to December 21, 2026. As of December 31, 2023. If the bonds are not converted at the time, they will be repaid in cash based on the coupon value of the bond on the maturity date.

The convertible bonds included liability and equity components; equity components are expressed in terms of capital surplus - share options. The effective rate of the original recognition of the liability component was 2.30%.

Issue price ($500,000 thousand minus transaction costs of $5,218 thousand)	$ 494,782
Equity component (including the transaction cost of $297 thousand allocated to equity)	(28,153)
Liability component on issue date (including the transaction cost of $4,921 thousand allocated to liability)	466,629
Interest calculated based on the effective interest rate of 2.30%	478
Liability component as of December 31, 2023	$ 467,107

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable		
Generated from operating activities with non-related parties	$ 45,751	$ 1,300
Trade payables		
Generated from operating activities with non-related parties	$ 497,643	$ 255,696
Generated from operating activities with related parties	412,804	301,579
	$ 910,447	$ 557,275

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Other payables		
Payable for salaries and bonuses	$ 37,071	$ 70,083
Payable for purchases of equipment	20,139	10,681
Payable for compensation of employees and directors	2,564	5,556
Payable for processing fee	2,869	5,344
Payable for labor and health insurance	4,157	3,688
Payable for pension	1,952	1,860
Accrued expenses - others	89,267	94,196
	158,019	191,408
Other payables to related parties	265	2,301
	$ 158,284	$ 193,709
Other liabilities		
Temporary receipts	$ 18,597	$ 2,781
Others	3,781	4,077
	$ 22,378	$ 6,858

19. PROVISIONS

	December 31 2023	December 31 2022
Current		
Employee benefits	$ 3,332	$ 3,332

The provision for employee benefits is based on the assessment of the employees' vested service leave entitlement.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is administered by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31 2023	December 31 2022
Present value of funded defined benefit obligation	$ 45,360	$ 44,238
Fair value of plan assets	(22,816)	(21,615)
Net defined benefit liability	$ 22,544	$ 22,623

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2022	$ 44,362	$ (19,335)	$ 25,027
Net interest expense (income)	236	(76)	160
Recognized in profit or loss	236	(76)	160

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (1,537)	$ (1,537)
Actuarial (profit) loss			
- changes in demographic assumptions	4	-	4
- experience adjustments	1,690	-	1,690
- changes in financial assumptions	(2,054)	-	(2,054)
Recognized in other comprehensive income	(361)	(1,537)	(1,897)
Contributions from the employer	-	(667)	(667)
Balance at December 31, 2022	44,238	(21,615)	23,623
Net interest expense (income)	478	(200)	278
Recognized in profit or loss	478	(200)	278
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(261)	(261)
Actuarial (profit) loss			
- changes in demographic assumptions	1	-	1
- experience adjustments	478	-	478
- changes in financial assumptions	165	-	165
Recognized in other comprehensive income	644	(261)	383
Contributions from the employer	-	(740)	(740)
Balance at December 31, 2023	$ 45,360	$ (22,816)	$ 22,544

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.20%	1.25%
Expected rates of salary increase	5.00%	5.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rates		
0.25% increase	$ (820)	$ (807)
0.25% decrease	$ 845	$ 836
Expected rates of salary increase		
0.25% increase	$ 812	$ 803
0.25% decrease	$ (792)	$ (780)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	$ 632	$ 713
Average duration of the defined benefit obligation	7 years	7 years

21. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	202,675	182,780
Shares issued	$ 2,026,748	$ 1,827,796
Capital collected in advance	$ 29,304	$ 77

The change in the Company's share capital is mainly due to the conversion of bonds payable to ordinary shares.

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

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	$ 284,566	$ 286,406
Arising from conversion of bonds	473,070	200,665
Arising from changes in percentage of ownership interest in associates	1,781	1,781

(Continued)

	December 31	
	2023	2022
May not be used for any purpose (2)		
Arising from employee share options	$ 14,136	$ 14,136
Arising from convertible bonds share options	50,693	48,294
	$ 824,246	$ 549,282

(Concluded)

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital and once a year).

2) Such capital surplus arising from employee share options and from convertible bonds share options cannot be used for any purpose.

c. Retained earnings and dividends policy

The Company's articles of association stated that according to Article 240 of the Corporation Law, the Company's surplus distribution may be authorized by a special resolution of the board of directors and all or part of dividends and bonuses shall be paid in cash and reported to the shareholders' meeting.

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, and then distributed in the following order:

1) Offset losses of previous years.

2) Set aside as legal reserve 10% of the remaining profit.

3) Set aside or reverse a special reserve in accordance with the laws and regulations.

Unappropriated earnings in the previous period, if any, plus the remaining amount after deductions of the amounts specified in paragraphs 1 to 3 shall be used by the board of directors to draft a shareholders' dividend distribution proposal, which shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23-g.

The Company's Articles also stipulate: The Company is in a capital-intensive, technology-intensive high-tech industry, which has sustained substantial growth for a long time and has a wide demand for funds. So the Company considers future capital demand and estimates the needs for finance, business, operation, capital, reserve, etc. for the next year. After deciding on the amount of funds to be financed, the Company shall refer to the general distribution level of dividends to determine whether to distribute dividends in the current year. The distribution of surplus earnings can be in the form of cash dividends or stock dividends. The total cash dividends paid in any given year shall be at least 30% of the total dividends distributed.

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

When the Company appropriates the net amount of other equity reduction items accumulated in the previous period to set up special surplus reserves, if the undistributed profits of the previous period are not sufficient for the appropriation, the shortfall will be made up by adding the current year's net profit after tax to items other than the current year's net profit after tax and recording it as undistributed profits for the current period. Prior to the amendment of the Articles of Incorporation, the Company appropriated from undistributed profits of the previous period in accordance with the law.

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

	For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 1,840	$ 1,156
Special reserve	$ (33,474)	$ 10,580
Cash dividends	$ 35,157	$ 70,293
Cash dividends per share (NT$)	$ 0.20	$ 0.40

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 9, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 24, 2023 and May 26, 2022, respectively.

The appropriation of earnings for 2023 resolved by the Company's board of directors on February 29, 2024 was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 987
Cash dividends	$ 39,721
Cash dividends per share (NT$)	$ 0.20

The abovementioned cash dividends have been distributed by the resolution of the board of directors. The remaining appropriations of earnings are expected to be resolved on June 27, 2024.

d. Others equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (34,466)	$ (78,866)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations (after tax)	(9,450)	44,400
Balance at December 31	$ (43,916)	$ (34,466)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (3,705)	$ (2,461)
Recognized for the year		
Unrealized gain (loss) - equity instruments	267	(1,244)
Balance at December 31	$ (3,438)	$ (3,705)

e. Treasury shares

Purpose of buy-back	For Transfer to Employees (In Thousands of Shares)
Number of shares at January 1, 2023	7,000
Number of shares at December 31, 2023	7,000
Number of shares at January 1, 2022	7,000
Number of shares at December 31, 2022	7,000

The Company's board of directors passed a resolution on April 9, 2020 to repurchase shares for transfer to employees. The resolution stipulated that a total of 7,000 thousand shares will be bought back as treasury shares and transferred to employees. The average repurchase price is NT$21.49 per share; the same amount is the transfer price.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	$ 3,345,011	$ 2,963,394

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 9)	$ 1,330,443	$ 1,201,236	$ 1,128,752
Contract liabilities - current			
Sale of goods	$ -	$ 5,881	$ 5,881

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

Revenue recognized in the current year from the contract liabilities at the beginning of the year was as follows:

	December 31	
	2023	2022
From the contract liabilities at the beginning of the year		
Sale of goods	$ 5,881	$ -

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Primary geographical markets		
America	$ 2,573,904	$ 2,475,744
Europe	431,964	205,391
Taiwan	288,886	233,246
Asia	47,083	40,584
Oceania	3,174	8,429
	$ 3,345,011	$ 2,963,394

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Bank deposits	$ 8,591	$ 2,017
Loans to related parties	-	201
Others	77	17
	$ 8,668	$ 2,235

b. Other income

	For the Year Ended December 31	
	2023	2022
Grant income (Note 26)	$ 5,235	$ 2,521
Dividends	-	152
Others	2,121	1,391
	$ 7,356	$ 4,064

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on fair value changes of financial assets		
Financial assets designated as at fair value through profit or loss	$ 25,113	$ 8,811
Financial liabilities designated as at fair value through profit or loss	(7,292)	349
Net foreign exchange gain	36,278	134,549
Others	1,180	239
	$ 55,279	$ 143,948

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 12,473	$ 13,164
Interest on convertible bonds	9,816	9,044
Interest on short-term bill	3,910	3,659
Interest on lease liabilities	858	839
	$ 27,057	$ 26,706

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 105,604	$ 94,672
Right-of-use assets	8,699	8,402
Intangible assets	22,023	22,951
Total	$ 136,326	$ 126,025
An analysis of depreciation by function		
Operating costs	$ 81,276	$ 76,515
Operating expenses	33,027	26,559
	$ 114,303	$ 103,074
An analysis of amortization by function		
Operating costs	$ 1	$ 54
Operating expenses	22,022	22,897
	$ 22,023	$ 22,951

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 488,822	$ 504,181
Post-employment benefits		
Defined contribution plans	20,313	19,103
Defined benefit plans (Note 20)	278	160
	20,591	19,263
	$ 509,413	$ 523,444
An analysis of employee benefits expense by function		
Operating costs	$ 282,555	$ 298,501
Operating expenses	226,858	224,943
	$ 509,413	$ 523,444

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 5%-15% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on February 29, 2024 and February 23, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	10%	15%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 2,137	$ 4,903
Remuneration of directors	427	654

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

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on February 23, 2023 and March 9, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	$ 4,903	$ 816
Remuneration of directors	654	163

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

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

h. Impairment loss

	December 31	
	2023	2022
Inventories (included in operating costs)	$ 2,901	$ 12,763
Trade receivables	$ -	$ 455

24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense (benefit) recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 11,617	$ 7,640
Adjustments for prior periods	(8)	-
Deferred tax		
In respect of the current year	(3,054)	2,986
Income tax expense (benefit) recognized in profit or loss	$ 8,555	$ 10,626

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from operations	$ 18,809	$ 27,129
Income tax expense calculated at the statutory rate	$ 3,762	$ 5,426
Nondeductible expenses or losses	856	1,251
Unrecognized temporary differences	3,937	7,125
Unrecognized investment tax credit	-	(3,176)
Income tax expense recognized in profit or loss	$ 8,555	$ 10,626

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (2,362)	$ 11,100

c. Current tax assets and liabilities

	December 31 2023	2022
Current tax assets		
Tax refund receivable	$ -	$ 1,599
Current tax liabilities		
Income tax payable	$ 29,983	$ 18,385

d. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Allowance for bad debts exceeded regulation	$ 7,806	$ -	$ -	$ 7,806
Inventory write-downs	18,539	580	-	19,119
Unrealized gain on transactions with subsidiaries	10,247	23	-	10,270
Exchange differences on translation of the financial statements of foreign operations	6,929	-	2,362	9,291
Investment tax credits	3,501	(3,501)	-	-
Others	(3,892)	5,952	-	2,060
	$ 43,130	$ 3,054	$ 2,362	$ 48,546

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Allowance for bad debts exceeded regulation	$ 7,806	$ -	$ -	$ 7,806
Inventory write-downs	15,986	2,553	-	18,539
Unrealized gain on transactions with subsidiaries	7,425	2,822	-	10,247
Exchange differences on translation of the financial statements of foreign operations	18,029	-	(11,100)	6,929
Investment tax credit	-	3,501	-	3,501
Loss Carryforwards	6,734	(6,734)	-	-
Others	1,236	(5,128)	-	(3,892)
	$ 57,216	$ (2,986)	$ (11,100)	$ 43,130

e. Temporary differences associated with investments for which deferred tax liabilities were not recognized

As of December 31, 2023 and 2022, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized were $109,825 thousand and $134,019 thousand.

f. Income tax assessments

The tax authorities have examined income tax returns of the Company through 2021.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 0.05	$ 0.09
Diluted earnings per share	$ 0.05	$ 0.09

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earnings used in the computation of diluted earnings per share	$ 10,254	$ 16,503

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

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares in computation of basic earnings per share (treasury shares excluded)	190,415	175,746
Effect of potentially dilutive ordinary shares:		
Conversion of convertible bonds	-	-
Compensation of employees	25	224
Weighted average number of ordinary shares used in the computation of diluted earnings per share	190,440	175,970

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. 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.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

26. GOVERNMENT GRANTS

In December 2023 and March 2022, the Company obtained government subsidies for the Industrial Upgrading Innovation Platform Guidance program in the amount of $5,235 thousand and $2,500 thousand and the Work-Life Balance program in the amount of $21 thousand, respectively. The government grant was accounted for as non-operating income and expenses - other income.

27. CAPITAL MANAGEMENT

For the overall business environment and future development, the Company takes into account external competition and related factors such as environmental changdes, and the management regularly reviews the Company's capital structure.

The Company considers the cost of various types of capital and related risks to determine the appropriate capital structure. The purpose is to provide for the working capital and research and development needs of the Company in the future and dividend payments, and to ensure that the Company can continue to operate, give back to shareholders and take care of the interests of other stakeholders, and maintain the best capital structure to enhance shareholder value in the long run.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a annual basis. 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 amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 955,104	$ -	$ 955,908	$ -	$ 955,908

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 960,749	$ -	$ 996,534	$ -	$ 996,534

The Level 2 fair value measurement is based on the discounted cash flow analysis of the income method.

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
Financial assets at FVTOCI				
Domestic listed share and emerging market shares	$ 1,769	$ -	$ -	$ 1,769
Foreign debt securities	-	4,632	-	4,632
	$ 1,769	$ 4,632	$ -	$ 6,401
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 1,445	$ -	$ 1,445

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 175	$ -	$ 175
Financial assets at FVTOCI				
Domestic listed share and emerging market shares	$ 1,439	$ -	$ -	$ 1,439

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

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Use of observable forward exchange rates at the end of the period and contract exchange rate to estimate future cash flow, and use of discount rate that can reflect the credit risk of each counterparty.
Foreign debt securities	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at FVTOCI		
Mandatorily classifieds	$ -	$ 175
Financial assets at FVTOCI		
Investments in equity instruments	1,769	1,439
Investments in debt instruments	4,632	-
Financial assets at amortized cost (Note 1)	1,770,750	1,683,415

(Continued)

	December 31	
	2023	2022
Financial liabilities		
Financial assets at FVTPL		
Derivatives	$ 1,445	$ -
Amortized cost (Note 2)	3,091,237	2,908,691

(Concluded)

Note 1: The balances include loans and receivables at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term notes and bills payable, notes payable, trade payables (including related parties), other payables, bonds payable (including maturity within one year) and long-term borrowings (including maturity within one year).

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, bonds payable, lease liabilities and borrowings. The Company'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 Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's policies on market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk are as follows:

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into foreign exchange forward contracts and options to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

The Company's operating activities, which are mainly transactions in foreign currencies, and the net investment in foreign operations generate foreign currency risk. The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and to manage the risk of the net position. The Company's operating activities are mainly foreign currency transaction, so there is a natural hedging effect. The Company's exchange rate exposure management system uses foreign exchange forward contracts to manage risks within the scope permitted by the policy.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD, CNY and EUR.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is 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 forward contracts, and adjusts 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 profit and other equity associated with USD, CNY and EUR strengthening by 1% against the relevant currency. For a 1% weakening of USD, CNY and EUR against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact		**CNY Impact**		**EUR Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**		**2022**
Profit or loss	$ 38,446	$ 11,148	$ (4,107)	$ (3,093)	$ 2,618	$ 2,143

The impact was mainly due to trade receivables in USD and EUR, and trade payables in CNY.

b) Interest rate risk

The Company is exposed to interest rate risk because of borrowings in both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial liabilities	$ 1,360,127	$ 1,646,396
Cash flow interest rate risk		
Financial assets	294,637	369,467
Financial liabilities	683,619	590,700

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is 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 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $3,890 thousand and $2,212 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates.

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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company could be equal to:

a) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

b) The amount of contingent liabilities arising from the financial guarantee provided by the Company.

The Company adopted a policy of dealing only with reputable parties and, where necessary, obtains appropriate guarantees to mitigate the risk of financial losses resulting from the default of payment. The Company only deals with companies whose ratings are equal to or higher than the investment grade. Such information is provided by independent rating agencies; if such information is not available. The Company assesses the creditworthiness of the key customers based on external financial information available and mutual transaction records. The Company continuously monitors the credit risk and credit rating of the counterparties, distributes the total transaction amount to customers with sound credit ratings, and controls the credit risk by ensuring that each counterparty's credit limit is reviewed by the financial management department every year.

In order to minimize credit risk, the management of the Company assigned a dedicated team responsible for credit limit decision, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the management of the Company considers that the Company's credit risk was significantly reduced.

The counterparties of liquidity and derivative financial instruments are banks with high credit quality according to international credit rating agencies, so the credit risk is not high.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+Years
Non-derivative financial liabilities					
Non-interest bearing					
Notes payable and trade payables	$ 160,546	$ 264,743	$ 118,105	$ -	$ -
Other payables (Note)	-	116,431	-	-	-
Lease liabilities	717	1,440	6,326	16,920	-
Variable interest rate liabilities	-	-	-	342,874	-
Fixed interest rate liabilities	99,700	179,919	100,000	615,119	680,731
	$ 260,963	$ 562,533	$ 224,431	$ 974,913	$ 680,731

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 9,086	$ 17,746	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+Years
Non-derivative financial liabilities					
Non-interest bearing					
Notes payable and trade payables	$ 6,461	$ 201,463	$ 49,072	$ -	$ -
Other payables (Note)	-	168,050	-	-	-
Lease liabilities	649	1,305	4,720	16,505	3,745
Variable interest rate liabilities	-	12,580	95,772	87,248	85,200
Fixed interest rate liabilities	145,288	271,736	244,578	992,085	588,201
	$ 152,398	$ 655,134	$ 394,142	$ 1,095,838	$ 677,146

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 6,674	$ 16,505	$ 3,745

Note: The above other payables did not include payables for dividends, payables for payroll, payables for pensions and payables for compensation of employees and remuneration of directors.

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft line (reviewed annually)		
Amount used	$ 680,244	$ 1,368,330
Amount unused	1,749,756	1,536,800
	$ 2,430,000	$ 2,905,130
Secured bank overdraft line (reviewed annually)		
Amount used	$ 529,700	$ 27,500
Amount unused	910,000	1,010,000
	$ 1,439,700	$ 1,037,500

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Company
Power-Con Electronics Corporation	Associate
LIN CANG-XIANG	Related party in substance
EXCELLENCE OPTO. INC.	Subsidiary
EOI PIONEER, INC.	Subsidiary
EXCELLENCE OPTO. SPAIN S.A.	Subsidiary
EOI GmbH	Subsidiary
EXCELLENCE OPTO. (DONGGUAN) LTD.	Subsidiary
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Subsidiary
Grand House Co., Ltd.	Subsidiary

Note: The disclosed transaction amount is for the substantive related party period.

b. Sales

		December 31	
Line Item	Related Party Category/Name	2023	2022
Sales	Subsidiary		
	EXCELLENCE OPTO. INC.	$ 2,202,575	$ 2,411,352
	EXCELLENCE OPTO. SPAIN S.A.	218,521	180,723
	EOI PIONEER, INC.	126,364	40,895
	EXCELLENCE OPTO. (DONGGUAN) LTD.	35,700	32,005
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	133	183
		$ 2,583,293	$ 2,665,158

(Continued)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Other revenue	Subsidiary		
	EXCELLENCE OPTO. INC.	$ 87	$ 893
	EOI PIONEER, INE	26	-
	EXCELLENCE OPTO. (DONGGUAN) LTD.	8	84
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	-	112
		$ 121	$ 1,089

(Concluded)

The payment terms of the Company's sales to related parties is generally 60 to 120 days from the month-end of transaction. The sales prices to related parties and other transaction conditions are not significantly different from the general sales conditions.

c. Purchase

Related Party Category/Name	December 31 2023	December 31 2022
Subsidiary		
EXCELLENCE OPTO. (DONGGUAN) LTD.	$ 1,129,052	$ 895,767
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	92,206	73,376
EOI PIONEER, INC.	7,605	235
EXCELLENCE OPTO. INC.	1,782	315
Associate		
Power-Con Electronics Corporation	10,323	14,671
	$ 1,240,968	$ 984,364

The Company's trading conditions for purchasing of goods from related parties are equivalent to those of general customers.

d. Trade receivables from related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade receivables	Subsidiary		
	Excellence Opto. Inc.	$ 763,064	$ 931,064
	EOI PIONEER, INC.	143,078	34,132
	EXCELLENCE OPTO. SPAIN S.A.	133,011	163,883
	EXCELLENCE OPTO. (DONGGUAN) LTD.	18,961	13,491
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	25	-
		$ 1,058,139	$ 1,142,570

(Continued)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Other receivables	Subsidiary		
	EXCELLENCE OPTO. (DONGGUAN) LTD.	$ 51,513	$ 51,953
	EOI PIONEER, INC.	5,041	17,374
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	1,580	1,486
	Excellence Opto. Inc.	297	1,104
	EXCELLENCE OPTO. SPAIN S.A.	-	1,705
	Associate		
	Power-Con Electronics Corporation	759	1,753
		$ 59,190	$ 75,375

(Concluded)

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

The Company has accounts receivable from EXCELLENCE OPTO. INC. and EXCELLENCE OPTO. SPAIN S.A., and part of the receivables were overdue. Refer to Note 33 and Table 5 for detailed information on accounting policies on post-period collection of receivables from EXCELLENCE OPTO. INC. and EXCELLENCE OPTO. SPAIN S.A.

The above-mentioned other receivables include advance payments and loans to related parties.

e. Trade payables to related parties (excluding borrowing from related parties)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade payables	Subsidiary		
	EXCELLENCE OPTO. (DONGGUAN) LTD.	$ 364,190	$ 272,189
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	46,377	28,951
	EOI PIONEER, INC.	963	230
	Excellence Opto. Inc.	95	-
	Associate		
	Power-Con Electronics Corporation	1,179	209
		$ 412,804	$ 301,579
Other payables	Subsidiary		
	Excellence Opto. Inc.	$ 133	$ 538
	EXCELLENCE OPTO. (DONGGUAN) LTD.	132	1,763
		$ 265	$ 2,301

The outstanding trade payables to related parties are unsecured. Other payables are advance payments.

f. Loans to related parties

Refer to Note 33 and Table 1 for detailed information.

g. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Operating expenses-professional service fees	Related party in substance-LIN CANG-XIANG	$ 700	$ 1,200

h. Endorsements and guarantees

Endorsements and guarantees provided by the Group

Related Party Category/Name	December 31 2023	December 31 2022
Subsidiary - EXCELLENCE OPTO. (DONGGUAN) LTD.		
Amount endorsed	$ 225,135	$ 92,175
Amount utilized	$ 158,136	$ 92,130
Subsidiary - Grand House Co., Ltd.		
Amount endorsed	$ 400,000	$ -
Amount utilized	$ -	$ -

i. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 24,203	$ 26,040
Termination benefits	549	548
	$ 24,752	$ 26,588

The compensation of directors and other key management personnel was determined by the compensation committee on the basis of individual performance and market trends, and decided by the board of directors.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral of bank borrowings:

	December 31 2023	December 31 2022
Buildings	$ 784,364	$ 340,630
Machinery and equipment, net	122,088	29,184
Restricted assets	26,620	1,400
	$ 933,072	$ 371,214

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2023 were as follows:

a. Significant unrecognized commitments

1) Unrecognized commitments were as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment	$ 26,552	$ 74,342

The Company's board of directors approved the investment plan in November 2019, and it is expected to expand the plant and purchase equipment. The above is the amount that has not been recognized in the financial statements as of December 31, 2023, as the Company entered into a plant expansion and equipment purchase contract with the supplier.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 125,607	30.705	$ 3,856,763
EUR	7,706	33.98	261,850
			$ 4,118,613
Non-monetary items			
Investments accounted for using the equity method			
USD	42,426	30.705	$ 1,302,705
Financial liabilities			
Monetary items			
USD	396	30.705	$ 12,159
RMB	94,915	4.327	410,697
			$ 422,856

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 41,367	30.71	$ 1,270,368
EUR	6,550	32.72	214,326
			$ 1,484,694
Non-monetary items			
Investments accounted for using the equity method			
USD	41,705	30.71	$ 1,280,756
Financial liabilities			
Monetary items			
USD	5,064	30.71	$ 155,529
RMB	70,158	4.408	309,256
			$ 464,785

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain and (losses) were $36,278 thousand and $134,549 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions of the Company.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investment in subsidiaries) (Table 3)

4) Marketable securities acquired and disposed 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 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments. (Note 7)

10) Information on investees (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

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.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 8)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 8)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 2)

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. 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 9)

EXCELLENCE OPTOELECTRONICS INC.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limits (Note 8)	Note
													Item	Value			
1	EOI LLC.	EOI PIONEER INC.	Other receivables from related parties	Yes	$ 46,005 (USD 1,500 thousand)	$ 46,005 (USD 1,500 thousand)	$ 46,058 (USD 1,500 thousand)	3.50%	For shortterm financing	$ -	Working capital	$ -	-	$ -	$ 130,482	$ 260,965	-

Note 1: The description of the number column is as follows:

1) Lender is numbered as 0.

2) Investee is numbered sequentially from 1.

Note 2: Accounts receivable from associated companies, receivables from related parties, shareholder transactions, prepayments, temporary payments... and other items in the account, if belong to the nature of capital loans, must be filled in this column.

Note 3: The highest balance for the period, and the loan limit that is still valid at the end of the period.

Note 4: The nature of financing should be marked as a business transaction or short-term financing.

Note 5: If the nature of the fund loan is a business transaction, the amount of the business transaction should be disclosed. The amount of business transactions refers to the amount of business transactions between the company that lends funds and the borrower in the most recent year.

Note 6: If the nature of the fund loan is short-term financing, the reason and the purpose of the loan should be specified, such as: repayment of borrowings, purchase of equipment, working capital... etc.

Note 7: The amount of financing provided to any individual shall not exceed forty five percent of the net worth of EOI LLC.

Note 8: The aggregate amount available for financing should not exceed ninety percent of the net worth of EOI LLC.

EXCELLENCE OPTOELECTRONICS INC.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 3 and 8)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 3 and 9)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Excellence Optoelectronics Inc.	EXCELLENCE OPTO. (DONGGUAN) LTD.	(2)	$ 576,876	$ 225,135 (USD 3,000 thousand and RMB30,000 thousand)	$ 225,135 (USD 3,000 thousand and RMB30,000 thousand)	$ 158,136	$ -	7.81	$ 1,153,752	Y	-	Y	-
		Grand House Co., Ltd.	(2)	576,876	400,000	400,000	-	-	13.87	1,153,752	Y	-	-	-

Note 1: The description of the number column is as follows:

1) Lender is denoted as 0.

2) Investee is numbered sequentially from 1.

Note 2: The following six relationships between endorser and endorsee are denoted as the following number without further descriptions:

1) Companies with business relationship

2) Subsidiaries with over 50% of its common stock directly held by the company

3) Investments with over 50% of its common stock hold by the company and its subsidiaries

4) Parent company with over 50% of the subsidiaries' common stock directly or indirectly.

5) Companies following the contract to be endorser for each other based on construction requirements

6) Companies endorsed by its shareholders based on their shareholding ratio because of the joint investment relationship.

Note 3: Represent the maximum limit on endorsement guarantee of the individual party set in accordance with the company's procedures of endorsement/guarantee. The calculation method of the individual endorsement guarantee and the total limit should be denoted in column "Note".

Note 4: The highest balance in the current year.

Note 5: At end of the year, every endorsement/guarantee contract or note that has signed by the company and agreed by the bank will assume to be responsible; other related endorsement guarantees shall be included in the balance of the endorsement guarantee.

Note 6: Denoted as the actual amount used by the endorsee within the limit of the endorsement/guarantee balance.

Note 7: Y is required only for endorsement from listed parent company to its subsidiary, from subsidiaries to its listed parent company, or to companies located in China.

Note 8: The total amount for individual endorsee shall not exceed twenty percent of EOI's net worth.

Note 9: The total amount shall not exceed forty percent of EOI's net worth.

EXCELLENCE OPTOELECTRONICS INC.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	December 31, 2023				Note (Note 4)
				Shares/Units (Thousands)	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
Excellence Optoelectronics Inc.	Shares							
	Innolux Corporation	-	Financial assets at fair value through other comprehensive income	124	$ 1,769	-	$ 1,769	-
	Bonds							
	Republic of Chile US$1,500,000,000 3.500% Notes due 2053	-	Financial assets at fair value through other comprehensive income	-	4,632	-	4,632	-

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from such items that fall within the scope of IAS 9 "Financial Instruments: Recognition and Measurement".

Note 2: If the securities issuer is not a related party of the Group, this column is not required.

Note 3: If measured by fair value, please fill in the amount after fair value evaluation adjustments and deduction of accumulated impairment; if it is not measured by fair value, please fill in the original acquisition cost or amortized cost after deduction of accumulated impairment.

Note 4: If the listed securities are restricted due to the provision of guarantees, pledged loans, or other agreed upon agreement, disclosure of the number of guarantee or pledged shares, the amount of guarantees or pledges, and the circumstances of restricted use shall be required.

Note 5: Information on subsidiaries and associates is provided in Table 6 and 7.

TABLE 4

EXCELLENCE OPTOELECTRONICS INC.

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 Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Excellence Optoelectronics Inc.	EXCELLENCE OPTO. INC.	Sub-subsidiary	Sale	$ 2,202,575	66	Mainly paid on the 120th day after the month of the invoice date	$ -	-	Trade receivables $ 763,064	57	-
	EXCELLENCE OPTO. SPAIN S.A.	Subsidiary	Sale	218,521	7	Mainly paid on the 180th day after the month of the invoice date	-	-	Trade receivables 133,011	10	-
	EXCELLENCE OPTO. (DONGGUAN) LTD.	Sub-subsidiary	Purchase	1,129,052	38	Mainly paid on the 60th day after the month of the invoice date	-	-	Trade payables (364,190)	38	-
	EOI PIONEER INC.	Sub-subsidiary	Sale	126,364	4	Mainly paid on the 60th day after the month of the invoice date	-	-	Trade receivables 143,078	16	-
EXCELLENCE OPTO. INC.	EOI PIONEER INC.	Sub-subsidiary of Excellence Optoelectronics Inc.	Purchase	342,318	12	Mainly paid on the 30th day after the month of the invoice date	-	-	Trade payables (96,349)	10	-

Note 1: If the related party transaction conditions are different from the general transaction conditions, the facts and reasons for the difference should be stated in the unit price and payment terms.

Note 2: If there is an advanced receipt or prepayment, the reason, contractual terms, amount, and differences from the general transaction type should be stated in the column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

EXCELLENCE OPTOELECTRONICS INC.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Excellence Optoelectronics Inc.	EXCELLENCE OPTO. INC.	Sub-subsidiary of Excellence Optoelectronics Inc.	Trade receivables $ 763,064	2.60	$ -	-	$ 322,034	$ -
	EOI PIONEER INC.	Sub-subsidiary of Excellence Optoelectronics Inc.	Trade receivables 143,078	1.43	52,042	-	-	-
	EXCELLENCE OPTO. SPAIN S.A.	Subsidiary of Excellence Optoelectronics Inc.	Trade receivables 133,011	1.47	14,045	-	3,579	-

Note 1: Trade receivables or notes receivable, other receivables or any others shall be disclosed separately.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

EXCELLENCE OPTOELECTRONICS INC.

INFORMATION ON INVESTEES IN MAINLAND CHINA (EXCLUDING ANY INVESTEES COMPANY IN MALNLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Equity-Method Investee Company (Notes 1 and 2)	Location	Main Businesses	Investment Amount		Balance as of December 31, 2023			Net Income of the Equity-method Investee (Note 2(2))	Investment Income (Note 2(3))	Note
				December 31, 2023	December 31, 2022	Shares (Thousands)	% of Ownership	Carrying Value			
Excellence Optoelectronics Inc.	EXCELLENCE OPTO. SPAIN SA	Spain	International trade	$ 20,040	$ 20,040	56,000	100	$ 13,250	$ 3,169	$ 3,169	-
	Elite Star Global LTD.	Seychelles	Investment business	676,384	676,384	20,574,080	100	778,373	38,183	38,183	-
	EOI GROUP, INC.	USA	Investment business	650,501	589,451	1,890	100	524,332	(65,036)	(65,036)	-
	EOI GmbH	Germany	International trade	16,972	16,972	1	100	605	(475)	(475)	-
	Power-Con Electronics Corporation	Taiwan	Manufacturing of motors and electronic components	14,000	14,000	1,688,432	16.88	11,904	4,163	703	-
	Grand House Co., Ltd.	Taiwan	Real esate business	10,000	10,000	1,000,000	100	9,081	(738)	(738)	-
Elite Star Global LTD.	SUPER BRIGHT INVESTMENT INC.	British Virgin Islands	Investment business	479,491	479,491	14,992,590	100	607,112	45,482	45,482	-
	Elite High Technology LTD.	Seychelles	Investment business	131,931	131,931	4,295,320	100	117,446	(7,299)	(7,299)	-
Elite High Technology LTD.	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Shenzhen, China	Automotive LED light components manufacturing	138,106	138,106	-	100	117,446	(7,299)	(7,299)	-
SUPER BRIGHT INVESTMENT INC.	EXCELLENCE OPTO. (DONGGUAN) LTD.	Dongguan, China	Automotive LED light components and module manufacturing	495,826	495,826	-	100	607,190	45,478	45,478	-
EOI GROUP, INC.	EXCELLENCE OPTO. INC.	USA	International trade	62,407	62,407	1,900,000	100	70,749	3,446	3,446	-
	EOI, LLC.	USA	Assets management	77,420	77,420	-	100	289,961	15,046	15,046	-
	EOI PIONEER, INC.	USA	Automotive LED light module manufacturing	432,188	371,138	1,450	100	105,600	(109,565)	(109,565)	-

Note 1: If a public company has a foreign holding company which uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

1) The columns of “Equity-Method Investee Company”, “Location”, “Main Businesses and Products”, “Investment Amount” and “Balance as of December 31, 2022” shall be disclosed based on the reinvestment status of the (public) company and each direct or indirect control in the reinvestment situation of the investee, and indicate the relationship between each investee and the (public) company in the column (if it is a subsidiary or a sub-subsidiary).

2) The amount of current profit and loss of each investee should be provided in the column of “Net Income of the Equity- method Investee”.

3) In the “Investment Income” column, only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee evaluated by the equity method is required, and the rest is not required. When filling in the “Investment Income”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss of its reinvestment that should be recognized in accordance with the regulations.

Note 3: Please refer to Table 7 for information on investments in mainland China.

EXCELLENCE OPTOELECTRONICS INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Automotive LED light components manufacturing	$ 139,966 (USD 4,200 thousand)	(2)	$ 138,106 (USD 4,150 thousand)	$ -	$ -	$ 138,106 (USD 4,150 thousand)	$ (7,299)	100%	$ (7,299)	$ 117,446	$ -	-
EXCELLENCE OPTO. (DONGGUAN) LTD.	Automotive LED light components and module manufacturing	495,826 (USD 16,000 thousand)	(2)	495,826 (USD 16,000 thousand)	-	-	495,826 (USD 16,000 thousand)	45,478	100%	45,478 (Note 2.(2).B)	607,190	-	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission MOEA	Ceiling Amount on of the Corporation's Investment in Mainland China
USD 20,150 thousand (NTD 618,706 thousand)	USD 20,150 thousand (NTD 618,706 thousand)	NTD 1,730,629 thousand

Note 1: There are three investment methods denoted as the following codes:

1) Direct investment in the mainland china

2) Reinvest in mainland China through third-region companies (The third-region companies are SUPER BRIGHT INVESTMENT INC. and ELITE HIGH TECHNOLOGY LTD.)

3) Other

Note 2: The column of Investment Gain (Loss) denoted following below rules:

1) If the investment is under preparation and there is no investment gain or loss, it should be indicated.

2) The investment gains and losses recognition basis is denoted as the following codes:

A. The financial statements are audited by international accounting firms in cooperation with the Republic of China.

B. The financial statements are audited by the accounting firm which audit the Taiwan parent company.

C. Other

Note 3: The amount of this table should be presented in NTD.

TABLE 8

EXCELLENCE OPTOELECTRONICS INC.

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
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain
					Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
EXCELLENCE OPTOELECTRONICS INC.	EXCELLENCE OPTO. (DONGGUAN) LTD.	Sub-subsidiary	Purchase	$ 1,129,052	bargain	According to the contract	No significant difference	Trade payables $ (364,190)	(38)	$ 25,679
			Sales	35,700	bargain	According to the contract	No significant difference	Trade receivables 18,961	1	-
	Lianxinfeng Optoelectronics (Shenzhen) Co., Ltd.	Sub-subsidiary	Purchase	92,206	bargain	According to the contract	No significant difference	Trade payables (46,377)	(5)	1,617
			Sales	133	bargain	According to the contract	No significant difference	Trade receivables 25	-	-

TABLE 9

EXCELLENCE OPTO. INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Ding Jun Investment Co., Ltd.	28,681,034	13.94%
HAN SHIN CORP.	10,697,216	5.20%

Note 1: The main shareholder information in this table is based on the last business day of the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares and special shares (including treasury shares) that have completed registration. The share capital recorded in the company's consolidated financial report and the actual number of registered shares may be different due to different calculation bases.

Note 2: If the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the principal who opened the trust account. As for the shareholder's declaration of shares held by an insider who holds more than 10% of the shares in accordance with the Securities and Exchange Act, his/her shareholding includes his/her own shareholding plus the shares delivered to the trust that have the right to use the trust property, etc. For information on insider equity declaration, please refer to the Market Observation Post System.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Petty Cash	$ 1,359
Cash in banks	
Checking accounts	168,696
Foreign currency deposits (Note)	129,773
Total	$ 299,828

Note: Including USD2,556 thousand @30.705, EUR1,516 thousand @33.98, RMB16 thousand @4.327 and others.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Units (Thousand)	Acquisition Cost	Market Price Unit Price	Market Price Amount	Note
INNOLUX CORPORATION	124	$ 5,061	$ 14.30	$ 1,769	Note
Government Bonds of Republic of Chile	-	4,759	75.406	4,632	Note
		$ 9,820		$ 6,401	

Note: The above financial assets are not pledged as guarantee or collateral.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF NOTES RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Notes receivable		
Unrelated parties		
SHIN-WEI TRAFFIC ENGINEERING CO., LTD.	Sales	$ 1,411
LIKING FUJI CO., LTD.	Sales	874
HOH-SIANG TRAFFIC ENGINEERING CO., LTD.	Sales	564
LAI-SHUN-XING TECHNOLOGY INC.	Sales	488
Other (Note)	Sales	2,172
		$ 5,509

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Trade receivables		
Related parties		
EXCELLENCE OPTO. INC.	Sales	$ 763,064
EXCELLENCE OPTO. SPAIN SA.	Sales	133,011
EOI PIONEER INC.	Sales	143,078
Others (Note)	Sales	18,986
		1,058,139
Unrelated parties		
HAM	Sales	73,740
OLSA	Sales	69,008
MIN HSIANG CORPORATION	Sales	29,741
TA YIH INDUSTRIAL CO., LTD.	Sales	21,965
TYC BROTHER INDUSTRIAL CO., LTD.	Sales	20,241
HWACOM SYSTEMS INC.	Sales	17,456
Others (Note)	Sales	40,732
		272,883
Less: Allowance for impairment loss		(579)
		272,304
Total		$ 1,330,443

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

STATEMENT 5

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

		Amount	
Item	**Description**	**Cost**	**Market Price (Note)**
Raw materials	Raw materials of electronic components and lamp modules	$ 550,568	$ 601,910
Work in progress	Electronic components and lamp modules	115,857	116,192
Finished goods	Electronic components and lamp modules	533,919	592,000
Total		$ 1,200,344	$ 1,310,102

Note: Inventories are stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

STATEMENT 6

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF PREPAID EXPENSES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Prepaid professional service fee	$ 23,116
Prepaid inspection fee	16,785
Prepaid consumed material fees	7,971
Other (Note)	88,929
Total	$ 136,801

Note: The amount from each individual client included in "Others" does not exceed 5% of the account balance.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2023		Addition (Note 1)	Investment Gain or Loss	Exchange Differences Arising on Translation to the Presentation Currency	Balance, December 31, 2023			Guarantee or Collateral
	Shares (Thousand)	Amount				Shares (Thousand) (Note 2)	%	Amount	
Using equity method									
EXCELLENCE OPTO. SPAIN S.A.	56	$ 9,682	$ -	$ 3,169	$ 399	56	100	$ 13,250	NA
Elite Star Global Ltd.	20,574	753,651	-	38,183	(13,461)	20,574	100	778,373	NA
EOI GROUP, INC.	2	527,104	61,050	(65,036)	1,214	2	100	524,332	NA
EOI GmbH	-	1,044	-	(475)	36	-	100	605	NA
Grand House Co., Ltd.	1,000	9,819	-	(738)	-	1,000	100	9,081	NA
POWER-CON ELECTRONICS CORPORATION	1,688	11,201	-	703	-	1,688		11,904	NA
		$ 1,312,501	$ 61,050	$ (24,194)	$ (11,812)			$ 1,337,545	

Note 1: The increase was the Company's investment in EOI GROUP, INC. of NT$61,050 thousand (USD2,000 thousand).

Note 2: The number of issued shares of EOI GmbH was 1 share and less than 1 thousand.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Transportation Equipment	Office Equipment	Total
Cost					
Balance at January 1, 2023	$ 33,086	$ 5,478	$ 7,063	$ 418	$ 46,045
Additions	-	5,606	3,087	216	8,909
Decrease	-	(5,478)	(2,989)	-	(8,467)
Balance at December 31, 2023	33,086	5,606	7,161	634	46,487
Accumulated depreciation					
Balance at January 1, 2023	13,223	4,336	4,386	98	22,043
Depreciation	3,310	2,777	2,489	123	8,699
Decrease	-	(5,478)	(2,989)	-	(8,467)
Balance at December 31, 2023	16,533	1,635	3,886	221	22,275
Carrying amount at December 31, 2023	$ 16,553	$ 3,971	$ 3,275	$ 413	$ 24,212

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral
Bank loans					
Mega bank	$ 100,000	2023.11.08-2024.05.06	1.851	$ 200,000	-
Yuanta Bank	80,000	2023.12.01-2024.02.19	1.780	80,000	-
Total	$ 180,000			$ 280,000	

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Related parties		
EXCELLENCE OPTO (DONGGUAN) LTD.	Purchases	$ 364,190
LIANXIN FENG OPTOELECTRONICS (SHENZHEN) CO., LTD.	Purchases	46,377
Other (Note)	Purchases	2,237
		412,804
Unrelated parties		
LIN HORN TECHNOLOGY CO., LTD.	Purchases	78,152
CHIN-POON INDUSTRIAL CO., LTD.	Purchases	39,831
AVNET ASIA PTE LTD., TAIWAN BRANCH (SINGAPORE)	Purchases	38,567
Texin (Hong Kong) Electronics Co., Ltd.	Purchases	32,738
Other (Note)	Purchases	308,355
		497,643
Total		$ 910,447

Note: The amount of individual vendors in others does not exceed 5% of the account balance.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Trustee	Period	Unamortized Repayment	Interest Rates (%)	Total Amount	Portion Converted to Shares (Note)	Outstanding Balance	Premiums (Discounts)	Balance, End of Year	Expired within One Year	Expired after One Year	Collateral	Remark
Unsecured bonds	SinoPac Securities CO., LTD.	2021.05.19-2024.05.19	Bullet repayment	1.18	$ 500,000	$ 9,700	$ 490,300	$ (2,303)	$ 487,997	$ -	$ 487,997	-	-
Unsecured bonds	President Securities Corporation.	2023.12.21-2026.12.21	Bullet repayment	2.30	500,000	-	500,000	(32,893)	-	467,107	467,107	-	-
Total					$ 1,000,000	$ 9,700	$ 990,300	$ (35,196)	$ 487,997	$ 467,107	$ 955,104		

Note: As of December 31, 2023, bonds of $9,700 thousand had been transferred to 76 thousand ordinary shares.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral
Unsecured borrowing					
Taiwan Cooperative Bank (Note 4)	$ 21,500	2020.07.30-2027.07.30	1.500	$ 1,040,000	Note 2
Taiwan Cooperative Bank (Note 4)	39,754	2023.02.22-2027.07.30	1.500	-	Note 2
Taiwan Cooperative Bank (Note 4)	49,867	2023.11.27-2027.07.30	1.500	-	Note 2
Taiwan Cooperative Bank (Note 5)	8,499	2023.08.31-2030.12.09	1.500	599,000	Note 3
Taiwan Cooperative Bank (Note 5)	10,772	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 5)	64,235	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 5)	59,294	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 5)	74,513	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 5)	78,071	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 5)	45,261	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 5)	54,353	2023.08.31-2030.12.09	1.500	-	Note 3
Taiwan Cooperative Bank (Note 6)	83,417	2019.11.28-2026.11.28	1.500	240,000	
Taiwan Cooperative Bank (Note 6)	40,833	2020.06.03-2026.11.28	1.500	-	
Taiwan Cooperative Bank (Note 6)	15,750	2020.10.07-2026.11.28	1.500	-	
Shanghai Commercial & Savings Bank	37,500	2022.10.21-2026.10.21	2.025	50,000	
Less: Current portion of long-term borrowings	(147,623)			-	
	$ 535,996			$ 1,929,000	

Note 1: The long-term borrowings stated above do not include the drawdown of 910,000 thousand dollars yet.

Note 2: These long-term borrowings stated above are mortgate loans by 122,088 thousand dollars of machinery and equipment.

Note 3: These long-term borrowings stated above are mortgate loans by 784,364 thousand dollars of buildings.

Note 4: There borrowings were under the same financing contract with the total commitments of 1,040,000 thousand dollar.

Note 5: There borrowings were under the same financing contract with the total commitments of 599,000 thousand dollar.

Note 6: There borrowings were under the same financing contract with the total commitments of 240,000 thousand dollar.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Lease Term	Discount Rate	Amount
Land	2019.01-2028.12	2.1%	$ 17,584
Buildings	2021.06-2025.05	1.7%	3,994
Transportation equipment	2021.11-2026.01	3.7%	3,373
Office Equipment	2021.11-2028.01	1.0%	452
Total			25,403
Less: Lease liabilities - current			(8,483)
Lease liabilities -non-current			$ 16,920

STATEMENT 14

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity (Thousand Unit)	Amount
Automotive light modules	7,234	$ 2,594,399
Electronic components	136,492	241,299
Industrial products	171	267,535
Other	87,129	241,778
		$ 3,345,011

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 262,937
Add: Raw material purchased	1,558,910
Less: Raw materials, end of year	(550,568)
Raw materials cost of sales	(43,641)
Transferred to expenses and others	(3,117)
Other	(127,113)
Raw material used	1,097,408
Direct labor	151,103
Manufacturing expenses	445,581
Manufacturing costs	1,694,092
Add: Work in progress, beginning of year	67,158
Expenses transfer	919
Less: Work in progress, end of year	(115,857)
Cost of finished goods	1,646,312
Add: Finished goods, beginning of year	463,303
Finished goods purchased	1,233,868
Other	132,918
Less: Finished goods, end of year	(533,919)
Cost of production and marketing	2,942,482
Add: Cost of selling raw material	43,641
Cost of goods sold	$ 2,986,123

STATEMENT 16

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF PRODUCTION OVERHEAD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Indirect labor	$ 135,520
Import and export expense	86,446
Depreciation expense	81,276
Water, electricity and gas	34,696
Other (Note)	107,643
	$ 445,581

Note: The amount of each item in others does not exceed 5% of the account balance.

EXCELLENCE OPTOELECTRONICS INC.

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
Salary expense	$ 25,420	$ 72,841	$ 103,947
Depreciation expense	817	16,268	15,942
Insurance expense	3,275	7,142	9,634
Various amortization	-	11,142	10,880
Others (Note)	13,807	52,069	16,833
Total	$ 43,319	$ 159,462	$ 157,236

Note: The amount of each item in others does not exceed 5% of the account balance.

EXCELLENCE OPTOELECTRONICS INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 219,569	$ 191,721	$ 411,290	$ 238,774	$ 191,817	$ 430,591
Labor and health insurance	27,467	17,737	45,204	25,276	16,299	41,575
Pension	10,531	10,060	20,591	10,081	9,182	19,263
Remuneration of directors	-	427	427	-	654	654
Others	24,988	6,913	31,901	24,370	6,337	30,707
Total	$ 282,555	$ 226,858	$ 509,413	$ 298,501	$ 224,289	$ 522,790
Depreciation	$ 81,276	$ 33,027	$ 114,303	$ 76,515	$ 26,559	$ 103,074
Amortization	$ 1	$ 22,022	$ 22,023	$ 54	$ 22,897	$ 22,951

Note 1: For the years 2023 and 2022, the Company had average 636 and 614 employees per month, respectively, which includes 7 and 6 non-employee directors for years.

Note 2: According to the regulations, the Company discloses the following information:

1) The average employee welfare expense in 2023 was $809 thousand per month.

   The average employee welfare expense in 2022 was $860 thousand per month.

2) The average employee salary expense in 2023 was $654 thousand per month.

   The average employee salary expense in 2022 was $708 thousand per month.

3) Adjustment to employee salary expense was (7.63)%.

4) The Company has no supervisor.

5) Compensation and Remuneration Policy.

   a. According to the Articles of Incorporation of the Company, the Company shall appropriate no more than 3% of the profit for remuneration of directors and 5%~15% for compensation of employees when earning profits.

   b. When cumulative loss exists, the Company shall compensate the cumulative loss first. The abovementioned profit shall be profit before tax excluding remuneration of directors and compensation of employees. Besides, directors of the Company may receive attendance fee according to the Articles of Incorporation of the Company.

   c. The compensation policy follows the Articles of the Compensation Committee of the Company and managed by the Compensation Committee which review the performance, contribution of operating target of the directors and managers and compared with other companies in the same industry to determine their salary. The Company also monitors the latest regulations and review the policy to reflect reasonable compensation and create sustainable operation.