



# Sigurd Microelectronics Corporation

## Annual Report 2023

SIGURD MICROELECTRONICS CORP. 2023 ANNUAL REPORT

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Company Website: <https://www.sigurd.com.tw>

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## One. Report to Shareholders

Ladies and gentlemen shareholders:

We express our sincere gratitude to all shareholders for their support and encouragement to Sigurd over the past year. We hereby present a report on the Company's business results for 2023 and a summary of the business plan for 2024.

### I. 2023 Business Results

#### (I) Operating results of 2023 Business Plan

In 2023, the consolidated operating revenue decreased by 17.20% from 2022 to NT \$15,479,501,000, and the net income after tax was NT \$2,138,514,000, representing a decrease of 39.14% as compared to 2022.

#### (II) Target Achievement: The Company did not disclose financial forecasts in 2023.

#### (III) Analysis of Financial Revenue/Expenditures and Profitability

The Company has always been prudent and stable, dedicated to the development of professional packaging and niche IC. As such, the financial structure is fairly healthy. The analysis and comparison of financial structure, solvency, and profitability are as follows:

Item		Stand-alone Financial Statements		Consolidated Financial Statements	
		2022	2023	2022	2023
Financial structure	Debts asset ratio %	43.93	43.24	48.41	47.23
	Long-term funds to fixed assets %	245.14	258.77	174.51	181.70
Solvency	Current ratio %	228.47	155.15	277.21	210.36
	Quick ratio %	209.32	141.75	261.11	197.48
Profitability	Return on asset %	10.75	6.34	9.93	6.28
	Return on equity %	19.00	10.43	18.89	10.92
	Net profit margin %	28.64	20.51	18.80	13.82
	Earnings per share (EPS)(after adjustment of ordinary shares) (NT\$)	6.68	3.80	6.68	3.80

#### (IV) Research and development status

##### 1. Review of 2023

- (1) Based on top of the existing 12-inch Wafer Level Chip Scale Package (WLCSP), ( solder bumping, and Cu-pillar, the Company built an 8-inch WLCSP production line.
- (2) Conducted in-depth research on silicon photonic packaging and testing technology.
- (3) Strengthened the capabilities of wafer level backend die-processing service (DPS).
- (4) Enhanced WLCSP's integrated services technology and capability. of.
- (5) Improved and upgraded the new generation RF IC automatic test equipment, which has gone into mass production.
- (6) Developed the following related testing technologies which have gone into mass production: High-level 5G AI SoC, ICrelated 5G mobile phone, Wi-Fi6/6E/7 related ICs.
- (7) Successfully increased the self-manufacturing rate of related testing equipment.
- (8) Upgraded and expanded equipment to adapt to the need of AI, high-

speed computing ICs, such as AI server accelerator, Bitcoin, graphics chip and server chip.

- (9) Improved the 4 nanometer testing technology.
- (10) Completed the mass production of Sigurd's self-made logic and mixed signal testing machines.
- (11) Improved CoWoS (Chip on Wafer on Substrate) testing technology.
- (12) Researched related testing technologies for next-generation high-speed computing interfaces, such as USB4.0 and Thunderbolt™ 4.

## 2. Prospects for the future (2024 and future trends)

- (1) Improvement of the high-level SoC IC testing technologies for 5G AI mobile phones.
- (2) Improvement of the IC testing technology for 5G related equipment.
- (3) R&D of the 5G millimeter wave (mm Wave) and antenna package AiP testing technology.
- (4) With the increasing popularity and demand for artificial intelligence (AI) applications, the Company collaborates with numerous research institutions and industrial companies to upgrade packaging and testing technologies.
- (5) Improvement of silicon photonic packaging and testing.
- (6) Development of the integrated IC testing technologies relevant to AIoT (Artificial Intelligence & Internet of Things).
- (7) Development of RF-related packaging and testing technologies, such as Wi-Fi 6/6E/7, WLAN SoC IC, AIoT RFSoc、NFC (Near Field Communication) and Wireless Power (wireless charging).
- (8) Development of related image IC integrated packaging and testing technology: moving towards 8K4K (with a resolution of 7680×4320) audio/video Codec IC related testing technologies, based on the existing 4K2K package test.
- (9) Improve 3nm test technology and scale up mass production.
- (10) Deepening the 4nm testing capability and scaling up mass production.
- (11) Expand the integrated backend production capacity of WLCSP and enhance relevant technological capabilities.
- (12) Enhancement of GaN-related testing technology.
- (13) R&D of SiC-related testing technology.
- (14) Enhancing low-earth-orbit satellite testing capability and scaling up mass production.
- (15) Increase of automotive electronics and vehicle-to-everything-related IC test volume and maximization of the scope of certification.
- (16) Promote smart factories and the width and depth of equipment automation and maximization of intelligent production.
- (17) Improve the specifications of self-made logic and mixed-signal testing machines, and expand the customer base.
- (18) Increase testing for CoWoS (Chip on Wafer on Substrate) related products.
- (19) Improve Wi-Fi7-related testing and increase the scale of mass production.
- (20) Improve production scale for next-generation high-speed computing interfaces, such as USB 4.0 and Thunderbolt™4.

## II. 2024 Operation Plan

### (I) 2024 Major Business Direction

In 2023, despite the continued expansion of COVID-19 vaccine coverage, the epidemic was further controlled. Most countries have adopted a strategy of coexistence with the virus and gradually opened up border controls and lockdowns. It was originally expected that the global economy would gradually recover. However the global inflation caused by the Ukrainian-Russian War, the Israeli-Hamas war, and the Suez Canal crisis led to a decline in consumption power. Central banks around the world were forced to raise interest rates to strengthen the fight against inflation. In addition, the United States began to implement chip control measures against China. Given the above factors, the revenue and growth rate of the global semiconductor market in 2023 will be affected.

Semiconductor-related organizations will predict a growth rate of semiconductors in 2024 compared to 2023. Sigurd has formulated a prudent operational growth strategy, adopting a steady development policy to maximize the Company profit.

In 2024 due to the endeavor of the management, sufficient cash flow was secure to ensure the liquidity of the Company. Further, the Company is striving to expand its competitive capabilities, strengthening product lines with an advantage in economies of scale, expanding differentiated product lines, and expanding prudently, and maintaining higher overall equipment efficiency. These efforts aim to address global economic shifts and market uncertainties, ensuring the Company maximizes benefits in a highly competitive environment.

### (II) Expected sales and its basis

According to the Company's historical data of business revenue, as well as referring to the professional forecasting agencies' prediction for the semiconductor industry and IC packaging industry, and the feedback from customers through the sales unit, it is estimated that in 2024, the Company will show moderate growth driven by a series of new projects, new products and new customers. This forecast is based on past historical performance, industry trends, and analysis by professional institutions, which positively impact the Company's investment in new projects and new products, as well as effective interaction with customers. It is expected that the Company's efforts in these aspects will contribute to revenue growth in 2024.

However, such predictions take into consideration global economic changes, market uncertainties and potential risks. Therefore the Company must remain adaptable and adjust its business strategy to cope with the changing environment.

### (III) Important production and sales policies

For 2024, our response measures are as follows:

1. Closely monitor geopolitical changes, customer needs and raw material supply to ensure that the Company can respond to market dynamics in a timely manner.
2. Improving employee productivity and factory efficiency. Improve overall operational efficiency.
3. Continuously saving expenses, reducing operating costs.
4. Development of test business for products with high gross profit rates, such as high-level 5G mobile phone IC, Wi-Fi 6/6E/7, high-speed

computing, artificial intelligence (AI), AIoT, RF IC, and automotive electronics in order to make better profits.

5. Increase the number and proportion of foreign customers, expand market share, and mitigate risks in a single region.
6. Promotion of test business for AI, communication, and automotive IC, and seize growth in related markets.
7. Strengthening the relationships with strategic alliances with customers and establishing long-term and stable partnerships.
8. Reviewing and adjusting uncompetitive product lines to ensure effective use of resources.
9. Promotion of smart factories and the width and depth of equipment automation to improve manufacturing efficiency and product quality.
10. Refining the specifications of self-made machines and expanding the customer base.

### III. Strategies for the Future

The future development of Sigurd is Reshaping Value, Technological Innovation, and Forming the Blue Sea Strategy with unique competitive advantages. To achieve this goal, Sigurd will continue to develop competitive packaging and testing technologies for niche products.

- (I) Timely adjustment of organization: based on market and product conditions, timely adjustment to changes. This includes team and resource allocation to ensure that the Company can flexibly respond to market demand and technological changes.
- (II) Overseas markets continued to develop, and the number of customers in North America and Japan increased in 2023. Moreover, the development of Mainland China market produced good results. Therefore, in 2024, in addition to the original North American market, the Company also actively expands the Asian, Mainland Chinese, European and Japanese markets. This will expand our customer base, increase our global market share and further consolidate our position in the international market.  
These measures will help Sigurd realize the Blue Sea Strategy, and bring long-term competitive advantages to the Company based on continuous innovation and value creation.
- (III) Promotion of the throughput and customer base of Xixing (Suzhou).
- (IV) Integration and niche testing

Over the years, Sigurd has acquired the testing technologies and experience of Mixed Signal, Logic, Memory, RF, and Power. With a stronghold of technologies, as well as aligning with market trends, Sigurd is moving toward integration and niche products.

#### 1. Integrated Testing Technology

IC products are becoming increasingly complex, and can no longer be simply categorized as Mixed Signal, Logic, CIS, Memory, RF, and Power. The current trend has been moving toward integrated IC. Sigurd has accumulated years of testing experience with confidence in products such as SoC mobile phone AP(3G/4G), Wi-Fi SoC, and has built a solid foundation for 5G-related IC packaging and testing technology.

#### 2. Niche Testing

- (1) High-speed computing-related ICs: such as AI accelerator, Bitcoin, graphics, and servers.

- (2) Communication-related ICs: High-speed silicon photonic chip, 5G communication equipment IC, GPS, Wi-Fi SoC (integrated with Bluetooth and MCU).
- (3) Video/Audio related ICs: 3D, 4K2K and 8K4K video codec ICs, HDMI, HDTV control ICs.
- (4) Mobile phone related ICs: such as 5G-related IC, AI, AP, Baseband SoC, GPS, Light sensor, Bluetooth, Touch Pad.
- (5) Computer-related ICs: such as graphics chip, USB, Type C, WLAN, touch panel IC, etc.
- (6) Vehicle electronics ICs: such as sensors, microprocessors, Internet of Vehicles, etc.

In addition, Sigurd also strengthens the acquisition of foreign customers, in the hope of achieving more results in the international market. These integration and niche development directions will help the Company compete in the future. We have secured a larger market share and competitive edge in the semiconductor testing industry.

### 3. Niche packaging

"Through WLCSP packaging, Sigurd can better meet the market demand for miniaturized electronics effectively. This technology offers benefits such as size reduction, cost savings, efficient power management, and superior heat dissipation. As packaging technology evolves, WLCSP becomes a powerful tool for Sigurd to adapt to miniaturization trends. Through research and application of WLCSP, Sigurd not only aligns with current market demands but also enhances competitiveness in the high-speed and power management fields. This transformation will help Sigurd to continue to innovate in the packaging field and align with market trends.

### (V) Research and Development (R&D)

In addition to continuing to recruit industry talents, the Company also develops technologies and communicates intensely with companies, research institutions, and universities. This strategy expands the Company's technical knowledge, accelerates innovation, and maintains a competitive edge in the industry.

1. Industry Partnerships: Establish close partnerships with relevant companies to carry out technical cooperation, joint research and development projects, and share knowledge and expertise.
2. Research institutions Collaboration: Establish cooperation with research institutions, participate in research programs to leverage external expertise and laboratory facilities.
3. University Collaborations: Form partnerships with universities, participate in industry-academic collaboration programs, support postgraduate programs, and provide internships and hands-on experience to attract potential talents.
4. Forums and seminars: Actively participate in relevant technology forums and seminars, and share the Company's experience and achievements, while learning the latest developments.
5. Employee training and continuing education: Offer employees education opportunities and promote industry course participation to ensure employees' advantage.

These measures foster external connections, and promote knowledge exchange and technology sharing, driving the Company's advancement in cutting-edge technology and innovation.

(VI) Exert the Group's comprehensive efficiency

Integrate the resources and equipment of subsidiaries in the Group, provide customers with more complete packaging and testing services, and make the most efficient use.

IV. The impact of external competitive environment, regulatory environment, and overall business environment

Most semiconductor research units had originally expected that 2023 would usher in a rebound in the economy. However, after the outbreak of the Ukrainian-Russian war, global inflation, and geopolitical turmoil have led the semiconductor market to decline by more than double digits in 2023. Major semiconductor companies have gradually become conservative in terms of capital cost. In a complex market environment, Sigurd has adopted a prudent management approach, focusing on flexible allocation of capital expenditures according to customer demand and market conditions. The Company has strengthened measures on saving expenses to pass this period of economic adjustment. This prudent and flexible strategy ensures that the Company will maintain its competitiveness against market uncertainties and volatility, and maintain stable operations. By adjusting capital expenditures to actual needs, Sigurd can respond to market changes and optimize investment effectiveness. Simultaneously, strengthening cost-saving measures improves the Company's financial resilience, reduces risks, and maintains competitiveness in an uncertain environment.

This not only reflects the Company's prudence and awareness, enabling Sigurd to better cope with uncertain economic conditions and ensure long-term stability.

(I) Favorable factors:

1. Global wave of semiconductor mergers: The semiconductor merger trend helps Sigurd acquire more orders through mergers of existing customers.
2. AI application breakthrough: AI-related applications achieved significant breakthroughs, driving growth in AI servers, AI smartphones, and PCs, providing Sigurd with new market opportunities.
3. Rising cost in packaging and testing factories in China: The cost of packaging and testing factories in China are increasing, and getting closer to those in Taiwan. customers will be encouraged to switch to Taiwan, becoming a competitive advantage for Sigurd.
4. Packaging and testing capacity of IDM plants decreasing: Due to the financial crisis, overseas IDM plants are reducing their packaging and testing capacity, providing an opportunity for Sigurd to compete for orders.
5. Increasing demand for emerging product applications: Demand for emerging product applications such as metaverse, high-speed computing, deep learning, edge computing, AI, AR/VR, etc. is increasing. The demand for high-end processes will promote international manufacturers to place orders in Taiwan, helping Sigurd expand its market share.
6. Wearable devices and IoT applications: Wearable devices and the Internet of Things will increase the demand for electronic components and bring new market opportunities to Sigurd.
7. Automotive industry development: Strict automotive emission standards

promote energy-efficiency and self-driving, which is conducive to the growth of vehicle electronic-related ICs and provide a stable demand for Sigurd.

8. 5G AI: Ongoing AI integration of 5G increases demand for related equipment, bringing new market opportunities to Sigurd.

(II) Unfavorable factors:

1. Geopolitical factors on the supply chain: such as the Ukrainian-Russian war, the Israel-Hamas war, and the Suez Canal crisis may affect the supply of raw materials and the supply chain, causing production uncertainty.
2. Cross-strait relations: Cross-strait relations may cause semiconductor manufacturers in Taiwan and China to consider setting up factories in countries outside of the Taiwan Strait, warranting close attention.
3. Expansion and economic fluctuations: In the case of semiconductor shortages, companies are actively expanding production capacity, but the economic decline may lead to overcapacity, triggering price competition.
4. Chip sanctions and international alliances: Following U.S. chip sanctions on China, similar measures with other countries may significantly impact the global semiconductor industry,
5. Inflation impact on the economy: Inflation could trigger a recession, altering demand and costs in the semiconductor industry, which requires careful evaluation and response.

Considering the above factors, Sigurd will remain prudent in 2024, adjusting its company strategy carefully to navigate the volatile business environment. Measures such as enhanced risk management, flexible production plans and tighter cost control are implemented to ensure the Company's strength and adaptability amidst uncertainty.

Shin-Yang Huang, Chairman and CEO

## **Two. Company Profile**

### **I. Company Profile**

Date of Establishment/Registration: December 15, 1988.

### **II. Company History**

- 1988 The Company established (originally named: Giant Electronics)
- 1990 Official commencement of production and sales; packaged products from 8L to 40L
- 1992 Expand the plants to 500 pings; the occupied space and the total building space of plants became 1,200 pings
- 1994 Siliconware Precision Industries Co., Ltd. invested in the Company and became one of the major shareholders.
- 1998 The Company acquired and merged Sigurd, whose major business was testing, and was renamed Sigurd Microelectronics Corporation; the turnkey service of packaging and testing started to be provided to our clients.
- 1999 Passed the quality certification ISO9002 for packaging and testing.  
Started the R&D of packaging and testing technologies for CMOS Image Sensor.
- 2001 Started the mass production of CMOS Image Sensor packaging and testing.  
Passed the strict quality certification of TSMC for its suppliers.
- 2002 Significantly expanded the multi-media IC testing.  
Acquired the land, plant, and equipment of “Xin-Chen Technology Co., Ltd.,” which also operated in the packaging industry through an auction for expanding the capacity (currently, the Chonghsing Plant).
- 2003 Officially went public-listed and traded shares on August 25.
- 2005 The merge base date with Yu-Tung Global Technology Co., Ltd was March 1.  
The overseas convertible corporate bonds, valued at Thirty Million USD, were issued on March 23.
- 2006 The merge base date with Hung-Yu Semiconductor Co., Ltd was June 12, (currently, the HouKou Plant).
- 2007 The Corporate Director, Siliconware Precision Industries Co., Ltd., resigned from the position of director on November 9.
- 2010 The first unsecured convertible corporate bonds were issued on March 25, for the upper limit of the total amount of One Billion and Two Hundred Million NTD; the issued amount was One Billion NTD.
- 2013 The Beixing 2nd Plant officially operated on February 19.  
Merged Meicer Semiconductor Inc., with May 31 as the merge base date.
- 2014 Certified as an Authorized Economic Operator (AEO) on July 30.
- 2016 The new Houkou Plant officially operated on January 8.  
Publicly acquired 70.83% of TEST-SERV Inc.’s stake on January 30.  
With cash consideration for stock conversion, a 100% stake in TEST-SERV Inc. was acquired; the base date of conversion was September 1, 2016.
- 2017 On April 24, the 2nd domestic unsecured convertible bonds were issued, the total issued amount was One Billion and Two Hundred and Six Million NTD; the bonds were issued at 100.5% of the face value with a coupon rate of 0%.  
On July 5, the Board of Directors resolved the acquisition of a stake from the overseas company, Bloomeria Limited (Singapore) with cash, and thus acquired 51.88% of Winstek Semiconductor Co., Ltd.’s stake. The delivery was done on October 12, and the merge date was October 13.
- 2019 Invested in Flatek, Inc. with One Hundred Million NTD in cash in August.  
Invested in AMBERSAN Medical Technology Co., Ltd.. in August and acquired 55% of its shares in September.  
On September 27, the Investment Commission, MOEA approved the investment of Forty-Five Million USD in Suzhou, China.  
On October 15, the 3rd domestic unsecured convertible bonds were issued, the total issued amount was One Billion and Two Hundred and Six Million NTD; the

bonds were issued at 100.5% of the face value with a coupon rate of 0%.  
The cash capital increase base date was November 15, to issue 17,000,000 new shares to increase capital; the amount of capital was NTD 170,000 thousand dollars.

2020 On March 12, Gexing Co., Ltd. was founded.

2021 On January 25, the Board of Directors approved the acquisition of all issued shares of UTC Holdings Corporation from UTAC Taiwan Holdings (Cayman Islands) for an amount of US\$165 million in cash (approximately NT\$4.62 billion). The Company will indirectly obtain all the issued shares of UTC Holdings Corporation previously held by UTC Holdings Taiwan. The stock transaction was settled on April 14, 2021.

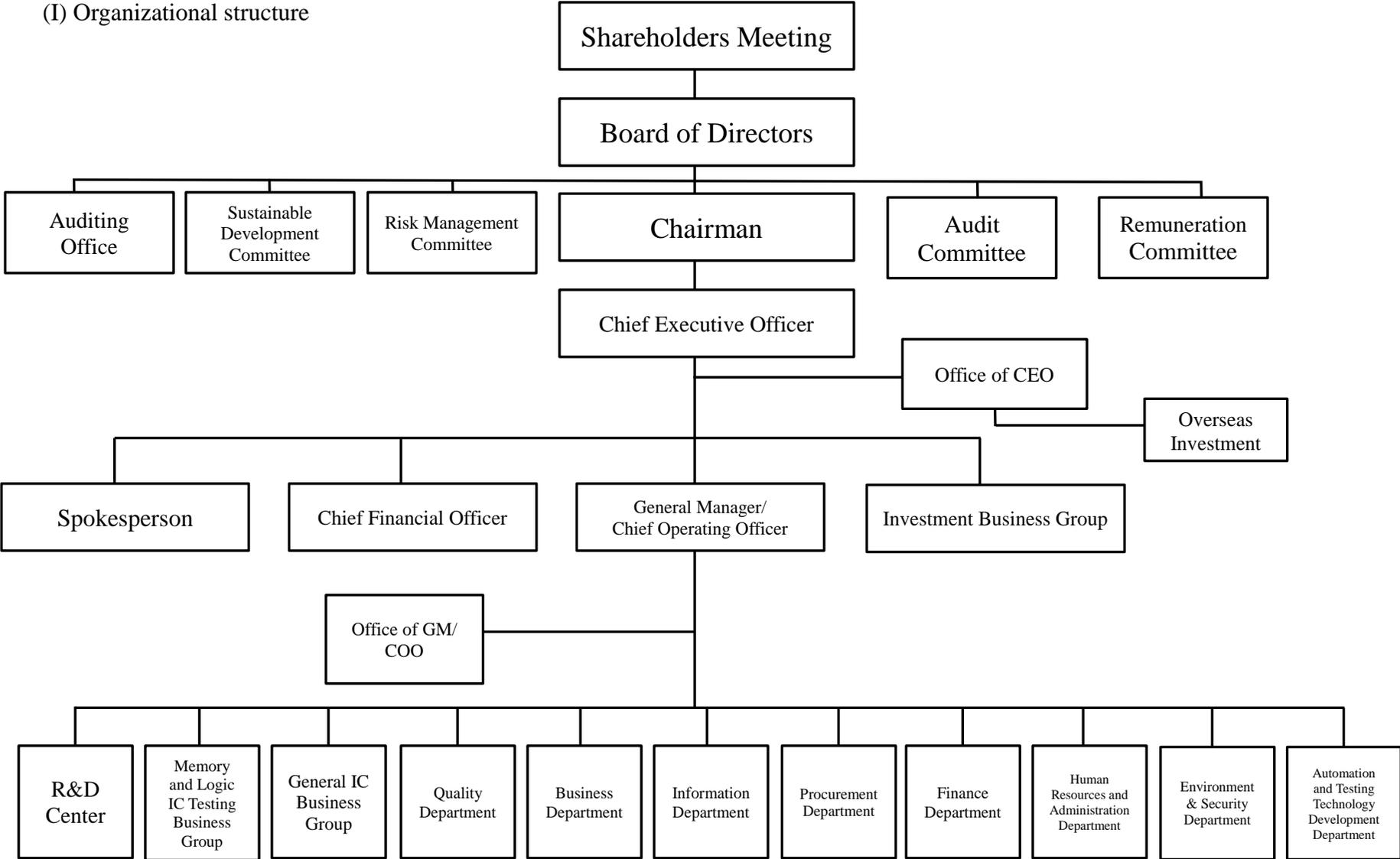
The first secured ordinary corporate bonds of 2021 were issued on March 29. The maturity period was 5 years and the total issue amount was NT\$3 billion only with a fixed coupon rate of 0.58%.

The fourth domestic unsecured corporate bonds were issued on October 13. The maturity period was 3 years and the total issue amount was NT\$1.5 billion.

**Three. Company Governance Report**

**I. Organization System**

**(I) Organizational structure**



(II) Business of each major department

Department	Function
Auditing Office	Implementation of the internal audit system, and execution of projects.
Office of CEO	Major function is to decide the holistic operation of all businesses of the Group; the day-to-day operations include the approaches regarding finance and business; the addition/reduction to the business scopes; participation in the decision-making of the Board of Directors; executions of resolutions of the Board of Directors; regular business reports and annual reports presented to the Board of Directors. Entrenchment and solidification of corporate cultures; construction of the Group; adjustments to the organizational structures; establishment of systems and processes.
Office of GM/COO	Responsible for the organization and coordination of completing the Company's annual operation plans; responsible for the organizations, plans, and strategies of the Company's mid to long-term developments, while promoting the annual responsibility guidelines, and drafting and supervising the operational objectives.
Research and Development Center	Design, development, and research of production process technologies and development of technology platforms.
Memory and Logic IC Testing Business Group	In charge of the operation of Memory and Logic IC
General IC Packaging/ Testing Business Group	Operation of General IC Packaging/Testing
Quality Department	Implementation of the QC of the Company and quality/quantity assurance to the clients.
Information Department	Establishment and maintenance of the information environment and application systems.
Procurement Department	Management of procurement and suppliers.
Finance Department	Finance, accounting, shareholder services, and budget management.
Human Resources and Administration Department	Management of human resources and related general affairs.
Business Department	Responsible for the sales and promotion of products and implementation of such sales and promotion.
Environment & Security Department	Responsible for public security and environmental management
Automation and Testing Technology Development Department	Development of smart manufacturing equipment, technology and modules.

II. Information on the Company's General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units  
(I) Information of Directors

March 26, 2024

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Chairman and CEO	Republic of China	Shin-Yang Huang	Male 71~80	June 7, 2023	Three years	April 3, 2002	7,215,771	1.58	7,215,771	1.55	503,495	0.11	0	0.00	MBA, College of Management, National Taiwan University General Manager of Schlumberger Co., Ltd.	Chairman and CEO of Sigurd Microelectronics Corporation Chairman of Sigurd International Co., Ltd., Sigurd Microelectronics (Cayman) Co., Ltd., Burgurd Co., Ltd., UTC Holdings Corporation, Sigurd UTC Corp., Winstek Semiconductor Co.,Ltd., Winstek Semiconductor Technology Co., Ltd., TST Co., Ltd. and SIGWIN Corporation Director of Ambersan Medical Technology Co., Ltd.	None	None	None	Note 2 Note 3 Note 4

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Vice Chairman	Republic of China	Tsan-Lien Yeh	Male 71~80	June 7, 2023	Three years	May 18, 2004	3,409,633	0.75	3,409,633	0.73	82,955	0.02	0	0.00	Bachelor of Electrical Engineering, National Chiao Tung University GMBA, National Chiao Tung University General Manager of Oh-Xiang Technologies Corporate General Manager of Semiconductor Business, Chroma ATE Inc.	General Manager and Chief Operating Officer of Sigurd Microelectronics Corporation Chairman of Flatek Co., Ltd., Valuenet.; Director of Sigurd Microelectronics (Cayman) Co., Ltd., Bloomeria, Winstek Semiconductor Co., Ltd., Ambersan Medical Technology Co., Ltd., UTC Holdings Corporation, Sigurd UTC Corp., OPS Electronics Limited., and SIGWIN Corporation	None	None	None	Note 2 Note 5

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Director	Republic of China	Hsu-Tung Kuo	Male 61~70	June 7, 2023	Three years	June 13, 2008	1,931,879	0.42	1,907,879	0.41	0	0.00	0	0.00	Bachelor of Electrical Engineering, National Cheng Kung University Chairman of Panther Technology Co., Ltd. Executive Vice General Manager and Chief Technology Officer of Walsin Advanced Chairman and General Manager of Advantech Semiconductor Inc.	Deputy Chief Operating Officer and Senior Executive Vice General Manager of Sigurd Microelectronics Corporation Senior Executive Vice President and General Manager of Business Group Chairman of SIRIZE Technology (Suzhou)Corp.; Director of Sigurd International Co., Ltd., Sigurd Microelectronics (Cayman) Co., Ltd., Sigurd UTC Corp., Winstek Semiconductor Co., Ltd., and Flatek Co., Ltd.	None	No ne	None	Note 2 Note 6

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Director	Republic of China	Min-Hung Wu	Male 61~70	June 7, 2023	Three years	August 19, 1998	3,063,938	0.67	3,063,938	0.66	0	0.00	0	0.00	Bachelor of Electrical Engineering, National Taiwan Institute of Technology General Manager of Schlumberger Systematic Technologies Co., Ltd.	Chief Financial Officer and Executive Vice General Manager of Sigurd Microelectronics Corporation Chairman of TEST-SERV Inc. and Flatek Co., Ltd.; Director of Chen Chun Co., Ltd., Sigurd Microelectronics (Cayman) Co., Ltd., Flusol Co., Ltd., SIRIZE Technology (Suzhou)Corp., Bloomeria, Sigurd UTC Corp., Winstek Semiconductor Co., Ltd., Winstek Semiconductor Technology Co., Ltd., TST Co., Ltd. and SIGWIN Corporation	None	No ne	None	Note 2
Director	Republic of China	Ming-Chun Chiu	Male 71~80	June 7, 2023	Three years	March 22, 2000	5,791,769	1.27	5,791,769	1.25	1,031,976	0.22	0	0.00	Middle School Diploma, Er Chong Junior High School Chairman of Chun Tang Construction Co., Ltd.	Chairman of Chun Tang Construction Co., Ltd.	None	No ne	None	Note 7
Director	Republic of China	Jui-Jen Feng	Female 61~70	June 7, 2023	Three years	June 7, 2023	1,244,841	0.27	1,244,841	0.27	0	0.00	0	0.00	EMBA, National Tsing Hua University	Director of ESH Technology Co., Ltd.	None	No ne	None	Note 1

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Min-Kai Lin	Male 61~70	June 7, 2023	Three years	June 15, 2017	0	0.00	35,000	0.01	0	0.00	0	0.00	MBA in Accounting, College of Management, National Taiwan University Member of Remuneration & Audit Committees of Sigurd Microelectronics Corporation Independent Director of Winstek Semiconductor Co., Ltd.	Convener of Remuneration & Audit Committees of Sigurd Microelectronics Corporation Independent Director of Winstek Semiconductor Co., Ltd.	None	None	None	Note 2 Note 8
Independent Director	Republic of China	Wen-Bin Wu	Male 71~80	June 7, 2023	Three years	June 6, 2014	0	0.00	0	0.00	0	0.00	0	0.00	MBA, College of Management, National Taiwan University Department of Electrical Engineering at Tatung Engineering College	Convener of the Remuneration Committee and Audit Committee Chairman and General Manager of FineStar Technologies Inc. Independent Director and Convener of the Remuneration Committee of Good Will Instrument Co., Ltd.	None	None	None	Note 9

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Guo-Hua Tseng	Male 61~70	June 7, 2023	Three years	June 7, 2023	0	0.00	0	0.00	0	0.00	0	0.00	MBA, National Chiao Tung University Bachelor of Accounting, National Chengchi University Partner CPA of Sunwise CPA Firm 2nd Consultant of Taiwan Police College Alumni Association	Independent director of Gallant Precision Machining Co., Ltd.	None	None	None	Note 1 Note 10
Independent Director	Republic of China	Li-Hsing Lai	Female 61~70	June 7, 2023	Three years	June 7, 2023	0	0.00	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University Member of Department of Overall Planning for International Medical (Commerce, Finance, and Legal), Ministry of Health and Welfare	-	None	None	None	Note 1
Director	Republic of China	Wen-Yuan Lin	Male 71~80	June 10, 2020	Three years	June 15, 2017	1,968,457	0.47	2,000,457	0.43	0	0.00	0	0.00	Bachelor of Healthcare Management, Yuanpei University of Medical Technology Director of Sigurd Microelectronics Corporation.	Director of Yang Feng Investment Co., Ltd.	None	None	None	Note 1

Title	Nationality or registration location	Name	Gender Age	Date of election Date	Term	Date of first election	Shareholdings when elected		Current shareholdings		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in the Company and other companies.	With a spouse or any relative within the second degree of kinship who is an executive, director, or supervisor			Note
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chuen-Rong Leu	Male 61~70	June 10, 2020	Three years	June 22, 2011	992	0.00	992	0.00	427	0.00	0	0.00	Bachelor of Communication Engineering, National Chiao Tung University	Member of Remuneration & Audit Committees of Sigurd Microelectronics Corporation Director and Senior Vice General Manager of Sales Department of Jih Lin Technology Co., Ltd.	None	No ne	None	Note 1

Note 1: On June 7, 2023, the Company conducted a comprehensive re-election of directors. The new director, Ms. Jui-Jen Feng, and independent directors Mr. Guo-Hwa Tseng and Ms. Li-Hsing Lai were appointed. Outgoing directors included Mr. Wen-Yuan Lin and independent director Mr. Chuen-Rong Leu. All other directors were re-elected.

Note 2: Abbreviation of company name: (1) Sigurd International Co., Ltd. or Sigurd International in short; (2) Sigurd Microelectronics (Cayman) Co., Ltd. (former TPIC MICROELECTRONICS CO., LTD.) or SIGURD CAYMAN in short; (3) TEST-SERV Inc. or Test-Serv in short; (4) Flusol Co., Ltd. or Flusol in short; (5) Burgurd Co., Ltd. or Burgurd in short; (6) SIRIZE Technology (Suzhou) Corp. or SIRIZE Technology in short; (7) Bloomeria Limited or Bloomeria in short; (8) UTC Holdings Corporation or UTC in short; (9) Sigurd UTC Corp. or Sigurd UTC in short; (10) Winstek Semiconductor Co., Ltd. or Winstek Semiconductor in short; (11) Winstek Semiconductor Technology Co., Ltd. or Winstek Semiconductor Technology in short; (12) TST Co., Ltd. or TST in short; (13) Ambersan Medical Technology Co., Ltd. or Ambersan in short; (14) SIGWIN Corporation or SIGWIN in short; (15) Flatek, Inc. or Flatek in short; (16) OPS Electronics Limited or OPS in short; (17) OPS Electronic (Shenzhen) Limited or OPS Electronics in short; (18) TPFUSION, INC. or TPFUSION in short; (19) TPFusion, Crop. or TPFusion in short; (20) Valuenet International Limited or Valuenet in short. (21) Sigurd Micro Electronics (Wuxi) Co., Ltd or Sigurd Wuxi in short; has canceled its local business registration in June 2023 and liquidated all local rights and obligations.

Note 3: If the chairperson, general manager, or person holding an equivalent position are the same person or are spouses, the information regarding the reasons, reasonableness, necessity, and countermeasures (such as adding more seats of independent directors, with a majority of directors not concurring employees or managers) shall be disclosed:

The Chairman of the Company concurs with the CEO, to enhance the operational effectiveness and execution of decisions for the Group, while strengthening the independence of the Board of Directors. The Company has been actively cultivating excellent talents internally. The Chairman closely and sufficiently communicates the operating status and guidelines of plans with the Board of Directors often, to implement the corporate governance. In the future, the Company is prudentially assessing and planning to enhance the functions of the Board of Directors and oversight by adding more seats of independent directors. Currently, the Company has the following measures in place:

(1) Add an independent director seat. The four current independent directors have specialties in finance/accounting, electronics, and semiconductor areas,

respectively, so that they may effectively oversee everything.

(2) Each director is arranged to have professional training every year, to enhance the effectiveness of the Board of Directors' operations.

(3) Independent directors may discuss sufficiently and provide opinions in each functional committee, for the Board of Directors to refer to, as one of the practices of corporate governance.

(4) Among the current directors, most of them do not concur with the Company's employees or managers.

Note 4: Mr. Shin-Yang Huang was firstly elected as a director on August 19, 1998; and elected as the Chairman on April 3, 2002.

Note 5: Mr. Tsan-Lien Yeh was first elected as a supervisor on August 19, 1998; he resigned from the position of supervisor on February 17, 2004; he was elected as a director on May 18, 2004.

Note 6: On June 13, 2008, Mr. Hsu-Tung Kuo was elected as a director at the Annual General Meeting and resigned from his position on May 4, 2018. He was re-elected as a director on June 10, 2020.

Note 7: Mr. Ming-Chun Chiu was a director of the Company when the Company was founded in 1989; he served as a supervisor from March 22, 2000, to June 22, 2011; he was elected as a director on June 22, 2011.

Note 8: Mr. Min-Kai Lin was elected as an independent director in the AGM on June 15, 2017.

Note 9: Mr. Wen-Bin Wu was elected as an independent director at the shareholders' meeting on June 6, 2014; the reason for serving more than three terms: Mr. Wen-Bin Wu has provided important advice on operations management and oversight to the board of the Company for many years. Considering the Company still needs to draw on his professional expertise, therefore, the nominate was continued and he has elected as an independent director.

Note 10: Relevant experience related to the current position should be disclosed, such as having worked at a certified public accounting firm or related company during the aforementioned period, with job title and responsibility clearly stated as such: Independent Director Guo-Hwa Teng was elected at the regular meeting of shareholders on June 7, 2023; before being an independent director, he served as a partner CPA of Sunwise CPA Firm, where he was responsible for auditing He retired on May 25, 2021.

1. Major shareholders of the corporate directors (1) Major shareholders of the corporate directors: not applicable. (2) Any major shareholder of a corporate director who is also a major shareholder: not applicable.

## 2. Information of directors

### (1) Disclosure of the information on the professional qualifications of directors and independence of independent directors:

Date: March 26, 2024

Name / Qualifications	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of publicly listed companies in which the director concurrently serves as an independent director
Director: Shin-Yang Huang	1. MBA, College of Management, National Taiwan University 2. Have work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company 3. None of the conditions indicated under Article 30 of the Company Act.	1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate. 2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 7,215,771 shares (1.55%) of the Company and his spouse holds 503,495 shares (0.11%) of the Company. 3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.	0
Director: Tsan-Lien Yeh	1. Bachelor of Electrical Engineering, National Chiao Tung University; GMBA, National Chiao Tung University 2. Have work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company 3. None of the conditions indicated under Article 30 of the Company Act.	1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate. 2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 3,409,633 shares (0.73%) of the Company and his spouse holds 82,955 shares (0.02%) of the Company. 3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.	0
Director: Hsu-Tung Kuo	1. Bachelor of Electrical Engineering, National Cheng Kung University 2. Have work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company 3. None of the conditions indicated under Article 30 of the Company Act.	1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate. 2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 1,907,879 shares (0.41%) of the Company and none of his spouse or relative within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero. 3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.	0

Qualifications Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of publicly listed companies in which the director concurrently serves as an independent director
Director: Min-Hung Wu	<p>1. Bachelor of Electrical Engineering, National Taiwan Institute of Technology</p> <p>2. Have required work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 3,063,938 shares (0.66%) of the Company and none of his spouse or relative within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	0
Director: Ming-Chun Chiu	<p>1. Chairman of Chun Tang Construction Co., Ltd.</p> <p>2. Have work experience for 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 5,791,769 shares (1.25%) of the Company and his spouse holds 1,031,976 shares (0.22%) of the Company.</p> <p>3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	0
Director: Jui-Jen Feng	<p>1. EMBA, National Tsing Hua University</p> <p>2. Have work experience for 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 1,244,841 shares (0.27%) of the Company and none of his spouse or relative within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	0

Qualifications Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of publicly listed companies in which the director concurrently serves as an independent director
Independent Director: Min-Kai Lin	<p>1. MBA in Accounting, College of Management, National Taiwan University</p> <p>2. Have work experience for more than 20 years in the areas of finance, accounting, investment, and wealth management, or otherwise necessary for the finance or accounting matters of the company</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 35,000 shares (0.01%) of the Company and none of his spouse or relative within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The director is a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	1
Independent Director: Wen-Bin Wu	<p>1. MBA, College of Management, National Taiwan University</p> <p>2. Have work experience of more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. None of the independent director or his spouse or relatives within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	1
Independent Director: Guo-Hwah Tseng	<p>1. MBA, National Chiao Tung University</p> <p>2. Passed the Accountant Examination of the Examination Yuan</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. None of the independent director or his spouse or relatives within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	1

Qualifications Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of publicly listed companies in which the director concurrently serves as an independent director
Independent Director: Li-Hsing Lai	1. MBA, National Taiwan University 2. Have work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company 3. None of the conditions indicated under Article 30 of the Company Act.	1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate. 2. None of the independent director or his spouse or relatives within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero. 3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.	0

Note 1: Professional qualifications and experience: The professional qualifications and experience of each director and supervisor shall be described. When the person is a member of the Audit Committee and has accounting or financial expertise, such accounting or financial background and related work experience shall be specified. Also, whether none of the circumstances under Article 30 of the Company Act applies to the person shall be specified as well.

Note 2: The status of independence of each independent director shall be specified, including but not limited to whether the person or the person's spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate; the number of company shares held by the person and the person's spouse and relatives within the second degree of kinship (or held in the name of others) and the percentage thereof; whether the person is a director, supervisor or employee of any of the Company's affiliates (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration in the last two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services.

(2) Diversification and independence of the Board of Directors:

- ① In accordance with Article 192-1 of the Company Actw, the Company accepts nomination for director candidates in writing from shareholders holding 1% of the shares, or nominations from the board of directors of professionals from various fields, such as industry, commerce, technology, finance, accounting, as well as individuals with social standing.

The current board consists of 10 members, with ages ranging from 60 to 77 years old. Sigurd is dedicated to the diversification of gender, nationality, and culture. as well as diversified professional experience to achieve corporate governance goals. The overall board of directors comes from different fields, and according to Article 30, Item 3 of Sigurd's "Corporate Governance Best Practice Principles," all possess the ability to make operational judgments, accounting and financial analysis capabilities, business management abilities (including the management of subsidiaries), and crisis management capabilities, industry knowledge, international market insight, leadership, decision-making skills, and risk management knowledge and capabilities. They can provide valuable advice and experience to assist the Company in its development.

Name	Title	gender	Age		Independent director term and seniority		Concurrent serving as employee	Core capability (Top 5)									
			61 to 70	71 to 80	Less than 3 years	3 to 9 years		Over 9 years	Finance	Electro-technology	Manufacture	Commerce	Accounting	Law	IT	Marketing Management	Risk Management
Shin-Yang Huang	Chairman	Male		✓				✓	✓	✓	✓	✓	✓		✓	✓	✓
Tsan-Lien Yeh	Director	Male		✓				✓	✓	✓	✓	✓			✓	✓	✓
Hsu-Tung Kuo	Director	Male	✓					✓		✓	✓	✓				✓	✓
Min-Hung Wu	Director	Male	✓					✓	✓	✓	✓	✓	✓		✓	✓	✓
Ming-Chun Chiu	Director	Male		✓					✓	✓	✓	✓					✓
Jui-Jen Feng	Director	female	✓							✓	✓	✓			✓	✓	✓
Min-Kai Lin	Independent Director	Male	✓			✓			✓			✓	✓			✓	✓
Wen-Bin Wu	Independent Director	Male		✓		✓			✓	✓	✓	✓				✓	✓
Kwok-Wah Tsang	Independent Director	Male	✓		✓				✓			✓	✓			✓	✓
Li-Hsing Lai	Independent Director	female	✓		✓				✓			✓	✓		✓	✓	✓

- ② Independence of the board of directors: describe the number and percentage of independent directors, and the independence of the Board of Directors, and explain whether the matters referred to in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act do not exist, including describing the situations where there are spousal relationships, or a relative within the second degree of kinship between the directors, supervisors of a director and a

supervisor.

- A. The Company currently has 10 directors, including 4 independent directors and 6 non-independent directors. All directors are distinguished figures from industries and academia. Additionally, 4 qualified professionals are invited to serve as independent directors, accounting for 40% of the board. The Company places importance on gender equality within the composition of the board, and aims to increase the number of female directors to over one-third. Currently, 80% (8) of the board of directors are male and 20% (2) are female. Efforts will be made to increase the number of female directors to achieve this goal.
- B. No relationship specified in Article 26-3, Paragraph 3 and Item 4 of the Securities and Exchange Act exists between the directors of the Company. The Company set up the audit committee in 2017, with independent directors replacing supervisors to exercise their duties.

(II) Information on the Company's General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units

March 26, 2024

Title	Nationality	Name	Gender	Date of election/ inauguration	Number of shares held		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in other companies	Any other managerial officer who is a spouse or a relative within the second degree of kinship of this person			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and CEO	Republic of China	Shin-Yang Huang	Male	June 15, 1998	7,215,771	1.55	503,495	0.11	-	-	MBA, College of Management, National Taiwan University General Manager of Schlumberger Co., Ltd.	Chairman of Sigurd International Co., Ltd., Sigurd Microelectronics (Cayman) Co., Ltd., Burgurd Co., Ltd., UTC Holdings Corporation, Sigurd UTC Corp., Winstek Semiconductor Co., Ltd., Winstek Semiconductor Technology Co., Ltd., TST Co., Ltd. and SIGWIN Corporation Director of Ambersan Medical Technology Co., Ltd.	-	-	-	Note 1
Vice Chairman/General Manager/Chief Operating Officer	Republic of China	Tsan-Lien Yeh	Male	March 1, 2004	3,409,633	0.73	82,955	0.02	-	-	Bachelor of Electrical Engineering, National Chiao Tung University GMBA, National Chiao Tung University General Manager of Oh-Xiang Technologies Corporate General Manager of Semiconductor Business, Chroma ATE Inc.	Chairman of Flatek Co., Ltd., Valuenet.; Director of Sigurd Microelectronics (Cayman) Co., Ltd., Bloomeria, Winstek Semiconductor Co., Ltd., Ambersan Medical Technology Co., Ltd., UTC Holdings Corporation, Sigurd UTC Corp., OPS Electronics Limited., and SIGWIN Corporation	-	-	-	Note 1
Deputy Chief Operating Officer and Senior Executive Vice President	Republic of China	Hsu-Tung Kuo	Male	June 12, 2006	1,907,879	0.41	-	-	-	-	Bachelor of Electrical Engineering, National Cheng Kung University Chairman of Panther Technology Co., Ltd. Executive Vice General Manager and Chief Technology Officer of Walsin Advanced Chairman and General Manager of Advantech Semiconductor Inc.	Chairman of SIRIZE Technology (Suzhou) Corp.; director of Sigurd International Co., Ltd., Sigurd Microelectronics (Cayman) Co., Ltd., , Sigurd UTC Corp., Winstek Semiconductor Co., Ltd., and Flatek Co., Ltd.	-	-	-	Note 1
Chief Financial Officer and Executive Vice General Manager	Republic of China	Min-Hung Wu	Male	April 8, 1997	3,063,938	0.66	-	-	-	-	Bachelor of Electrical Engineering, National Taiwan Institute of Technology General Manager of Schlumberger Systematic Technologies Co., Ltd.	Chairman of TEST-SERV Inc. and Flatek Co., Ltd.; Director of Chen Chun Co., Ltd., Sigurd Microelectronics (Cayman) Co., Ltd., SIRIZE Technology (Suzhou) Corp., Bloomeria, Sigurd UTC	-	-	-	Note 1

Title	Nationality	Name	Gender	Date of election/ inauguration	Number of shares held		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in other companies	Any other managerial officer who is a spouse or a relative within the second degree of kinship of this person			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
												Corp., Winstek Semiconductor Co., Ltd., Winstek Semiconductor Technology Co., Ltd., TST Co., Ltd. and SIGWIN Corporation				
Senior Vice General Manager	Republic of China	Kuang-Shun Yang	Male	July 21, 2004	821,624	0.18	–	–	–	–	Master of Business Administration in Management of Technology, National Tsing Hua University Department of Industrial Engineering and Management, Minghsin College of Science and Technology General Manager, Multitest Electronic System (Taiwan)	Director of TEST-SERV Inc., SIRIZE Technology (Suzhou)Corp	–	–	–	Note 1
Senior Vice General Manager	Republic of China	Ja-Hung Hsieh	Male	January 1, 2006	566,469	0.12	–	–	–	–	Department of Chemical Engineering, Yuan Ze Engineering College Sales Manager of Customer Service, Xifeng Co., Ltd.	General Manager of Sigurd UTC Corp. Director of SIRIZE Technology (Suzhou)Corp., Sigurd UTC Corp., and Winstek Semiconductor Co., Ltd.	–	–	–	Note 1
Vice General Manager	Republic of China	Chin-Te Kuo	Male	January 1, 2006	796,814	0.17	50,426	0.01	–	–	Department of Electronic Engineering, Minghsin College of Science and Technology Section Head, Engineering Department, Holtek Semiconductor Inc.	General Manager of Ambersan	–	–	–	None
Vice General Manager	Republic of China	Hsu-Ming Tsou	Male	January 1, 2010	648,233	0.14	–	–	–	–	Institute of Material Science and Engineering, National Taiwan University Aegis Semiconductor Technology Inc.	–	–	–	–	None
Vice General Manager	Republic of China	Wen-Hao Su	Male	October 1, 2013	304,651	0.07	–	–	–	–	Master of Business Administration in Management of Technology, National Tsing Hua University Vice Manager of Meijing Industrial Co., Ltd. Manager of Yongmao Technology Co., Ltd. Chief, Logic Testing Plant, Advantech Semiconductor Inc.	Director and General Manager of SIRIZE	–	–	–	Note 1
Vice General Manager & Head of R&D	Republic of China	Ching-Cheng Tien	Male	August 1, 2019	18,000	0.00	–	–	–	–	PhD, Electrical Engineering, National Chiao Tung University Independent Director of Subtron Technology Co., Ltd. Director of Huada Bio-Technology Co., Ltd.	Director of TPFusion, Crop.	–	–	–	Note 1
Senior Assistant General Manager	Republic of China	Shih-Hsin Hsu	Male	March 1, 2004	403,336	0.09	300,000	0.07	–	–	Department of Industrial Engineering, Tunghai University Sales Manager of Oh-Xiang Technologies Corporate	Vice General Manager of SIRIZE	–	–	–	Note 1
Assistant General Manager	Republic of China	Wei-Hua Hsiung	Female	December 18, 2017	107,481	0.02	–	–	–	–	Department of Information Management, Chung Yuan Christian University Chief, Advantech Semiconductor Inc.	–	–	–	–	None

Title	Nationality	Name	Gender	Date of election/ inauguration	Number of shares held		Shares held by spouses and minor children		Shares held under others' names		Major background/education background	Positions currently concurring in other companies	Any other managerial officer who is a spouse or a relative within the second degree of kinship of this person			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant General Manager	Republic of China	Wen-Hsien Lee	Male	November 1, 2019	50,000	0.01	-	-	-	-	Department of Electronic Engineering, Feng Chia University Manager of Customer Service, International Semiconductor Technology Ltd. Chief of QA, Advantech Semiconductor Inc.	-	-	-	-	None
Assistant General Manager	Republic of China	Chia-Chieh Liu	Male	May 1, 2021	6,000	0.00	-	-	-	-	Department of Electronic Engineering, Chung Yuan Christian University	-	-	-	-	None
Assistant General Manager	Republic of China	Chien-Chung Lin	Male	May 1, 2021	35,200	0.01	9,304	0.00	-	-	Department of International Trade, Da Hua University of Science and Technology	-	-	-	-	None
Head of Accounting and Controller	Republic of China	Chi-Chang Chen	Male	March 11, 2010	262,714	0.06	478	0.00	-	-	Department of International Business, Feng Chia University Chief of Accounting, MAG, Mag Technology Co., Ltd. Vice Manager of Finance Department, Advantech Semiconductor Inc.	Representative of Corporate Director of Ene Technology Inc. Supervisor of SIRIZE Director OF Tpfusion	-	-	-	Note 1
Head of Corporate Governance and Chief of Finance Department	Republic of China	Chiao-Ling Kuan	Female	June 10, 2021	659,144	0.14	9,276	0.00	-	-	Department of Accounting, Hsing Wu University	Supervisor of TEST-SERV Inc.. TPFusion Technology Co., Ltd. and Flatek.	-	-	-	Note 1
Audit Supervisor	Republic of China	Yu-Hui Chen	Female	December 20, 2022	3,000	0.00	-	-	-	-	Department of Information Management, Ta Hwa Institute of Technology	-	-	-	-	None

Note 1: Abbreviation of company name: (1) Sigurd International Co., Ltd. or Sigurd International in short; (2) Sigurd Microelectronics (Cayman) Co., Ltd. (former TPIC MICROELECTRONICS CO.,LTD.) or SIGURD CAYMAN in short; (3) TEST-SERV Inc. or Test-Serv in short; (4) Flusol Co., Ltd. or Flusol in short; (5) Burgurd Co., Ltd. or Burgurd in short; (6) SIRIZE Technology (Suzhou) Corp. or SIRIZE Technology in short; (7) Bloomeria Limited or Bloomeria in short; (8) UTC Holdings Corporation or UTC in short; (9) Sigurd UTC Corp. or Sigurd UTC in short; (10) Winstek Semiconductor Co., Ltd. or Winstek Semiconductor in short; (11) Winstek Semiconductor Technology Co., Ltd. or Winstek Semiconductor Technology in short; (12) TST Co., Ltd. or TST in short; (13) Ambersan Medical Technology Co., Ltd. or Ambersan in short; (14) SIGWIN Corporation or SIGWIN in short; (15) Flatek, Inc. or Flatek in short; (16) OPS Electronics Limited or OPS in short; (17) OPS Electronic (ShenZhen) Limited or OPS Electronics in short; (18) TPFUSION, INC. or TPFUSION in short; (19) TPFusion, Crop. or TPFusion in short; (20) Valuenet International Limited or Valuenet in short. (21) Sigurd Micro Electronics (Wuxi) Co., Ltd. or Sigurd Wuxi in short; has canceled its local business registration in June 2024 and liquidated all local rights and obligations.

Note 2: If the chairperson, general manager, or person holding an equivalent position are the same person or are spouses, the information regarding the reasons, reasonableness, necessity, and countermeasures (such as adding more seats of independent directors, with a majority of directors not concurring employees or managers) shall be disclosed: The Chairman of the Company concurs with the CEO, to enhance the operational effectiveness and execution of decisions for the Group, while strengthening the independence of the Board of Directors. The Company has been actively cultivating excellent talents internally. The Chairman closely and sufficiently communicates the operating status and guidelines of plans with the Board of Directors often, to implement the corporate governance. In the future, the Company is prudentially assessing and planning to enhance the functions of the Board of Directors and oversight via adding more seats of independent directors or taking accounts of managers. Currently, the Company follows measures in place: (1) The three current independent directors have specialties in finance/accounting, electronics, and semiconductor areas, respectively, so that they may effectively oversee everything. (2) Each director is arranged to have professional training every year, to enhance the effectiveness of the Board of Directors' operations. (3) Independent directors may discuss sufficiently and provide opinions in each functional committee, for the Board of Directors to refer to, as one of the practices of corporate governance. (4) Among the current directors, most of them do not concur with the Company's employees or managers.

III. Remunerations paid to the directors, supervisors, general managers, and vice general managers in the recent years

(I) Remunerations paid to the directors, supervisors, general managers, and vice general managers

1. Remunerations to directors and independent directors (to disclose individual remuneration information with the name (s))

Unit: NTD Thousand Dollars

Title	Last Name First Name	Director Remuneration								A, B, C, D Total amount and percentage of net profit after tax		Remuneration										Total amount of A, B, C, D, E, F and G, and % in net income after tax		Claim of remuneratio ns from re- invested businesses other than subsidiaries or the parent company				
		Remuneration (A)		Retiring allowance/ severance (B)		Remuneration to Directors (C)		Business execution expenses (D)				Salaries, bonuses and Special expenses (E)		Pension/ Severance (F)		Employee Compensation (G)				Exercisable Employee Stock Options (H)					Number of New Restricted Employee Shares Acquired (I)			
		The Company	Financial reports	The Compa ny	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company		Financial reports		The Company	Financial reports		The Company	Financial reports	The Company	Financial reports
																		Amount in cash	Amount in shares	Amount in cash	Amount in shares							
Chairman	Shin-Yang Huang	4,800	4,800	-	-	440	440	-	-	5,240 0.30	5,240 0.30	20,395	24,395	-	-	14,842	-	14,842	-	-	-	-	-	-	-	40,478 2.33	44,478 2.56	None
Director	Tsan-Lien Yeh	2,400	2,400	-	-	220	220	-	-	2,620 0.15	2,620 0.15	15,632	16,632	-	-	10,501	-	10,501	-	-	-	-	-	-	-	28,753 1.66	29,753 1.66	None
Director	Hsu-Tung Kuo	2,400	2,400	-	-	220	220	-	-	2,620 0.15	2,620 0.15	11,607	12,607	-	-	7,040	-	7,040	-	-	-	-	-	-	-	21,267 1.22	22,267 1.28	None
Director	Min-Hung Wu	2,400	2,400	-	-	220	220	-	-	2,620 0.15	2,620 0.15	8,975	10,375	-	-	5,602	-	5,602	-	-	-	-	-	-	-	17,198 0.99	18,598 1.07	None
Director	Wen-Yuan Lin	1,200	1,200	-	-	-	-	15	15	1,215 0.07	1,215 0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,215 0.07	1,215 0.07	None
Director	Jui-Jen Feng	1,400	1,400	-	-	220	220	-	-	1,620 0.09	1,620 0.09	1,160	1,160	822	822	-	-	-	-	-	-	-	-	-	-	3,602 0.21	3,602 0.21	None
Director	Ming-Chun Chiu	2,400	2,400	-	-	220	220	15	15	2,635 0.15	2,635 0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,635 0.15	2,635 0.15	None
Independent Director	Wen-Bin Wu	2,400	2,400	-	-	220	220	35	35	2,655 0.15	2,655 0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,655 0.15	2,655 0.15	None
Independent Director	Chuen-Rong Leu	1,200	1,200	-	-	-	-	30	30	1,230 0.07	1,230 0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,230 0.07	1,230 0.07	None
Independent Director	Min-Kai Lin	2,400	2,400	-	-	220	220	35	35	2,655 0.15	2,655 0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,655 0.15	2,655 0.15	None
Independent Director	Guo-Hwa Tseng	1,400	1,400	-	-	220	220	-	-	1,620 0.09	1,620 0.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,620 0.09	1,620 0.09	None
Independent Director	Li-Hsing Lai	1,400	1,400	-	-	220	220	-	-	1,620 0.09	1,620 0.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,620 0.09	1,620 0.09	None

1. Please specify the payment policy, system, standards and structure of the remuneration of independent directors, as well as relevance between the factors such as responsibilities, risks, and input time: remuneration to independent directors, pursuant to the Articles of Incorporation, are reviewed by the Remuneration Committee. The participation, contributions, and reasonableness of the independent directors to the Company's operations link to their remunerations received, and by referring to the payments made by peers, the proposal is made and presented to the Board of Directors for discussion.

2. In addition to the disclosure in the above table, specify remuneration paid to the directors who provided services (i.e., serving as non-employee advisor for the parent company/any company in the financial statements/invested company) in the recent year: None.

Note 1: The remunerations to directors and employees, have been resolved by the Board of Directors on February 29, 2024; as of the publishing date of the annual report, the name list of employees for the remuneration distribution has not been decided; therefore the said amount is provisional only.  
Note 2: Neither the new system nor old pension system is contributed to directors.

2. Remuneration paid to Supervisors (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range): None; the Company established the Audit Committee in 2017 to replace the supervisors with the Audit Committee.

3. Remunerations for the General Manager and Vice General Manager (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range)

Unit: NTD Thousand Dollars

Title	Name	Salaries (A)		Retiring allowance/ severance (B)		Bonus and special disbursement (C)		Employee remunerations (D)				Total amount of A, B, C, and D and its percentage in net income after tax		Claim of remunerations from re- invested businesses other than subsidiaries or the parent company
		The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company		All companies in the financial report		The Company	Financi al reports	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
Chief Executive Officer	Shin-Yang Huang	42,084	53,043	1,078	1,078	46,140	46,140	55,587	0	55,587	0	144,888 8.34	155,847 8.97	None
General Manager	Tsan-Lien Yeh													
Senior Vice General Manager	Hsu-Tung Kuo													
Chief Financial Officer	Min-Hung Wu													
Senior/Vice General Manager	Kuang-Shun Yang													
	Ja-Hung Hsieh													
	Chin-Te Kuo													
	Hsu-Ming Tsou													
	Wen-Hao Su													
	Ching-Cheng Tien													

\*Regardless of the title, all positions equivalent to general managers and vice general managers (e.g. president, CEO, directors, among other things) shall be disclosed.

Note 1: The remunerations to employees have been resolved by the Board of Directors on February 29, 2024; as of the publishing date of the annual report, the name list of employees for the remuneration distribution has not been decided; therefore, the said amount is provisional only.

Note 2: The contribution under the new pension system was NT\$ 648,000; the contribution under the old pension system was NT\$ 429,600.

## Table of Remuneration Range

Remuneration Range of Payments to Each General Manager and Vice General Manager of the Company	Name of general manager/vice general manager	
	The Company	financial reports
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Chin-Te Kuo, Ching-Cheng Tien	Chin-Te Kuo, Ching-Cheng Tien
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Wen-Hao Su, Hsu-Ming Tsou	Wen-Hao Su, Hsu-Ming Tsou
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	Min-Hung Wu, Ja-Hung Hsieh, Kuang-Shun Yang	Kuang-Shun Yang
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	Tsan-Lien Yeh, Hsu-Tung Kuo,	Tsan-Lien Yeh, Hsu-Tung Kuo, Min-Hung Wu, Ja-Hung Hsieh,
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	Shin-Yang Huang	Shin-Yang Huang
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	10	10

Note 1: The remunerations to employees have been resolved by the Board of Directors on February 29, 2024; as of the publishing date of the annual report, the name list of employees for the remuneration distribution has not been decided; therefore, the said amount is provisional only.

4. Compensation of the top five highest-paid executives individually disclosed for listed companies: not applicable.

(II) Managers received the distributed remunerations and their status

	Title	Name	Amount in shares	Amount in cash (Note)	Total	Total amount to net income after tax (%)
Manager	Chief Executive Officer	Shin-Yang Huang	0	63,600	63,600	3.66
	General Manager	Tsan-Lien Yeh				
	Senior Vice General Manager	Hsu-Tung Kuo				
	Chief Financial Officer	Min-Hung Wu				
	Senior/ Vice General Manager	Kuang-Shun Yang				
		Ja-Hung Hsieh				
		Chin-Te Kuo				
		Hsu-Ming Tsou				
		Wen-Hao Su				
	Senior/ Assistant General Manager	Ching-Cheng Tien				
		Jui-Jen Feng (Note 2)				
		Shih-Hsin Hsu				
		Wei-Hua Hsiung				
		Wen-Hsien Lee				
		Chia-Chieh Liu				
Head of Accounting and Contoller	Chien-Chung Lin					
Head of Accounting and Contoller	Chi-Chang Chen					
Head of Corporate Governance and Chief of Finance Department	Chiao-Ling Kuan					
Audit Supervisor	Yu-Hui Chen					

Note 1: The remunerations to employees have been resolved by the Board of Directors on February 29, 2024; as of the publishing date of the annual report, the name list of employees for the remuneration distribution has not been decided; therefore, the said amount is provisional only.

Note 2: Ms. Jui-Jen Feng retired from the company on May 31, 2023.

(III) Compare and describe separately the analysis of ratios of total remunerations paid to directors, supervisors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or parent company only financial reports and describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future.

The remunerations to the Chairman and directors, pursuant to the Articles of Association, are authorized to the Board of Directors to decided based on their participations and contributions to the Company's operations while referring to the domestic/overseas industry levels; for the remunerations of directors and supervisors, these are assessed by the Remuneration Committed and proposed to the Board of Directors. The Board of Directors resolves the proposal based on the earnings of the year and the percentage of distribution set forth in the Articles of Association, for the ratification of the Shareholders' Meeting. In addition, the compensation paid to the general managers and vice general managers consists of salaries, bonuses, and employee remunerations. These are handled based on the HR regulations of the Company, and proposed to the Board of Directors for resolutions, pursuant to the Company Act.

The standards, structure, or system of compensation paid to directors, general managers and vice general managers, have taken into account of the industry growth of the coming years, the expansion strategies of the

Company, and the cash flow, so that the Company has ample funds to respond to the uncertain operational risks.

Title	Total amount of remunerations to net income after-tax (%) of the Company, 2022	Total amount of remunerations to net income after-tax (%) of all companies in the financial report, 2022	Title	Total amount of remunerations to net income after-tax (%) of the Company, 2023	Total amount of remunerations to net income after-tax (%) of all companies in the financial report, 2023
Directors, supervisors, general managers, and vice general managers	8.42	8.79	Directors, general managers, and vice general managers	9.97	10.60

Note: This has been resolved by the Board of Directors on February 29, 2024; as of the publishing date of the annual report, the name list of employees for the remuneration distribution has not been decided; therefore, the said amount is provisional only.

#### IV. Corporate Governance

(I) Board of Directors: Throughout 2023, the Board of Directors met 8 times (A); attendance of directors and supervisors is as follows:

Title	Name	Actual frequency of attendance (being seated) in meetings (B)	Frequency of attendance through proxy	Actual attendance (being seated) rate (B/A)	Note
Chairman	Shin-Yang Huang	6	2	75%	
Director	Tsan-Lien Yeh	8	0	100%	
Director	Hsu-Tung Kuo	8	0	100%	
Director	Min-Hung Wu	8	0	100%	
Director	Ming-Chun Chiu	8	0	100%	
Director	Jui-Jen Feng	5	0	100%	New
Independent Director	Min-Kai Lin	8	0	100%	
Independent Director	Wen-Bin Wu	8	0	100%	
Independent Director	Guo-Hwa Tseng	5	0	100%	New
Independent Director	Li-Hsing Lai	5	0	100%	New
Director	Wen-Yuan Lin	3	0	100%	Resign
Independent Director	Chuen-Rong Leu	2	1	67%	Resign

**Note :** The Company conducted a comprehensive re-election of the Board of Directors on June 7, 2023. New directors include: Ms. Jui-Jen Feng, independent directors Mr. Guo-Hwa Tseng and Ms. Li-Hsing Lai; outgoing directors included, Mr. Wen-Yuan Lin and independent director Mr. Chuen-Rong Leu. The remaining directors were all re-elected.

Other details to be documented:

- I. In case of any following situation during the operation of the Board of Directors, the date, meeting, description of proposal, opinions from all independent directors, and the Company's treatment to such opinions shall be specified.
  - (I) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has established the Audit Committee and is therefore subject to Article 14-5 of the Securities and Exchange Act.
  - (II) In addition to the aforementioned, any resolution of the Board of Directors meetings objected by the independent directors, or with reserved opinions, recorded or by written statements: none. No independent directors voiced opposing or qualified opinions this year.
- II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, content of the proposal, reason for the recusal, and participation in the voting process or not shall be described:

Board Meeting Time	Proposal	Director's Name for Recusal	Reason for Recusal	Status of voting/ Implementation
1st Meeting Board of Directors in 2023 (2023.03.07)	1. Distribution of remuneration to Directors for 2022	(1)Members other than independent directors: Chairman and CEO Shin-Yang Huang, Director/ General Manager. Tsan-Lien Yeh, Director and Senior Executive Vice President Hsu-Tung Kuo, Director and CFO Min-Hung Wu, Director Wen-Yuan Lin and Director Ming-Chun Chiu  (2)Members of independent directors: Independent Director, Wen-Bin Wu, Independent Director, Chun-Rong Lu, Independent Director, Min-Kai Lin	Conflict of interest	(1)Members other than independent directors involved in the proposal: Shin-Yang Huang (Chairman and CEO), Tsan-Lien Yeh (Director and General Manager), Hsu-Tung Kuo (Director and Senior Executive Vice President), Min-Hung Wu (Director and CFO), Wen-Yuan Lin (Director) and Ming-Chun Chiu (Director) abstained from the discussion and voting due to conflict of interest. The acting chairman, Wu Wen-Bin, consulted the other three attending directors and approved the proposal. (2)Independent directors involved in the proposal: Director, Wen-Bin Wu, Director, Chun-Rong Lu and Director, Min-Kai Lin are involved, therefore recused themselves from the discussion and voting. Approval for the proposal was passed after the chairperson YEH, Tsan-Lien consulted with the remaining six directors.
	2. Remuneration of managers	Chairman and CEO Shin-Yang Huang, Director and General Manager Tsan-Lien Yeh, Director and Senior Executive Vice President Hsu-Tung Kuo, Director and CFO Min-Hung Wu	Conflict of interest	Directors involved in this proposal: Shin-Yang Huang (Chairman and CEO), Mr. Tsan-Lien Yeh (Director and General Manager), Hsu-Tung Kuo (Director and Senior Executive Vice President), and Min-Hung Wu (Director and CFO) abstained from the discussion and voting due to conflict of interest. The acting chairman, Wen-Bin Wu, consulted the remaining five attending directors and agreed to pass the proposal.
	3. Endorsement and guarantee for Flatek Technology Co., Ltd.	Director and General Manager Tsan-Lien Yeh and Director and Senior Executive Vice President Hsu-Tung Kuo	Conflict of interest	Tsan-Lien Yeh, Director and General Manager, and Hsu-Tung Kuo, Director and Senior Executive Vice President, recused themselves from discussion and voting due to conflict of interest. Approval of proposal after the chairperson consulted all other seven attending directors.
3rd Meeting of the Board of Directors in 2023 (2023.04.26)	1. Remuneration of Directors	(1)Chairman and CEO Shin-Yang Huang, Director and General Manager Tsan-Lien Yeh, Director and Senior Executive Vice President Hsu-Tung Kuo, Director and CFO Min-Hung Wu, Director Wen-Yuan Lin and Director Ming-Chun Chiu	Conflict of interest	(1) Members other than independent directors involved in this proposal: Shin-Yang Huang (Chairman and CEO), Tsan-Lien Yeh (Director and General Manager), Hsu-Tung Kuo (Director and Senior Executive Vice President), Min-Hung Wu (Director and CFO), Wen-Yuan Lin (Director) and Mr. Ming-Chun Chiu (Director)

			(2)Members of independent directors: Independent Director, Wen-Bin Wu, Independent Director, Chun-Rong Lu, Independent Director, Min-Kai Lin		abstained from the discussion and voting due to conflict of interest. The chairman appointed Wen-Bin Wu as proxy to chair the discussion and voting of the proposal. As proxy, Wen-Bin Wu, consulted the remaining three attending directors and agreement was reached to pass the proposal. (2) The relevant independent directors involved in this proposal: Independent Director, Wen-Bin Wu, Independent Director, Chun-Rong Lu and Independent Director, Min-Kai Lin are involved, so they recused themselves from the discussion and voting; approval of proposal was passed after the chairperson consulted the remaining six attending directors.
		2. Removal of non-compete clause for new directors	(1) Members other than independent directors: Chairman and CEO Shin-Yang Huang, Director and General Manager Tsan-Lien Yeh, Director and Senior Executive Vice President Hsu-Tung Kuo, Director and CFO Min-Hung Wu and Director Ming-Chun Chiu  (2) Members of independent directors: Independent Director, Wen-Bin Wu, Independent Director, Min-Kai Lin	Conflict of interest	(1) Members other than independent directors involved in this proposal: Shin-Yang Huang (Chairman and CEO), Tsan-Lien Yeh (Director and General Manager), Hsu-Tung Kuo (Director and Senior Executive Vice President), Min-Hung Wu (Director and Chief Financial Officer) and Ming-Chun Chiu (Director) abstained from the discussion and voting due to conflict of interest. Wen-Bin Wu was appointed as proxy to chair the discussion and voting of the proposal. After the proxy, Wen-Bin Wu, consulted remaining four attending directors, approval of proposal was passed. (2) The relevant independent directors of this proposal: Director, Wen-Bin Wu and Director, Min-Kai Lin recused themselves from the discussion and voting due to conflict of interest; Approval of proposal was passed after the chairperson consulted the remaining seven attending directors.
		3. Endorsement and guarantee for Flatek Technology Co., Ltd.	Tsan-Lien Yeh and Hsu-Tung Kuo	Conflict of interest	Tsan-Lien Yeh, Director and General Manager, and Hsu-Tung Kuo, Director and Senior Executive Vice President, recused themselves from discussion and voting due to conflict of interest. Approval of the proposal was passed after the chairperson consulted the remaining seven attending directors.
	6th Meeting of the Board of Directors in 2023	Endorsement and guarantee for Flatek Technology Co., Ltd.	Tsan-Lien Yeh and Hsu-Tung Kuo	Related to conflict of interest	Tsan-Lien Yeh, Director and General Manager, and Hsu-Tung Kuo,

(2023.08.01)				Director and Senior Executive Vice President, recused themselves from the discussion and voting due to conflict of interest. Proposal was passed after the chairperson consulted the remaining eight attending directors.
7th Meeting of the Board of Directors in 2023 (2023.11.01)	1. The Company's distribution of remuneration to managers	Chairman and CEO Shin-Yang Huang, Deputy Director and General Manager Tsan-Lien Yeh, Director and Senior Executive Vice President Hsu-Tung Kuo, Director and CFO Min-Hung Wu	Related to conflict of interest	Shin-Yang Huang (Chairman and CEO), Mr. Tsan-Lien Yeh (Director and General Manager), Hsu-Tung Kuo (Director and Senior Executive Vice President), and Min-Hung Wu (Director and CFO) abstained from the discussion and voting due to conflict of interest as directors or managers of the Company. Approval was reached after the chairperson consulted the remaining eight attending directors.
	2. Land transfer registration and appointment of registered representative	Chairman and CEO Shin-Yang Huang	Conflict of interest	Shin-Yang Huang, the Chairman and CEO of the Company, recused himself from the discussion and voting due to conflict of interest. The acting chairman, Min-Kai Lin, consulted the other nine attending directors and agreed to appoint Mr. Guo-Hwa Tseng as the representative to apply for the land transfer registration.
8th Meeting of the Board of Directors in 2023 (2023.12.19)	Endorsement and guarantee for Flatek Technology Co., Ltd.	Tsan-Lien Yeh and Hsu-Tung Kuo	Related to conflict of interest	Tsan-Lien Yeh and Hsu-Tung Kuo, the representatives of Flatek, recused themselves from the discussion and voting due to conflict of interest. Approval of proposal was passed after the chairperson consulted all other 8 attending directors.

### III. Implementation of evaluation to the Board of Directors

Cycle of evaluation	Period of evaluation	Scope of evaluation (Performance evaluation)	Method of evaluation	Content of evaluation
Once a year	The evaluation was conducted For the performance of the Board of Directors from January 1, 2023 to December 31, 2023	Board of Directors	Internal self-assessment by the Board of Directors	<ol style="list-style-type: none"> <li>1. The understanding to the goals and missions of the Company</li> <li>2. The awareness to the functions of directors</li> <li>3. The participations to the Company's operation</li> <li>4. The operations and communications of the internal operating relationship</li> <li>5. The professional and continuing educations of directors</li> <li>6. Internal controls</li> </ol>
Once a year	The evaluation was conducted For the performance of the Board members from January 1, 2023 to December 31, 2023	Individual Board members	Self-evaluation of Board members	<ol style="list-style-type: none"> <li>1. The understanding to the goals and missions of the Company</li> <li>2. The awareness to the functions of directors</li> <li>3. The participations to the Company's operation</li> <li>4. The operations and communications of the internal operating relationship</li> <li>5. The professional and continuing educations of directors</li> <li>6. Internal controls</li> </ol>

Once a year	The evaluation was conducted for the performance of the Remuneration Committee from January 1, 2023 to December 31, 2023	Remuneration Committee	Self-evaluation of the Committee members	<ol style="list-style-type: none"> <li>1. The participations to the Company's operation</li> <li>2. The awareness to the functions of the Committee</li> <li>3. Improvement of the quality of the Committee's decision making</li> <li>4. The composition and member selection of the Committee.</li> <li>5. Internal controls.</li> </ol>
Once a year	The evaluation was conducted for the performance of the Board members from January 1, 2023 to December 31, 2023	Audit Committee	Self-evaluation of the Committee members	<ol style="list-style-type: none"> <li>1. The participations to the Company's operation</li> <li>2. The awareness to the functions of the Committee</li> <li>3. Improvement of the quality of the Committee's decision making</li> <li>4. The composition and member selection of the Committee.</li> <li>5. Internal controls.</li> </ol>

Implementation of evaluation to the Board of Directors: The Company has conducted the evaluation regularly every year before the end of January 2024. The secretary unit is responsible for the implementation of the evaluation by using a questionnaire survey. The performance evaluation of the Board of Directors was conducted while the members of the Board of Directors, Remuneration Committee and Audit Committee conducted internal self-evaluation. The implementation status was reported to the Board of Directors on February 29, 2024.

- (I) The performance evaluation of the board includes items in five major aspects: participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
- (II) The performance evaluation of individual directors include items in six major aspects: alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
- (III) The performance evaluation of functional committees (Remuneration Committee and Audit Committee) includes items in five major aspects: participation in the operation of the Company, awareness of the duties of the committee, improvement of the quality of the committee's decision making, composition and elections of committee members, and internal control.

Assessment items year	Board of Directors Submission date	Board of Directors Submission date	Board member Indicator achievement rate	The Audit Committee Indicator achievement rate	Salary and Compensation Committee Indicator achievement rate
2023	2023.02.29	92.29%~97.71%	90.67%~98.67%	97.86%~100%	96.43%~100%
2022	2022.03.07	91.43%~96.83%	95.56%~99.26%	80.00%~98.10%	80.83%~95.56%
2021(Note)	2021.03.08	91.40%~97.00%	95.60% ~ 99.20%	80.00%~100%	78.40%~100%

(Note) The board of directors entrusted an external organization - Taiwan Institute of Ethical Business (Moderator: Attorney Shi-min Chung ) to conduct a performance evaluation of the Board of Directors through questionnaires and interviews. Suggestions and improvements are as follows:

1. Increase the diversity of the board
  2. Strengthen communication between the management team and independent directors
  3. Establish and implement integrated risk management mechanism
  4. Increase the participation of the audit committee in the whistle-blowing system
  5. Continuously review the adequacy of talent performance evaluation standards
  6. Increase the discussion of sustainable development issues in the Board of Directors
- IV. The objectives (such as establishing an audit committee or enhancing information transparency) and implementation of the Board of Directors' functions in the current and the most recent year:
- (I) The Company has established the Audit Committee and Remuneration Committee to assist the Board of Directors to perform its duties. The Audit Committee and Remuneration Committee consist of the four independent directors of the Company, to enhance the functions of directors and the corporate governance. External experts may be engaged to provide advice if required.
  - (II) The duties of the Board of Directors include appointing and overseeing the management, overseeing the operating performance, preventing the conflicts of interests, and ensuring the Company to comply with various laws and regulations, the requirements in the Articles of Associations, as well as the resolutions of shareholders meetings. Meetings of the Board of Directors shall be convened at least quarterly and at least six times every year. The management of the Company reports the operating performance to the Board of Directors, and the Board of Directors resolves the future operation guidelines,

(II) Operation of the Audit Committee: to enhance the corporate governance, the Company has established the Audit Committee in 2017. The Audit Committee consists of the four independent directors of the Company, and the independent director, Min-Kai Lin is selected as the convener. The Audit Committee convenes at least quarterly, and as often as necessary. On June 7, 2023, directors were re-elected at the shareholders' regular meeting, and the

3rd Audit Committee was established. Two independent directors were re-elected. The Company's Audit Committee held a total of 5 meetings (A) in 2023. The attendance of independent directors is as follows:

Title	Name	Actual attendance (B)	Frequency of attendance through proxy	Actual attendance rate (%) (B/A)	Note
Independent Director	Min-Kai Lin	5	0	100%	
Independent Director	Wen-Bin Wu	5	0	100%	
Independent Director	Gua-Hwa Tseng	3	0	100%	New
Independent Director	Li-Hsing Lai	3	0	100%	New
Independent Director	Chuen-Rong Leu	2	0	100%	Re-election

Note : On June 7, 2023, there was a comprehensive re-election of directors. Independent director Mr. Chuen-Rong Leu resigned, and new independent director Mr. Kwok-Wah Tsang and independent director Ms. Li-Hsing Lai were appointed.

Other details to be documented:

I. In case of any following situation during the operation of the Audit Committee, the date, term of the meeting, content of the proposal as well as the objection or qualified opinion or material suggestions of the independent directors, the Audit Committee's resolutions, and the Company's resolution on the opinions of the Audit Committee shall be specified.

(I) Matters specified in Paragraph 5, Article 14, Securities and Exchange Act:

Board of Directors/Audit Committee Meeting Date Terms of Audit Committee	Proposal	Objections, reservations, or major suggestions of Independent directors'	Resolution of the Audit Committee and the Company's Response to the Audit Committee's opinions
1st Meeting of the Board of Directors in 2023/ 18th meeting of the 2nd Audit Committee (2023.03.07)	1.The Company will incorporate udit Quality Indicator (AQI) data into the re-appointment of CPAs in 2023, as well as its independence and suitability considerations.	None	Proposal was passed with consent by all the attending Committee members, and approved by all the attending Board members.
	2.2022 Business Report and Financial Statements.	None	
	3.2022 Earnings Distribution Proposal	None	
	4.2022 Internal Control Effectiveness Assessment and Internal Control System Statement	None	
	5.Endorsement and guarantee for Flatek Technology Co., Ltd.	None	
3rd Meeting of the Board of Directors in 2023/ 19th meeting of the 2nd Audit Committee (2023.04.26)	1.The Company's financial report for the first quarter of 2023	None	Proposal was passed with consent by all the attending Committee members, and approved by all the attending Board members. .
	2.Removal of non-compete clause for new directors	None	
	3.Endorsement and guarantee for SIRIZE Technology (Suzhou) Corp.	None	
	4.Endorsement and guarantee for Flatek Technology Co., Ltd.	None	
6th Meeting of the Board of Directors in 2023/ 1st meeting of the 3rd Audit Committee (2023.08.01)	1.The Company's financial report for the second quarter of 2023	None	Proposal was passed with consent by all the attending Committee members, and approved by all the attending Board members.
	2.Formulated the operating procedures for the preparation and verification of the sustainability report	None	
	3.Endorsement and guarantee for Flatek Technology Co., Ltd.	None	
7th Meeting of the Board of Directors in 2023/ 2nd meeting of the 3rd Audit Committee (2023.11.01)	1.The Company's financial report for the third quarter of 2023	None	Proposal was passed with consent by all the attending Committee members, and approved by all the attending Board members.
	2.Endorsement and guarantee for SIRIZE Technology (Suzhou) Corp.	None	
	3.Land transfer registration and appointment of registered representatives	None	
8th Meeting of the Board of Directors in 2023/ 3rd meeting of the 3rd Audit Committee (2023.12.19)	1.The Company's appointment of CPAs and evaluation of their independence and competence	None	Proposal was passed with consent by all the attending Committee members, and approved by all the attending Board members..
	2.2024 audit plan.	None	
	3.Proposal for major capital expenditure in 2024.	None	
	4. Endorsement and guarantee for Flatek Technology Co., Ltd.	None	

	5. Issuance of new shares by conversion of common stocks in accordance with the "4th Domestic Unsecured Convertible Bonds Issuance and Conversion Procedure."	None	
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(II) Other than the aforementioned matters, other resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors: none.

II. For the enforcement of recusal upon conflicts of interest among independent directors, the independence and name of the director, content of the proposal, reason for the recusal, and participation in the voting process or not shall be described: none.

III. Descriptions of the communications between the independent directors, the internal auditors, and the independent auditors in 2023 (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):

(I) The Company's Chief Audit Executive communicates with the independent directors regularly on the results of audit findings, and reports to the Audit Committee quarterly to present internal audit matters. The Chief Audit Executive may also report to the Audit Committee immediately if any material matters occur. The Company's Chief Audit Executive maintains clear and open communication with the Audit Committee.

(II) The accountant reports to the members of the Audit Committee irregularly on matters relating to the audit of the Company's financial position. The accountant reports to the independent directors at least twice a year on the results and findings of the financial statements audits, financial accounting standards, and changes in relevant securities and tax regulations. The accountant will also report to the members of the Audit Committee immediately if any material matters occur. The Company's certified accountant maintains clear and open communication with the Audit Committee.

(III) Deviations between the Company's Corporate Governance and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and their Causes

Assessment Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company established the Corporate Governance Best Practice Principles on 22 December 2021.	In compliance with the "Corporate Governance Best Practice Principles"
II. Shareholding structure and shareholders' equity				
(I) Does the Company have an internal operating procedure for handling shareholders' suggestions, concerns, disputes, and litigations, and have these procedures been implemented accordingly?	✓		The Company has established the review standards and operating procedures for the general shareholders' meeting, accepting shareholders' proposals, and a speaking system to handle suggestions, questions, and disputes of shareholders, and implement the procedures.	Pursuant to the spirit of the procedures, the shareholders' interests are protected and shareholders are treated fairly. There is no deviance.
(II) Does the company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		Through interaction with major shareholders, the Company is able to grasp the list of major shareholders controlling the Company and the ultimate controllers of these shareholders.	In compliance with the "Corporate Governance Best Practice Principles"
(III) Has the company built and executed a risk management and firewall between the Company and its affiliates?	✓		The Company has clearly divided the authorities and responsibilities for personnel and property from the affiliates. There is no irregular transaction, and the proper firewall is built.	In compliance with the "Corporate Governance Best Practice Principles," without deviation.
(IV) Has the company established internal rules prohibiting insider trading on undisclosed information?	✓		Implementation of corporate governance: The Company has established measures and regulations to prevent insider trading, which prohibits company insiders from using information that is not available on the market to obtain improper benefits for themselves or others. The Company regularly disseminates this information internally on an annual basis and regularly discloses guidelines on the Company's website for managers and employees to check at their convenience. The company also informs internal stakeholders of important information that should be noted on a regular basis. On January 1, 2023, August 1, 2023, and December 6, 2023, the Company conducted relevant education and publicity for directors, managers, and employees. The content of the course includes prevention of insider trading promotion courses, integrity	In compliance with the "Corporate Governance Best Practice Principles"

Assessment Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			management promotion, risk management policies and procedures, major internal material information handling procedures, and corporate governance code of practice, and sent the course briefing files to directors, managers, and employees for reference. As of 2023, 2,428 directors, managers and employees have participated in relevant courses.	
III. Composition and Responsibilities of the Board of Directors				
(I) Does the Board of Directors establish and implement a policy of diversification and specific management objectives?	✓		The composition of the Board of Directors of the diversity of members are considered from various aspects. They have the required knowledge and capacities of various fields to enable them to perform their duties, and the capabilities to implement. Chairman Shin-Yang Huang, Director Tsan-Lien Yeh, Hsu-Tung Kuo, Min-Hung Wu, Ming-Chun Chiu, Jui-Chen Feng, Independent Directors Min-Kai Lin, Wen-Bin Wu, Guo-Hwa Tseng, and Li-Hsing Lai have operational judgment capabilities, accounting and financial analysis capabilities, business management capabilities, crisis management capabilities, industry knowledge, international market insight, leadership and decision-making abilities.	In compliance with the spirit of the "Corporate Governance Best Practice Principles," without deviation.
(II) In addition to the Remuneration Committee and the Audit Committee, pursuant to the law, has the Company voluntarily established other Board functional committees?		✓	The Company currently has a Remuneration Committee and an Audit Committee, plans to set up other committees will be based on future needs.	The Company has established the Remuneration Committee and Audit Committee in accordance with the law, which are in compliance with the "Corporate Governance Best Practice Principles."
(III) Has the Company established a methodology for evaluating the performance of its Board of Directors, on an annual basis, reporting the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	✓		The Company's Board of Directors approved the "Guidelines for Evaluating Performance of the Board of Directors" on August 7, 2019, stipulating that the Board of Directors should evaluate the Board of Directors, directors, Remuneration Committee and Audit Committee at least once a year, and appoint an external agency to evaluate the performance of the Board of Directors every three years. The evaluation period is from January 1, 2023 to December 31, 2023. At the end of 2023, the performance evaluation of the Board of Directors for the current year is conducted in accordance with these Guidelines. The criteria for evaluating the performance of the Company's Board of Directors shall cover the following five aspects: (1) Participation in the Company's operation. (2) Enhance the decision-making quality of the Board of Directors (3) Composition and structure of the Board of Directors (4) Professionalism and continuing education of directors (5) Internal control The following items are covered in the measurements of the performance evaluation of the directors: (1) Understanding of the Company's goals and mission (2) Understanding of Directors' functions (3) Participation in the Company's operation (4) Internal relationship management and communication (5) Professionalism and continuing education of directors (6) Internal control	In compliance with the "Corporate Governance Best Practice Principles"

Assessment Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>The following items are covered for the measurements of the performance evaluation of the Remuneration Committee and the Audit Committee:</p> <p>(1)Participation in the Company's operation  (2)Awareness of the duties of the functional committee  (3)Enhancement in the quality of decisions-making by the functional committee  (4)Composition and member election of the functional committee  (5)Internal control</p> <p>The evaluation method is implemented by the deliberating unit, and the performance evaluation of Board Members and functional committees are conducted through internal questionnaires. The evaluation consists of four parts: Board performance evaluation, Director evaluation (self or peer), the operation evaluation of the Remuneration Committee, and performance evaluation of the Audit Committee. The directors participate in the evaluation, while the Remuneration Committee and the Audit committee evaluate their own operations. The results of these performance evaluations will serve as a reference for the selection or nomination of Directors, and the performance evaluation results of Directors and functional committee members are used as a reference for determining their individual remuneration.</p> <p>The Company completed the performance evaluation of the Board of Directors, Directors, the Remuneration Committee, and the Audit Committee in January 2024. After the questionnaires are collected, the Company's deliberating unit will analyze the data, and present the results of the self-evaluation and direction of continuous improvement in the first Board of Directors' report on February 29, 2024. The Board of Directors will propose methods for improvements. . The Directors will use questionnaires to improve the effectiveness of the Board of Directors' operations, thereby enhancing the overall competitiveness of the Company and establishing market investors' confidence. The evaluation results will be explained based on the above-mentioned Board of Directors' evaluation.</p>	
(IV)Does the company regularly evaluate the independence of its external CPAs?	✓		<p>The Company's Audit Committee evaluates the independence and competence of the CPAs annually and conducts an AQI review, providing the evaluation results to the Board of Directors for approval. The independence assessment of the Company's CPAs and the AQI review mechanism are as follows:</p> <p>1.The Company's CPAs shall not be related parties or employed by the Company or its directors.  2.There are no other interests or business dealings between the Company's CPAs and the Company except for audit or tax assurance engagements.  3.The Company complies with relevant regulations to handle the rotation of CPAs.  4.The Company evaluates the independence and competence of the CPA at least once a year. The evaluation includes factors such as the size and reputation of the accounting firm, the number of consecutive years of audit services provided, audit fees, peer review, legal proceedings or regulatory corrections by the competent authority, investigated cases, Audit Quality Indicators (AQI), regular</p>	In compliance with the "Corporate Governance Best Practice Principles"

Assessment Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			professional development, and interaction with management and internal audit supervisors. The evaluation results for the past two years were completed by the Audit Committee and the Board of Directors on December 19, 2023 and March 7, 2023, respectively. The CPAs, Chih-Cheng Hsieh and Tsai-Yen Chiang, the signing auditors for the fiscal years 2024 and 2023, met the independence evaluation and provided an AQI audit for fiscal years 2022 and 2021. (Note)	
IV.Has the Company allocate a sufficient number of competent corporate governance personnel and designate a corporate governance officer responsible for related matters (including but not limited to providing information for directors and supervisors to carry out their duties, assisting directors and supervisors with compliance with laws, handling matters related to Board meetings and shareholders' meetings in accordance with the law, and prepare minutes of Board and shareholders' meetings)?	✓		On 10 June 2021, the Board of Directors of the Company approved the establishment of a corporate governance supervisor and a part-time personnel responsible for corporate governance-related matters (including but not limited to providing directors with necessary information for carrying out their duties, handling matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law, processing company registration and changes in registration, and preparing minutes of the Board and shareholders' meetings, etc.).	In compliance with the "Corporate Governance Best Practice Principles"
V.Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		The Company has an employee mailbox, a spokesperson's mailbox, and dedicated phone lines as communication channels for shareholders, customers, suppliers, and the general public. Stakeholders may contact and communicate with the Company's dedicated personnel at any time when needed. Additionally, a stakeholder section has been set up on the Company's website for investors' reference. Through various communication mechanisms, the Company actively maintains open communication channels with stakeholders to understand their needs and expectations, and respond appropriately to important sustainability issues of concern to stakeholders, serving as an important reference for formulating corporate social responsibility policies and related plans.	In compliance with the "Corporate Governance Best Practice Principles"
VI.Has the Company appointed a professional shareholder service agency for its shareholder affairs?	✓		The Company has appointed KGI Securities Co., Ltd. to handle matters related to shareholders and shareholders' meetings.	In compliance with the "Corporate Governance Best Practice Principles"
VII.Information Disclosure				
(I)Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		The Company has an "Investors" section set up on the Company's website to disclose financial business and corporate governance information.	In compliance with the "Corporate Governance Best Practice Principles"
(II)Has the Company adopted other means to disclose information (e.g. English website, designated staff to collect and disclose corporate information, a spokesperson system, webcasting investors conferences via the Company website)?	✓		Stakeholders can access the "Investors" section of the Company's website, or through the Market Observation Post System for relevant financial, operational, and governance information. A designated person is responsible for the collection and disclosure of the Company's information promptly, which can affect the decision-making of shareholders and stakeholders. Suitable personnel are appointed to serve as spokesperson and deputy spokesperson.	In compliance with the "Corporate Governance Best Practice Principles"
(III)Does the Company publish and report its annual financial statements within two months after the end of a fiscal year, and publish and report its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline?		✓	The Company disclosed its financial statement for the fiscal year 2023 on February 29, 2024, earlier than the deadline required by the law. The Company will disclose and file its first, second, and third quarter financial statements and monthly performance reports as soon as possible within the specified timeline, so as to provide transparency of the	In compliance with the "Corporate Governance Best Practice Principles", the Company will publish and report its annual financial statement two months after the end of the

Assessment Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			Company's information and enable investors to understand the Company's performance in real time.	fiscal year.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g., 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)?	✓		<p>1.The Company has established working rules of employees, and enforced them to protect the rights and interests of employees.</p> <p>2.The Company has established employee retirement guidelines, and contributes to employee pension funds pursuant to regulations to provide a stable retirement for employees.</p> <p>3.The Company has established workplace sexual harassment prevention and complaint handling procedures to provide a good workplace for employees.</p> <p>4.Employee rights and employee care: The Company has always upheld a mutually beneficial and win-win cooperation between employer and employee regarding employee rights, and it complies with labor-related laws and regulations in implementing management systems.</p> <p>5.Investor relations: The Company has a spokesperson and deputy spokesperson system to maintain investor relations.</p> <p>6.When communicating with employees, suppliers, investors, and stakeholders, the Company always adheres to the principle of good faith, communicates with sincerity, and addresses issues in the most reasonable manner. The Company has not had incidents of protest or disputes with others.</p> <p>7.Continuing education of directors: Please refer to the attached details.</p> <p>8.Implementation of risk management policies and risk measurement standards: The Company focuses on its core business, aligns with regulations to implement various policies, and establishes operational norms for various procedures to reduce and avoid potential risks.</p> <p>9.Implementation of customer policies: The Company has professional customer service personnel who provide excellent services and channels for addressing customers' inquiries.</p> <p>10.The Company's purchase of liability insurance for directors and supervisors: The Company annually purchases liability insurance for directors, supervisors and key personnel.</p> <p>11.The Company has a quality policy to continuously improve product quality and attach great emphasis on customer satisfaction. The Company operates in good faith and takes into account the rights and interests of shareholders and employees.</p>	In compliance with the "Corporate Governance Best Practice Principles"
IX. Please explain the improvements in the recent Corporate Governance Evaluation results issued by the Corporate Governance Centre of the Taiwan Stock Exchange, and prioritize areas and measures to strengthen for those not yet improved: strengthen corporate governance, the Company has formulated The Ethical Management Principles, the Procedures for Ethical Management and Guidelines for Conduct, and strengthened the disclosure of information such as the English financial reports and annual reports, investor section on external websites, financial and business information.				

(Note) Criteria for evaluating the independence of CPAs:

CPA	Chih-Cheng Hsieh		Tsai-Yen Chiang	
	Items for evaluation	Evaluation Result	Whether it meets the independence criteria	Evaluation Results
1.Whether the accountant has a direct or significant indirect financial interest in the Company	No	Yes	No	Yes
2.Whether the accountant has financing or guarantee activities with the Company or the directors of the Company	No	Yes	No	Yes
3.Whether the accountant has a close business relationship and potential employment relationship with the Company	No	Yes	No	Yes
4.Whether the accountant and its audit team members currently or in the last two years have served as directors or managers of the Company or have a significant impact on the audit work	No	Yes	No	Yes

CPA	Chih-Cheng Hsieh		Tsai-Yen Chiang	
	Evaluation Result	Whether it meets the independence criteria	Evaluation Results	Whether it meets the independence criteria
5. Whether the accountant has provided non-audit services to the Company that may directly affect the audit work	No	Yes	No	Yes
6. Whether the accountant has brokered the shares or other securities issued by the Company	No	Yes	No	Yes
7. Whether the accountant has acted as legal council for the Company or represented the Company in coordinating conflicts with third parties	No	Yes	No	Yes
8. Whether the accountant is related to the Company's directors, managers or persons who have a significant influence on the audit case	No	Yes	No	Yes

### Continuing Educations Taken by the Directors:

Date	Course attended	Training hours (hour)	Participants
2023.06.27	Taiwan Corporate Governance Association-New perspectives on group tax governance from the future trends of digital taxation and international taxation	3	Director Wen-Bin Wu
2023.07.06	Securities and Futures Institute-Technological Development and Business Opportunities of ChatGPT Chatbot	3	1. Director Lin Min-Kai 2. Director Wen-Bin Wu
2023.09.07	Securities and Futures Institute-Technological Development and Business Opportunities of Electric Vehicles and Smart Cars	3	Director Li-Hsing Lai
2023.10.13	Securities and Futures Institute -2023 Prevent Insider Trading Advocacy Conference	3	1. Director Jui-Chen Feng 2. Director Li-Hsing Lai
2023.10.23	The National Federation of CPA Associations of the R.O.C. -The Latest Trend and Business in Anti-Money Laundering	3	Director uo-Hwa Tseng
2023.11.01	Taiwan Corporate Governance Association-Carbon Emission and Carbon Trading Mechanism Sharing	3	1. Chairman Shin-Yang Huang 2. Director Tsan-Lien Yeh 3. Director Hsu-Tung Kuo 4. Director Min-Hung Wu 5. Director Ming-Chun Chiu 6. Director Jui-Chen Feng 7. Director Min-Kai Lin 8. Director Guo-Hwa Tseng 9. Director Li-Hsing Lai
2023.11.01	Taiwan Corporate Governance Association-Driving Sustainable Development through Risk Management	3	1. Chairman Shin-Yang Huang 2. Director Tsan-Lien Yeh 3. Director Hsu-Tung Kuo 4. Director Min-Hung Wu 5. Director Ming-Chun Chiu 6. Director Jui-Chen Feng 7. Director Min-Kai Lin 8. Director Guo-Hwa Zeng 9. Director Li-Hsing Lai
2023.11.14	Taiwan Corporate Governance Association-Emerging Money Laundering Patterns and Regulatory Trends	3	Director Tseng, Guo-Hwa
2023.11.15	Securities and Futures Institute of the R.O.C. -2023 Insider Equity Transaction Legal Compliance Seminar	3	Director Jui-Chen Feng
2023.11.17	The National Federation of CPA Associations of the R.O.C. -The Latest Trend and Practices in Anti-Money Laundering	3	Director uo-Hwa Tseng
2023.12.20	Taiwan Corporate Governance Association-New Energy Boom: Business Opportunities in the Application of Electric Vehicle Batteries and Charging Station Technologies	3	Director Wen-Bin Wu

Study situation of head of corporate governance:

Date	Participating Institutions Course Name	Training hours (hours)
2023.07.04	Taiwan Stock Exchange-2023 Cathay Sustainable Finance and Climate Change Summit	6
2023.10.13	Securities and Futures Institute of the R.O.C. -2023 Prevention of Insider Trading Advocacy Conference	3
2023.11.22	Securities and Futures Institute of the R.O.C. -2023 Insider Equity Transaction Legal Compliance Seminar	3

(IV) Where the Remuneration Committee is established, the composition, responsibilities, and operations shall be disclosed

1. Information on the members of the Remuneration Committee

December 31, 2023

Identity	Name	Condition	Professional qualifications and experience	Independence status	Number of other public companies where the member concurs as a member of the Remuneration Committee
Independent Director (convener)	Min-Kai Lin		<p>1. MBA, Department of Accounting, College of Management, National Taiwan University</p> <p>2. Have work experience for more than 20 years in the areas of finance, accounting, investment and wealth management, or otherwise necessary for the finance or accounting matters of the company</p> <p>3. None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. As for the number of Company's shares held by the director and his spouse and relatives within the second degree of kinship (or held in the name of others), the director holds 35,000 shares (0.01%) of the Company and none of his spouse or relative within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The independent director is a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).</p> <p>4. The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	1 (Note)

Independent Director	Wen-Bin Wu	<p>1.MBA, College of Management, National Taiwan University</p> <p>2.Have work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company</p> <p>3.None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1. None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2.None of the independent director or his spouse or relatives within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3.The independent director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).</p> <p>4.The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	1
Independent Director	Kwok-Wah Tsang	<p>1.MBA, National Chiao Tung University</p> <p>2.Passed the Accountant Examination of the Examination Yuan</p> <p>3.None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1.None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2.None of the independent director or his spouse or relatives within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3.The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4.The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	1
Independent Director	Li-Hsing Lai	<p>1.MBA, National Taiwan University</p> <p>2.Have work experience for more than 25 years in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company</p> <p>3.None of the conditions indicated under Article 30 of the Company Act.</p>	<p>1.None of the directors or his spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate.</p> <p>2. None of the independent director or his spouse or relatives within the second degree of kinship holds (or holds in the name of others) any shares of the Company and the shareholding is zero.</p> <p>3. The director is not a director, supervisor or employee of any company having a special relationship with the Company (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4.The amount of the remuneration in the most recent two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services is zero.</p>	0

Note: Please refer to pages 20-23 (1) Disclosure of the information on the professional qualifications of directors and independence of independent directors

2. Responsibilities of the Remuneration Committee: The extent of the committee's authority includes developing and reviewing the performance assessments of directors and managers, as well as the policies, system, structure, and standards of compensation periodically. The Committee has evaluated and determined the salary of board directors and managers regularly.

3. Operation status of the Remuneration Committee: The members of the Remuneration Committee of the Company are appointed upon the resolution of the Board of Directors. There are a total of three members and one of whom is the convener.

4. Operation of the Remuneration Committee

(1) The Remuneration Committee of the Company is comprised of three members.

(2) Term of the Members in the Intake: From June 7, 2023 to June 6, 2026. In 2023, the Remuneration Committee convened three meetings (A). The qualifications and attendance of each member are as follows:

Title	Name	Actual attendance (B)	Frequency of attendance through proxy	Actual attendance rate (%) (B/A)	Note
Independent Director	Min-Kai Lin	3	0	100%	
Independent Director	Wen-Bin Wu	3	0	100%	
Independent Director	Guo-Hwa Tseng	1	0	100%	New
Independent Director	Li-Hsing Lai	1	0	100%	New
Independent Director	Chuen-Rong Leu	2	0	100%	Re-election

Note : On June 7, 2023, there was a comprehensive re-election of directors. Independent Director Mr. Chuen-Rong Leu resigned, and new Independent Directors Mr. Guo-Hwa Tseng Ms. Li-Hsing Lai were appointed.

Other details to be documented:

- I. Shall there be any recommendation of the Remuneration Committee not accepted or modified by the Board of Directors, the date, meeting, description of proposal, resolutions of the Board of Directors, and the Company's treatment to the Remuneration Committee (e.g. the remunerations passed by the Board of Directors are better than the Remuneration Committee's recommendation; the deviations and causes shall be specified): None.
- II. Any resolution of the Remuneration Committee objected by any member, or with reserved opinions, recorded or by written statements, the date, meeting, description of proposal, and the opinions of all members, and the treatment to members' opinions shall be specified: none.
- III. The discussion and resolution results of the Company's Remuneration Committee, and the Company's handling of the committee members' opinions for 2023 are as follows:

Date	Proposal	Resolution
4th term 8th session Remuneration Committee (2023.03.07)	1. Proposal for the 2022 Employee Compensation Distribution Proposal 2. Formulation of the 2022 Directors' Remuneration Distribution Proposal 3. Draft of Distribution of Remuneration to Managers Proposal 4. 2022 Board of Directors and Functional Committee Performance Evaluation Results and Improvement Plans	Approved by all Remuneration Committee members in attendance. The proposal was passed by all committee members present at the 1st Board meeting in 2023 held on March 7, 2023. Implementation was conducted and reported to the competent authority within the specified timeline.
4th term 9th session Remuneration Committee (2023.04.26)	1. Proposal for the Remuneration of Directors	Approved by all the committee members present; and passed at the 3rd Board meeting on April 26, 2023.
5th Term 1st meeting Remuneration Committee (2023.11.01)	1. Proposal for the Company's distribution of remuneration to managers.	Approved by all the committee members present; and passed at the 7th Board meeting on November 1, 2023.

5. Information on the members and operations of the nomination committee: N/A

(V) Deviations between the implementation of the Company’s sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and their Causes

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes
	Yes	No	Summary	
I. Does the Company have a governance structure to promote sustainable development and establish a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors and handled by senior management, with oversight by the Board of Directors?	✓		<p>1.The Company has established a Sustainable Development Committee (referred to as the Committee), chaired by the Chairman, the General Manager serving as the Chief Committee Member, and the highest executives from each department serving as members. The Committee oversees six functioning groups: “Environmental Health and Safety Group,” “Green Operations Group,” “Human Resources Group,” “Innovation Management Group,” “Corporate Governance Group,” and “Social Relations Group.”</p> <p>2.In response to the Company’s long-term planning and resource integration for sustainable development, and to effectively implement sustainable development practices, and to ensure the effectiveness of the Committee with regular reporting to the Board of Directors, the "Corporate Sustainability Center" was established under theCommittee on November 1, 2023. The Center operates under the leadership of the Chairman and the Chief committee member, and is responsible for the planning and implementing of the Company's sustainable development initiatives.</p> <p>3.The members of the functional team includes department heads and colleagues responsible for various operations within the Company They gather information on significant environmental (E), social (S) and governance (G) issues ( referred to as ESG), and formulate management policies, short-term, mid-term and long-term goals, as well as action plans. Each group reports to the Committee quarterly, and are to implement measures according to the agreed-upon content regarding the issues they are responsible for.</p> <p>4.The “Corporate Sustainability Centre” oversees the effectiveness of the functional team, and the committee reports ESG strategies, action plans and trend information to the Board of Directors quarterly. This includes greenhouse gas inventory results, green energy procurement, risk management, human rights, etc., facilitating the Board of Directors supervision of the implementation status of sustainable development.</p>	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
II.Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?	✓		<p>1. The Company has established a “Risk Management Policy and Procedures,” which defines the Company’s risk management policy, management scope (including theBeixing Plant, Chonghsing Plant and Hukou Plant) and implementation methods. Additionally, a “Risk Management Committee” has been formed to oversee and supervise the implementation of risk management by each unit, and report the operational status and effectiveness of risk management to the Board of Directors at least once a year.</p> <p>2. Environment: ①Taking into account theTask Force on Climate-related Financial Disclosures (TCFD) and the</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes
	Yes	No	Summary	
			<p>semiconductor industry specifics, the Company identifies risks, such as "increase in stakeholders' concerns and negative feedback" and "persistent high temperatures," and opportunities such as "using low-carbon energy." The company assesses the potential impact and likelihood of occurrence of these issues, and develops climate strategies, countermeasures and implementation goals accordingly.</p> <p>②The Company obtained ISO14001 Environmental Management System certification on March 31, 2010, with the latest certificate valid from March 30, 2024 to March 30, 2027. Following the Plan-Do-Check-Act (PDCA) cycle management methodology, the Company conducts systematic reviews annually. We have established a "Risk and Opportunity Assessment and Planning Measures Form," which includes collecting internal and external information and stakeholder concerns regarding environmental issues for risk assessment. Goals/indicators are formulated and performance monitoring and measurement are implemented. The Company undergoes third-party audits every year to ensure continuous improvement.</p> <p>③Sigurd obtained QC 080000 Hazardous Substance Management System Certification on November 18, 2015. We established the "Hazardous Substance Risk Assessment Form" for all materials/substances/tools used in the production process, defining risk level and formulating control methods from incoming material inspection IQC to outgoing product inspection OQC. Supply chain management is also implemented through questionnaire replies such as "Restricted Substance Verification Reports" and "Supplier RBA Commitment Letters", as well as annual audits to promote the concept of green supply chain and environmental protection among suppliers, and jointly achieve international regulations such as RoHS, China RoHS, REACH and Sony GP or customer requirements, to mitigate the impact on the ecosystem and protect the environment.</p> <p>3.Society: Since 2023, the Company has been promoting the "ISO22301 Business Continuity Management System (BCM)" project, during which experienced consulting teams were introduced to implement the following measures:</p> <p>①Formed a Business Continuity Management Committee consisting of senior management team members.</p> <p>②Established and adhered to the business continuity policy and business continuity management system of "Comprehensive Risk Control, Improve Resilience Ability, Sustainable Enterprise Operation, Achieve Customer Satisfaction."</p> <p>③Comprehensively analyze potential disruption to business operations for each process, such as facing outbreaks for infectious diseases or strikes leading to labor shortages. Based on this analysis, formulate a business continuity plan and response measures to mitigate impact. Subsequently, assess degrees of risk and implement corresponding control measures according to internal and external issues.</p>	

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes
	Yes	No	Summary	
			<p>4. In addition, since the past epidemic, the Company has absorbed regulatory measures and equipment to enhance epidemic control measures. In addition, in daily operations, diversified and two-way communication channels are established to strengthen labor-management communication. Furthermore, there's investment in training resources to continuously enhance employee professionalism and skills, which adds value to employees' future career, as well as enables timely support in response to threatening events. By coordinating emergency response measures, the Company effectively controls operational risks.</p> <p>5. Corporate Governance: The overall risk management policy of corporate governance focuses on unpredictable events in the financial market and seeks to reduce potential adverse effects on financial conditions and financial performance. At the same time, risk management policies were introduced in 2022, approved by the Board of Directors, and overseen by the Finance Department to identify, assess, and mitigate financial risks, with emphasis on close collaboration with various operating units.</p>	
<p>III. ENVIRONMENTAL ISSUES</p> <p>(I) Has the company established proper environmental management systems based on industry characteristics?</p>	✓		<p>1. Sigurd has obtained ISO14001 environmental management system certification and Sony GP (Hukou Factory) certification for all factories and subsidiaries since March 31, 2010, and continues to maintain the validity of the certificates. On October 3, 2023, the Company obtained the SGS ISO14064: 2018 Greenhouse Gas Inventory Verification Statement.</p> <p>The Company established the Sustainable Development (ESG) Committee in 2021, and announced to the Company that this year marked the inception year. The Sustainable Development Committee is chaired by the chairman of the board, and established the "Environmental Occupational Safety Group" led by senior managers to coordinate and collect environmental protection and international certification tasks, as well as environmental sustainability-related issues. This ensures the Sustainable Development Committee has timely and comprehensive information to formulate short-, medium-, and long-term strategies, specific plans or action plans, and to set measurable environmental sustainability goals. After submitting to the Sustainable Development Committee for approval, the "Environmental Occupational Safety Group" will oversee and execute the implementation of these plans.</p> <p>3. In daily operations, the Company adopts the international management methodology of Plan-Do-Check-Act (PDCA) to systematically conduct inventory and develop "Risk and Opportunity Assessment and Planning Measures Form" for chemicals, wastes, wastewater, noise, and internal and external risk assessments and reviews, and make continuous improvements. Simultaneously, through planning measures/performance monitoring and measurement, the Company continuously undergoes supervision and inspection by third-party verification units annually.</p> <p>4. The daily implementation results of the aforementioned management system are collected and evaluated at least once a year, to assess their</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes
	Yes	No	Summary	
			impact on the environment. Reports are presented to the management to ensure information awareness and confirm effectiveness. Continuous review strategies, action plans, or management plans are conducted to achieve the spirit of continuous improvement.	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		<p>1.The Company actively promotes various energy reduction measures, selecting equipment with high energy efficiency and energy-saving designs to reduce energy consumption in both operations and products. Additionally, it expands the use of renewable energy to optimize energy efficiency.</p> <p>2.The 2023 goal is to reduce annual energy consumption by 1% per the regulations of the Bureau of Energy. This year's reduction of 4,138 kwh(2.76%) has reached the planned target. The future (2023-2024) goals will continue to follow the regulations of the Bureau of Energy. Additionally, starting from 2023, the Company has begun purchasing green energy to gradually improve the efficiency of renewable energy use.</p> <p>3.The Company has established an HSF management system and obtained QC080000 certification to ensure that the packaging materials used comply with various international laws and regulations, including the EU's RoHS, REACH, halogen-free specifications and customer requirements, thereby reducing environmental impact.</p> <p>4.In green manufacturing, efforts are made to reduce unnecessary waste of resources, and seek waste reduction and reuse. The Company works with upstream and downstream partners of the value chain to recycle and share packaging materials, such as cardboard boxes, cushion materials, bubble wraps, plastic trays, etc. , maximizing the benefits of the circular economy.</p> <p>Performance: The goal for 2023 was NT \$42,000,000, and the actual amount was NT \$45,016,000, with an achievement rate of 107.18%. The target for 2024 is set to NT \$42,000,000.</p> <p>5.Production line waste (D-0299), such as aluminum foil bags and tape-on-reel, is recovered and recycled by professional waste treatment plants, and converted to derived fuels (RDF) achieving circular reuse.</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the company assess the potential risks and opportunities of climate change for the Company now and in the future, and take relevant countermeasures?	✓		<p>1.Following the recommendations on climate-related financial disclosures issued by the international organization TCFD, the coordinating unit under the Sustainable Development Committee assists relevant units in evaluating the risks and opportunities of their related businesses, products, and operating processes. They then use scenario analysis tools to evaluate the Company as a whole to confirm stress tests and outputs, such as the degree of financial impact.</p> <p>2.The identified risks and opportunities of climate change for the year are as follows (the first two points are subject to the TCFD methodology, while others are situational identification): (1)Risks: Policies and regulations: Increase obligations for disclosing greenhouse gas emissions, and the requirement to pay carbon fees for greenhouse gas emissions pricing. Immediate: Increased likelihood of flooding due to</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes												
	Yes	No	Summary													
			<p>typhoons and heavy rainfall..</p> <p>(2)Opportunities: Energy source: Use of low-carbon technology.</p> <p>Resilience: Energy substitution/diversification.</p> <p>(3)Others: Lack of energy or resources due to abnormal climate, such as drought leading to water shortages, unstable or limited power supply due to high temperature, may impact daily operations and production; meanwhile, increased energy use and material prices lead to higher operating costs.</p> <p>In terms of supply chain management and other force majeure risks, adjustments will be made to the Company's emergency response plans, business continuity strategies, and insurance plans as needed.</p> <p>3.To reduce the risk factors in the preceding point and evaluate the results of the scenario analysis, the Company will formulate short-term, med-term and long-term strategies, establish risk management measures, set indicators and goals, and report to the Sustainable Development Committee and decision-making for implementation.</p> <p>4.In response to opportunities, renewable energy strategies, equipment, and measures will be developed,, hoping to achieve the proportion of renewable energy and simultaneously reduce greenhouse gas expenses. At the same time, the following countermeasures are in place:</p> <p>(1)Regular reporting of greenhouse gas inventory-related information to confirm the source of emissions, and invest in green equipment and green procurement strategies to enhance product competitiveness.</p> <p>(2)Continue to implement energy conservation and carbon reduction plans, plan for overall emission reduction, reduce costs and expenses such as electricity and water consumption, expand profitability, and fulfill social responsibility, and adopt sustainable development strategies to mitigate environmental impact.</p> <p>5.The risks and opportunities of climate change will be disclosed in the Company's 2023 Sustainability Report.</p>													
(IV)Does the company account for the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for greenhouse gas emission reduction, water use reduction or other waste management?	✓		<p>1.GHG emissions:</p> <p>The Company's greenhouse gas emissions data in 2022 has been verified by SGS. The 2023 data is expected to be verified in mid-2024. The present, the current data is calculated by our factory, and there is no third-party verification.</p> <p>Greenhouse gas emissions in the most recent two years:</p> <p>Scope 1 and Scope 2 information covers Beixing, Chonghsing, Hukou plants. Unit: Ton CO2e)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Unit Product Emissions (Ton CO2e/k die (Note))</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>556.0863</td> <td>77969.4300</td> <td>0.0150</td> </tr> <tr> <td>2023</td> <td>521.1703</td> <td>75206.1420</td> <td>0.0198</td> </tr> </tbody> </table> <p>Note: A unit product stands for 1000 dies each piece of wafer stands for 1000 dies.</p> <p>In 2023, Scope 1 and Scope 2 GHG emissions totaled 75,000 metric tons of CO2e, and emission of a unit</p>	Year	Scope 1	Scope 2	Unit Product Emissions (Ton CO2e/k die (Note))	2022	556.0863	77969.4300	0.0150	2023	521.1703	75206.1420	0.0198	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Year	Scope 1	Scope 2	Unit Product Emissions (Ton CO2e/k die (Note))													
2022	556.0863	77969.4300	0.0150													
2023	521.1703	75206.1420	0.0198													

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes
	Yes	No	Summary	
			<p>product was about 0.0198 metric tons of CO<sub>2</sub>e/k die. The primary source was the electricity emission from Scope 2, accounting for 99.59% of the aforementioned emissions. The second category is Scope 1, which includes stationary, mobile and fugitive emissions, with fugitive emissions (from septic tanks) accounting for 75.33% of Scope 1. Mobile emissions, from fuel combustion, account for 31.44% of Scope 1 emissions.</p> <p>To continue to achieve international reduction trends, the Company established the Sustainable Development Committee in 2021 to track the reduction. The data in 2022 has been verified by a third party, and the 2023 ISO14064-1 greenhouse gas inventory certification is expected to be conducted in May 2024.</p> <p>In 2023, power emissions was reduced by 2200 metric tons compared to 2022, mainly achieved through the implementation of reduction measures in 2023, including changing of UPS of the Beixing Plant to Off-Line mode, altering the outside air intake method of the air-conditioning unit, the addition of frequency converter to control energy consumption in the air-conditioning unit motor at the Chonghsing Plant, adding a 50HP variable-frequency spiral vacuum pump, the replacement of cooling tower heat dissipation material at the Hukou Plant, reduce the output pressure of the air compressor, etc., to achieve energy saving and carbon reduction performance. In the future, the energy management system will be introduced to more effectively control and identify abnormal equipment energy consumption. The greenhouse gas emissions per unit product was 0.0198 tons, an increase of 32.4% compared to last year's indicator, mainly due to the decrease in production capacity and the implementation of new energy-saving measures in the middle of the year, which has not yet achieved significant results initially. The results have gradually become significant at the end of the year.</p> <p>Based on the aforementioned carbon reduction measures, the absolute carbon reduction (Scope 1 and Scope 2) in 2023 decreased compared to the previous year. It is expected that with continuous active carbon reduction measures, the carbon emissions per unit product can be sustainably reduced, and the absolute total carbon emissions are also expected to be reduced.</p> <p>In response to climate change and to promote the Company's sustainable operation, the Company began purchasing green energy in September 2023, and has procured approximately 443,203 kWh from September to December 2023. In accordance with our strategic goal, our green energy consumption will reach 5% by 2025. At this stage, we continue to actively reduce carbon emissions and contribute to sustainability.</p> <p><b>2. Water consumption:</b> The Company has long been concerned with the issue of water conservation and environmental protection. In terms of water conservation plans, we started with the full implementation of daily water conservation to maximize the benefits of available</p>	

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			<p>water resources.</p> <p>Water consumption in the last two years:</p> <table border="1"> <tr> <td colspan="3">(All plants and subsidiaries)</td> </tr> <tr> <td colspan="3">Unit: Ten Thousand tons</td> </tr> <tr> <th>Year</th> <th>Total water consumption</th> <th>Total water saving</th> </tr> <tr> <td>2022</td> <td>34.9</td> <td>0.47</td> </tr> <tr> <td>2023</td> <td>33.5</td> <td>0.48</td> </tr> </table> <p>The Company is a testing business that does not use special processed water. The main water use is daily consumption, for recycled water for the plant cooling tower, and Chunghsing plant DPS process. The Chunghsing plant is committed to reducing wastewater discharge due to the EIA termination. In 2022, the process water recycling system was evaluated, with construction to be completed in 2024 at the earliest. Water-saving measures include recycling condensation from air-conditioning units to the 4F cooling tower for reuse, and replacing automatic sensor faucets with manual spray faucets to save water. In 2022, under the implementation of water resource management and water-saving plan, about 4682 tons of water were saved, with a total water usage deduction by about 10.37%.</p> <p>3.Waste:</p> <p>The Company is committed to environmental protection, and conducts annual performance reviews and internal and external audits.</p> <p>The Company's waste output in 2023 was 220.91 metric tons, with employee-generated waste at 123.29 metric tons, and production lines waste at 97.62 metric tons, a total decrease of 16.18% compared to the output in 2022. In addition, employee-generated waste was reduced by 21.80%. The Company continues to reduce the total amount of waste and promote waste recycling to achieve waste reduction.</p> <p>The Company's hazardous industrial waste consists of scrap materials. In 2023, the hazardous industrial waste will be reduced by 6.18 metric tons compared to 2022.</p> <p>Waste output in the last two years:</p> <table border="1"> <tr> <td colspan="3">(All plants and subsidiaries)</td> </tr> <tr> <td colspan="3">Unit: metric tons</td> </tr> <tr> <th>Year</th> <th>Hazardous Business Waste</th> <th>Non-hazardous business Waste</th> </tr> <tr> <td>2022</td> <td>13.02</td> <td>263.54</td> </tr> <tr> <td>2023</td> <td>6.84</td> <td>220.91</td> </tr> </table> <p>Recovery in the last two years:</p> <table border="1"> <tr> <td colspan="2">(All plants and subsidiaries)</td> </tr> <tr> <td colspan="2">Unit: metric tons</td> </tr> <tr> <th>Year</th> <th>Recycled amount</th> </tr> <tr> <td>2022</td> <td>391.30</td> </tr> <tr> <td>2023</td> <td>321.77</td> </tr> </table> <p>In order to achieve sustainable resource reuse, the Company continues to actively implement recycling and reuse. Waste generated by the production lines, such as cardboard boxes, cushioning materials, bubble wrap, and plastic trays are recycled. Recyclables generated by employees was 280.37 metric tons, while recyclables generated by production line was 41.40 tonnes. The amount recycled in 2023 is 17.77% lower than 2022, mainly</p>	(All plants and subsidiaries)			Unit: Ten Thousand tons			Year	Total water consumption	Total water saving	2022	34.9	0.47	2023	33.5	0.48	(All plants and subsidiaries)			Unit: metric tons			Year	Hazardous Business Waste	Non-hazardous business Waste	2022	13.02	263.54	2023	6.84	220.91	(All plants and subsidiaries)		Unit: metric tons		Year	Recycled amount	2022	391.30	2023	321.77
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			due to the decrease in employee-generated waste. In 2021, we found manufacturers that can recycle aluminum foil bags, PET boxes, and tape-on-reel to maximize greater use of recyclable waste and reduce waste output. In 2023, the recycling amount increased by 6.32 metric tons compared to 2022.	
<p>IV. SOCIAL ISSUES</p> <p>(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>In order to implement corporate social responsibility, Sigurd is committed to safeguarding the rights of employees to obtain the respect and dignity agreed by the international society, value labor rights and occupational safety, and move towards a common vision. We uphold integrity and honesty, pursue sustainable operations, pay attention to environmental protection, produce green products, take measures to save energy and reduce greenhouse gas emissions, and pay attention to continuous improvement of performance. In pursuit of these commitments, since October 2015 Sigurd has formulated and revised relevant internal regulations with reference to the provisions of the largest global electronics industry alliance, the "Electronic Industry Citizenship Coalition" (which was renamed to Responsible Business Alliance Responsible Business Alliance or RBA in October 2017), with a view to work tirelessly for the rights and well-being of supply chain partners and communities in the global electronics industry. In addition to adopting RBA standards to measure our progress in society, environment, and ethics, the Company also takes the initiative to apply RBA to major suppliers and recommends RBA tools and standards to them. The Company also audits our suppliers based on RBA standards to ensure that suppliers comply with various regulations, including labor, ethics, environment, health, and safety.</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or achievements in employee remuneration?</p>	✓		<p>1. Employee welfare measures include:</p> <p>(1) Annual salary adjustment/year-end and festival bonus: Dragon Boat Festival bonus, Mid-Autumn Festival bonus, Spring Festival bonus, high operational performance bonus, favorable profit sharing plan for employees.</p> <p>(2) Free regular health examination for employees/favorable group insurance plan for family members.</p> <p>(3) Birthday gifts/holiday vouchers/wedding and funeral subsidies/year-end party/recognition of long-term employees/various employee welfare activities, etc.</p> <p>(4) Provide meal allowance for lunch/employee cafeteria/convenience store/healthcare center/nursing room/staff dormitory/staff lounge/car and motorcycle parking space.</p> <p>(5) Set up an employee welfare committee to handle various types of employee welfare activities and maximize benefits for employees. Create a quality environment for work-life balance.</p> <p>(6) Maintain and implement labor insurance, health-related insurance, business and labor pension allocation in accordance with relevant laws and regulations, occupational injury compensation and special paid leave, etc.</p> <p>2. The Company adjusts salaries every year based on the overall operating conditions and individual performance, and allocates a certain proportion of profit surplus as the basis for employee bonus.</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

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(III) Does the company provide a healthy and safe working environment, and organize regular training on health and safety for its employees?	✓		<p>Actively promotes occupational safety and employee health management, and regularly conducts labor working environment monitoring and health education seminars to maintain employees' safety and health.</p> <p>Passed the verification of the Occupational Safety and Health Management System (ISO 45001: 2018) and the Environmental Management System (ISO 14001: 2015), and conducted annual audits to verify the validity of the certification.</p> <p>Continue to reduce the frequency and severity of factory disablement injuries,, and move towards the goal of zero workplace accidents..</p> <p>1. Sigurd follows the Occupational Safety and Health Act and the regulations of customers and related organizations to formulate occupational safety and health policies, and values the requirements of relevant stakeholders for occupational safety and health to build a safe, healthy, and happy workplace. Every plant of the Company has dedicated teams for occupational safety and health, factory security, and factory affairs teams to prevent disasters. They integrate occupational safety and health related operations in the plant, and propose effective countermeasures.</p> <p>Related disaster prevention measures include:  Infrared scanning of switchboards performed every week since 2021, inspection of storage rooms in the factory before holidays, inspection of internal and external environmental surroundings before typhoons, and infrared inspection of switchboards in the IT server rooms since 2023.</p> <p>Other routine matters include strengthening the protection management of employees, regularly conducting education, training and publicity, setting up nursing rooms for female employees after childbirth, providing employees with four cancer screenings, testing for three highs (blood pressure, blood sugar, blood lipids) and metabolic syndrome, and manage employees at high risk of cardiovascular diseases through screening and analysis, survey analysis and management of overloading, ergonomic, and musculoskeletal hazards in human factors engineering operations, and identifying hazard factors to prevent occupational diseases, arranging on-site visits by occupational health physicians to provide health guidance and suitability assessment, conduct work adjustments and follow up on improvements to strengthen occupational disease prevention. In the post Covid19 era, in accordance with the government's epidemic prevention measures, employees are advised that if they experience any discomfort, to immediately apply for rapid screening to reduce the risk of infection within the plant, and continue to carry out health abnormality management for high-risk employees. In addition, the Company cooperates with the External Lifeline Association for the Employee Assistance Programme (EAP). During new employee training, they will receive EAP care cards, and can receive professional counseling in Chinese or English, through hotlines, emails, or face-to-face meetings, to provide free career guidance, family and parenting advice, relationship counseling, stress management, and legal consultation services.</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

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			<p>Additionally, labor health personnel may arrange in-house counselors present to further identify and alleviate mental and physical stress issues amongst colleagues. In addition, the Company has also established quantitative indicators to expand occupational safety and health activities, improve overall occupational safety and health performance, and effectively control risks.</p> <p>2. Qualification of Sigurd: The Company's Beixing, Zhongxing, and Hukou Plants passed ISO 45001: 2018 and ISO 14001:2015 certification in 2021. The effectiveness of the certificate is audited annually. All certificates remain valid.</p> <p>3. In 2023, the disabling injury frequency rate and the disabling injury severity rate (excluding commuting accidents) were 1.82 and 16, respectively, which are lower than the disabling injury severity rate of 2.22 in 2022. The comprehensive injury index of 0.17 also achieved the goal of being below 0.36. The main reasons for achieving the goal are: (1) implementation of occupational safety and health publicity, (2) enhanced site inspection, (3) employees compliance with the Company's safety regulations.</p> <p>The Company implements improvement measures in response to internal workplace incidents, such as checking safety interlock components of machinery and posting warning signs, and strengthening publicity and educational training to ensure the safety of employees during work. Occupational environment monitoring is carried out twice a year to protect workers from hazards in the workplace, and to provide a healthy and comfortable working environment, this helps to understand the exposure status of employees.</p> <p>The Environmental and Security Department of the Company formulates work plans every year, with a security representative from each factory serving as the convener. At the end of the year, the Company will conduct an annual plan audit, along with an occupational safety and health and environmental performance analysis. Next year's occupational safety and health and environmental protection target plan will also be established.</p> <p>Daily audit of the contractors' construction records, and the occupational safety and health personnel of each plant shall be provided weekly to the director of the Environmental and Security Department, and the monthly environmental safety meeting shall be reviewed according to the recommendations for improvement.</p>	
(IV) Has the Company established an effective career development training program for employees?	✓		<p>In accordance with the indicators and requirements of the Workforce Development Agency's Talent Quality- management System (TTQS), the Company has established the "Talent Quality-Management Manual" as the highest guiding principle for the Company's training. Every year, the annual education and training plan is formulated based on business objectives formulated in the annual strategic plan, employees and customers' product needs, and covers the following training:</p> <p>1. Training for new employees: assist new employees to quickly understand the corporate culture, adapt to the workplace environment and be familiar with</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

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			<p>their future work duties, such as company profile, rules and regulations, occupational safety and health related concepts, quality concepts, ISO documents, etc.</p> <p>2.On-the-job training: Under the mentorship system, letting junior or new employees increase professional knowledge and personal productivity within a short time through demonstration by senior personnel. For example, training is carried out according to the training system form of each position system.</p> <p>3.Management training: Cultivate the leadership and management skills of supervisors, achieve both theory and practice, and continue to apply and improve in practice. For example, training is conducted according to the training system form of the management position.</p> <p>4.Quality-related training: Improve the Company's internal quality awareness and audit methods to reduce the rate of quality failure, and assist colleagues in meeting customer specific quality requirements and complying with relevant laws and regulations. For example, training is conducted according to the training system form of quality.</p> <p>5.General knowledge training: Strengthen the internal personnel's awareness of relevant laws and policies, customer requirements and factory requirements to achieve basic knowledge and skills. For example, in each training system table, corresponding general knowledge training is conducted.</p> <p>6.Training for internal lecturers: Enhancing the teaching effects and skills of internal lecturers to meet the actual needs of employees at work and smoothly promote the internal talent cultivation plan to achieve the goals of internal experience sharing and corporate sustainable operation.</p> <p>7.Training on public safety: Train employees who are familiar with the basic routes, guidelines, policies and relevant laws and regulations of public safety work in Taiwan, master the basic knowledge and skills of public safety management, and teach employees about the equipment and routes of the Company to ensure the safety of employees at work.</p> <p>8.Environmental safety and health education and training: Understanding the local environmental safety and health laws and the relevant requirements of the environmental safety and health signed by the Company, in order to improve the energy and resource efficiency in production activities, promote energy conservation, reduce resource waste, and achieve a safe working environment and zero incident goals.</p>	
(V)Does the company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing and labeling of products and services, and established relevant consumer or customer protection policies and complaint procedures?	✓		<p>1.Since its establishment, Sigurd has successively passed ISO9001 Quality Management System, IATF 16949 Global Automotive Industry Quality Management System Certification, ISO26262 Automotive Functional Safety Certification, RBA Responsible Business Alliance Code of Conduct, and AEO Quality Enterprise Certification, and implemented the above standards and requirements in each link of production and manufacturing.</p> <p>2.The rights and needs of customers are prioritized. The Company strictly complies with the requirements of laws and regulations in terms of</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

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			<p>product quality, cargo safety and social responsibility, and passes the strict supervision of third-party certification units every year to correction and prevention.</p> <p>3.Sigurd conducts customer satisfaction surveys through the “Customer Satisfaction/Expectation Questionnaire” every six months. By setting satisfaction indicators, we can understand customer needs in a timely manner, as a policy to protect customer rights and a line of defense for complaints, and then adjust customer rights and interests on a rolling basis, propose review countermeasures, and track the implementation progress to make appropriate and effective responses, as the direction of continuous optimization of the Company's operations.</p>	
(VI)Does the Company set supplier management policies that request suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		<p>Supplier management policy: Through rigorous supplier selection, on-site evaluation and quarterly comparisons, cooperation based on integrity and ethics, the Company adopts the concept of sustainable development strategy, actively guides suppliers to evaluate and assist in environmental, social and corporate governance issues, and implements sustainable development goals through information sharing and communication.</p> <p>1.Selection of new suppliers: The Company has established an “External Supplier Management Procedure,” which requires the following relevant information to complete the questionnaire review process for new supplier screening: Complete the supplier questionnaire (including change registration form, ISO quality system- related certificates, BCP business continuity plan), environmental management questionnaire, supplier RBA commitment letter (including labor human rights, ethics, environmental protection, occupational safety, company commitment, and risk management), occupational safety and health commitment letter (ISO45001), declaration of harmless substance, and Sigurd supplier ESG sustainable business concept advocacy.</p> <p>2.Important key supplier certification: ISO9001 quality management system certification, ISO14001 environmental management certification, and BCP business continuity plan.</p> <p>3.Supplier evaluation and audit: The Company has established an audit team to arrange annual audit plans and guidance for quality assurance, and track and improve suppliers for any deficiencies. Important suppliers need to adopt ISO9001 method for audit, and the final result must be <math>\geq 80</math> or above to be classified as qualified suppliers. Automotive suppliers must adopt ISO90001 audit methods and meet IATF16949 requirements, and the final result must be <math>\geq 90</math> or above to be classified as automotive suppliers.</p> <p>4.Quarterly evaluation: Quarterly evaluation is conducted for important key suppliers, and performance supervision is based on quality, delivery, price, service and technical principles for assessment and order placement.</p> <p>Annual KPI: Non-automotive suppliers scored 80 points or more (included) among suppliers, accounting for 90%. The quarterly rating of automotive manufacturers accounts for 90% or more</p>	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

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			of the suppliers, all of which have been achieved. 5. Supplier risk assessment: Listed on the qualified supplier list every year and reassessed to determine their low, medium and high risk according to quality audit, ISO certification, BCP business continuity plan, quarterly evaluation score and transaction amount, and adjusted according to the risk level and on-site audit according to the norms. Medium to low risk accounts for 75% of the total number of suppliers.	
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the above report assurance from a third party verification unit?	✓		1. The Sigurd Sustainability Report is in accordance with the Global Reporting Initiative (GRI) Standards, and adopts the Sustainability Indicators of the Sustainability Accounting Standards Board (SASB), and the framework of the Task Force on Climate-related Financial Disclosures (TCFD). The Chinese and English versions of the report are published respectively to disclose non-financial information of the Company. The 2022 Sustainability Report has been verified by the British Standards Institution (BSI) on September 6, 2023 and its independent assurance opinion statement has been obtained.	Consistent with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
<p>VI. If the Company has established its own sustainable development code of practice according to "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the operational status and differences: The Company has established a Sustainable Development Committee, and discussed and approved the "Sustainable Development Best Practice Principles" at the first meeting of the Board of Directors on March 8, 2022. In order to strengthen the Company's sustainable development planning and practice, the "Corporate Sustainability Center" was established on November 1, 2023, which is responsible for implementing the Sigurd sustainable development business, integrate resources, overall planning, communication and coordination, and track the implementation results, etc., and report to the Sustainable Development Committee and the Board of Directors, continuously improve the economy (corporate governance), environmental protection and social responsibility, and implement sustainable development goals. The Sustainable Development Committee meeting is held regularly every year to review the implementation of sustainable development in accordance with the Sustainable Development Code, and the rolling optimization and improvement are not very different so far.</p> <p>VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development:</p> <p>(I). Environment</p> <p>1. In 2022, in accordance with the requirements of ISO 14064-1: 2018 international standards requirements, and with reference to the Greenhouse Gas Protocol, the "Greenhouse Gas Emission Inventory and Registration Practice Guidelines" published by the Environmental Protection Administration, the Company conducted a greenhouse gas emission inventory and inventory establishment for 2021. On December 30, 2022 it was verified by a third-party assurance agency: PricewaterhouseCoopers Taiwan. The GHG emission data in 2022 was verified by SGS and confirmed by PwC Taiwan on May 31, 2023.</p> <p>2. By implementing the first method, we grasp the overall greenhouse gas emissions status of the entire company, serving as the basis for future greenhouse gas reduction. Furthermore, in accordance with the requirements of the sustainability Roadmap of the Financial Supervisory Commission, the greenhouse gas inventory schedule of each subsidiary of the group is compiled and submitted to the Board of Directors of the Company for supervision and tracking.</p> <p>3. The Company continues to invest in green power procurement evaluation, find environmentally friendly renewable energy sources such as solar energy and offshore wind power, etc., to mitigate the impact of climate change caused by greenhouse gas emissions, in hopes to slow down the trend of global warming and fulfill social responsibility.</p> <p>(II). Society</p> <p>1. Established the Sustainable Development Committee under the "Human Resources Section" and the "Social Relations Section" to supervise and implement human rights and social care.</p> <p>2. The Company's human rights policy does not discriminate on the basis of race, class, language, ideology, religion, political affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical or mental disabilities, constellation, blood type, or previous union membership, to protect equal employment opportunities.</p> <p>3. The Company has training and promotion mechanisms. We committed to improving supervisors' awareness of labor rights protection and accountability in their duties, and communicating labor rights and interests to employees in a timely manner.</p> <p>4. Create a working environment that fully protects human rights, formulate and effectively implement relevant policies, and ensure that employees are not subject to discrimination or harassment.</p> <p>5. Value the opinions and feelings of employees regarding organizational development or various operations. We provide open and diverse communication channels or complaint mechanisms such as labor-management meetings, suggestion boxes, e-mails, phone calls, and direct appointments meetings, to meet the expectations and needs of employees, while complying with laws and ensuring fairness and reasonableness. We're committed to improving the labor rights of all employees and promoting an accessible communication environment in the workplace.</p> <p>6. Committed to creating a healthy and safe workplace environment, all factories have been certified as excellent healthy workplaces by the Health Promotion Administration.</p> <p>7. Provide a friendly workplace environment and uphold the principle of taking care of employees' physical and mental health:</p> <p>(1) Provides different health promotion programs according to health classification, regardless of age group, to enhance personal health and vitality.</p> <p>(2) In cooperation with External Employee Assistance Programme Consultants (EAP), professional consultants provide free counseling and consultation</p>				

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<p>on various issues such as interpersonal relationship, marital, gender, finance, legal, and psychological.</p> <p>(3) Arrange health lectures, health promotion activities, on-site doctors, and each factory has a dedicated nursing staff to provide immediate health care for colleagues.</p> <p>(4) The factory doctor provides free and timely consultation and health care to colleagues, and conducts regular/unscheduled visits to the production line, and makes safety suggestions for rolling optimization and adjustments. Doctors from medical centers are invited to take care of employees' health.</p> <p>8. According to the epidemic prevention policy announced by the CDC, epidemic prevention policies and measures suitable for the factory area are established on a rolling basis at any time. Given that Covid-19 has subsided, nurses provide immediate medical advice for employees suspected of various infectious diseases, and initiate epidemic prevention measures, such as informing relevant personnel about health education and prevention methods, expanding disinfection area or health education level as needed. In addition, in compliance with the Communicable Disease Control Act, nurses will complete the statutory disease notification and provide correct epidemic prevention and health education through telephone follow-up. If it is a nationwide emergency infectious disease, all members of the epidemic prevention team will cooperate and control it to reduce the negative impact on the Company's colleagues.</p> <p>9. Long-term participation in the Labor Development Council of the Ministry of Labor, actively cooperate with the government to promote various plans, integrate regional labor development resources, promote regional labor development and national employment, and provide reference materials for timely adjustment and planning of relevant policies and measures.</p> <p>10. Industry-Academia Cooperation:</p> <p>(1) The Company has long cooperated with colleges and universities and the Ministry of Education in various industry-academic cooperation projects, including internship, industry-academia programs, collaborative teaching by industry experts, machine donation, and establishment of scholarships. To date, the Company has collaborated with more than 18 colleges and 43 departments, with a total number of students exceeding 780.</p> <p>(2) Collaborated with colleges and the Overseas Community Affairs Council to conduct special programs for overseas students and international industry-academia programs under the new Southbound Policy, including Vietnam, Indonesia, Philippines, Malaysia, Thailand, etc. The total number of students has exceeded 290, promoting Taiwan's high-quality technical and vocational education environment and cultivating professional skills. By combining technical colleges and universities, we cultivate technical talents that meet the semiconductor industry's needs, allowing overseas students to take into account both "study" and "employment."</p> <p>11. Diverse introduction:</p> <p>(1) Implement job training and performance-based salary adjustment programs for new employees, allowing them to experience the Company's comprehensive cultivation and enhance their sense of belonging and stability in their careers.</p> <p>(2) Implement the pre-employment bonus system in 2022 to encourage college graduates to enter the workplace as soon as possible after graduation.</p> <p>(3) Long collaborated with government agencies to recruit diverse talents, such as the Employment Service Center/Vocational Training Center of the Ministry of Labor, the Council of Indigenous Peoples, the county and city governments, the Ministry of Economic Affairs, the Veteran Affairs Council.</p> <p>(4) Participate in the Indigenous College Graduates Workplace Training Programmer, organize visit activities for mature individuals and indigenous job seekers, allowing visitors to quickly understand semiconductor workplace jobs.</p> <p>(5) Participate in various government employment promotion and vocational training projects: labor shortage employment incentives, workplace learning and readjustment program, employment subsidy program, youth employment pilot program, stable employment program, employment pilot program, enterprise digital talent practical training program (iPAS), human resources enhancement program, etc.</p> <p>(6) For specific groups, the government enterprise counseling team is invited to conduct redesigns of jobs tailored for middle-aged, seniors and disabled individuals, to improve the working environment and assist employees in securing stable employment.</p> <p>(7) Employing expatriate students and foreign students in Taiwan, allowing students to graduate and work in Taiwan, attracting talents from Vietnam, South Korea, Malaysia, Hong Kong and other countries.</p> <p>12. Sigurd adheres to the concept of "prosperity and common good in the local community, sustainable development of social welfare." By leveraging company resources and employee charitable initiatives, we harness corporate influence. In 2023, we continued to participate in various social welfare activities such as medical research projects, education, charities, and public welfare groups:</p> <p>(1) Medical support: In Taiwan, around 100-150 children and young adults die from the genetic heart arrhythmia every year. Recognizing the significant trend of decreasing age of onset of heart diseases in the national mortality statistics, our Company has been investing in the research project of "Genetic Testing and Analysis of Rare Heart Disease" for three consecutive years since 2021. We provide funding for the cardiology department of the National Taiwan University Hospital to purchase medical research computer equipment, which can screen patients with high-risk patients that can be detected as soon as possible after genetic testing and analysis, so as to give appropriate medical prevention and effectively block the occurrence of disease and reduce severity. In the future, we will continue to monitor and assist in the follow-up of patients and strengthen the tracking of this research.</p> <p>(2) Youth sports event: Hsinchu County hosted the "National High School Games" in 2023. As an enterprise that values education development, Sigurd unequivocally joined the ranks of corporate sponsors. Together, in the promotion of sports activities and enhance the physical and mental well-being of young people. This endeavor reflects our commitment to improving the athletic standards of Taiwanese secondary school students and fulfilling our corporate responsibility.</p> <p>(3) Donation for musical instrument repair to Taipei First Girl's High School Orchestra: as the pride of Taiwan and the top high school orchestra, the Taipei First Girl's High School Orchestra has represented Taiwan on numerous international occasions. Understanding that "a craftsman must sharpen his tools before he can do his work well," Sigurd has sponsored the purchase of new musical instruments for the orchestra, enabling them to achieve better results and outstanding performances on the international stage.</p> <p>(4) Second-hand clothing donation: Global warming is increasingly serious. In response to energy conservation and carbon reduction while considering sustainable living and a circular economy, Sigurd invited all employees to participate in the "Year-end Donation of Old Clothing, Make Sustainable Living Easy" charity clothing donation event. Together, 500 pieces of clothing were collected to help disabled friends get through the winter. Greenhouse gas emissions were reduced by 2,012 kgCO<sub>2</sub>, equivalent to saving the water consumption of one person for 4,311 days, demonstrating remarkable impact.</p> <p>(5) Christmas Charity Concert: To assist the Catholic Church in establishing the "Blue Sky Home" for marginalized youth, all Sigurd employees were invited to participate in the Christmas Concert event: "For every attendee, the Company will donate NT \$100 to the Blue Sky Home." Amidst the</p>				

Promotion items	Implementation Status (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Causes
	Yes	No	Summary	
happy/hopeful music of Christmas eve, "more compassion can make the world a little less indifferent, and a little more just," allowing marginalized youth to feel the warmth of a family.				

(V-I) Climate-related information

1. Implementation of climate-related information: Explain the implementation of climate-related information, and fully disclose the climate change on the Company's website and the Sustainability Report of the Market Observation Post System.

No.	Items	Implementation
1	Describe the supervision and governance by the Board of Directors and management on climate-related risks and opportunities	<p>Climate change has become a major issue impacting the Company's sustainable development. To address this, a governance structure has been established with three levels, each level is responsible for different responsibilities. The structure ensures effective leadership from top to bottom, as well as implementation and reporting of progress and obstacles from bottom to top, achieving a management cycle of continuous improvement.</p> <p>(1) Board of Directors: The Board of Directors is the highest governance body. Through the Company's risk management mechanism, it regularly receives climate change action strategies and risk management measures. It verifies the content reports, execution barriers, and performance results to effectively supervise the progress and resource allocation. For example, the Board of Directors receives quarterly progress reports and performance results on greenhouse gas emissions issues, demonstrating effective supervision and control.</p> <p>(2) Sustainable Development Committee: Climate change is a major issue for the Company. Since its inclusion in the Sustainable Development Committee, the chairman of the committee convenes meetings regularly, where representatives of each department and coordinator are appointed. The Sustainable Development Centre regularly compiles the climate and environmental trend issues proposed by the functional grouping and submits the results of climate change risks and opportunities identified by various units. The Sustainable Development Committee reviews, formulates, and promotes climate change action strategies and risk management measures based on climate and environmental trend issues and the identification results of various units. It ensures short-term, medium-term, and long-term planning, and manages the performance outcome, and facilitates subsequent reporting to the Chairman and the Board of Directors.</p> <p>(3) Environmental and Occupational Safety Committee: The Environmental and Occupational Safety Committee under the Sustainable Development Committee is responsible for the Company's environmental protection, energy management, and greenhouse gas emissions. It regularly collects data on climate and environmental issues from the government, customers, peers, and the international community. Through the Company's risk management mechanism and performance evaluation mechanism, it reviews the results of climate change risks and opportunities identified by various units, manages the progress and obstacles of response measures, and assesses performance results.</p>
2	Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances (short, medium, and long-term).	<p>The assessment of the financial or operational significance of climate change risks and opportunities is based on professionalism, experience, industry characteristics, and analysis provided by consultant experts. Identified climate change issues include "growing concerns and negative feedback from stakeholders," "risk of sustained high temperatures," and opportunities related to "low-carbon energy use." The following outlines the impact of these issues on the Company's business, strategy, and finances:</p> <p>(1) "Growing concern and negative feedback from stakeholders"</p> <p>① Short-and medium-term business, strategic, and financial impacts: The need for thorough inventory and verification of greenhouse gas emissions requirements will impact the overall management, reduction, and supervision within the organization, affecting customer orders and investor investment intentions.</p>

No.	Items	Implementation
		<p>② Long-term business, strategic, and financial impacts: Taiwan's 2050 net-zero carbon emission policy plan and the international goal of greatly reducing greenhouse gas emissions continue to introduce more robust energy-saving and carbon-reduction measures. Stakeholders will respond to domestic and international trends and regulatory requirements, aiming to reduce the impact on the overall organization and the product's greenhouse gas emissions. Sigurd is part of the customer's supply chain and will experience further impact.</p> <p>(2) Although the "sustained high temperature" greenhouse gas emission is under control, the temperature in summer and autumn is still high. Renewable energy in Taiwan has not been fully utilized, resulting in a shortage of electricity, and increasing the possibility of power rationing.</p> <p>(3) Opportunities for "Low-Carbon Energy Use"</p> <p>① Short, medium-term business, strategic, and financial impacts: Government policies and regulations compel companies to use low-carbon energy sources. Customers are also launching low-carbon products to the market to avoid carbon taxes, thereby affecting product pricing and market share. Therefore, there's a demand for the supply chain to adopt a low-carbon strategy.</p> <p>② Long-term business, strategic, and financial impacts: Increasing the proportion of renewable energy, reducing greenhouse gas emissions, and considering the government's carbon fee, and electricity price increase can help reduce costs and expenses. This can expand the budget space for research and development or the purchase of low-carbon equipment or technologies. In addition, the overall reduction of greenhouse gas emissions from products and processes responds to customer strategies for low-carbon products, thereby attracting more orders and shaping the company's market branding effects.</p>
3	Describe the financial impact of extreme weather events and transformational actions.	<p>(1) Extreme weather events: Although there has been no significant occurrence of extreme weather events in recent years, such as the risks of "sustained high temperature" identified above, if they occur, the Company has comprehensively estimated that it could impact the finances by reducing of all or part of the business operations, hindering, operations or even causing significant losses.</p> <p>(2) Transformational actions: The requirements and government regulations, as well as expectations from stakeholders, proactive promotion of "using low-carbon energy" transformational action plan is being deployed and promoted. The positive growth in business and strategy will lead to considerable opportunities for financial improvement for the company, with all or part of the financial potential experiencing a significant increase (revenue exceeding NT\$10 million), or leading the market by 2 to 3 years in profitability.</p>
4	Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system	<p>(1) Climate change risk issues are managed and controlled through an independent identification, assessment, and management process. The materiality, management measures, obstacles, and performance results of climate change risks are identified by each unit, and consolidated and presented at meetings with the Sustainable Development Division and the "Environmental Occupational Safety Team." The content of the discussion, the formulation of strategies and risk management measures, the review of the Sustainable Development Committee, the formulation and promotion of climate change action strategies and risk management measures, the confirmation of short-, medium-and long-term plans and the management of performance evaluation results are then submitted to the Sustainable Development Committee. Finally, the Board of Directors, as the highest governance body, supervises the implementation and performance outcome of climate change action strategies and risk management measures and performance results through risk management reports, audit reports, and performance evaluation results, ensuring effective control of significant climate change material risk issues.</p> <p>(2) The significant climate risk issues identified for this year, including "growing concerns and negative feedback from stakeholders," and "sustained high temperature," have undergone preliminary assessment procedures. Through internal professional technology, resources, and manpower, along with practical experience, market dynamics, and external expert trend analysis, we will continuously monitor the impact on the Company's business. We will adjust the risk management measures for major</p>

No.	Items	Implementation												
		climate change risk issues to respond to risks, and evaluate whether to initiate risk treatment, transfer, or accept procedures in the future.												
5	If resilience in the face of climate change risks is evaluated using scenario analysis, the context, parameters, assumptions, analysis factors, and major financial impacts should be explained.	Based on the headquarters in Taiwan, and given the Taiwan government's active promotion of climate change adoption, greenhouse gas reduction, carbon taxation, and green and low-carbon technologies, the TaiESM1 climate modeling tool was used. Adopting the RCP 4.5 greenhouse gas stability scenario, temperature and rainfall trends were estimated at an average of 24.9 °C and 6.3mm/day in 2030; 25.1 °C and 5.2mm/day in 2050. (Taiwan Climate Change Projection Information and Adaptation Knowledge Platform). It is estimated that this will significantly affect the Company's financial performance, potentially leading to a reduction in business operations or substantial losses.												
6	If there is a transformational plan to manage climate-related risks, provide the content of the plan, including the indicators and goals used to identify and manage physical and transformational risks.	<p>(1) Physical risks Mid-and long-term transformational plan</p> <p>① Plan energy storage equipment or uninterruptible power supply facilities in response to power supply shortfall during the power restrictions.</p> <p>② Allocate budget continuously for high energy-consuming equipment and operations, and initiate replacement mechanisms.</p> <p>③ Plan for the proportion of renewable energy to reduce or avoid the occurrence of production line suspension due to power restrictions.</p> <p>④ Conduct regular training for employees on emergency response mechanisms and drills for major disasters such as typhoons and floods.</p> <p>(2) Transformational risk</p> <p>① Short-and medium-term transformational plan</p> <p>A. Continue to commission an independent third party to verify greenhouse gas emissions in accordance with ISO 14064-1, and comprehensively consolidate the overall greenhouse gas emission status of the organization.</p> <p>B. Allocate budget continuously for high energy-consuming equipment and operations, and initiate replacement mechanisms.</p> <p>C. Plan for the acquisition and proportion of renewable energy.</p> <p>② Long-term comprehensive transformational plan: Continuously increase the proportion of renewable energy, aiming to achieve the goal of net zero carbon emissions in the future.</p> <table border="1" data-bbox="459 1227 1390 1601"> <thead> <tr> <th data-bbox="459 1227 643 1288">Goal</th> <th data-bbox="643 1227 882 1288">2023 ~ 2024 (Short-term)</th> <th data-bbox="882 1227 1129 1288">2025 (Interim)</th> <th data-bbox="1129 1227 1390 1288">2030 (Long-term)</th> </tr> </thead> <tbody> <tr> <td data-bbox="459 1288 643 1444">Headquarters gas management (Baseline year 2021)</td> <td data-bbox="643 1288 882 1444">Reduce GHG emissions intensity by 2% compared to the baseline year (2021).</td> <td data-bbox="882 1288 1129 1444">Reduce GHG emissions intensity by 5% compared to the baseline year (2021).</td> <td data-bbox="1129 1288 1390 1444">Reduce GHG emissions intensity by 25% compared to the baseline year (2021).</td> </tr> <tr> <td data-bbox="459 1444 643 1601">Headquarters use of renewable energy</td> <td data-bbox="643 1444 882 1601">The total usage of green electricity or carbon credits reached 2% in the current year.</td> <td data-bbox="882 1444 1129 1601">The total usage of green electricity or carbon credits reached 5% in the current year.</td> <td data-bbox="1129 1444 1390 1601">The total usage of green electricity or carbon credits reached 30% in the current year.</td> </tr> </tbody> </table>	Goal	2023 ~ 2024 (Short-term)	2025 (Interim)	2030 (Long-term)	Headquarters gas management (Baseline year 2021)	Reduce GHG emissions intensity by 2% compared to the baseline year (2021).	Reduce GHG emissions intensity by 5% compared to the baseline year (2021).	Reduce GHG emissions intensity by 25% compared to the baseline year (2021).	Headquarters use of renewable energy	The total usage of green electricity or carbon credits reached 2% in the current year.	The total usage of green electricity or carbon credits reached 5% in the current year.	The total usage of green electricity or carbon credits reached 30% in the current year.
Goal	2023 ~ 2024 (Short-term)	2025 (Interim)	2030 (Long-term)											
Headquarters gas management (Baseline year 2021)	Reduce GHG emissions intensity by 2% compared to the baseline year (2021).	Reduce GHG emissions intensity by 5% compared to the baseline year (2021).	Reduce GHG emissions intensity by 25% compared to the baseline year (2021).											
Headquarters use of renewable energy	The total usage of green electricity or carbon credits reached 2% in the current year.	The total usage of green electricity or carbon credits reached 5% in the current year.	The total usage of green electricity or carbon credits reached 30% in the current year.											
7	If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.	At present, Sigurd has not used internal carbon pricing as a planning tool.												

No.	Items	Implementation
8	If there are climate-related goals, the activities covered, the scope of greenhouse gas emissions, the planning timeline, and the annual progress achieved, etc., should be explained. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve the relevant goals, the source and quantity of the offset carbon credits or RECs should be stated.	<p>Activities related to climate goals</p> <p>Since Sigurd is a testing plant with no process emission, its main emission comes from electricity.</p> <p>Category 2: Improve energy efficiency and zero-carbon energy</p> <p>Category 3 ~ 6: Reduction of raw materials, low-carbon value chain (supplier management)</p> <p>Path to Net Zero Carbon Emission from 2022 to 2030</p> <p>(1) 2025: Gas management-Reduce greenhouse gas emission intensity by 5% compared to the baseline year (2021). Achieve a 5% increase in the total use of green electricity or carbon rights.</p> <p>(2) 2030: Gas management-Reduce greenhouse gas emission intensity by 25% compared to the baseline year (2021). Achieve a 30% increase in the total use of green electricity or carbon rights in the current year.</p> <p>Achieve a 2% increase in the total use of green electricity or carbon credit. Starting in September 2023, the Company began procuring green electricity, with a total of 443,203 kWh purchased in 2023.</p>
9	Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans (please also fill in 1-1 and 1-2).	Please refer to 1-1 and 1-2 for details.

### 1-1 The Company's greenhouse gas inventory and assurance status in the last two years

#### 1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/million), and data coverage for the last two years.

Year	Category 1	Category 2	Intensity
2021	452.5037	80,123.9296	7.7741
2022	556.0863	77,969.4300	7.4149
2023 (Note)	521.1703	75,206.1420	8.9396

#### Greenhouse gas verification information

Year	Verification (Certification) Agency	Scope of Verification	Explanation
2021	PwC Taiwan	Beixing Plant, Chonghsing Plant, and Hukou Plant	The assurance opinion is limited in scope, and complete information will be disclosed in the sustainability report.
2022	SGS Taiwan Ltd.	Beixing Plant, Chonghsing Plant, and Hukou Plant	The verification opinion is a reasonable assurance, and the complete information will be disclosed in the sustainability report.
2023 (Note)	SGS Taiwan Ltd.	Beixing Plant, Chonghsing Plant, Hukou Plant, and Analogue IC Testing Plant	The verification opinion is a reasonable assurance, and the complete information will be disclosed in the sustainability report.

(Note) The values for 2023 are preliminary estimates and have not been verified (verification will be conducted in May)

Note 1: Direct emissions (Scope 1: Direct emissions from sources owned or controlled by the Company), energy indirect emissions (Scope 2: Emissions from consumption of electricity, heat, or steam), and other indirect emissions (Scope 3: Emissions from Company activities, not from energy indirect emissions, but from sources that are owned or controlled by other companies).

Note 2: The data coverage of direct emissions and energy indirect emissions should be processed in accordance with the schedule specified in Paragraph 2 of Article 10 of these guidelines, and information on other indirect emissions may be disclosed on a voluntary basis.

Note 3: Greenhouse gas inventory standard: The Greenhouse Gas (GHG) Protocol or ISO 14064-1 published by the International Organisation for Standardisation (ISO).

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

### 1-1-2 Greenhouse gas assurance information

Describe the assurance situation for the last two years as of the publication date of the annual report, including the assurance scope, assurance agency, assurance standards, and assurance opinions.

The company conducted greenhouse gas inventories for the Beixing Plant, Chonghsing Plant, and Hukou Plant, with the base year as 2021. The inventory items include Scope 1 (direct emission sources) and Scope 2 (energy indirect emission sources). Through continuous internal greenhouse gas inventories, the Company aims to understand the emissions situation and formulate improvement measures. This is done in conjunction with adjusting the overall strategy for achieving net-zero greenhouse gas emissions and obtaining certificates through ISO14064 verification. The emission data for 2021 was verified by PwC Accounting Firm on December 30, 2022, and the assurance report was obtained. The GHG emission data for 2022 was verified by SGS, and the verification statement was obtained on October 3, 2023. SGS will verify the GHG emission data for 2023, and the verification to be completed in May. Detailed disclosure will be on the Sigurd Sustainability Report on the Company's website, and on the Market Observation Post System.

Note 1: In accordance with the schedule stipulated in Paragraph 2 of Article 10 of this guideline, if the Company fails to obtain a complete greenhouse gas assurance opinion by the date of publication of the annual report, the "complete assurance information shall be disclosed in the Sustainability Report" shall be indicated. If the Company fails to prepare a sustainability report, the "complete assurance information shall be disclosed on the Market Observation Post System," and the complete assurance information shall be disclosed in the next year's annual report.

Note 2: The assurance agency should comply with the Taiwan Stock Exchange and Taipei Exchange regarding regulations for the sustainability report assurance agencies.

Note 3: For disclosure content, please refer to the Best Practice Reference Examples on the Corporate Governance Centre of the Taiwan Stock Exchange website.

### 1-2 Greenhouse gas reduction targets, strategies, and concrete action plans

Outline the greenhouse gas reduction baseline year and its data, reduction targets, strategies, and specific action plans, and the progress towards achieving reduction goals.

Short-term goal (2022 ~ 2023): Reduce GHG emission intensity by 2% compared to the baseline year (2021). Achieved in 2022, but 2023 data has not been verified by a third party. Upon internal examination, the data indicates the goal was not achieved, mainly due to the decrease in revenue compared to a decrease in power consumption, so the carbon intensity reduction goal was not achieved.

The Company's main greenhouse gas emissions are purchased electricity, accounting for more than 99% of the total emissions of Category I and II. Therefore, the Company is focusing on energy efficiency improvement (replacement of energy-saving equipment) and increasing the use of renewable energy. Additionally, internal carbon reduction strategies and initiatives are implemented, and regular meetings are held to monitor the implementation. Sigurd's goal is to reduce the greenhouse gas emission intensity by 25% compared to the base year (2021) by 2030 and achieve a 30% usage of green electricity or carbon credits in the current year.

Note 1: The implementation schedule should be in accordance with the stipulations in Paragraph 2, Article 10 of these guidelines.

Note 2: The baseline year should be the year when the inventory is completed within the scope of the consolidated financial statements. For example, according to Article 10, Paragraph 2 of these guidelines, companies with a capital of more than NT \$10 billion shall complete the inventory of the consolidated financial statements for 2024 in 2025, so the baseline year is 2024. If the company has completed the inventory of the consolidated financial statements in advance, the earlier year can be used as the baseline year, and the data of the baseline year can be calculated as a single year or an average of several years.

Note 3: For disclosure content, please refer to the Best Practice Reference Examples on the Taiwan Stock Exchange Corporate Governance Center website.

## (VI) Deviations between the Company's ethical management implementations and the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and their Causes

Assessment Items	Implementation Status		Summary	Deviations to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and their Causes
	Yes	No		
<b>I. Establishment of ethical corporate management policy and programs</b>				
(I) Has the Company established its ethical corporate management policies and procedures passed by the Board of Directors, as well as the commitment of its Board of Directors and executives to implementing the management policies in its rules and external documents?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” to actively fulfill the commitment of ethical management made by the Board of Directors and management.	Conformed to
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis, at least covering the preventive measures to the behaviors specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	✓		In the “Procedures for Ethical Management and Guidelines for Conduct” established by the Company, it is specified the guides regarding offering and acceptance of bribes; illegal political donations; improper charitable donations or sponsorship; offering or acceptance of unreasonable presents or hospitality, or other improper benefits; misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights; engaging in unfair competitive practices; and damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	Conformed to
(III) Has the Company established the operational procedures, guidelines of conduct, punishment for violation, rules of complaint in the program preventing unethical conduct, implemented precisely, and reviewed and/or amended the aforementioned program?	✓		Based on the principles of fairness, honesty, trustworthiness, and transparency, the Group conducts the business activities. To implement the Group’s operating policies, the Company has established the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” to regulate the notable issues when conducting business by the Group’s personnel, specifies operating procedures and guidelines for conducts, disciplinary actions to violations and the appealing system. All these are implemented, and the aforesaid programs are regularly reviewed and amended, with implementation, review, and amendment.	Conformed to
<b>II. Consolidation of Ethical Corporate Management</b>				
(I) Has the Company evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts?	✓		The Company has evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts?	Conformed to
(II) Has the Company established a dedicated unit that is under the board of directors, to report the ethical corporate management policies, prevention proposals for unethical behaviors, and their supervision to the implementation, to the board of directors on a regular basis (at least once a year)?	✓		The company was promoted by the RBA Implementation Committee as a dedicated unit, and reported the implementation status of 2023 to the board of directors on February 29, 2024.	Conformed to
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		In the “Procedures for Ethical Management and Guidelines for Conduct,” the related parties with conflict of interests shall recuse and not participate in the discussion and resolution.	Conformed to
(IV) Has the Company established effective accounting systems and internal control systems, and the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans to examine accordingly the compliance with the prevention programs, or engage a certified public accountant to carry out the audit?	✓		The Company has established the effective accounting system and internal control system; the internal auditors conduct the audits based on the annual audit plan as the implementation.	Conformed to
(V) Does the Company hold internal and external educational	✓		The company regularly organizes internal and	Conformed to

Assessment Items	Implementation Status		Summary	Deviations to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and their Causes
	Yes	No		
training on operational integrity regularly?			external education and training on integrity management annually, and invites internal and external lecturers to give lessons at the company from March to December 2023.	
III. Reporting System of the Company				
(I) Has the Company created substantial reporting and incentive systems and convenient reporting channels and assigned suitable dedicated personnel to investigate parties being reported?	✓		The Company provides the uninterrupted channel of complaint, and a dedicated unit is set to handle the related affairs pursuant to the official process.	Conformed to
(II) Has the Company established any standard operating procedures or related confidentiality mechanisms for handling reported matters?	✓		The communication and responses within the Company shall be handled pursuant to the required process, and it is specified that the related managers are responsible for keeping the concerned parties' information confidential.	Conformed to
(III) Does the Company adopt measures to protect reporters from being treated inappropriately because of their reports?	✓		All the whistle-blowing process is confidential, and the whistleblower is protected from any disciplinary actions due to whistle-blowing.	Conformed to
IV. Reinforced Information Disclosure				
(I) Has the Company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS?	✓		The Company has established the Chinese and English website, and appoints the dedicated personnel in charge of the collection and disclosure of the Company's information, and implements the spokesperson system.	Generally conformed to
<p>V. If the Company has its own Ethical Corporate Management Best Practice Principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the principles: the Company has established the "Ethical Corporate Management Best Practice Principles," and the "Procedures for Ethical Management and Guidelines for Conduct" pursuant to regulations; the implementations are not deviant to these principles.</p> <p>VI. Other important information to help understand ethical corporate management and operation (such as the status of reviews/amendments to the Ethical Corporate Management Best Practice Principles):</p> <p>(I) The Company complies with the Company Act, the Securities and Exchange Act, the Commerce Accounting Act, and the laws and regulations related to the TWSE or TPEx listed Companies, as the base to implement the ethical management.</p> <p>(II) In the Rules of Procedure for Board of Directors Meetings of the Company, the recusal system of the Directors is established. If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p>(III) The Company has established the "Managerial Operation to Prevent Insider Trading," and clearly specifies that no director, manager, or employee with knowledge of material inside information of the Company may divulge the information to others, inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties.</p> <p>Implementation of prevention of insider trading: In accordance with the management operating procedures for prevention of insider trading and the Corporate Governance Best Practice Principles, the Company periodically or irregularly conducts education and promotion on the management procedures for preventing insider trading and relevant laws and regulations for current directors and insiders. Education and promotion shall be provided to new directors and insiders in a timely manner. In 2023, the Company conducted education and promotion on the management procedures for preventing insider trading and relevant laws and regulations for current directors and insiders on December 6. The Company regularly reminds directors and insiders not to trade the Company's stocks during the 30 days prior to the announcement of the annual financial report and the 15 days prior to the announcement of the quarterly financial report. On April 12, 2023, July 6, 2023, October 6, 2023 and January 18, 2024, directors and insiders were given notice about stock trading blackout periods, prohibiting directors and insiders from trading Company stocks.</p>				

(VII) If the Company has established Corporate Governance Principles and related regulations, the inquiry methods shall be disclosed: the Company has the "Ethical Corporate Management Best Practice Principles," and the "Procedures for Ethical Management and Guidelines for Conduct," among the related regulations, to effectively supervise the functions of the higher management. In addition, the information, pursuant to the regulations set forth by the competent authorities, is disclosed at the Company's website and the MOPS for external inquiries. The spokesperson system is also

established to respond to the investors' inquiries.

(VIII) Other important information that is sufficient to boost knowledge of corporate governance shall be disclosed as well

1. Continuing education for directors in the most recent year (2023): please refer to the aforementioned continuing education for directors of 2023.
2. Status of purchasing liability insurance for the Company's directors and managers: the Company continues to purchase liability insurance for the Company's directors and managers in 2023.

(IX) Implementation of the Internal Control System:

1. If CPA was engaged to conduct a special audit of the internal control system, provide its audit report: none
2. Internal Control System Statement

Sigurd Microelectronics Corporation  
Internal Control System Statement

Date: February 29, 2024

Based on the findings of a self-assessment, Sigurd Microelectronics Corporation states the following with regard to its internal control system during the year 2023:

- I. The Company'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.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 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 TSMC takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes several items. These aforementioned items are set forth in the "Regulations."
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it 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.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on February 29, 2024, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Sigurd Microelectronics Corporation

Chairman: Shin-Yang Huang                      Signature

General Manager: Tsan-Lien Yeh                      Signature

(X) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violating internal control requirements, in the most recent year up to the publication date of this 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 improvement status: none.

(XI) Important decision reached in shareholders' meetings and made by the Board of Directors and the Remuneration Committee in the latest year and up to the date this Annual Report was printed:

1. Shareholders Meeting

Date	Resolution	Implementation
2023.06.07 Annual General Shareholders' Meeting	Ratification of the 2022 business report and financial statements	Handled in accordance with the resolution of the shareholders' meeting
	Adoption of the 2022 Proposal for Surplus Distribution	1. Handled in accordance with the resolution of the general shareholders' meeting; The Board of Directors will be held on June 20, 2023 to the dividend decision/distribution/completion: Ex-dividend transaction date was decided on: July 27, 2023. Last day of transfer suspension: July 28, 2023. Transfer suspension period: July 29, 2023 to August 2, 2023. Ex-dividend date: August 2, 2023. Expected cash dividend payment date: August 16, 2023. 2. Period of conversion suspension of CB4: July 10, 2023 to August 2, 2023 3. Adjust of Company's 2022 cash dividend to shareholders of approximately NT \$4.2 per share and capital surplus of approximately NT \$4.2 per share 4. Proposal to adjust the price of the fourth domestic unsecured convertible bonds. (Adjusted from NT \$60.5 to NT \$56.1 for CB4 from August 2, 2023)
	Proposal of Amendment to Articles of Incorporation	Proposal was adopted at the shareholders' meeting on June 7, 2023. The amended registration shall be filed with the Ministry of Economic Affairs before June 21, 2023, and acquire approval of registration from the Ministry of Economic Affairs on July 12, 2023. Relevant matters are processed in accordance with the amended regulations.
	Election of 10 directors (including 4 independent directors)	Approved and registered by the Ministry of Economic Affairs on July 12, 2023, and relevant matters are handled in accordance with the amended regulations.

	Removal of non-compete clause for new directors	Handled in accordance with the resolution of the shareholders' meeting.
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## 2. Board of Directors

Board meeting (Year and date)	Key contents
1st Meeting of the Board of Directors in 2023 (2023.03.07)	1.2022 Business Report and Financial Statements. 2.2022 Earnings Distribution 3.Re-election of directors 4.Date of the 2023 Annual General Meeting of Shareholders and related matters
2nd Meeting of the Board of Directors in 2023 (2023.03.23)	1.Update on entire re-election of directors 2.Update the agenda for the Company's 2023 general shareholders' meeting.
3rd Meeting of Board of Directors in 2023 (2023.04.26)	1.Review the qualifications of the nominees for independent directors and determine the list of candidates 2.Removal of non-compete clause for new directors 3. The Company's financial report for the first quarter of 2023
4th Meeting of Board of Directors in 2023 (2023.06.07)	1.Election of Chairman 2.Election of Vice Chairman 3.Appointment of members of the 5th Remuneration Committee.
5th Meeting of Board of Directors in 2023 (2023.06.20)	1.Proposal to authorize the Chairman to adjust the cash ratio for the distribution of 2022 dividends to shareholders in 2023 2.Proposal to adjust the conversion price of the fourth domestic unsecured convertible bonds
6th Meeting of Board of Directors in 2023 (2023.08.01)	1.Approval of the Company's financial statements for the second quarter of 2023 2.Proposal to establish the operating procedures for the preparation and verification of the sustainability report.
7th Meeting of Board of Directors in 2023 (2023.11.01)	1.The Company's financial report for the third quarter of 2023 2.Land transfer registration and appointment of registered representative
8th Meeting of Board of Directors in 2023 (2023.12.19)	1.2024 audit plan. 2.2024 budget (including operation plan)
1st Meeting of Board of Directors in 2024 (2024.02.29)	1.2023 Business Report and Financial Statements. 2.2023 Earnings Distribution The date of the 2024 regular shareholders' meeting and related matters.

(XII) During the most recent fiscal year up to the date of publication of the annual report, any director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: none.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer : none

## V. Information Regarding Independent Auditors

Unit: NTD Thousand Dollars

Name of Accounting Firm	Name of CPA	Audit period by the CPAs	Fees for Audit	Fees for Non-Audit	Total	Note
PwC Taiwan	Chih-Cheng Hsieh	January 1, 2023 to December 31, 2023	9,450	845 (Note)	10,295	None
	Tsai-Yen Jiang					

Note: Industrial and commercial registrations 190, tax consultation 505, other 150.

- (I) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: none
- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: none.

## VI. Information regarding independent auditor replacement

Not applicable

## VII. Chairman, General Manager, and managers in charge of financial or accounting affairs of the Company that held a post in the firm that the CPA is affiliated with or its associated enterprise

Not applicable

VIII. Any transfer of equity interests and/or pledge of or change in shares by any director, supervisor, manager, or shareholder in the most recent fiscal year up to the printing date of the annual report.

(I) Transfer of shares

Unit: share

Title	Name	2023		The year and up to March 26, 2024	
		Number of shares held increase (decrease)	Shares pledged increase (decrease)	Number of shares held increase (decrease)	Shares pledged increase (decrease)
Director/Chairman and CEO	Shin-Yang Huang	0	0	0	0
Director/ Vice Chairman/General Manager	Tsan-Lien Yeh	0	0	0	0
Director /Deouty Chief operating and Senior Executive Vice President	Hsu-Tung Kuo	(24,000)	0	0	0
Director/Chief Financial Officer	Min-Hung Wu	0	0	0	0
Director	Ming-Chun Chiu	0	0	0	0
Director	Jui-Jen Feng	0	0	0	0
Independent Director	Min-Kai Lin	0	0	0	0
Independent Director	Wen-Bin Wu	0	0	0	0
Independent Director	Guo-Hwa Tseng	0	0	0	0
Independent Director	Li-Hsing Lai	0	0	0	0
Senior Vice General Manager	Kuang-Shun Yang	0	0	0	0
Vice General Manager	Chin-Te Kuo	0	0	0	0
Senior Vice General Manager	Ja-Hung Hsieh	0	0	0	0
Vice General Manager	Hsu-Ming Tsou	0	0	0	0
Vice General Manager	Wen-Hao Su	0	0	0	0
Vice General Manager	Ching-Cheng Tien	0	0	0	0
Senior Assistant General Manager	Shih-Hsin Hsu	0	0	0	0
Assistant General Manager	Wei-Hua Hsiung	0	0	0	0
Assistant General Manager	Wen-Hsien Lee	0	0	0	0
Assistant General Manager	Chia-Chieh Liu	—	—	0	0
Assistant General Manager	Chien-Chung Lin	—	—	0	0
Head of Accounting and Controller	Chi-Chang Chen	0	0	0	0
Head of Corporate Governance and Chief of Finance Department	Chiao-Ling Kuan	—	—	0	0
Audit Supervisor	Yu-Hui Chen	—	—	0	0

Note : Shareholders holding 10% or more shares of the Company shall be specified as major shareholders, and listed individually: Not applicable.

(II) Information of stock trade and stock pledge counterparts as related parties:  
Not applicable.

(III) Information of stock pledge counterparts as related parties: None.

### IX. Top Ten Shareholders in Terms of Shareholding, and their inter-relationships

Name	Shares held by him/herself		Shares held by spouses and minor children		Shares held under others' names		The title or name and relationship among shareholders in the top ten shareholding list who are related, spouse to each other, or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (Or name)	Relationship	
Yann Yuan Investment Co., Ltd. Representative: Guan Jun	14,578,000	3.14	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
	0	0	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
Zhongli Investment Co., Ltd. Representative: Wen-Ming Li	10,098,000	2.17	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
	0	0	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
South China Commercial Bank under custody of Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account	8,018,000	1.73	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
The Bank of Taiwan is under custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	7,897,000	1.70	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
Shin-Yang Huang	7,215,771	1.55	503,495	0.11	Not applicable	Not applicable	None	None	None
Fubon Life Insurance Co., Ltd. Representative: Fu-Xing Lin	6,654,000	1.43	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
	0	0	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
JPMorgan Chase Bank Taipei Branch under custody of the Japan Securities Finance Co., Ltd.	6,579,000	1.42	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
Taiwan Cooperative Bank, Ltd. Representative: Yan-Mao Lin	6,116,000	1.32	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
	0	0	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
JPMorgan Chase Bank N.A., Taipei Branch under custody of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,850,585	1.26	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None
Ming-Chun Chiu	5,791,769	1.25	1,031,976	0.22	Not applicable	Not applicable	None	None	None

X. Shares Held by the Company, Directors, Supervisors, Managers of the Company, and Businesses Controlled Directly or Indirectly by the Company of Same Reinvested Business and Consolidated Calculation of Comprehensive Shareholding Ratio

December 31, 2023  
Unit: thousand shares, %

Re-invested business	The Company's investment		Directors, Supervisors, Managers and Investments in Directly or Indirectly Controlled Businesses		Consolidated investments	
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio
Sigurd International Co.,Ltd.	30,254	100%	—	—	30,254	100%
Sigurd Microelectronics (Cayman) Co., Ltd.	—	—	35,503	78.33%	35,503	78.33%
Sigurd Micro Electronics (Wuxi) Co.,Ltd	—	—	Note	100%	Note	100%
TEST-SERV Inc.	80,200	100%	—	—	80,200	100%
Flusol Co., Ltd.	Note	96.66%	Note	3.34%	Note	100%
Burgurd Co., Ltd.	Note	100%	—	—	Note	100%
SIRIZE Technology (Suzhou)Corp.	—	—	Note	100%	Note	100%
Bloomeria Limited	743,344	100%	0	0	743,344	100%
UTC Holdings Corporation	311,175	100%	—	—	311,175	100%
Sigurd UTC Corp.	—	—	101,930	100%	101,930	100%
Winstek Semiconductor Co., Ltd.	—	—	70,769	51.93%	70,769	51.93%
Winstek Semiconductor Technology Co., Ltd.	—	—	210,000	100%	210,000	100%
TST Co., Ltd.	—	—	20,000	100%	20,000	100%
Ambersan Medical Technology Co., Ltd.	3,630	55%	—	—	3,630	55%
SIGWIN Corporation	45,778	83.23%	9,221	16.77%	55,000	100%
Flatek Co., Ltd.	10,000	58.77%	—	—	10,000	58.77%
OPS Electronics Limited	—	—	10	100%	10	100%
OPS Electronics (Shenzhen) Co., Ltd.	—	—	Note	100%	Note	100%
TPfusion Technology Co., Ltd.	—	—	1,935	83.77%	1,935	83.77%
TPfusion Corp.	—	—	98	98%	98	98%
Valuenet International Limited	—	—	50	100%	50	100%

## Four. Status of Fundraising

### I. Source of Share Capital

#### (I) Source of Share Capital

March 26, 2024

Month/ Year	Issue Price	Approved Share Capital		Paid-up Share Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of Share Capital (NTD)	Subscripti on is paid with property other than cash	Other
November 2022	10	1,000,000,000	10,000,000,000	456,741,020	4,567,410,200	The domestic convertible bonds converted to common stock amounted to NT\$33,224,420	None	Note 1
January 2024	10	1,000,000,000	10,000,000,000	456,744,584	4,567,445,840	The domestic convertible bonds converted to common stock amounted to NT\$ 35,640	None	Note 2
March 2024	10	1,000,000,000	10,000,000,000	459,273,986	4,592,739,860	The domestic convertible bonds converted to common stock amounted to NT\$ 25,294,020	None	Note 3

Note 1: On November 22, 2022, the change to the paid-up capital amount was approved by Letter Jing-Shang-Shou-Zhi No. 11101220770.

Note 2: On January 31, 2024, the change to the paid-up capital amount was approved by Letter Jing-Shang-Shou-Zhi No. 11330009790.

Note 3: On March 25, 2024, the change to the paid-up capital amount was approved by Letter Jing-Shang-Shou-Zhi No. 11330041450.

#### Categories of Issued Shares

March 26, 2024

Categories of Shares	Approved Share Capital			Note
	Outstanding Shares (Listed Company)	Unissued shares	Total	
Common Shares (share)	464,578,783	535,421,217	1,000,000,000	Listed Shares

Information related to the shelf registration system: not applicable

#### (II) Structure of Shareholders

March 26, 2024

Structure of Shareholders Quantity	Governmental agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	0	10	360	74,839	287	75,496
Shares held (share)	0	21,859,606	65,756,070	236,752,323	140,210,784	464,578,783
Shareholding Ratio	0%	4.71%	14.15%	50.96%	30.18%	100.00%

Note: Shareholding ratio of Mainland Chinese shareholders: 0

Note: Disclosure of the shareholding ratio of Mainland Chinese shareholders: "Mainland Chinese shareholders" refer to people, legal persons, organization, other institutions from Mainland China, or the companies invested by them in a 3rd place, set forth in Article 3 of the "Regulations for the Investment Permits to the Mainland Chinese in Taiwan."

## (III) Distribution of Shares

March 26, 2024

Range of shareholding	Number of shareholders	Number of shares held	Shareholding Ratio
1 ~ 999	39,941	1,534,501	0.33%
1,000 ~ 5,000	28,058	55,529,304	11.95%
5,001 ~ 10,000	3,873	30,129,054	6.49%
10,001 ~ 15,000	1,248	15,309,888	3.30%
15,001 ~ 20,000	661	12,156,127	2.62%
20,001 ~ 30,000	637	15,992,400	3.44%
30,001 ~ 40,000	250	8,914,304	1.92%
40,001 ~ 50,000	175	8,046,494	1.73%
50,001 ~ 100,000	308	22,000,574	4.74%
100,001 ~ 200,000	134	18,647,545	4.01%
200,001 ~ 400,000	80	21,528,689	4.63%
400,001 ~ 600,000	28	13,791,896	2.97%
600,001 ~ 800,000	20	14,017,418	3.02%
800,001 ~ 1,000,000	14	12,483,802	2.69%
Over 1,000,001	69	214,496,787	46.16%
Total	75,496	464,578,783	100.00%

Note: No preferential share issued by the Company

## (IV) List of major shareholders: Up to the date of transfer suspension for the AGM 2024, no shareholder holds shares of 5% or more; the top ten shareholders are as follows:

March 26, 2024

Name of the Major Shareholders	Shares held (share)	Shareholding Ratio (%)
Yann Yuan Investment Co., Ltd.	14,578,000	3.14
Zhongli Investment Co., Ltd.	10,098,000	2.17
South China Commercial Bank under custody of Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account	8,018,000	1.73
The Bank of Taiwan under custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	7,897,000	1.70
Shin-Yang Huang	7,215,771	1.55
Ming-Chun Chiu	6,654,000	1.43
JPMorgan Chase Bank Taipei Branch under custody of Japan Securities Finance Co., Ltd.	6,579,000	1.42
Taiwan Cooperative Bank, Ltd.	6,116,000	1.32
JPMorgan Chase Bank N.A., Taipei Branch under custody of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,850,585	1.26
Ming-Chun Chiu	5,791,769	1.25

(V)The share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Item		Year	2022	2023	The year up to March 26, 2024 (Note2)
Market price per share	Highest		63.20	71.90	75.60
	Lowest		41.10	48.25	63.90
	Average		53.29	56.60	68.29
Net value per share	Before distribution		36.08	36.87	—
	After distribution		31.88	34.19	—
Earning per share	Weighted average shares (in thousand shares)		453,932	456,741	—
	Earning per share		6.68	3.80	—
Dividend per share	Cash dividend (for 2022, each share is distributed for NT\$ 4.20 from cash earnings; for 2023, each share is distributed for NT\$ 2.68 from cash earnings)		4.20	2.68	—
	Issuance of bonus share	Stock dividend from retained earnings	—	—	—
		Stock dividend from capital reserve	—	—	—
	Accumulated unpaid dividend		—	—	—
Analysis of return of investment	Price to earning ratio		7.98	14.89	—
	Price to dividend ratio		12.69	21.12	—
	Yield of cash dividend		7.88	4.73	—

Note1: The Company has decided to distribute cash from the 2023 annual earnings and submit it to the Shareholders' Meeting.

Note2: As of the publishing date of the annual report, except for the information on each stock price, there is no financial report audited by an accountant for the latest quarter in the other fields, so there is no relevant information to disclose.

(VI) Company's dividend policy and implementation:

1. The policies set forth in the Articles of Association

The Company will continue to expand the scale and profitability based on the operating and investment environment and demands of funds, while taking into account the shareholders' interests and capital adequacy ratio, and applying the residual dividend policy.

Conditions and timing of distribution: in case of profit at the end of fiscal year, the Company shall first compensate the accumulated losses with profits after tax, before contributing 10% of the remaining net profits as legal reserve; however, if the legal reserve has reached the total amount of the capital, it is not subject to the previous requirement, and the special reserve may be contributed or reversed. The remaining balance shall be added to the previously undistributed earnings as distributable earnings.

Distribution of earnings may be done in cash dividends or stock dividends. Cash dividends are prioritized but stock dividends are an option, too. The shareholder dividends to be distributed for the current year shall be 10% ~ 80% of the annual distributable earnings. The ratio of cash dividends to be distributed, in particular, may not be less than 10%.

The Company may, pursuant to a resolution to be adopted by the Board of Directors as required in Article 240 of the Company Act, distribute its dividends and bonuses, in whole or in part, by cash; and in addition thereto a report of such distribution shall be submitted to the Shareholders Meeting.

The Company may, pursuant to a resolution to be adopted by the Board of Directors as required in Article 241 of the Company Act, distribute its legal reserve and the following capital reserve, in whole or in part, by cash; and in addition thereto a report of such distribution shall be submitted to the Shareholders Meeting.

2. Shall the Company be profitable for a fiscal year, based on the earnings, 8% to 12% shall be contributed as the remunerations to employees, and no more than 3% as the remunerations to directors and supervisors. Provided, when there are accumulated losses, such losses shall be firstly off-set before the aforesaid contributions.

The remuneration to employees may be distributed in cash or stocks; the eligible receivers are the employees in services and on the payroll of the Company, and the domestic/overseas subsidiaries where the Company holds 50% or more shares.

3. The dividend distribution proposed by the board of directors for this year was reported to the shareholders' regular meeting: 2023 profit distribution cash dividend will be approximately NT\$2.68 per share.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: not applicable; no stock dividend is proposed to the Shareholders' Meeting this year.

(VIII) Remunerations to employees, directors, and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor remunerations, as set forth in the Company's articles of incorporation: please refer to (VI)-2.
2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee remunerations, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: there is no discrepancy from the estimated employee and director remunerations, so no other accounting treatment needed.
  - (1) The estimated earning distribution for 2023 is based on the conditions and timing of distribution set forth in the Articles of Association.
  - (2) The Board of Directors approved this year's proposed 2023 dividend as distributing approximately NT\$2.68 to shareholders as a cash dividend.
  - (3) The accounting treatment to the discrepancy between the actual amount of distribution and the estimation: shall there be any discrepancy between the actual amount of distribution resolved by the shareholders meeting next year and the estimation, the accounting treatment to be taken is the changes of accounting estimation, and the income will be adjusted in the year when the shareholders' meeting resolves such.
3. Distribution of remuneration approved by the Board of Directors:

- (1) Employee remuneration distributed in cash or stock and the amount of remuneration for directors and supervisors: on February 29, 2024, the Board of Directors of the Company approved to issue employee remuneration of NT\$ 220,000 thousand dollars, and Directors' remuneration of NT\$ 2,420 thousand dollars and for 2023. The total amount will be paid in cash. The amount resolved is identical to the amount recognized.
- (2) The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period: the company has no proposal to distribute employee stock remuneration in 2023.
4. Actual remunerations for employees and for directors and supervisors distributed for the previous year:

Unit:Dollars

Distribution	Previous year (2022)				
	Actual distribution resolved by the Shareholders' Meeting	Distribution proposed by the Board of Directors	Difference	Reason of difference	Treatment
1.Cash bonus to employees	NT\$ 375,000,000	NT\$ 375,000,000	0	—	—
2. Stock bonus to employees					
(1) Number of shares	—	—	—	—	—
(2) Amount	—	—	—	—	—
(3) Share price	—	—	—	—	—
3.Remunerations to directors and supervisors	NT\$ 42,500,000	NT\$ 42,500,000	0	—	—

(IX) Buyback: none.

II. Corporate bond handling  
(I) Outstanding and pending corporate bonds

Type of corporate bonds	2021 1st Secured Ordinary Corporate Bond (Domestic)	4th Domestic Unsecured Convertible Bond	
Issue Date	March 29, 2021	October 13, 2021	
Face value	\$1,000,000 NTD	One Hundred Thousand New Taiwan Dollars	
Place of Issuance and Trading	Issued in Republic of China; listed at TPex	Issued in Republic of China; listed at TPex	
Issue Price	Issued at par value	NTD 106.2 (issued at a premium; auction)	
equity	Total amount: \$3 billion NTD Number of issued bonds: 3,000	Total amount: \$1.5 billion NTD Number of issued bonds: 15,000	
Interest rate:	The coupon rate is a fixed rate of 0.58%	Coupon rate is 0%	
Term	Five years Mature on: March 29, 2026	Three years Mature on: October 13, 2024	
Guaranteed by:	Not applicable	Not applicable	
Trustee	CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.	
Underwriter	Mega Securities Co., Ltd.	KGI Securities Co., Ltd.	
Attesting lawyer	Not applicable	Not applicable	
Attesting accountant	Not applicable	Not applicable	
Method of repayment	<p>1. Maturity: 5 years</p> <p>2. Repayment: Bullet repayment on the 5<sup>th</sup> year of the issued date</p> <p>3. Principal and interest repayment agency: The Company has entrusted Mega International Commercial Bank Co., Ltd. Hsinchu Branch as an agent for the repayment of bond principal and interest. The agency also handles the transfer of principal and interest payments by preparing and sending out the withholding payment vouchers to bondholders based on the registered securities holder list provided by the Taiwan Depository and Clearing Corporation.</p>	<p>1. Duration: three years</p> <p>2. Method of repayment: other than the conversion to the Company's common shares by the convertible corporate bond holders pursuant to Article 10 of the Guidelines, or the Company's buyback from securities companies to cancel, at the expiration, the Company will repay in cash at once based on the bond's face value.</p>	
Outstanding principals	\$3 billion NTD	\$1.5 billion NTD	
Clause about redemption and early repayment	Not applicable	Please refer to the Company's Guidelines of Issuance and Conversion.	
Restrictive terms	Not applicable	Not applicable	
Name of the rating agency, date of rating, and outcome of the corporate bond rating	Not applicable	Not applicable	
With other rights	<p>Up to the printing date of the annual report (March 26, 2024), the amount of the converted common shares</p>	<p>The Company's bonds are calculated and paid once a year based on the simple coupon rate from the date of issuance.</p> <p>A joint bank guarantee is provided, with Mega International Commercial Bank acting as the lead bank and a total of 11 banks, which are Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank, Yuanta Commercial Bank, Shin Kong Commercial Bank, Agriculture Bank of Taiwan, Taishin International Bank, Chang Hwa Commercial Bank, and the Shanghai Commercial &amp; Savings Bank, jointly guaranteeing 15%, 10%, 10%, 10%, 10%, 10%, 10%, 8.33%, 6.67%, 5% and 5% of the total issued amount respectively under the joint appointment contract and obligations contract for bond guarantees.</p>	<p>Converted CB4: 10,603</p> <p>Converted common shares: 7,837,763</p> <p>NT\$78,377,630</p>

Type of corporate bonds		2021 1st Secured Ordinary Corporate Bond (Domestic)	4th Domestic Unsecured Convertible Bond
	Guidelines of Issuance and Conversion (Exchange or Subscription)	Please refer to the Guidelines of Issuance and Conversion for this time.	Please refer to the Guidelines of Issuance and Conversion for this time.
Guidelines of issuance, conversion, exchange, and subscription; the potential dilution and impacts to the current shareholders' interest from the issuance conditions.		The purpose of these funds is to repay loans from financial institutions and to increase working capital. Raising funds through ordinary corporate bonds can provide a long-term source of capital and avoid dilution of earnings per share, which will help improve the competitiveness of our business and reduce operational risks. Since the interest rate is at a relatively low level, the burden of interest is insignificant and will not have a material impact on earnings per share.	This batch of unsecured convertible corporate bonds were issued to purchase machines and equipment, deemed as a positive boost to the EPS of the coming years, and thus there is no concern of earning dilution. Meanwhile, the Company has taken the outlook of the Company's development and preservation of shareholders' interests into account when determining the issuance conditions; it is not deemed to have any material impact to the potential dilution of shares.
Custodian where the underlying exchange is trusted		Not applicable	Not applicable

(II) The status of the convertible corporate bonds with rights of conversion to common shares, overseas depository receipts, or other exchangeable securities: As of February 29, 2024, the Company's issuance of the fourth domestic unsecured convertible corporate bonds is as follows:

Unit: NT\$

Type of corporate bonds		4th Domestic Unsecured Convertible Bond	
Item	Year	2023	The year up to February 29, 2024
	Market value of convertible bonds	Highest	128.30
Lowest		102.85	116
Average		116.07	128.83
conversion price		60.5 / 56.1	56.10
Issued (Processed) date and the conversion price at issuance (\$NTD)		The conversion price at issuance on October 13, 2021: NT\$65.4. The conversion price was adjusted to NT\$56.10 on August 2, 2023.	The conversion price was NT\$ 56.10
Method to perform the conversion obligation		New share issued	New share issued

(III) Information of issued exchangeable corporate bonds: none

(IV) Common corporate bonds raised and issued through shelf registration: none.

(V) Information of issued corporate bonds with warrant: none

(VI) Handling of private-placed corporate bonds in the last three years: none:

### III. Handling of preferential shares

None.

### IV. Handling of overseas depository receipt

None.

### V. Handling of employee stock options

None.

### VI. Handling of employee restricted shares

None.

(I) For the employee restricted shares that have not all met the conditions, the handling shall be disclosed to the publishing date of the annual reports, as well as the effects to the shareholders' interests: not applicable.

(II) Name and status of managers and to Top 10 employees granted with employee restricted shares: not applicable.

### VII. Status of new share issuance in connection with mergers and acquisitions

Not applicable

(I) If, during the most recent fiscal year up to the date of publication of the annual report, the Company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company, the annual report shall specify the following matters:

1. In the case of a company whose shares are listed on the TWSE ("TWSE listed company") or listed on the TPEX in accordance with the provisions of Article 3 or Article 3-1 of the Taipei Exchange Rules Governing the

Review of Securities for Trading on the TPEX ("TPEX listed company"), the annual report shall include a clear opinion prepared by the managing underwriter concerning any issuance of new shares in connection with any merger or acquisition or with any acquisition of shares of any other company within the past quarter: not applicable

2. In addition to requirements set forth in the preceding item, the annual report shall also disclose the state of implementation of any of the aforementioned matters during the most recent quarter. If the progress or benefits of such implementation were not as good as expected, the annual report shall explain specifically how the situation is likely to affect shareholders' equity, and shall put forward a plan for corrective action: not applicable.
- (II) Where the board of directors has, during the most recent fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company, the annual report shall disclose the state of the plan's implementation together with the impacts to the company (or companies) to be merged or acquired or to the shareholders' interests: not applicable.

#### VIII. Financing plans and implementation

- (I) Analysis of previous financing plans for cash capitalization, merge and acquisition, acquisitions of shares of other companies, or issuance of corporate bonds: not applicable.
- (II) The plan of cash capital increase, corporate bond issuance, employee stock option issuance, or employee restricted shares issuance: not applicable.
- (III) If the funds are used to merge, acquire, or purchase another company through share acquisition, to expand fixed assets, or to acquire new property, plant and equipment, the annual report shall compare and explain property, plant and equipment, operating revenues, operating costs, and operating income: not applicable.
- (IV) If the funds are invested in another company, the annual report shall describe the condition of the invested company and explain the effect of the investment upon gain or loss from investments: not applicable.
- (V) If the funds are used to strengthen the company's working capital or pay off debts, the annual report shall note any increase or decrease in the company's current assets, current liabilities, and total liabilities; compare and explain the company's interest expenses, operating revenues, and earnings per share; and analyze the company's financial structure: not applicable.

## Five. Overview of Operation

### I. Description of Business

#### (I) Scope of Business

##### 1. The major businesses operated by the Company

- (1) Designing, processing, testing, packaging, pre-burn treating, manufacturing, and transacting of various types of ICs.
- (2) The export/import trading of the materials and finished products of the previous paragraph.

##### 2. Operating weights

Unit: NTD Thousand Dollars

Item \ Year	2022		2023	
	Net amount of operating revenue	Weight %	Net amount of operating revenue	Weight %
Packaging	3,524,493	18.85	2,695,269	17.41
IC	15,066,797	80.60	12,688,116	81.97
Other	103,055	0.55	96,116	0.62
Total	18,694,345	100.00	15,479,501	100.00

##### 3. Current products (services) offered by the Company

- (1) Testing services for various IC and wafers.
- (2) RF module testing.
- (3) Packaging technologies related to Eight- and 12-inch Wafer Level Chip Scale Package (WLCSP), solder bumping, and Cu-pillar.
- (4) wBGA packaging service.

##### 4. New products (services) to be developed

- (1) Enhance the testing technology for high-end 5G AI mobile phone SoC IC.
- (2) Enhance the IC testing technology for 5G related equipment.
- (3) R&D of the 5G millimeter wave (mmWave) and antenna package AiP testing technology.
- (4) With the expanding application and growing demands of AI, the Company is working with various research institutions and companies in related industries to improve packaging and testing technology.
- (5) Improve silicon photonic packaging and testing technology.
- (6) Development of integrated IC testing technology related to AIoT (Artificial Intelligence of Things).
- (7) Advanced RF related packaging and testing technologies, including Wi-Fi 6/6E/7, WLAN SoC ICs, AIoT RFSoc, NFC (Near Field Communication) and Wireless Power (wireless charging).
- (8) Develop integrated image IC testing technology, upgrade from the existing 4K2K packaging and testing foundation to 8K4K (7680×4320) audio/video Codec IC related technology.
- (9) Improve the 3-nanometer testing technology and production scale to improve production yield.
- (10) Deepening the 4nm testing capability and increasing the scale of mass production.
- (11) Expand the integrated backend production capacity of WLCSP and

- enhance relevant technological capabilities.
- (12) Increased GAN-related testing capacity.
- (13) R&D SiC related testing technology.
- (14) Enhance the low-earth-orbit satellite testing capability and expand the scale of mass production.
- (15) Increase volume of automotive electronics and vehicle-to-everything-related IC testing, and expand the scope of certification.
- (16) Improve the width and depth of smart factories and equipment automation, and expand the scope of intelligent production.
- (17) Enhance the specifications of self-made logic and mixed signal testing machines, and expand the customer base.
- (18) Increase the scale of testing for CoWoS(Chip on Wafer on Substrate) related products.
- (19) Improve Wi-Fi7 related testing technology and increase the scale of mass production.
- (20) Improve production scale for next-generation high-speed computing interfaces, such as USB4.0 and Thunderbolt™ 4.

## (II) Industry overview

### 1. Current status and development of the industry

- (1) Current status and development of the global semiconductor industry:  
 In 2023, the global economy faced multiple challenges, including geopolitical conflicts such as the Ukrainian-Russian war, the Israel-Hamas war, the Red Sea crisis, and inflation, leading to a decline in purchasing power for businesses and the public. These factors had an adverse impact on the global GDP growth rate. The average global economic growth rate in 2023 was 2.1%, lower than 2.8% in 2022. The semiconductor industry was also affected. In 2023, the global semiconductor market experienced an average decline in the double digits. Major semiconductor manufacturers have gradually become more conservative in capital expenditures. Looking ahead to 2024, the International Monetary Fund (IMF) estimates that the global economic growth rate will increase slightly to 2.9%, with the conflict in Ukraine and Israel subsiding, and a slowdown in interest rate hikes in the United States. However, China's economic recovery faces various obstacles, and it is expected that the economic growth rate may further slow down to 4.7% in 2024. The growth rate of developed economies such as the United States is expected to slow down due to high interest rates, slow consumer spending, and weak labor market. At the same time, some developing countries are facing issues such as tightening financial conditions, shrinking fiscal space, and weak external demand, which are leading to deteriorating growth prospects in the short term. Under such a climate, Sigurd still needs to respond carefully in 2024 and adjust its strategy to ensure the Company's stable operation.
- (2) According to data from various market research and institutions (IDC, WSTS, Gartner, MIC), global semiconductor growth will have an average increase of over double-digit growth in 2024 compared to 2023, from 12.6% to 20.7%, mainly due to two factors:
  - ① The significant expansion of AI applications is expected to drive the demand for semiconductor components related AI servers, AI mobile

phones, and AI PC.

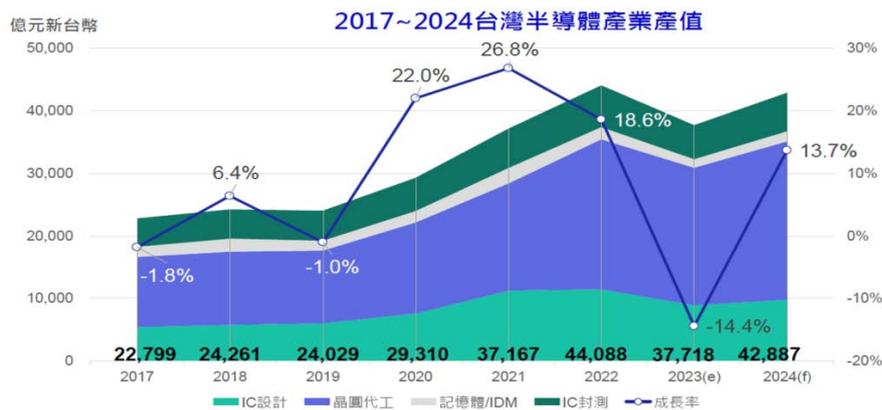
- ② In 2023, the semiconductor industry faced challenges due to a significant decline in demand for memory-related ICs and production cuts by various manufacturers. However, it is expected that in 2024 the demand for AI-related products will increase significantly, which is expected to drive the growth of memory-related ICs. This may reflect the continuous market demand for high-efficiency memory solutions that support AI applications.

Research Institute	Date of Issuance	2023	2024	Growth factors
MIC	November 7	-10.1%	+ 12.6%	AI, HPC
WSTS	November 28	-9.4%	+ 13.1%	Memory: + 44.85%
Gartner	December 4	-10.9%	+ 16.85%	Memory: + 66.3%
IDC	December 6	-12%	+ 20%	The explosive growth in global demand for AI and high-performance computing (HPC), coupled with the stabilization of market demand for smartphones, personal computers, servers, automobiles, etc.
Source: Various research institutions				

- (3) Current status and development of Taiwan's semiconductor industry:  
 Taiwan's IC industry has a vertical division of labor that is unique to the world, from upstream wafer materials to downstream IC design, manufacturing, packaging, and testing, the industrial value chain is very detailed and structurally complete. According to the data from research institutions, Taiwan's IC wafer output value and IC packaging and testing output value ranks first in the world, and the IC design output value ranks second in the world, indicating that Taiwan's IC industry holds significant importance globally.  
 According to MIC, looking at global semiconductor trends, overall economic downturn and sluggish end-demand since 2023 have led to poor purchasing sentiment in enterprises and the consumer markets. From terminal system manufacturers to semiconductor supply chain operators, all faced the impact of excessive inventory levels and insufficient pulling power. The production value of Taiwan's semiconductor industry is estimated to be NT \$3.77 trillion in 2023, with a growth rate of -14.4%.  
 It is estimated that the output value will grow significantly by 13.7% in 2024. Among them, wafer foundry is still the main growth driver, especially in the advanced manufacturing sector. Looking ahead to 2024, although the first quarter is expected to face traditional seasonal downturns, it is already performing better and recovering growth, compared to the same period last year, breaking away from a decline in four consecutive quarters compared to the same period of the previous year. In the memory sector, as major international memory manufacturers continue to reduce production, short-term memory

prices have stabilized, and supply and demand are expected to return to stability. Looking ahead to the IC design and IC packaging and testing industries, which have a greater correlation with end-consumer electronic products, it is expected to see challenging recovery in the next two quarters, compared to the wafer foundry output value with advanced processes,, but they are expected to show better recovery performance.

According to MIC, looking at global and Taiwan semiconductor industry trends, due to the uncertainty of the recovery and growth of the mainstream product market, the future growth momentum of the semiconductor market will depend on the stimulation of emerging applications such as emerging information services, energy and environmental protection, and technological integration, especially AI, new energy, and smart networks will become the main growth drivers. Among them, AI servers and electric vehicles have the opportunity to achieve multiple growth in 2027, and become the main force driving semiconductor growth. In addition, wireless terminal devices are driven by the trend of digitalization and smartification, expanding from traditional product fields to vertical market applications.

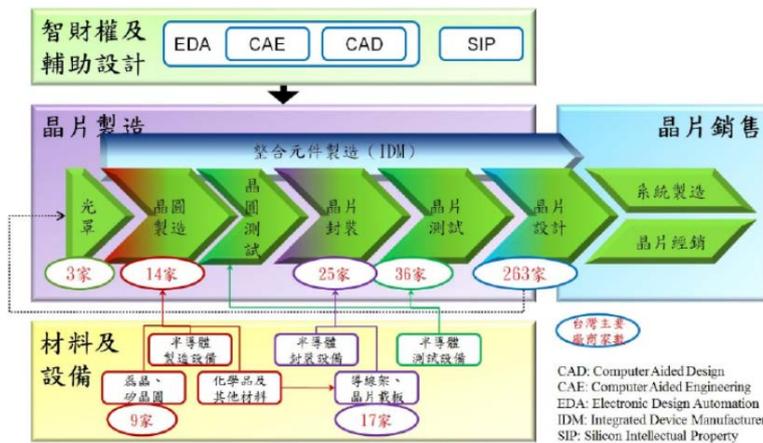


Source : MIC, 2023/11

2. Relationship between the upstream, midstream, and downstream in the industry: The IC industry in Taiwan has a unique vertical division of labor, differentiating it from the world. From the upstream wafer materials to downstream IC design, manufacturing, packaging, and testing, the industry value chain is extremely detailed and structurally complete. The Company and the subsidiaries are professional packaging and testing providers; the wafers are supplied by internationally recognized semiconductor companies, which have good relationships with the Company and our subsidiaries for a long time. The following chart illustrates the relationship between the upstream, midstream, and downstream in Taiwan's IC industry.

### Structure Chart of Taiwan Semiconductor Industry

Source: MIC, January 2017



材料及設備	Materials and equipment	晶片製造	Chip manufacturing
半導體製造設備	Semiconductor manufacturing equipment	整合元件製造(IDM)	Integrated Component Manufacturing (IDM)
半導體封裝設備	Semiconductor packaging equipment	晶片銷售	Chip sales
半導體測試設備	Semiconductor testing equipment	光罩	Photomask
晶圓、矽晶圓	Epitaxy, silicon wafer	晶圓製造	Wafer manufacturing
9 家	9 companies	晶圓測試	Wafer testing
化學品及其他材料	Chemicals and other materials	晶片封裝	Chip packaging
導線架、晶片載板	Wire rack, chip carrier	晶片測試	Chip testing
17 家	17 companies	晶片設計	Chip design
台灣主要廠商家數	Number of major manufacturers in Taiwan	系統製造	System manufacturing
智財權及輔助設計	Intellectual property rights and auxiliary design	晶片經銷	Chip sales

3. The development trends of products: The end electronic products have greatly penetrated from PC in the past to the smartphone, and thus the growth momentum slows down. Smart electronics have become a trend. As the latest development shows, it is a common view that the applications of the Metaverse combining the physical and virtual worlds will be the mainstream of the electronic industry.

It will combine smartphones, 5G devices, vehicle electronics, high-speed computing, high-speed transmission, wireless communication, VR, and AR, and affect our life in many respects including the jobs for the new generation, social relations, games, consumption, and financial platforms.

4. Competition status of products: the global packaging and testing industry may be divided into integrated device manufacturers (IDM hereafter), such as Intel, Samsung, and TI; and outsourced semiconductor assembly and test (OSAT hereafter), such as ASE Technology, AMKOR, and Siliconware. The Company and the subsidiaries are professional OSAT. However, as the costs of IDM have been increasing, and new types of packaging and testing technologies emerge, IDMs are not in the position to bear such investment. As they prefer to focus on their core competitiveness, the outsourcing of packaging and testing from IDM to OSAT accelerates. In addition, as the packaging and testing business requires continuous investment every year, to satisfy the customer needs and maintain the competitiveness, the industry tends to be the pattern where the larger getting greater. However, many Taiwanese packaging and testing SME also obtain their position in this red sea with niche products and their core competitiveness.

(III) Overview of technology and R&D

1. The R&D expenses input during the recent year up to the printing date of the annual report: in 2023, the expenses were NT\$391,863 thousand dollars; up to February 29, 2024, the expenses were NT\$64,791 thousand dollars.

2. Technologies or product successfully developed:

Year	Outcomes of R&D
2019	1. Development and deployment of the GaAs 5G DPS P&P technology 2. Development of the Skeleton wafer auto inspection machine and introduction to mass production 3. 24GHz radar IC testing scheme
2020	1. 5G digital schemes for smart production line MR inspection and AGV 2. Development of 5G RFIC test module for Sigurd SG9000 test machine 3. Introduction of the auto scheduling system in Beixing Plant 4. Introduction of the big data analysis system in the Zhongxing Plant
2021	1. Development of 5G mmWave S parameter test technology 2. Introduction of auto packaging machine in the Chonghsing Plant 3. Introduction of the big data analysis system in Beixing Plant and Hukou Plant 4. Introduction of auto process and parameter control system (EAP&RMS) in Beixing Plant for CP process via SECS/GEM interface
2022	1. Development of 5G mmWave RFIC test module and logic test system for Sigurd SG9000 test machine 2. Introduction of CP AMHS auto transport system in Hukou Plant 3. Introduction of auto process and parameter control system (EAP&RMS) in the Chonghsing AWI Plant for DPD process via SECS/GEM interface 4. Introduction of auto scheduling system in the Chonghsing Plant and AIT Plant 5. Introduction of FT AMR in the Chonghsing Plant
2023	1. Sigurd Silicon Grid's self-made MAP logic and mixed signal IC automation testing machine (ATE) 2. Complete the validation of the DC/Logic IC testing module and have MAP ATE import for Logic IC mass production testing. 3. AI-CCTV error behavior detection imported into the Beixing factory. 4. Automatic warehouse integration accessory system management Probe Card, imported into Beixing factory.
2024	1. Development of Sigurd's own MAP logic and mixed signal IC automated tester (ATE) 2. Completed the integration verification of MAP ATE and RF test module, allowing MAP + RF ATE to be introduced into IoT RFSoC for mass production testing.

(IV) Business development for long- and short term

1. Short-term business development plans

(1) Packaging: Since the foundation of the Company, we have successfully grasped the movement of the advanced packaging market. Other than meeting the clients' needs in terms of quality and delivery time, we also enhance the capabilities of the production processes to address the clients' issues. In the short-term, based on the existing product lines, we will exclude these lines without competitiveness, and enhance the competitiveness of the niche products (e.g. 5G, internet, automotive electronics, memory, WLCSP, and DPS).

(2) Testing: Other than providing more complete testing services (eg. logic,

mixed signal, power, RF, or memory) by the Company and subsidiaries, for many years, we also provide outstanding services to the clients in the regards of existing logic and mixed-signal testing. Not only providing testing to program development, program transfer, chip testing to address their issues, the Company also offers the turnkey services to provide the best solutions to the delivery of clients' products and their cost-saving. In the short-term, except to improve the efficiency of the current testing machines, we will introduce and strengthen the partnership with the overseas fabless clients, to continuously expand the machines for mix-signal and RF.

## 2. Long-term business development plans

(1) Packaging: As the electronic products are getting smaller, slimmer, shorter and lighter, the packaging technologies are also miniaturized. As a result, the Company and its subsidiaries have upgraded its packaging technology in WLCSP (Wafer Level Chip Scale Package), bumping and DPS (Die Processing Service) in response to the current trend. WLCSP packaging not only offers small size and high production yields, but also provides better planarity and thermal dissipation for high-speed and power management circuits.

(2) Testing:

### ① Integration and Specialty Testing

Sigurd has acquired the technologies and experience in Mixed Signal, Logic, Sensor, Memory, RF, and Power testing over years of hard work. Based on its effort, Sigurd is moving towards integration and specialty products in line with the market trend.

### ② Integrated Testing Technology

As IC products become more and more complex, it can no longer be simply divided into Mixed Signal, Logic, Sensor, Memory, RF, and Power. The current trend has been moving toward the integrated IC. Sigurd has accumulated years of testing experience with confidence in products such as SoC (mobile phone, 3G, 4G; Wi-Fi SoC), and has built a solid foundation for the future of 5G-related IC packaging and testing technology.

### ③ Niche Testing

- A. High speed computation ICs: Bitcoin, graphics processing unit, and server chip.
- B. Communication ICs: ICs related to 5G communication devices, GPS, Wi-fi 6/6E SoC (Bluetooth and MCU integrated).
- C. Video/Audio related ICs: 3D, 4K2K and 8K4K video codec IC, HDMI, and HDTV control IC.
- D. Mobile phone ICs: 5G related ICs, AI, AP, Baseband SoC, GPS, Bluetooth, Touch Pad, touch panel ICs, power management, etc.
- E. Computer ICs: Such as Thunderbolt, graphics processing unit, USB3.2/USB4.0, Type C, WLAN, touch panel ICs, power management, etc.
- F. Automotive ICs: Such as Internet of Vehicles, related sensors, microprocessors, etc.
- G. In addition, Sigurd is also strengthening its developments in overseas clients with hopes of seeing results in the future.

(V) Overview of the macroeconomic environment and the trend of the industry where the Company operates

1. Macroeconomic environments: Inflation, the Ukrainian Russian War, and the expansion of production by various related manufacturers will be the key points worth observing in 2023. For the product applications, it is expected that 5G, communications, high speed calculation, AI applications, car-loaded IC and IoT, are still the key factors to drive the continuous growth of the semiconductor industry.
2. Overview of the trend of the industry where the Company operates: OSATs will face the trend of the larger getting greater; and the vertical or horizontal integration will increase, which in turn helpful to the health of the industry. However, such large-scale OSATs also face the criticisms as slow decision-making and being not flexible enough. Therefore, the mid-sized OSATs, like our Company, have the opportunities to get more orders with the edges like fast decision-making, flexibility, and outstanding services.

II. Overview of markets, productions, and sales

(I) Market analysis

1. Analysis of the geographic areas where the main products (services) of the Company are provided (supplied)

Unit: NTD Thousand Dollars; %

Sales region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic		12,698,288	67.93	10,824,983	69.93
Export	Asia	4,308,059	23.04	3,157,623	20.40
	Americas	737,835	3.95	537,432	3.47
	Others	950,163	5.08	959,463	6.20
Subtotal of export		5,996,057	32.07	4,654,518	30.07
Total		18,694,345	100.00	15,479,501	100.00

2. Market share: The Company and the subsidiaries are professional OEMs providing niche packaging and testing services to semiconductor clients. Based on the statistics of the Capital Policy Committee, the packaging and testing industry in Taiwan grew by -14.40% in 2023 and the Taiwan market share of Sigurd and the subsidiaries grew marginally from 2.83% in 2022 to 2.74% in 2023.

Year	Operating revenue (NT\$ 100 million)	Production value of Taiwanese IC packaging/testing industry (NT\$ 100 million)	Market share
2022	186.94	6,616	2.83%
2023	154.79	5,646	2.74%

3. Future supply and demand situation and growth of the market: According to data from the Institute for Information Industry, AI, new energy and smart networks will become the main growth drivers. It is estimated that Taiwan's semiconductor production value will surge by 13.7% in 2023.

4. The Company's competitive niche:

- (1) Experienced team: The Company and its subsidiaries have a management team with a rich professional background. The heads of all departments have accumulated more than 20 years of experience in related industries, and the average tenure is more than 15 years. The team has profound experience in the changes of the industrial environment, product development trends, production and manufacturing, and sales and marketing, which is conducive to the Company's overall competitiveness and sustainable operation.
- (2) Niche product line: The Company and its subsidiaries have more than 20 years of experience in the field of IC packaging and testing. Although it is a medium-sized packaging and testing factory in Taiwan, it has a number of leading machines in testing, and has established a strong niche product line.
- (3) Excellent quality: The Company has always been committed to improving product quality, introducing automated production equipment and quality assurance testing equipment, obtaining TS16949 quality assurance certification, and obtaining AEO safety and quality enterprise certification in 2024. In terms of quality management, the Company follows ISO standards and has established a strict quality management system. In order to meet the highest standards in the automotive industry, the Company has introduced more difficult automotive electronics-related certifications, such as VDA6.3 and ISO26262. In 2020, the Company became the first packaging and testing plant in Taiwan to pass the SGS TÜV ISO 26262: 2018 ASIL D process verification, strengthening its leading position in the field of functional safety verification.
- (4) Good control of raw materials: The Company and its subsidiaries have maintained decades of partnerships with vendors to ensure that they can obtain low-priced and high-quality raw materials. This enhances market competitiveness, ensures the stable supply of raw materials, and avoids supply shortage due to the expansion of production capacity.

5. Favorable and unfavorable factors of development prospects and countermeasures:

- (1) Favorable factors

- ① Global wave of semiconductor mergers: The trend of semiconductor mergers will help Sigurd obtain more orders through the mergers of its existing customers.
  - ② Breakthrough in AI applications: AI-related applications have made significant breakthroughs, which is expected to drive the growth of AI servers, AI mobile phones and PCs, and provide new market opportunities for Sigurd.
  - ③ Rising cost of packaging and testing plants in China: The cost of packaging and testing plants in China is increasing, and gradually approaching Taiwan's, which is expected to cause customers to switch to Taiwan and become a competitive advantage for Sigurd.
  - ④ Reduced packaging and testing capacity of IDM: Due to the financial crisis, many IDM companies abroad have reduced their packaging and testing capacity, providing Sigurd with an opportunity to compete for orders released by IDM companies.
  - ⑤ Increasing demand for emerging product applications : The demand for emerging product applications such as metaverse, high-speed computing, deep learning, edge computing, AI, AR/VR, etc. is increasing. The demand for advanced processes will encourage international manufacturers to place orders in Taiwan, which will help Sigurd expand its market share.
  - ⑥ Wearable devices and IoT applications: The widespread use of wearable devices and the Internet of Things is expected to increase the demand for electronic components and bring new market opportunities for Sigurd.
  - ⑦ Development of automotive industry: The stringent automobile emission standards are driving cars in the direction of energy-saving and autonomous driving, which is expected to promote the growth of automotive-related ICs and provide stable demand for Sigurd.
  - ⑧ 5G AI: AI will continue to integrate with 5G, which will gradually increase demand for related equipment, bringing new market opportunities for Sigurd.
- (2) Unfavorable factors:
- ① Impact of geopolitical factors on the supply chain: The Ukrainian-Russian war, the Israel-Hamas war, the Red Sea crisis, and other geopolitical factors may affect the supply of raw materials and the supply chain, leading to uncertainty in production.
  - ② Cross-strait relations: Variables in cross-strait relations may lead semiconductor manufacturers in Taiwan and China to consider setting up plants in countries outside of the Taiwan Strait, which is worth paying attention to.
  - ③ Capacity expansion and economic fluctuations: In the case of semiconductor shortages, manufacturers are actively expanding their

plants, however economic downturns may result in overcapacity and lead to price competition, which is a trend that needs to be closely monitored.

- ④ Chip sanctions and international alliances: After the U.S. imposed chip sanctions on China, it may further cooperate with other countries to implement similar measures, which will have a significant impact on the global semiconductor industry.
- ⑤ Impact of inflation on the economy: Inflation may lead to an economic recession, which could result in changes in demand and costs for the semiconductor industry, requiring careful evaluation and response.

(3) Countermeasures for development prospects

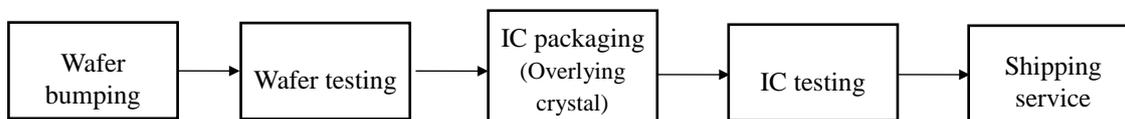
- ① Overseas markets continue to develop. The number of customers in North America increased in 2023 compared to 2022. Therefore, in 2023, in addition to the expansion of the North American market, there were market expansions in Asia, China, Europe and Japan.
- ② Strengthen the cooperation with upstream and downstream, such as wafer plants and equipment manufacturers.
- ③ Use big data and high-speed computing equipment to improve production efficiency and quality to improve the Company's operational performance.

(II) Major usages and production process of the key products

1. Major usages of the key products

Products or services	Major usages or functions
Testing services for various IC and wafers	Wafer testing: implement after wafers are done. The purpose is to distinguish the good and ill wafers, to avoid the unnecessary waste of costs at the later stages. Finished product testing: implemented after packaging, to check if the properties, including functions, speed, tolerance, power consumption, and heat dissipation, are normal.
Advanced Wafer Level Package, such as WLCSP and bump	IC related to mobile phones, cars, and high-speed calculations

2. Production process



(III) Status of key material supplies

Key material	Name of suppliers	Domestic	Foreign	Status of supply
Substrate	ASE	V		Normal
	Nan Ya PCB		V	Normal

Key material	Name of suppliers	Domestic	Foreign	Status of supply
Gold wire	TAIWAN TANAKA KIKINZOKU KOGYO CO., LTD		V	Normal
	M.K.Electron		V	Normal
Compound	Taiwan Lisennoco International Co., Ltd.		V	Normal
Adhesive	Ablestik/Henkel		V	Normal
Tape	MITSUI & CO. (Taiwan), LTD.	V		Normal
	LINTEC Corporation	V		Normal
	Taiwan Nitto Corporation	V		Normal
Solder ball	BANNER-EVER	V		Normal
	DUKSAN		V	Normal

(IV) Any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

#### 1. Information of the key suppliers in the two most recent fiscal years

Unit: NTD Thousand Dollars

Item	2022				2023				The year up to March 31,2024			
	Title	Amount	Proportion in the whole year purchase net amount (%)	Relationship with the Issuer	Title	Amount	Proportion in the whole year purchase net amount (%)	Relationship with the Issuer	Title	Amount	Proportion in the whole year purchase net amount (%)	Relationship with the Issuer
1	AJ	111,412	6.98	None	AF	66,657	4.95	None	Note			
2	AB	89,523	5.61	None	BA	53,911	4.00	None				
3	J	60,918	3.82	None	BB	50,864	3.77	None				
4	Q	59,266	3.71	None	Q	47,024	3.49	None				
5	Other	1,275,586	79.88	None	Other	1,129,099	83.79	None				
	Net purchase amount	1,596,705	100.00		Net purchase amount	1,347,555	100.00					

Note: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2024.

Reasons for increase or decrease: The main reason is the decrease in market demand, resulting in a decrease in purchases.

#### 2. Information of the major sales clients and the reason of increase/decrease

Unit: NTD Thousand Dollars

Item	2022				2023				The year up to March 31, 2024			
	Title	Amount	Proportion in the whole year sales net amount (%)	Relationship with the Issuer	Title	Amount	Proportion in the whole year sales net amount (%)	Relationship with the Issuer	Title	Amount	Proportion in the whole year sales net amount (%)	Relationship with the Issuer
1	A	3,863,578	20.67	None	A	3,048,914	19.70	None	Note			
2	B	1,929,317	10.32	None	B	1,467,991	9.48	None				
3	D	1,809,499	9.68	None	D	1,451,051	9.37	None				
4	Other	11,091,951	59.33	None	Other	9,511,545	61.45	None				
	Net sales	18,694,345	100.00		Net sales	15,479,501	100.00					

Note: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2024.

Reasons for increase or decrease: Mainly affected by the general environment, customers depleting inventory, resulting in reduced demand.

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

Unit: thousand pieces; thousand NTD

Year Production Volume and Value Major Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Packaging	1,879,345	1,503,476	2,867,733	1,399,034	1,119,228	2,519,823
Testing (Note)	6,428,425	5,142,740	10,087,747	5,298,089	4,238,471	9,349,797
Other	-	-	210,331	-	-	31,115
Total	8,307,770	6,646,216	13,165,811	6,697,123	5,357,699	11,900,735

Note: wafer and IC testing included

Reasons for increase or decrease: Mainly affected by the general environment, customers depleting inventory, resulting in reduced demand.

(VI) Table of Sales Volume and Value for the Most Recent Two Years

Unit: thousand pieces; thousand NTD

Year Sales Volume and Value Major Products	2022				2023			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Packaging	356,861	1,778,875	271,074	1,745,618	108,429	1,431,309	304,530	1,263,960
Testing (Note)	4,979,421	10,859,892	2,683,232	4,206,905	3,934,145	9,297,558	2,103,930	3,390,558
Other	-	59,521	-	43,534	-	96,116	-	-
Total	5,336,282	12,698,288	2,954,306	5,996,057	4,042,574	10,824,983	2,408,460	4,654,518

Note: wafer and IC testing included

Reasons for changes in increase or decrease: Mainly affected by the general environment, customers consume inventory, resulting in reduced demand.

### III. Employees

The number of employees employed during the 2 most recent fiscal years and up to the date of publication of the annual report, and their average years of service, average age, and education levels:

Year		2022	2023	The year and up to February 29, 2024 (Note)
Number of employees	Direct employees	2,374	2,189	2,206
	Indirect employees	2,238	2,119	2,111
	Managerial personnel	416	404	404
	Total	5,028	4,712	4,721
Average age		38.1	39.0	38.7
Average tenure (month)		65.8	75.4	74.7
Distribution of education background	PhD	0.1%	0.1%	0.1%
	Masters	4.8%	5.1%	5.1%
	College	64.7%	64.8%	64.5%
	Senior high school	27.6%	27.0%	27.3%
	Under senior high school	2.8%	3.0%	3.0%

Note: Consolidated number of employees of the Company and the subsidiaries

### IV. Information of environmental expenditures

Any loss and penalty suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid), and disclosing the countermeasures (including improvement measures) to be taken in the future and the possible expenses (including the estimated amount that could be incurred due to any possible loss, penalty and compensation if not taking the countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided):

(I) Any loss and penalty suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid): The amount of losses and compensation suffered in the non-polluted environment in the most recent year.

(II) Countermeasures in the future (improvement measures included):

Not applicable

### V. Labor relations

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

1. Employee benefits policies (measures) and the implementation:

We are committed to the welfare of our employees:

- (1) Provide free group meals and accommodation for newcomers for the first three months of registration
- (2) Well-developed education and training system and performance-oriented promotion.
- (3) Annual salary adjustment/year-end and festival bonus/Mid-Autumn Festival bonus/Spring Festival bonus/high operational performance bonus/favorable profit sharing plan for employees.
- (4) Provide lunch and dinner group meal subsidies, free snacks/employee restaurants/health rooms / nursing rooms / employee dormitories / convenience stores/ATMs/parking spaces for motorcycles/basketball courts/fitness facilities
- (5) Birthday/Three Festival Gift Coupons/Wedding and Funeral Subsidies/Year End Banquet/Recognition of Outstanding Employees /Recognition of Long-serving Employees/Appointed Shop/Various Employee Welfare Activities, etc
- (6) Free regular health check ups for employees / professional psychological counseling service units for employees/high-end health check up discount package/medical center level professional resident physicians/occupational health services/preferential family member group insurance scheme.

2. Continuing education, training, and the implementation:

- (1) Based on the indicators and requirements of the Workforce Development Agency's Talent Quality-management System (TTQS), the Company has made the "Talent Quality-management Manual" as the highest principle for the training. Each year, the annual education and training plan is formulated according to the business objectives of annual strategy plan, the employees and the customers' product demands, and covers the following:
  - ① Orientations for new employees: Supporting the new employees to rapidly understand the corporate culture, adapt themselves to the workplace and get familiar with their future tasks, such as the Company's profile and regulations, occupational safety and health awareness, concept of quality, information about ISO documents, etc.
  - ② On-the-job training: With the system of mentorship adopted, letting the junior or new employees increase their professional knowledge and personal productivity within a short time through the demonstration by senior personnel, such as training based on the training system form of each position system.
  - ③ Management training: Enhancing the managerial personnel's leadership and management skills, so that they have both the knowledge of theories and experience of practices and continuously apply the knowledge and improve during practice, such as training based on the training system form of the managerial personnel's position.
  - ④ Quality-related training: Increasing the internal awareness of quality and improving the audit methods to reduce the failure rate of quality control, and assisting the employees in meeting the specific quality requirements of customers and complying

with relevant regulations, such as training based on the training system form of the category of quality.

- ⑤ General knowledge training: Strengthening the internal personnel’s awareness of the relevant regulations and policies, customer requirements and factory needs, so that they can have the basic knowledge and skills, such as training regarding the corresponding general knowledge based on each training system form.
  - ⑥ Training for internal lecturers: Enhancing the teaching effects and skills of internal lecturers to satisfy the actual requirements of employees at work, carry out the internal talent training plan, and further reach the objectives of internal experience sharing and corporate sustainable operation.
  - ⑦ Training in public safety: Increasing the employees’ familiarity with the basic style, strategies, policies and regulations related to public safety at work in Taiwan, making the employees acquire the basic knowledge and skills regarding public safety management, and firming the employees’ understanding on the equipment and related routes of the Company to ensure the safety of employees at work.
  - ⑧ Environmental, safety and health training: Understanding the local regulations related to environmental protection, safety and health as well as the relevant requirements of the agreements that the Company has signed, thereby enhancing the energy and resource efficiency in production activities, promoting energy saving, reducing waste of resources, and achieving the safe work environment and the objectives of zero accidents.
- (2) In 2023, a total of 373 courses will be held for new hires, on-the-job training, management training, quality related training, general education courses, and public safety training, with a total duration of 1,303 hours and 23,930 trainees.

Course item	Times of course	Total hours	Persons trained
Freshman training	48	624	181
on-the-job training	214	412	2,903
Management training	4	28	134
Quality related training	35	109	11,547
General education training	28	50	6,926
Public safety	44	80	2,239
Total	373	1,303	23,930

### 3. Pension system and the implementation:

- (1) Pursuant to the “Labor Standard Act,” the Company has established the paid retirement guidelines, applicable to all the tenures of the permanent employees before the enforcement of the “Labor Pension Act” on July 1, 2005, and the tenures of these who opted to apply the “Labor Standard Act,” after the enforcement of the “Labor Pension Act.” For the employees qualified for retirement, the payment of the

pension is based on the tenure and the average salaries of the six months prior to the retirement. Within 15 years, two bases are given for a full year tenure; the tenure exceeding 15 years is one base per year, and the maximum is 45 bases. The Company contributes the pension funds of 2% of the total salaries, and deposits the funds in the dedicated account in Bank of Taiwan, under the name of the Labor Pension Reserve Supervisory Committee.

- (2) From July 1, 2005, the Company established the retirement guidelines of defined contribution and the applicable targets, pursuant to the "Labor Pension Act." For the pension systems defined by the "Labor Pension Act " applied by employees, the Company contributes the monthly labor pension to the personal accounts of employees in the Labor Insurance Bureau with no less than 6% of their salaries. The payment of the employee pensions may be selected from either monthly pension payment from their pension account with the cumulative incomes, or receiving all the pension at once. The Company contributes the employee pensions to the pension accounts based on the statement sent by the Labor Insurance Bureau.
- (3) For the pensions of the employees in the reinvested Chinese companies, the pension insurances contribute a certain percentage of the total salaries of the local employees, pursuant to the pension insurance system required by the local government. The contribution percentages are all between 14% to 16%. Other than the monthly contributions, these employee pensions are managed and arranged by the governments.

4. The labor negotiations and the protection measures of employee interests:

- (1) Agreements between employers and employees: Regular labor-management meetings are held, where representatives of both employers and employees discuss relevant issues between employers and employees and set up suggestion boxes and complaint boxes to allow sufficient communication between employers and employees; consensus is achieved on work life, production, and working conditions to achieve harmonious labor-management objectives.
- (2) The protection measures of employee interests:
  - ① Labor insurance, affairs related to the health insurances, and the contributions of labor pensions are handled and maintained pursuant to the related laws and regulations; in addition, the occupational injury compensation and paid leaves are provided.
  - ② A staff welfare committee is established to carry out various types of employee welfare activities with the purpose of seeking maximum benefits for staff and creating a quality environment for work-life balance.
  - ③ The company adheres to the training policy of 「intellectual inheritance, professional training, and diversified development」. Through mentorship training, the company's philosophy and intelligence are fully conveyed to employees, and through this relationship, training can achieve more meticulous learning. Through diversified teaching methods, employees can continuously

update their knowledge regardless of regional and time constraints, in order to enhance their self-worth, keep up with the times, enrich their work content, strengthen their abilities in different aspects, and achieve the overall operational goals of the company.

- ④ Better than regulations, increase the number of medical center level professional specialists with public health backgrounds to provide on-site services, and provide night doctor consultation clinics, providing convenient health services for night shift colleagues.
- ⑤ The Sigurd Pandemic Prevention Group according to the “Guidelines for workplace safety and health protection measures in response to Coronavirus Disease-2019” established by the Occupational Safety and Health Administration, Ministry of Labor to keep in line with the regulations concerning occupational safety and health and effectively prevent the spread of pandemic at the workplace by reinforcing the capability of preventing the exposure to hazardous pathogens at the workplace. At any time, adjust the response measures in a rolling manner according to the COVID-19 epidemic, and provide employees with epidemic prevention and quarantine leave, personal epidemic prevention bags, medical protective masks, and home rapid screening reagents.
- ⑥ Multiple resources for the employee assistance program are available, with professional psychologists, physicians, lawyers, etc. providing counseling services for mental health, medical care, law, management, and financial management. In addition, various convenient counseling channels are offered to the employees, including the toll-free telephone numbers, counseling e-mail address, physical and mental care platform, etc.

5. Fulfillment to the CSR:

- (1) The Company sets policies and procedures in compliance with regulations and internationally recognized human rights principles: We abide by labor regulations and respect internationally recognized basic labor human rights principles, and are committed to protecting the legitimate rights and interests of employees and upholding the non-discriminatory employment policies, etc. We have established appropriate management methods, procedures and regulations with actual implementations; internal appointment methods are established to regulate the personnel employment principles to safeguard employee rights.
- (2) The regular communication mechanism has been established, and the employees are informed of any operational changes possibly affecting them materially in reasonable ways: Other than the meetings convened by the employee benefit committee from time to time to discuss the employee benefit activities, the labor meetings are convened every three months, and the interaction between labors and the employer is good. In addition to the announcements to the whole employees, the announcements are also published on the website for employees to check at any time. The General Manager and the General Manager of each business group also issue letters to employees quarterly so that they may understand the changes of operations or other issues.

(3) Promotion of Industry and Education Plan: Sigurd has been committed to industry and education cooperation for a long time. In line with the relevant plans of the Ministry of Education's Industrial College and the government's new southbound policy, it has collaborated with various universities and colleges to handle industry and education special classes, foreign students special classes, overseas Chinese students special classes, provide internship opportunities, and serve as industry teachers. By utilizing company resources, Sigurd has donated scholarships and equipment to provide teaching needs, cultivate students' professional abilities, and ensure seamless integration between industry and education.

6. Specific measures to enhance employee benefits or benefits compared to the previous year[2023 and as of the printing date of the annual report]:

(1) The Company promotes the Code of Conduct - Responsible Business Alliance (RBA), to commit the protections to the employees' rights, and thus obtain the respect and integrity agreed upon by the international society. We emphasize labor rights and occupational safety, and go toward the common vision. We take good faith and integrity, seek sustainable operation, value environment protections, produce green products, take energy-saving and greenhouse emission reduction measures, and emphasize the continuous improvement of performance.

(2) In 2023, free group meals and accommodation were provided for newcomers for the first three months of registration, the quality of group meals were improved, dinner and group meal subsidies were increased, and free night snacks were provided.

(3) In 2023, a pre-employment bonus system was implemented to encourage fresh graduates from colleges and universities to enter the workforce as soon as possible after graduation.

7. Adjustment of average remuneration: The salary is unadjusted in 2023.

8. Reason of not adjusting the average remuneration: not applicable

(II) List any losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The Company always values the employees' benefit significantly, and provides an outstanding workplace. The two-way communications with the employees is emphasized. Therefore in the most recent two fiscal years and up to now, all the labor disputes have been finalized successfully.

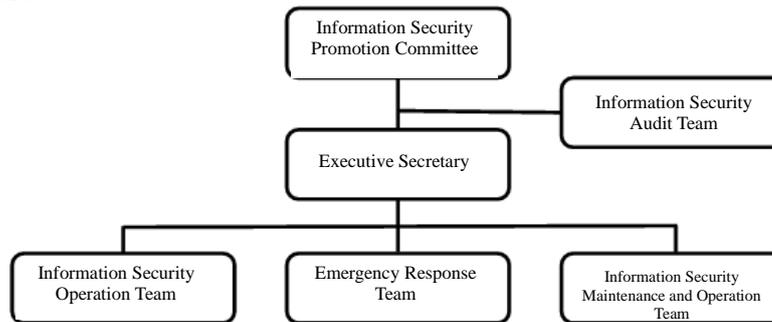
## VI. Cyber security management

(I) Specifying the cyber security risk management structure, cyber security policy, specific management plans and resources invested in cyber security management:

1. Cyber security risk management structure

The company has established an 「Information Security Promotion Committee」 responsible for promoting information security policies.

The personnel composition and job description are as follows: the committee members are appointed by the chairman; the chairman is appointed by the chairman and serves as the chairman of the meeting, responsible for the promotion, coordination, and supervision of the company's information security policies. An information security management review meeting is held at least once a year to review information security management related matters, review and decide on information security and information protection policies and policies, and implement the effectiveness of information security management measures.



## 2. Cyber security policy

The information security control measures of the Company's information system are aimed at protecting the confidentiality, integrity and availability of the data of important customers and the Company's personnel. Meanwhile, the Company strengthens the information security management and ensures the security of data, system, equipment and network by establishing a reliable information environment, deploying innovative information security protection technology, and implementing information security management. These endeavors are made to enhance our service quality and provide excellent services. We move towards digitized service with the spirit of pursuing continuous improvement and renovation.

In order to maintain the confidentiality, integrity and availability of the Company's data assets and protect the security of the customers and the personal data and privacy, the Company makes efforts to fulfill the following objectives:

- (1) Safeguarding the security of the Company's services by ensuring that the information can only be accessed by the authorized personnel, thereby protecting the customers' interests, data and confidentiality of such data.
- (2) Safeguarding the security of the Company's services by avoiding unauthorized changes to ensure the correctness and integrity of the data.
- (3) Establishing the business continuity plan regarding the information processing of the Company to ensure the continuous operation of the Company's services.
- (4) Making sure the operation of the Company's services are in line with the requirements of relevant laws or regulations established by the government.

### 3. Specific management plans

- (1) Security management related training for personnel and constant development and promotion of information safety awareness for employees to boost the information security
  - ① Sending irregular e-mails with the notification related to information security.
  - ② Giving mandatory dissemination of information security to new employees.
  - ③ Carrying out annual social engineering and e-mail drills.
  - ④ Providing annual training courses on information security for the employees in the Company.
- (2) Network security management to improve the security of network connection.
  - ① Establish secure network firewall to prevent the invasion of viruses and hackers.
  - ② Control non-company devices from connecting to the Company's network to avoid data leakage and virus infection.
  - ③ Perform annual web vulnerability scans and penetration tests to detect whether the network system environment can be compromised or damaged.
  - ④ Use external third-party monitoring tools to monitor the security level of outward-facing.
- (3) Computer system security management
  - ① Install anti-virus software is installed on all computer systems, enable automatically updates, and conduct full-system scans weekly.
  - ② Upgrade and update the company's computers and important information systems according to major security updates released by the manufacturer.
  - ③ Control access to USB external device on Company endpoint computers to prevent data leakage and virus infection.
  - ④ Regularly conduct server host vulnerability scan every year, fix known security vulnerability and strengthen server operations security.
- (4) System access control
  - ① All system access are set with appropriate account authority control.
  - ② File data access is set up with a file audit management system to control the access and record of of sensitive data.
  - ③ Field colleagues connecting back to the Company must use VPN system for encrypted security channel connections, and login certification through by two-factor authentication measures.
- (5) E-mail system security
  - ① Implement a spam filtering and blocking system to block advertising spam and malicious phishing emails.
  - ② Outbound e-mail control is implemented, enabling email data leakage protection to protect important information from leakage.
- (6) Backup and redundancy mechanism

- ① Establishes data backup measures and local and remote backup mechanisms.
- ② Regularly conduct disaster recovery drills every year to ensure the availability of backup data and the appropriateness of the disaster recovery procedures.
- (7) Information security monitoring
  - ① Entrust an external information security vendor to set up a SOC security monitoring, establishes early warning and response mechanism to reduce the possible threats on the network, and minimize cybersecurity incidents.

#### 4. Resources invested in cyber security management

The Company regularly conducts information security education and training for all employees. In recent years, the Company has also invested a lot of resources to develop protection measures and policy related to information security. The Company performs server host and web vulnerability scanning, external service penetration testing, email social engineering phishing drills, build account multi-factor authentication mechanism, information security SOC monitoring, and promote the introduction of ISMS information security management system in accordance with ISO27001 certification, and regularly obtain ISO27001 certification. The current certificate is valid from March 13, 2024 to October 31, 2025. Through the introduction of the ISO27001 information security management system, the availability of information resources will be improved, information security vulnerabilities will be reduced, and the company's information security risk control capabilities will be strengthened.

- (II) List any losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to significant cyber security incidents, and the possible impacts and countermeasures thereof. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

There were no major information security incidents in 2023.

## VII. Key contracts

(Supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, which were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year)

Nature of contract	Contracting Party	Contract Start/End Date	Main contents	Restrictive clauses
Testing or packaging processes	Intel, MURATAR, etc.	2022.02.17 ~ 2030.03.02	Testing, packaging and processing of various types of IC	Confidential to third parties
Med- and long-term loan contracts	E.SUN Bank, KGI Bank, etc.	2018.10.17 ~ 2026.01.08	Mortgage loans	Machinery equipment
	Taiwan Cooperative Bank, Mega Bank, CTBC Bank, etc.	2023.01.09 ~ 2025.05.31	Mortgage loans	Land and plant
	Mega Bank, Hua Nan Bank, CTBC Bank, etc.	2019.11.12 ~ 2026.10.12	Credit	—
	TSMT-Mega, Hua Nan, Taipei Fubon Bank, Bank SinoPac	2020.12.02 ~ 2026.04.15	Accelerated investment loans for Taiwan enterprises	Nil.
	TSMT-Yuanta, Bank SinoPac	2022.04.01 ~ 2027.07.19	Credit	Nil.
	TSMT-Mega Bank, Bank SinoPac, etc.	2020.12.02 ~ 2027.07.19	Credit	—
	SIRIZE Technology Corporation-CTBC, Yushan	2020.10.23 ~ 2024.09.26	Sigurd guarantee	Machinery and equipment, repayment of domestic bank loans
	SIRIZE Technology Corporation-China Construction Bank, Agricultural Bank of China	2020.07.30 ~ 2025.07.29	Credit	Fixed asset loans, working capital loans
	Cheng Yuan-E.SUN Bank	2020.11.02 ~ 2026.06.30	Credit	1.During the loan period, no new or additional loans on machinery and equipment shall be assigned to others. 2.Sigurd Microelectronics Corporation shall hold no less than 50% of the shares of True Partner Technology Co., Ltd.
	Cheng Yuan Bank-Land Bank of Taiwan	2020.11.02 ~ 2026.06.30	Credit	Facility equipment and working capital
	Sigurd UTC Corporation – Mega Bank, E.SUN Bank, Far Eastern International Bank, and Taiwan Cooperative Bank	2022.01.17 ~ 2027.02.15	Mortgage loans	Machinery equipment
	Sigurd UTC – Mega Bank	2022.01.17 ~ 2027.01.15	Credit	Facility equipment and working capital
Sigurd UTC – Far Eastern International Bank	2022.02.16 ~ 2026.02.13	Credit	Facility equipment	

## Six. Overview of Finance

I. The condensed balance sheet and comprehensive statement of incomes over the past five years

(I) The condensed balance sheet and comprehensive statement of incomes

1. Condensed Balance Sheet (IFRS parent company only)

Unit: NTD Thousand Dollars

Item	Year	Information of finance over the past five years					The year up to March 31,2024
		2019	2020	2021	2022	2023 (Note 1)	
Current assets		6,999,706	7,401,926	7,610,517	8,142,643	9,325,793	Note2
Property, plant and equipment		7,957,026	9,956,610	11,477,485	10,535,230	9,140,738	
Intangible assets		22,878	23,900	28,667	45,314	31,075	
Other assets		5,337,634	6,856,140	9,958,626	10,666,457	11,166,784	
Total amount of assets		20,317,244	24,238,576	29,075,295	29,389,644	29,664,390	
Current liabilities	Before distribution	5,417,482	7,171,073	5,163,486	3,563,955	6,011,009	
	After distribution	5,881,162	8,051,238	6,532,913	5,482,267	Note1	
Non-current liabilities		3,646,108	4,371,186	8,469,273	9,346,469	6,815,220	
Total amount of liabilities	Before distribution	9,063,590	11,542,259	13,632,759	12,910,424	12,826,229	
	After distribution	9,527,270	12,422,424	15,002,186	14,828,736	Note1	
Equity Attributable to Shareholders of the Parent		11,253,654	12,696,317	15,442,536	16,479,220	16,838,161	
Share capital		4,206,834	4,316,114	4,520,782	4,567,410	4,567,446	
Capital reserve		923,672	715,446	942,353	539,296	539,458	
Retained earnings	Before distribution	6,089,115	7,380,612	9,342,927	11,036,207	10,867,273	
	After distribution	0	6,500,447	7,973,500	9,117,895	Note1	
Other equity		34,033	284,145	636,474	336,307	863,984	
Treasury stocks		0	0	0	0	0	
Non-controlling equity		–	–	–	–	–	
Total of equity	Before distribution	11,253,654	12,696,317	15,442,536	16,479,220	16,838,161	
	After distribution	10,789,974	11,816,152	14,073,109	14,560,908	Note1	

Source: Financial statements attested by the CPAs.

Note 1: The dividend distribution proposal for 2023 was approved by the Board of Directors on February 29, 2024 with dividends remaining undistributed.

Note 2: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2024.

Note 3: For the financial statements of the most recent five fiscal years have not been required by the competent authorities for correction or restatement.

Condensed Balance Sheet (IFRS consolidated)

Unit: NTD Thousand Dollars

Item	Year	Information of finance over the past five years					The year up to March 31,2024
		2019	2020	2021	2022	2023(Note 1)	
Current assets		12,975,111	13,038,629	14,848,084	16,314,192	18,089,407	Note2
Property, plant and equipment		10,643,730	14,629,289	18,479,301	18,155,700	15,915,723	
Intangible assets		112,245	101,740	192,547	241,920	191,297	
Other assets		1,021,977	2,044,253	3,083,041	2,857,542	3,320,991	
Total amount of assets		24,753,063	29,813,911	36,602,973	37,569,354	37,517,418	
Current liabilities	Before distribution	6,672,432	8,938,619	7,694,314	5,885,119	8,599,306	
	After distribution	7,136,112	9,818,784	9,063,741	7,803,431	Note 1	
Non-current liabilities		4,557,747	5,929,122	11,081,836	12,303,756	9,118,526	
Total amount of liabilities	Before distribution	7,580,877	14,867,741	18,776,150	18,188,875	17,717,832	
	After distribution	8,044,557	15,747,906	20,145,577	20,107,187	Note 1	
Equity Attributable to Shareholders of the Parent		11,253,654	12,696,317	15,442,536	16,479,220	16,838,161	
Share capital		4,206,834	4,316,114	4,520,782	4,567,410	4,567,446	
Capital reserve		923,672	715,446	942,353	539,296	539,458	
Retained earnings	Before distribution	6,089,115	7,380,612	9,342,927	11,036,207	10,867,273	
	After distribution	5,625,435	6,500,447	7,973,500	9,117,895	Note 1	
Other equity		34,033	284,145	636,474	336,307	863,984	
Treasury stocks		0	0	0	0	0	
Non-controlling equity		2,269,230	2,249,853	2,384,287	2,901,259	2,961,425	
Total of equity	Before distribution	13,522,884	14,946,170	17,826,823	19,380,479	19,799,586	
	After distribution	13,059,204	14,066,005	16,457,396	17,462,167	Note 1	

Source: Financial statements attested by the CPAs.

Note 1: The dividend distribution proposal for 2023 was approved by the Board of Directors on February 29, 2024 with dividends remaining undistributed.

Note 2: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2024.

Note 3: For the financial statements of the most recent five fiscal years have not been required by the competent authorities for correction or restatement.

## 2. Condensed Statement of Incomes (IFRS parent company only)

Unit: other than earning (loss) per share in NT\$, others in NT\$ thousand

Year Item	Information of finance over the past five years					The year up to March 31, 2024
	2019	2020	2021	2022	2023(Note 1)	
Operating revenue	6,130,926	8,404,291	10,364,704	10,590,172	8,471,038	Note2
Operating gross profit	1,811,754	2,801,125	3,696,199	3,500,095	2,097,439	
Operating incomes	1,215,748	1,968,351	2,794,137	2,460,335	1,242,629	
Non-operating incomes and expenses	360,371	114,366	511,264	1,185,871	692,389	
Pre-tax net profit	1,576,119	2,082,717	3,305,401	3,646,206	1,935,018	
Net profit of the term from continuing operation	1,294,520	1,783,299	2,787,446	3,033,285	1,737,319	
Loss from discontinuing operation	-	-	-	-	-	
Net profit of the term	1,294,520	1,783,299	2,787,446	3,033,285	1,737,319	
Other comprehensive incomes of the term (Net amount after tax)	114,399	221,990	407,362	(265,999)	539,736	
The total comprehensive income of the term	1,408,919	2,005,289	3,194,808	2,767,286	2,277,055	
Net profit (loss) attributable to shareholders of the parent	-	-	-	-	-	
Net profit (loss) attributed to non- controlling equity	-	-	-	-	-	
The total comprehensive income attributed to shareholders of the parent company	-	-	-	-	-	
The total comprehensive income attributed to non- controlling equity	-	-	-	-	-	
Earning per share	3.26	4.22	6.25	6.68	3.80	

Source: Financial statements attested by the CPAs.

Note 1: The dividend distribution proposal for 2023 was approved by the Board of Directors on February 29, 2024 with dividends remaining undistributed.

Note 2: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2024.

Note 3: For the financial statements of the most recent five fiscal years have not been required by the competent authorities for correction or restatement.

**Condensed Statement of Incomes (IFRS consolidated)**

Unit: other than earning (loss) per share in NT\$, others in NT\$ thousand

Year Item	Information of finance over the past five years					The year up to March 31, 2024
	2019	2020	2021	2022	2023(Note 1)	
Operating revenue	10,046,619	12,428,549	16,681,264	18,694,345	15,479,501	Note2
Operating gross profit	3,039,462	3,609,353	4,948,458	5,528,534	3,578,766	
Operating incomes	2,072,004	2,338,745	3,440,397	3,826,682	2,078,205	
Non-operating incomes and expenses	(1,000)	(60,169)	222,415	599,777	496,508	
Pre-tax net profit	2,071,004	2,278,576	3,662,812	4,426,459	2,574,713	
Net profit of the term from continuing operation	1,563,561	1,926,589	3,036,248	3,513,949	2,138,514	
Loss from discontinuing operation	–	–	–	–	–	
Net profit of the term	1,563,561	1,926,589	3,036,248	3,513,949	2,138,514	
Other comprehensive incomes of the term (Net amount after tax)	71,181	143,746	373,562	(75,630)	526,383	
The total comprehensive income of the term	1,634,742	2,070,335	3,409,810	3,438,319	2,664,897	
Net profit (loss) attributable to shareholders of the parent	1,294,520	1,783,299	2,787,446	3,033,285	1,737,319	
Net profit (loss) attributed to non-controlling equity	269,041	143,290	248,802	480,664	401,195	
The total comprehensive income attributed to shareholders of the parent company	1,408,919	2,005,289	3,194,808	2,767,286	2,277,055	
The total comprehensive income attributed to non-controlling equity	225,823	65,046	215,002	671,033	387,842	
Earning per share	3.26	4.22	6.25	6.68	3.80	

Source: Financial statements attested by the CPAs.

Note 1: The dividend distribution proposal for 2023 was approved by the Board of Directors on February 29, 2024 with dividends remaining undistributed.

Note 2: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2024.

Note 3: For the financial statements of the most recent five fiscal years have not been required by the competent authorities for correction or restatement.

(II) Names of attesting accountants and audit opinions

Year	Name of Accounting Firm	Attesting accountant	Audit Opinion
2019	PwC Taiwan	Dian-Yi Lee, Tsai-Yen Jiang	Unqualified opinion
2020		Chi-Cheng Hsieh; Tsai-Yen Jiang	Unqualified opinion
2021		Chi-Cheng Hsieh; Tsai-Yen Jiang	Unqualified opinion
2022		Chi-Cheng Hsieh; Tsai-Yen Jiang	Unqualified opinion
2023		Chi-Cheng Hsieh; Tsai-Yen Jiang	Unqualified opinion

## II. Analyses of finance over the past five years

### (I) Finance analysis (IFRS parent company only)

Analysis Item (Note)		Analyses of finance over the past five years					The year up to March 31,2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debts ratio %	44.61	47.62	46.89	43.93	43.24	Note2
	Long-term Fund to Property, Plant and Equipment	187.25	171.42	208.34	245.14	258.77	
Solvency (%)	Current Ratio (%)	129.21	103.22	147.39	228.47	155.15	
	Quick Ratio (%)	123.93	96.76	136.24	209.32	141.75	
	Times Interest Earned (Times)	27.49	27.65	31.48	28.51	13.90	
Operating Performance	Receivable Turnover Rate (Times)	3.96	4.19	4.42	4.60	3.77	
	Average Collection Days	92	87	83	79	97	
	Inventory Turnover (Times)	61.04	69.40	67.52	54.72	32.51	
	Average Payment Turnover (Times)	38.46	42.40	48.86	63.60	55.42	
	Average Sales Days	6	5	5	7	11	
	Property, Plant and Equipment Turnover (Times)	0.85	0.94	0.97	0.96	0.86	
	Total Assets Turnover (Times)	0.34	0.38	0.39	0.36	0.29	
Profitability	Return on asset (%)	7.42	8.31	10.80	10.75	6.34	
	Return on Equity (%)	12.28	14.89	19.81	19.00	10.43	
	Pre-tax Income to Paid-in Capital Ratio (%)	37.47	48.25	73.12	79.83	42.37	
	Net Margin (%)	21.11	21.22	26.89	28.64	20.51	
	Earning per share (NTD)	3.26	4.22	6.25	6.68	3.80	
Cash Flow	Cash Flow Rate (%)	43.15	45.28	105.85	150.36	70.51	
	Cash Flow Adequacy Ratio (%)	89.89	83.60	84.67	90.46	94.80	
	Cash Reinvestment Ratio (%)	7.89	10.64	14.09	10.42	7.20	
Leverage	Operating Leverage	4.97	4.22	3.68	4.26	6.78	
	Financial Leverage	1.05	1.04	1.04	1.06	1.14	
<p>Please specify the reasons of each change to the financial ratios in the recent two years. (No analysis required if such increase/decrease is less than 20%)</p> <ol style="list-style-type: none"> <li>1.Solvency (current ratio and quick ratio): The decrease compared with the same period last year was mainly due to lower long-term borrowings in 2023 and lower net profit in 2024.</li> <li>2.Operating ability: The change in the ratio was mainly due to the weakening consumer market, the impact of destocking of some clients and continued inventory control, which resulted in a decrease in operating income compared with the previous year.</li> <li>3.Profitability: The change in ratio is mainly due to the decrease in revenue and profit and loss compared with the previous year.</li> <li>4.Cash reinvestment ratio: This period is due to the decrease in operating capital due to the decrease in profits and the increase in long-term borrowings compared with the previous year.</li> <li>5.Leverage: The change in ratio is mainly due to the decrease in revenue and profit and loss compared</li> </ol>							

with the previous year.

### Finance analysis (IFRS consolidated)

Analysis Item (Note)	Year	Analyses of finance over the past five years					The year up to March 31,2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debts ratio %	45.37	49.87	51.3	48.41	47.23	Note2
	Long-term Fund to Property, Plant and Equipment	169.87	142.7	156.44	174.51	181.70	
Solvency (%)	Current Ratio (%)	194.46	145.87	192.97	277.21	210.36	
	Quick Ratio (%)	187.83	136.33	179.33	261.11	197.48	
	Times Interest Earned (Times)	26.71	20.06	23.17	21.9	10.78	
Operating Performance	Receivable Turnover Rate (Times)	3.59	3.83	4.58	4.79	4.07	
	Average Collection Days	101.67	95.3	79.69	76.20	89.68	
	Inventory Turnover (Times)	41.67	46.33	46.08	37.96	28.27	
	Average Payment Turnover (Times)	34.31	28.81	30.67	38.98	35.10	
	Average Sales Days	9	8	8	10	13	
	Property, Plant and Equipment Turnover (Times)	1.02	0.98	1.01	1.02	0.91	
	Total Assets Turnover (Times)	0.45	0.46	0.5	0.5	0.41	
Profitability	Return on asset (%)	7.35	7.43	9.56	9.93	6.28	
	Return on Equity (%)	12.31	13.53	18.53	18.89	10.92	
	Pre-tax Income to Paid-in Capital Ratio (%)	49.23	52.79	81.02	96.91	56.37	
	Net Margin (%)	15.56	15.50	18.20	18.80	13.82	
	Earning per share (NTD)	3.26	4.22	6.25	6.68	3.80	
Cash Flow	Cash Flow Rate (%)	52.68	51.34	92.79	139.45	74.72	
	Cash Flow Adequacy Ratio (%)	98.25	86.65	83.46	91.46	96.86	
	Cash Reinvestment Ratio (%)	7.74	9.55	12.27	11.69	8.41	
Leverage	Operating Leverage	4.75	5.2	4.74	4.76	7.16	
	Financial Leverage	1.04	1.05	1.05	1.06	1.15	
<p>Please specify the reasons of each change to the financial ratios in the recent two years. (No analysis required if such increase/decrease is less than 20%)</p> <ol style="list-style-type: none"> <li>1.Solvency (current ratio and quick ratio): The decrease compared with the same period last year was mainly due to lower long-term borrowings in 2023 and lower net profit in 2024.</li> <li>2.Operating ability: The change in the ratio was mainly due to the weakening consumer market, the impact of destocking of some clients and continued inventory control, which resulted in a decrease in operating income compared with the previous year.</li> <li>3.Profitability: The change in ratio is mainly due to the decrease in revenue and profit and loss compared with the previous year.</li> <li>4.Cash reinvestment ratio: This period is due to the decrease in operating capital due to the decrease in</li> </ol>							

profits and the increase in long-term borrowings compared with the previous year.  
5. Leverage: The change in ratio is mainly due to the decrease in revenue and profit and loss compared with the previous year.

- \* If the Company prepares standalone financial reports, an analysis of the parent Company only financial ratios should be prepared separately.
- \* If the financial information adopting International Financial Reporting Standards is compiled less than 5 years, then the financial information adopting R.O.C. Statements of Financial Accounting Standards should be prepared through table (2).

Note 1: The year for which the Company's financial statements are not audited by accountants should be indicated.

Note 2: As of the publishing date of the annual report, there is no financial information reviewed by accountants for the first quarter of 2023.

Note 3: The following formula should be shown at the end of this table in the annual report.

(1) Financial structure

① Debts ratio = total amount of liabilities / total amount of assets.

② Long-term Fund to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

(2) Solvency

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

① Receivables (including accounts receivable and the notes receivable due to operation) = Net Sales / Average Trade Receivables (including receivable accounts and the notes receivable due to operation)

② Average Collection Days = 365 / Receivable Turnover Rate

③ Average Inventory Turnover = Cost of Sales / Average Inventory

④ Payable (including accounts payable and the notes payable due to operation) = Cost of Sales / Average Trade Payables (including accounts payable and the notes payable due to operation)

⑤ Average Sales Days = 365 / Inventory Turnover

⑥ Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

⑦ Total Assets Turnover = Net Sales / Average Total Assets

(4) Profitability

① Return on Total Assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets

② Return on Equity = After-tax Income / Average Equity

③ Net Margin = Net Income / Net Sales

④ Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

(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 Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)

(6) Leverage

① Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 6)

② Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: For the aforementioned formula of EPS, please note the following matters when measuring:

- (1) The basis shall be the weighted average common shares, but not the issued shares at the year end.
- (2) Shall there be any cash capital increase or treasury stock transaction, the calculation of weighted average shares shall take their outstanding period into account.
- (3) Shall there be capitalization of retained earnings or capitalization of capital reserves, when calculating the annual and semi-annual EPS for the previous years, the retrospective adjustment shall be made based on the proportion of capitalization, without considering the issuance period of

such capitalization.

- (4) In cases where preferential shares are the non convertible cumulative preference shares, the dividends of the year (distributed or not), shall be deducted from the after-tax net profit, or added to the after-tax net loss. If the preferential shares are not cumulative in nature, in case there is after-tax net profit, the dividends of preferential shares shall be deducted from the after-tax net profit; no adjustment is required if there is loss.

Note 5: For the cash flow analysis, please note the following matters when measuring:

- (1) Net cash flow from operating activities refer to the net cash flows from operating activities indicated in the Statement of cash flow.
- (2) Capital expenditure means the annual cash outflows of the capital investments.
- (3) Increase of inventory is only accounted for when the balance at the end of the term is greater than the balance at the beginning of the term; if the inventory decreases at the end of the year, it is accounted as zero.
- (4) Cash dividends include the cash dividends of common and preferential shares.
- (5) Gross amount of property, plant, and equipment refers to the total amount of property, plant, and equipment before accumulated amortization.

Note 6: The operating costs and expenses shall be divided as fixed or variable by the Issuer; if the estimation or subjective judgment is involved, the reasonableness and consistency shall be maintained.

Note 7: If the Company's stock has no par value or the par value per share is not NT\$10, the calculation of the paid-in capital ratio should change to the ratio of equity attributable to the shareholders of the parent company in the balance sheet.

III. Audit report of the financial reports from the Audit Committee for the most recent year

Sigurd Microelectronics Corporation  
Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2023 Business Report, Financial Statements, and earning distribution proposal, of which, the Company's Financial Statements have been audited and certified by CPAs Chi-Cheng Hsieh and Tsai-Yen Chiang of PwC Taiwan, and an audit report is issued. The Business Report, Financial Statements, and earning distribution proposal have been reviewed by the Audit Committee. We, the Audit Committee, have duly examined the aforementioned reports as correct and accurate. We hereby report to the Annual General Shareholders' Meeting pursuant to Article 14-4 of the Securities and Exchange Act, as well as Article 219 of the Company Act.

To

The Company's 2024 annual general shareholders' meeting

Sigurd Microelectronics Corporation  
Convener of the Audit Committee: Min-Kai Lin

February 29, 2024

#### IV. Financial reports for the most recent year

##### Sigurd Microelectronics Corporation

##### Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Sigurd Microelectronics Corporation (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Sigurd Microelectronics Corporation and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. In addition, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Sigurd Microelectronics Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

Sigurd Microelectronics Corporation

Shin-Yang Huang, Chairman

February 29, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000389

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Sigurd Microelectronics Corporation and subsidiaries (the “Sigurd Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (please refer to the *Other matters* section), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sigurd Group as at December 31, 2023 and 2022, and its consolidated 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statements 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 *Auditor's responsibilities for the audit of the consolidated*

*financial statements* section of our report. We are independent of the Sigurd Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matter***

Key audit matters are the matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. This matter was addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on this matter.

Key audit matter for Sigurd Group's consolidated financial statements of the current period is stated as follows:

### ***Capitalisation of property, plant and equipment***

#### Description

Sigurd Group increased its capital expenditure to meet its operational needs. Please refer to Note 4(15) for accounting policies on property, plant and equipment, and Note 6(7) for details of property, plant and equipment. Considering that capitalisation of property, plant and equipment is significant to Sigurd Group's consolidated financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter: Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment, as well as sample tested and examined respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and capitalisation (timing of starting depreciation).

#### ***Other matter – Audited by other independent auditors***

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements, was based solely on the reports of other independent auditors. Total assets of those consolidated subsidiaries amounted to NT\$317,506 thousand and NT\$307,194 thousand, constituting 0.85% and 0.82% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and total operating revenues amounted to NT\$276,681 thousand and NT\$254,340 thousand, constituting 1.79% and 1.36% of the total operating revenues for the years ended December 31, 2023 and 2022, respectively.

#### ***Other matter – Parent company only financial statements***

We have also expressed an unqualified opinion on the parent company only financial statements of Sigurd Microelectronics Corporation as of and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal controls as the management determines are 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 Sigurd 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 the management either intends to liquidate the Sigurd Group or to cease operations, or have no realistic alternative but to do so.

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

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

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 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 report. However, future events or conditions may cause the Sigurd Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Sigurd Group to express an opinion on 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 controls 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 those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our 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.

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Hsieh, Chih-Cheng

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Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan  
February 29, 2024

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

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

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 9,406,220	25	\$ 8,873,912	24
1110	Current financial assets at fair value	6(2)				
	through profit or loss		314,538	1	396,204	1
1136	Current financial assets at amortised	6(4) and 8				
	cost		3,332,000	9	2,002,321	5
1140	Current contract assets	6(18)	127,696	-	152,984	-
1150	Notes receivable, net	6(5)	29	-	5,283	-
1170	Accounts receivable, net	6(5)	3,696,519	10	3,828,076	10
1180	Accounts receivable - related parties,	6(5) and 7				
	net		3,333	-	3,349	-
1200	Other receivables		52,312	-	67,126	-
130X	Inventories	6(6)	426,002	1	351,924	1
1410	Prepayments		681,698	2	595,670	2
1470	Other current assets		49,060	-	37,343	-
11XX	<b>Total current assets</b>		<u>18,089,407</u>	<u>48</u>	<u>16,314,192</u>	<u>43</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair	6(3)				
	value through other comprehensive					
	income		2,158,967	6	1,590,784	4
1535	Non-current financial assets at	6(4) and 8				
	amortised cost		169,887	1	69,886	-
1600	Property, plant and equipment	6(7) and 8	15,915,723	42	18,155,700	48
1755	Right-of-use assets	6(8)	535,919	1	737,727	2
1780	Intangible assets		191,297	1	241,920	1
1840	Deferred tax assets	6(25)	346,786	1	320,597	1
1900	Other non-current assets		109,432	-	138,548	1
15XX	<b>Total non-current assets</b>		<u>19,428,011</u>	<u>52</u>	<u>21,255,162</u>	<u>57</u>
1XXX	<b>Total assets</b>		<u>\$ 37,517,418</u>	<u>100</u>	<u>\$ 37,569,354</u>	<u>100</u>

(Continued)

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(9)	\$ 147,985	1	\$ 135,000	-
2130	Current contract liabilities	6(18)	9,929	-	30,455	-
2150	Notes payable		6,596	-	3,842	-
2170	Accounts payable		378,696	1	289,033	1
2200	Other payables	6(10)	2,394,098	6	2,801,752	7
2230	Current income tax liabilities		594,836	2	537,016	1
2250	Current provisions		1,163	-	11,241	-
2280	Current lease liabilities		88,245	-	240,946	1
2320	Long-term borrowings, current portion	6(11)(12) and 8	4,617,694	12	1,600,579	4
2399	Other current liabilities, others	6(18)	360,064	1	235,255	1
21XX	<b>Total current liabilities</b>		<u>8,599,306</u>	<u>23</u>	<u>5,885,119</u>	<u>15</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(11)	2,967,588	8	4,419,632	12
2540	Long-term borrowings	6(12) and 8	5,307,839	14	6,993,078	19
2570	Deferred tax liabilities	6(25)	69,168	-	67,445	-
2580	Non-current lease liabilities		459,081	1	473,893	1
2600	Other non-current liabilities	6(13)	314,850	1	349,708	1
25XX	<b>Total non-current liabilities</b>		<u>9,118,526</u>	<u>24</u>	<u>12,303,756</u>	<u>33</u>
2XXX	<b>Total liabilities</b>		<u>17,717,832</u>	<u>47</u>	<u>18,188,875</u>	<u>48</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Ordinary share	6(14)	4,567,446	12	4,567,410	12
Capital surplus						
3200	Capital surplus	6(15)	539,458	2	539,296	1
Retained earnings						
3310	Legal reserve	6(16)	2,117,155	6	1,810,884	5
3350	Unappropriated retained earnings		8,750,118	23	9,225,323	25
Other equity interest						
3400	Other equity interest	6(17)	863,984	2	336,307	1
31XX	<b>Equity attributable to owners of parent</b>		<u>16,838,161</u>	<u>45</u>	<u>16,479,220</u>	<u>44</u>
36XX	<b>Non-controlling interests</b>		<u>2,961,425</u>	<u>8</u>	<u>2,901,259</u>	<u>8</u>
3XXX	<b>Total equity</b>		<u>19,799,586</u>	<u>53</u>	<u>19,380,479</u>	<u>52</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the reporting period						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 37,517,418</u>	<u>100</u>	<u>\$ 37,569,354</u>	<u>100</u>

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

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 15,479,501	100	\$ 18,694,345	100
5000	Operating costs	6(6)(23)(24)	( 11,900,735)	( 77)	( 13,165,811)	( 70)
5950	Gross profit from operations		<u>3,578,766</u>	<u>23</u>	<u>5,528,534</u>	<u>30</u>
	Operating expenses	6(23)(24)				
6100	Selling and marketing expenses		( 200,729)	( 1)	( 234,386)	( 1)
6200	General and administrative expenses		( 899,098)	( 6)	( 1,043,021)	( 6)
6300	Research and development expenses		( 391,863)	( 2)	( 423,867)	( 2)
6450	Expected credit loss	12(2)	( 8,871)	-	( 578)	-
6000	Total operating expenses		<u>( 1,500,561)</u>	<u>( 9)</u>	<u>( 1,701,852)</u>	<u>( 9)</u>
6900	Operating profit		<u>2,078,205</u>	<u>14</u>	<u>3,826,682</u>	<u>21</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	374,269	2	108,198	-
7010	Other income	6(20)	148,130	1	170,648	1
7020	Other gains and losses	6(21)	237,451	2	532,773	3
7050	Finance costs	6(22)	( 263,342)	( 2)	( 211,842)	( 1)
7000	Total non-operating income and expenses		<u>496,508</u>	<u>3</u>	<u>599,777</u>	<u>3</u>
7900	<b>Profit before income tax</b>		<u>2,574,713</u>	<u>17</u>	<u>4,426,459</u>	<u>24</u>
7950	Income tax expense	6(25)	( 436,199)	( 3)	( 912,510)	( 5)
8000	<b>Profit from continuing operations</b>		<u>2,138,514</u>	<u>14</u>	<u>3,513,949</u>	<u>19</u>
8200	<b>Profit for the year</b>		<u>\$ 2,138,514</u>	<u>14</u>	<u>\$ 3,513,949</u>	<u>19</u>
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plans	6(13)	\$ 14,589	-	\$ 37,857	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	568,183	4	( 531,384)	( 3)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		( 1,818)	-	( 373)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>580,954</u>	<u>4</u>	<u>( 493,900)</u>	<u>( 3)</u>
	<b>Components of other comprehensive income (loss) that might be reclassified to profit or loss</b>					
8361	Exchange differences on translation of foreign operations	6(17)	( 54,571)	( 1)	418,270	2
8360	Components of other comprehensive income (loss) that might be reclassified to profit or loss		<u>( 54,571)</u>	<u>( 1)</u>	<u>418,270</u>	<u>2</u>
8300	<b>Other comprehensive income (loss)</b>		<u>\$ 526,383</u>	<u>3</u>	<u>( \$ 75,630)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income</b>		<u>\$ 2,664,897</u>	<u>17</u>	<u>\$ 3,438,319</u>	<u>18</u>
	Profit, attributable to:					
8610	Owners of the parent		\$ 1,737,319	11	\$ 3,033,285	16
8620	Non-controlling interests		401,195	3	480,664	3
	Total profit		<u>\$ 2,138,514</u>	<u>14</u>	<u>\$ 3,513,949</u>	<u>19</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 2,277,055	14	\$ 2,767,286	14
8720	Non-controlling interests		387,842	3	671,033	4
	Total comprehensive income		<u>\$ 2,664,897</u>	<u>17</u>	<u>\$ 3,438,319</u>	<u>18</u>
	Basic earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		<u>\$ 3.80</u>		<u>\$ 6.68</u>	
	Diluted earnings per share (in dollars)	6(26)				
9850	Diluted earnings per share		<u>\$ 3.59</u>		<u>\$ 6.21</u>	

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

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent							Non-controlling interests	Total equity
		Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings	Other equity interest	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<b>2022</b>										
Balance at January 1, 2022		\$ 4,520,782	\$ 942,353	\$ 1,526,636	\$ 7,816,291	(\$ 130,865)	\$ 767,339	\$ 15,442,536	\$ 2,384,287	\$ 17,826,823
Profit for the year		-	-	-	3,033,285	-	-	3,033,285	480,664	3,513,949
Other comprehensive income (loss)	6(3)(17)	-	-	-	33,831	231,554	( 531,384 )	( 265,999 )	190,369	( 75,630 )
Total comprehensive income (loss)		-	-	-	3,067,116	231,554	( 531,384 )	2,767,286	671,033	3,438,319
Appropriation of 2021 earnings	6(16)									
Legal reserve		-	-	284,248	( 284,248 )	-	-	-	-	-
Reversal of special reserve		-	-	-	( 1,369,427 )	-	-	( 1,369,427 )	-	( 1,369,427 )
Cash distribution from capital surplus	6(15)(16)	-	( 502,123 )	-	-	-	-	( 502,123 )	-	( 502,123 )
Conversion of corporate bonds	6(11)(14)(15)	46,628	99,066	-	-	-	-	145,694	-	145,694
Disposal of equity instruments at fair value through other comprehensive income	4(3)	-	-	-	337	-	( 337 )	-	-	-
Cash dividends paid to non-controlling interest from subsidiary		-	-	-	-	-	-	-	( 150,731 )	( 150,731 )
Adjustments arising from changes in percentage of ownership in a subsidiary		-	-	-	( 4,746 )	-	-	( 4,746 )	( 3,330 )	( 8,076 )
Balance at December 31, 2022		\$ 4,567,410	\$ 539,296	\$ 1,810,884	\$ 9,225,323	\$ 100,689	\$ 235,618	\$ 16,479,220	\$ 2,901,259	\$ 19,380,479
<b>2023</b>										
Balance at January 1, 2023		\$ 4,567,410	\$ 539,296	\$ 1,810,884	\$ 9,225,323	\$ 100,689	\$ 235,618	\$ 16,479,220	\$ 2,901,259	\$ 19,380,479
Profit for the year		-	-	-	1,737,319	-	-	1,737,319	401,195	2,138,514
Other comprehensive income (loss)	6(3)(17)	-	-	-	12,059	( 40,506 )	568,183	539,736	( 13,353 )	526,383
Total comprehensive income (loss)		-	-	-	1,749,378	( 40,506 )	568,183	2,277,055	387,842	2,664,897
Appropriation of 2022 earnings	6(16)									
Legal reserve		-	-	306,271	( 306,271 )	-	-	-	-	-
Cash dividends		-	-	-	( 1,918,312 )	-	-	( 1,918,312 )	-	( 1,918,312 )
Conversion of corporate bonds	6(11)(14)(15)	36	162	-	-	-	-	198	-	198
Cash dividends paid to non-controlling interest from subsidiary	4(3)	-	-	-	-	-	-	-	( 327,676 )	( 327,676 )
Balance at December 31, 2023		\$ 4,567,446	\$ 539,458	\$ 2,117,155	\$ 8,750,118	\$ 60,183	\$ 803,801	\$ 16,838,161	\$ 2,961,425	\$ 19,799,586

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,574,713	\$ 4,426,459
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation	6(7)(8)(23)	4,375,499	4,479,750
Amortisation	6(23)	85,174	75,248
Expected credit loss	12(2)	8,871	578
Net (profit) loss on financial assets at fair value through profit or loss	6(2)(21)	( 27,168 )	15,293
Finance costs		263,342	211,842
Interest income	6(19)	( 374,092 )	( 108,198 )
Dividends income	6(20)	( 27,533 )	( 20,578 )
Gains on disposal of property, plant and equipment	6(21)	( 152,826 )	( 31,055 )
Gains arising from lease modifications	6(8)(28)	( 32 )	-
Impairment loss on property, plant and equipment		-	34,643
Impairment loss on non-financial assets	6(7)(21)	-	213
Government grants	6(12)	( 34,564 )	( 21,705 )
Gains on liquidation of a consolidated entity		( 31,394 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		108,834	69,785
Contract assets		25,046	41,501
Notes receivable		5,254	( 4,563 )
Accounts receivable		117,037	94,743
Accounts receivable-related parties		( 5 )	2,213
Other receivables		32,686	54,983
Inventories		( 73,814 )	( 36,990 )
Prepayments		( 86,320 )	153,373
Other current assets		( 11,716 )	130,232
Net defined benefit assets		( 383 )	-
Other non-current assets		200	4,893
Changes in operating liabilities			
Contract liabilities		( 20,596 )	( 75,978 )
Notes payable		2,754	( 333 )
Accounts payable		90,014	( 98,863 )
Other payables		( 280,227 )	( 415,991 )
Provisions		( 10,253 )	396
Other current liabilities		124,973	( 11,497 )
Net defined benefit liabilities		( 11,245 )	( 15,048 )
Other non-current liabilities		-	59,955
Cash inflow generated from operations		6,672,229	9,015,301
Interest received		355,967	100,333
Interest paid		( 232,560 )	( 169,005 )
Dividends received		27,533	20,578
Income tax paid		( 397,892 )	( 760,133 )
Net cash flows from operating activities		<u>6,425,277</u>	<u>8,207,074</u>

(Continued)

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income	7	\$ -	(\$ 546,000 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	337
Acquisition of financial assets at amortised cost		( 8,373,132 )	( 3,651,045 )
Proceed from disposal of financial assets at amortised cost		7,036,192	2,604,461
Acquisition of property, plant and equipment	6(27)	( 2,300,880 )	( 4,012,422 )
Proceeds from disposal of property, plant and equipment		371,267	117,261
Acquisition of intangible assets		( 32,585 )	( 118,345 )
Increase in refundable deposits		( 24,495 )	( 3,968 )
Decrease in refundable deposits		26,419	4,752
Increase in other non-current assets		( 4,276 )	-
Net cash flows used in investing activities		( 3,301,490 )	( 5,604,969 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(28)	142,417	590,888
Repayments of short-term borrowings	6(28)	( 133,246 )	( 703,264 )
Repayments of corporate bonds	6(28)	-	( 100 )
Proceeds from long-term borrowings	6(28)	8,401,592	11,262,420
Repayments of long-term borrowings	6(28)	( 8,541,163 )	( 10,859,070 )
Increase in guarantee deposits received	6(28)	1,345	8,267
Decrease in guarantee deposits received	6(28)	( 368 )	( 2,788 )
Repayments of lease liabilities	6(28)	( 147,199 )	( 210,071 )
Cash dividends paid	6(16)	( 1,918,312 )	( 1,369,427 )
Cash distribution from capital surplus	6(15)(16)	-	( 502,123 )
Cash dividends paid to non-controlling interests	4(3)	( 327,676 )	( 150,731 )
Net cash flows used in financing activities		( 2,522,610 )	( 1,935,999 )
Effect of changes in exchange rate		( 68,869 )	264,535
Net increase in cash and cash equivalents		532,308	930,641
Cash and cash equivalents at beginning of year	6(1)	8,873,912	7,943,271
Cash and cash equivalents at end of year	6(1)	\$ 9,406,220	\$ 8,873,912

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Sigurd Microelectronics Corporation (formerly named More Power Electronic Co., Ltd., the “Company”) was established in the Republic of China (R.O.C.) on December 15, 1988. In 1998, the Company acquired Sigurd Corporation, via assets purchase (the acquired company was liquidated and dissolved after the merger), in order to expand and provide turnkey assembly and testing services to customers. The name of the Company was changed to Sigurd Microelectronics Corporation on November 27, 1998. The main business activities of the Company and its subsidiaries (collectively referred herein as “Sigurd Group” or the “Group”) include the design, processing, testing, burn-in treatment, manufacture, trading, etc., of integrated circuits.

On February 11, 2004, the Company’s Board of Directors resolved to acquire Ucomm Caesar Technology Co., Ltd., whose main business was RF testing. The Company is the surviving company and Ucomm Caesar Technology Co., Ltd. is the dissolved company. After the merger, the Company’s name was retained. The effective date for the merger was March 1, 2005.

On December 30, 2005, the Company’s Board of Directors resolved to acquire ASI Semiconductor Co., Ltd., whose main business was integrated circuit testing. The Company is the surviving company and ASI Semiconductor Co., Ltd. is the dissolved company. After the merger, the Company’s name was retained. The effective date for the merger was June 12, 2006.

On May 8, 2013, the Company’s Board of Directors resolved to acquire Meicer Semiconductor Co., Ltd., whose main business was integrated circuits packaging. The Company is the surviving company and the effective date for the merger was May 31, 2013.

2. THE DATE OF AND PROCEDURES FOR AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issuance by the Board of Directors on February 29, 2024.

### 3. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

#### (2) Effect of new or amended IFRSs as endorsed by the FSC but not yet adopted

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit assets (liabilities) recognised based on the net amount of pension funds assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Sigurd Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in Sigurd Group's consolidated financial statements. Subsidiaries are all entities controlled by Sigurd Group. Sigurd Group controls an entity when Sigurd Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date Sigurd Group obtains control of the subsidiaries and ceases when Sigurd Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within Sigurd Group have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by Sigurd Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Sigurd Microelectronics Corporation	Sigurd International Co., Ltd.	Investment company	100	100	Note 6
Sigurd Microelectronics Corporation	Burgurd Co., Ltd.	International trade company	100	100	-
Sigurd Microelectronics Corporation	TEST-SERV Inc.	Semiconductor assembly and testing	100	100	-
Sigurd Microelectronics Corporation	Bloomeria Limited	Investment company	100	100	-
Sigurd Microelectronics Corporation	AMBERSAN Medical Technology Co., Ltd.	Medical equipment manufacturing and sales	55	55	-
Sigurd Microelectronics Corporation	Flatek, Inc.	Digital information supply service	58.77	58.77	-

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Sigurd Microelectronics Corporation	Flusol Co., Ltd.	Investment company	96.66	96.66	-
Sigurd Microelectronics Corporation	SIGWIN Cooperation	Investment company	83.23	68.99	Note 4
Sigurd Microelectronics Corporation	UTC Holdings Corporation	Investment company	100	100	Note 5
Sigurd International Co., Ltd.	Sigurd Microelectronics (Cayman) Co., Ltd.	Investment company	78.33	78.33	-
Sigurd International Co., Ltd.	Flusol Co., Ltd.	Investment company	3.34	3.34	-
Flusol Co., Ltd.	SIRIZE Technology (Suzhou) Corp.	Design of testing application for integrated circuits and advanced service of circuits testing	100	100	-
Sigurd Microelectronics (Cayman) Co., Ltd.	Sigurd Micro Electronics (Wuxi) Co., Ltd.	Manufacture and sales of microelectronic products	-	100	Note 6
Bloomeria Limited	SIGWIN Cooperation	Investment company	16.77	31.01	Note 4
SIGWIN Cooperation	Winstek Semiconductor Co., Ltd.	Research, design and testing of integrated circuits	51.90	51.90	-
TEST-SERV Inc.	Winstek Semiconductor Co., Ltd.	Research, design and testing of integrated circuits	0.03	0.03	-
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Services of turnkey wafer bumping and wafer level	100	100	Note 3
Winstek Semiconductor Co., Ltd.	TST Co., Ltd.	Plant development and leasing	100	100	Note 1
FLATEK, INC.	OPS Electronic Limited	Investment company	100	100	-
FLATEK, INC.	TPFUSION, INC.	Digital information	83.77	83.77	Note 2
FLATEK, INC.	Valuenet International Limited	Digital information supply service	100	100	-

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
OPS Electronic Limited	OPS Electronic (ShenZhen) Limited	Manufacture and sales of IC programmers and its parts, IC copiers, components for chip testers and electronic	100	100	-
TPFUSION INC.	TPfusion Corp.	Digital information supply service	98	98	-
UTC Holdings Corporation	Sigurd UTC Corporation	Testing service of integrated circuits and manufacture, sales and design of dies, flip chip and substrate based boards	100	100	-

Note 1: TST CO., LTD. was established on May 10, 2022. The Company invested \$200,000 to obtain its 100% shareholding.

Note 2: In June 2022, TPFUSION INC. increased cash capital in the amount of \$8,100. In June 2022, FLATEK, INC has remitted capital in the amount of \$8,100 and acquired all of increased share equity.

Note 3: On October 17, 2022, Winstek Semiconductor Technology Co., Ltd. performed capital reduction and returned cash to the Company's subsidiary, Winstek Semiconductor Co., Ltd., in the amount of \$1,000,000 (thousand), the ratio of capital reduction was 32.25%.

Note 4: The Company planned to adjust the shareholding structure of Bloomeria Limited and of SIGWIN Cooperation which it held indirectly to activate the utilisation efficiency of the Group's assets and optimise the shareholders' equity as resolved by the Board of Directors on November 1, 2022. As of December 31, 2023, the adjustment results are as follows:

(A.) On November 7, 2022, SIGWIN Cooperation performed capital reduction by retiring ordinary shares in the amount of \$216,557 and cash distribution from capital surplus in the amount of \$1,133,443 and returned cash to the Company and the Company's subsidiary, Bloomeria, in the amount of \$8,727 and \$1,341,273, respectively, the ratio of capital reduction was 70%.

(B.) On November 29, 2022, SIGWIN Cooperation increased cash capital in the amount of \$1,500,000 by issuing 7,653,061 ordinary new shares with a par value of \$10 (in dollars) and an issuance price of \$196 (in dollars) per share. All proceeds from shares issued have been collected and the legal registration procedures had been completed.

- (C.) On December 16, 2022, the Board of Directors of SIGWIN Cooperation resolved the capitalisation of earnings by issuing new shares. The legal registration procedures for the capitalisation of dividends amounting to \$128,000 by issuing 12,800,000 ordinary shares with a par value of NT\$10 (in dollars) per share had been completed.
- (D.) On April 21, 2023, the Board of Directors of SIGWIN Corporation resolved the capitalisation of earnings by issuing new shares. The legal registration procedures for the capitalisation of dividends amounting to \$252,659 by issuing 25,265,927 ordinary shares with a par value of NT\$10 (in dollars) per share had been completed.
- (E.) Bloomeria Limited had performed capital reduction in the amount of \$1,427,162 by retiring 1,384,602,258 issued shares to activate the utilisation efficiency of the assets of the group, company and shareholders as resolved by the Board of Directors on December 14, 2022.
- (F.) Bloomeria Limited had performed capital reduction in the amount of \$77,050 by retiring 74,272 issued shares to activate the utilisation efficiency of the assets of the group, company and shareholders as resolved by the Board of Directors on April 21, 2023. All proceeds from shares issued have been collected and the legal registration procedures had been completed.

Note 5: On April 25, 2023, UTC Holdings Corporation reduced cash capital as resolved by the Board of Directors on behalf of the shareholders' meeting. In order to strengthen the financial structure and activate funds, UTC Holdings Corporation reduced the cash capital amounting to \$203,860 by retiring 20,385,996 issued shares. The capital reduction ratio is 6.15%. All proceeds from shares issued have been collected and the legal registration procedures had been completed.

Note 6: Sigurd Micro Electronics (Wuxi) Co., Ltd. had ceased operations in June 2023 and the liquidation in mainland China had been completed. Sigurd Micro Electronics (Wuxi) Co., Ltd. had returned the remaining investment amount repatriated amounting to 29,546,539.40 CNY to its parent company, Sigurd Microelectronics (Cayman) Co., Ltd in August 2023.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to Sigurd Group:

As of December 31, 2023 and 2022, the non-controlling interests amounted to \$2,961,425 and \$2,901,259, respectively. The information on non-controlling interests and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2023		December 31, 2022		
		Amount	Ownership (%)	Amount	Ownership (%)	
Winstek Semiconductor Co., Ltd. and its Subsidiary	Taiwan	\$2,882,777	48.10%	\$2,813,457	48.10%	-

#### Summarised financial information of subsidiaries:

##### Balance sheets

	Winstek Semiconductor Co., Ltd. and Subsidiaries	
	December 31, 2023	December 31, 2022
Current assets	\$ 4,500,225	\$ 4,052,276
Non-current assets	3,123,302	3,401,599
Current liabilities	( 1,086,154)	( 762,486)
Non-current liabilities	( 543,245)	( 837,473)
Total net assets	\$ 5,994,128	\$ 5,853,916

##### Statements of comprehensive income

	Winstek Semiconductor Co., Ltd. and Subsidiaries	
	Years ended December 31,	
	2023	2022
Revenue	\$ 3,667,818	\$ 3,947,152
Profit before income tax	1,009,645	1,111,932
Income tax expense	( 169,802)	( 194,465)
Profit from continuing operations	839,843	917,467
Profit for the year	839,843	917,467
Other comprehensive loss, net of tax	( 18,323)	373,940
Total comprehensive income for the year	\$ 821,520	\$ 1,291,407
Comprehensive income attributable to non-controlling interests	\$ 395,111	\$ 621,104
Dividends paid to non-controlling interests	\$ 327,676	\$ 150,731

##### Statements of cash flows

	Winstek Semiconductor Co., Ltd. and Subsidiaries	
	Years ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 1,536,566	\$ 1,603,658
Net cash used in investing activities	( 1,231,419)	( 1,414,497)
Net cash used in financing activities	( 736,731)	( 210,081)
Effect of exchange rates on cash and cash equivalents	10,085	137,099
Decrease in cash and cash equivalents	( 421,499)	116,179
Cash and cash equivalents, beginning of year	1,719,592	1,603,413
Cash and cash equivalents, end of year	\$ 1,298,093	\$ 1,719,592

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "Other gains and losses".

B. Translation of foreign operations

- (a) The operating results and financial position of all Sigurd Group entities, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
  - iii. All resulting exchange differences are recognised in other comprehensive income (loss).
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when Sigurd Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

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

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Sigurd Group classifies the assets which do not meet the above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Sigurd Group classifies the liabilities which do not meet the above criteria as non-current liabilities.

(6) Cash equivalents

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

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, Sigurd Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. Sigurd Group subsequently measures the financial assets at fair value and recognises the gain or loss in profit or loss.
- D. Sigurd Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to Sigurd Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which Sigurd Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of Sigurd Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, Sigurd Group measures the financial assets at fair value plus transaction costs. Sigurd Group subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as income when the right to receive payment is established, future economic benefits associated with the dividend will flow to Sigurd Group and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (loss) is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of Sigurd Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, Sigurd Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method, and recognizing impairment loss. A gain or loss is recognised in profit or loss when the asset is derecognised.
- D. Sigurd Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

Sigurd Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and Sigurd Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, Sigurd Group has not retained control of the financial asset.

(13) Operating leases (lessor)

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

(14) Inventories

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

(15) Property, plant and equipment

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

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Sigurd Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	4 ~ 60 years
Machinery and equipment	1 ~ 10 years
Office equipment	3 ~ 6 years
Other equipment	2 ~ 15 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by Sigurd Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill is acquired to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

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

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

(20) Notes and accounts payable

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

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

(21) Provisions

A. Provisions are recognised when Sigurd Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

B. In the process of service provision, customers were unable to sell their products due to Sigurd Group's operational errors or poor product yield. Sigurd Group has assessed the liability for compensation when facts occur, and therefore has estimated related expenses and the provision for the recognition of liabilities. The provision is measured based on historical data and all possible outcomes.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with Sigurd Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, Sigurd Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'Finance costs'.

(24) Convertible bonds payable

Convertible bonds issued by Sigurd Group contain conversion options (that is, the bondholders have the right to convert the bonds into Sigurd Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares). Sigurd Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity in accordance with the contract terms. They are accounted for as follows:

- A. The embedded redemption rights are recognised initially at net fair value as 'Financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to "Finance costs" over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of equity are initially recognised in 'Capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and "Capital surplus—share options".

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Sigurd Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax assets shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- F. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in Sigurd Group's financial statements in the period in which they are resolved by Sigurd Group's shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) Sigurd Group manufactures and sells electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or Sigurd Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Since the time interval between the transfer of the promised services to the customer and payment by the customer has not exceeded one year, Sigurd Group has not adjusted the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Provision of services

- (a) Sigurd Group provides the services of research and design, engineering and testing of integrated circuits as well as the related services such as wafer bumping and wafer assembly services. An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; (b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The testing and packaging services provided by Sigurd Group are in compliance with the (b) above, and shall be gradually recognised as revenue over time, and recognised as revenue via the progress towards satisfaction of completion performance obligation.
- (b) Since the time interval between the transfer of the promised services to the customer and payment by the customer has not exceeded one year, Sigurd Group has not adjusted the transaction price to reflect the time value of money.

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

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

On June 20, 2023, the Board of Directors of the subsidiary of the Company resolved to retroactively adjust the estimated useful lives of parts of machinery and equipment from April 1, 2023, from the range of 2 to 6 years to the range of 2 to 9 years based on their actual use conditions and rationalities. Therefore, the impact of changes in accounting estimates on the increase (decrease) in depreciation expense from April 1, 2023 to December 31, 2023 and in the future years is as follows:

	April 1, 2023 to					
	December 31, 2023	2024	2025	2026	2027	2028
Depreciation Expense	(\$ 61,995)	(\$ 47,964)	(\$ 1,436)	\$44,427	\$53,385	\$13,583

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,411	\$ 1,742
Checking accounts and demand deposits	3,202,141	3,285,029
Time deposits	6,202,668	5,587,141
	<u>\$ 9,406,220</u>	<u>\$ 8,873,912</u>

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

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

### (2) Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 210,000	\$ 240,000
Corporate bonds	98,507	143,480
Redemption right of convertible bonds of the Company	1,050	1,050
	<u>309,557</u>	<u>384,530</u>
Valuation adjustment	4,981	11,674
	<u>\$ 314,538</u>	<u>\$ 396,204</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 17,354	(\$ 23,707)
Corporate bonds	9,814	9,464
Convertible bonds	-	( 1,050)
	<u>\$ 27,168</u>	<u>(\$ 15,293)</u>

B. Information relating to price risk and fair value of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 150,000	\$ 150,000
Unlisted stocks	<u>1,205,166</u>	<u>1,205,166</u>
	1,355,166	1,355,166
Valuation adjustment	<u>803,801</u>	<u>235,618</u>
	<u>\$ 2,158,967</u>	<u>\$ 1,590,784</u>

- A. Sigurd Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,158,967 and \$1,590,784 as at December 31, 2023 and 2022, respectively.
- B. In 2022, the Group disposed investments in the fair value amount of \$337 due to the acquisition of the acquirer, the accumulated gain from disposal was \$337 and was reclassified as retained earnings.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 568,183</u>	<u>(\$ 531,384)</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ 337</u>
Dividend income recognised in profit or loss held at end of year	<u>\$ 27,523</u>	<u>\$ 20,578</u>

- D. Information relating to price risk and fair value of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	\$ 3,332,000	\$ 1,802,321
Repurchase Agreements	-	200,000
	\$ 3,332,000	\$ 2,002,321
Non-current items:		
Pledged time deposits	\$ 39,887	\$ 39,886
Corporate bonds	130,000	30,000
	\$ 169,887	\$ 69,886

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2023	2022
Interest income	\$ 95,079	\$ 19,932

B. As of December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by Sigurd Group was \$3,501,887 and \$2,072,207, respectively.

C. On December 31, 2023 and 2022, time deposits amounting to \$39,887 and \$39,886, respectively, which were restricted for the purpose of customs guarantee and rental guarantee were shown as “Current financial assets at amortised cost” and “Non-current financial assets at amortised cost”. Please refer to Note 8 for details.

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

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 29	\$ 5,283
Accounts receivable	\$ 3,706,924	\$ 3,881,358
Accounts receivable - related parties	3,333	3,349
	3,710,257	3,884,707
Less: Loss allowance	( 10,405)	( 53,282)
	\$ 3,699,852	\$ 3,831,425

A. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$3,872,944.

B. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 3,623,409	\$ 29	\$ 3,624,608	\$ 5,283
Up to 30 days	67,079	-	76,947	-
31 to 90 days	5,527	-	126,049	-
91 to 180 days	2,817	-	25	-
Over 180 days	11,425	-	57,078	-
	<u>\$ 3,710,257</u>	<u>\$ 29</u>	<u>\$ 3,884,707</u>	<u>\$ 5,283</u>

The above ageing analysis was based on past due date.

C. As at December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents Sigurd Group's notes receivable was \$29 and \$5,283, respectively, and the maximum exposure to credit risk in respect of Sigurd Group's accounts receivable was \$3,710,257 and \$3,884,707, respectively.

D. As of December 31, 2023 and 2022, Sigurd Group held collateral amounting to \$11,412 and \$0, respectively, for the guarantee of accounts receivable.

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

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 311,007	\$ (16,451)	\$ 294,556
Supplies	81,761	( 6,349)	75,412
Work in progress	21,362	( 2,126)	19,236
Merchandises and finished goods	47,578	( 10,780)	36,798
	<u>\$ 461,708</u>	<u>(\$ 35,706)</u>	<u>\$ 426,002</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 259,177	(\$ 16,122)	\$ 243,055
Supplies	83,646	( 7,380)	76,266
Work in progress	16,691	( 1,375)	15,316
Merchandises and finished goods	20,716	( 3,429)	17,287
	<u>\$ 380,230</u>	<u>(\$ 28,306)</u>	<u>\$ 351,924</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2023	2022
Cost of goods used	\$ 11,893,335	\$ 13,146,564
Inventory valuation loss	7,483	18,291
Inventory scrapped loss	-	230
Net exchange differences	( 83)	726
	<u>\$ 11,900,735</u>	<u>\$ 13,165,811</u>

(7) Property, plant and equipment

	2023						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	\$ 891,422	\$ 4,154,822	\$ 32,675,391	\$ 438,461	\$ 2,794,893	\$ 472,202	\$ 41,427,191
Accumulated depreciation and impairment	-	( 1,470,659)	( 19,694,764)	( 275,348)	( 1,830,720)	-	( 23,271,491)
	<u>\$ 891,422</u>	<u>\$ 2,684,163</u>	<u>\$ 12,980,627</u>	<u>\$ 163,113</u>	<u>\$ 964,173</u>	<u>\$ 472,202</u>	<u>\$ 18,155,700</u>
<u>2023</u>							
At January 1	\$ 891,422	\$ 2,684,163	\$ 12,980,627	\$ 163,113	\$ 964,173	\$ 472,202	\$ 18,155,700
Additions	3,064	63,597	1,241,517	57,295	235,126	506,310	2,106,909
Transferred from right-of-use assets	-	-	165,899	-	-	-	165,899
Reclassifications (Note)	-	70,473	175,842	2,406	22,283	( 289,843)	( 18,839)
Disposals	-	-	( 218,441)	-	-	-	( 218,441)
Depreciation	-	( 182,601)	( 3,682,849)	( 92,138)	( 288,260)	-	( 4,245,848)
Net exchange differences	-	( 10,556)	( 18,663)	( 311)	( 281)	154	( 29,657)
At December 31	<u>\$ 894,486</u>	<u>\$ 2,625,076</u>	<u>\$ 10,643,932</u>	<u>\$ 130,365</u>	<u>\$ 933,041</u>	<u>\$ 688,823</u>	<u>\$ 15,915,723</u>
At December 31, 2023							
Cost	\$ 894,486	\$ 4,268,309	\$ 31,987,032	\$ 430,299	\$ 2,880,105	\$ 688,823	\$ 41,149,054
Accumulated depreciation and impairment	-	( 1,643,233)	( 21,343,100)	( 299,934)	( 1,947,064)	-	( 25,233,331)
	<u>\$ 894,486</u>	<u>\$ 2,625,076</u>	<u>\$ 10,643,932</u>	<u>\$ 130,365</u>	<u>\$ 933,041</u>	<u>\$ 688,823</u>	<u>\$ 15,915,723</u>

## 2022

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	\$ 844,353	\$ 3,947,609	\$ 28,945,355	\$ 412,521	\$ 2,647,787	\$ 1,378,065	\$ 38,175,690
Accumulated depreciation and impairment	-	( 1,378,192)	( 16,480,813)	( 224,174)	( 1,613,210)	-	( 19,696,389)
	<u>\$ 844,353</u>	<u>\$ 2,569,417</u>	<u>\$ 12,464,542</u>	<u>\$ 188,347</u>	<u>\$ 1,034,577</u>	<u>\$ 1,378,065</u>	<u>\$ 18,479,301</u>
<u>2022</u>							
At January 1	\$ 844,353	\$ 2,569,417	\$ 12,464,542	\$ 188,347	\$ 1,034,577	\$ 1,378,065	\$ 18,479,301
Additions	47,069	159,685	3,024,904	66,731	145,296	380,112	3,823,797
Transferred from right-of-use assets	-	-	107,828	-	-	-	107,828
Reclassifications (Note)	-	127,850	1,108,101	713	51,264	( 1,287,864)	64
Disposals	-	( 26,470)	( 57,247)	( 167)	( 2,322)	-	( 86,206)
Depreciation	-	( 154,742)	( 3,779,972)	( 95,988)	( 283,512)	-	( 4,314,214)
Impairment loss	-	-	( 34,643)	-	-	-	( 34,643)
Net exchange differences	-	8,423	147,114	3,477	18,870	1,889	179,773
At December 31	<u>\$ 891,422</u>	<u>\$ 2,684,163</u>	<u>\$ 12,980,627</u>	<u>\$ 163,113</u>	<u>\$ 964,173</u>	<u>\$ 472,202</u>	<u>\$ 18,155,700</u>
At December 31, 2022							
Cost	\$ 891,422	\$ 4,154,822	\$ 32,675,391	\$ 438,461	\$ 2,794,893	\$ 472,202	\$ 41,427,191
Accumulated depreciation and impairment	-	( 1,470,659)	( 19,694,764)	( 275,348)	( 1,830,720)	-	( 23,271,491)
	<u>\$ 891,422</u>	<u>\$ 2,684,163</u>	<u>\$ 12,980,627</u>	<u>\$ 163,113</u>	<u>\$ 964,173</u>	<u>\$ 472,202</u>	<u>\$ 18,155,700</u>

Note: In 2023, the transfers-out of construction in progress and equipment to be inspected amounted to \$289,843, of which \$18,389 were transferred to prepaid expenses (shown as “Prepayments”). In 2022, the transfers-out of construction in progress and equipment to be inspected amounted to \$1,287,864. In addition, the prepaid expenses amounted to \$64 were transferred into machinery and equipment.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31,	
	2023	2022
Amount capitalised	\$ 16,830	\$ 15,653
Range of the interest rates for capitalisation	1.552%~2.087%	1.127%~2.166%

B. The significant components of buildings and structures include buildings, laboratory and facility equipment, which are depreciated over 50 to 60 years.

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

D. As of December 31, 2023 and 2022, both the area of the land held by Sigurd Group were 43,207 square meters. In 2023 and 2022, the area of the land amounting to 3,499 and 11,524 square meters was a farming and grazing land held in the name of others, respectively. Sigurd Group has obtained the mortgage set by the landowner to secure Sigurd Group's right on the untransferred part of the land.

(8) Leasing arrangements – lessee

A. Sigurd Group leases various assets, including buildings, machinery and equipment and transportation equipment for the purposes of manufacture and operations. Lease agreements are typically made for periods of 1 to 32 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases consisted of machinery and equipment and transportation equipment leased by Sigurd Group with lease terms no more than 12 months, and low-value assets are comprised of office equipment.

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

	December 31,	
	2023	2022
	Carrying amount	Carrying amount
Land	\$ 190,424	\$ 196,879
Buildings	198,334	207,284
Machinery and equipment	137,174	321,909
Transportation equipment (business vehicles)	8,877	11,410
Office equipments	1,110	245
	<u>\$ 535,919</u>	<u>\$ 737,727</u>
	Year ended December 31,	
	2023	2022
	Depreciation	Depreciation
Land	\$ 6,455	\$ 6,445
Buildings	63,669	65,898
Machinery and equipment	52,763	83,699
Transportation equipment (business vehicles)	6,540	9,320
Office equipments	223	173
	<u>\$ 129,650</u>	<u>\$ 165,535</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets was \$100,275 and \$182,581, respectively.

E. When the lease terms ceased, the Company had preemptive right on some of leased machinery and equipment. For the years ended December 31, 2023 and 2022, aforementioned lease contracts with preemptive right were due, the Company exercised the preemptive right to buy machinery and equipment in the amount of \$165,899 and \$107,828, respectively.

F. The information on profit and loss accounts relating to lease agreements is as follows:

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 20,535	\$ 23,569
Expense on short-term lease agreements	103,526	204,675
Expense on leases of low-value assets	9,603	8,451
Gains arising from lease modifications	( 32)	-

G. For the years ended December 31, 2023 and 2022, Sigurd Group's total cash outflow for leases were \$396,730 and \$535,722, respectively.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 147,985</u>	1.90%~3.70%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 135,000</u>	1.58%~1.90%	None

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 711,026	\$ 874,279
Accrued employees' compensation and directors' remuneration	383,779	522,859
Payable for equipment and construction	361,782	470,350
Others	937,511	934,264
	<u>\$ 2,394,098</u>	<u>\$ 2,801,752</u>

(11) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Convertible bonds payable	\$ 1,500,000	\$ 1,500,000
Bonds payable	3,000,000	3,000,000
Less: Bonds payable converted	( 200)	-
Less: Discount on bonds payable	( 44,446)	( 80,368)
	4,455,354	4,419,632
Less: Current portion (shown as "Other current liabilities")	( 1,487,766)	-
	<u>\$ 2,967,588</u>	<u>\$ 4,419,632</u>

### Domestic 1st Secured Bonds

In order to fulfill working capital, on March 10, 2021, the Company's Board of Directors approved to issue domestic first secured corporate bonds, the issuance has been filed to Taipei Exchange and has been effective. Main terms of the issuance were as follows:

- (a) Total issuance amount: The bonds were issued at face value of \$1,000, the issuance number was 3,000 with a total issuance amount of \$3,000,000.
- (b) Issuance duration: 5 years, from March 19, 2021 to March 19, 2026.
- (c) Coupon rate and payment method: The coupon rate was fixed rate at 0.58%. Interest will be paid annually. The principle will be paid at once when it is due.
- (d) Secured method: The corporate bond was guaranteed by the syndicated guaranteed contract and performance obligation contract of corporate bond guarantee which were entered by banks.

### Domestic 4th Unsecured Convertible Bonds

A. To raise the capital for acquiring machinery and equipment, the Board of Directors of the Company resolved to issue the 4th domestic unsecured convertible bonds on August 4, 2021, which had been approved by the FSC. The aforementioned unsecured convertible bonds were priced on October 2, 2021 and were issued on October 13, 2021. The major terms of issuance are as follows:

- (a) Issue amount: Issued at 106.2% of par value of \$100. The units for this offering were 15,000, with aggregated offering amount of \$1,592,946.
- (b) Issuance duration: Three years, from October 13, 2021 to October 13, 2024.
- (c) Coupon rate and principal payment method: The coupon rate is 0% per annum. Except for converting the corporate bonds into the Company's ordinary share by the holder or redemption and written off by the Company through a securities firm, the Company shall repay the nominal amount of the bonds via cash in one lump sum at the time of maturity.
- (d) Conversion period: Except for exercising the right of conversion, provided by the law, or due to a transfer suspension period stipulated in a contract (if any); the corporate bonds held by the bondholders shall be converted into ordinary shares of the Company from three months after the issuance (January 14, 2022) until the maturity date (October 13, 2024).
- (e) Conversion price and its adjustment: The conversion price at the time of issuance is set at \$65.4 (in dollars) per share. However, in case of ex-rights or ex-dividends after the issuance of the Company's bonds, the closing price used to calculate the conversion price shall first be calculated as the price after ex-rights or ex-dividends. After the conversion price is determined and prior to the actual issuance date, it should be adjusted according to the conversion price adjustment formula in case of ex-dividend or ex-rights. The conversion price was adjusted from \$65.4 (in dollars) to \$60.5 (in dollars) on July 20, 2022; and the conversion price was adjusted from \$60.5 (in dollars) to \$56.1 (in dollars) on August 2, 2023.
- (f) The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(g) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of the domestic 4th unsecured convertible bonds, the equity conversion options amounting to \$136,893 were separated from the liability component and were recognised in “Capital surplus—share options” in accordance with IAS 32. The embedded in bonds payable were separated from their host contracts and were recognised in ‘Financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 0.09%.

C. As of December 31, 2023, the 4th unsecured convertible bonds totaling \$200 (face value) had been converted into 3,564 shares of common stock.

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from May 25, 2020 to April 15, 2032; principal and interest are repayable by instalments	1.1%~7.31%	(Note 1)	\$ 7,605,674
Secured borrowings	Borrowing period is from September 26, 2019 to February 15, 2027; principal and interest are repayable by instalments	1.225%~2.04%	Land, plant and machinery and equipment (Note 3)	832,093
				<u>8,437,767</u>
Less: Current portion				( <u>3,129,928</u> )
				<u>\$ 5,307,839</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from April 27, 2018 to May 9, 2032; principal and interest are repayable by instalments	0.6%~4.60%	(Note 2)	\$ 7,319,097
Secured borrowings	Borrowing period is from October 17, 2018 to January 8, 2026; principal and interest are repayable by instalments	0.6%~2.96%	Land, plant and machinery and equipment (Note 4)	<u>1,274,560</u>
				8,593,657
Less: Current portion				( <u>1,600,579</u> )
				<u>\$ 6,993,078</u>

For the years ended December 31, 2023 and 2022, interest expenses arising from long-term and short-term bank borrowings amounted to \$206,233 and \$146,078, respectively.

Note 1: Credit borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

- A. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 130%.
- B. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets shall not be more than 100%.
- C. Times interest earned: the net profit before tax plus interest expenses, depreciation expenses and amortisation expenses divided by interest expenses of consolidated financial statements shall be more than ten.
- D. Net tangible assets shall not be less than \$11 billion.
- E. Committed that in the borrowing period, there can not be new machinery and equipment pledged to others.
- F. Shares of TEST-SERV Inc. and Sigurd UTC Corporation held by the Company shall not be less than 51%.

- G. Shares of Winstek Semiconductor Co., Ltd. held by the Company shall not be less than 51% and not less than half of the total number of directors. Shares of Winstek Semiconductor Technology Co., Ltd. held by Winstek Semiconductor Co., Ltd. shall not be less than 100%.
- H. The balance of deposits of Winstek Semiconductor Co., Ltd. and its subsidiaries at the contracted bank over the recent three months on average shall not be less than \$ 60 million.
- I. On July 1, 2019, Ministry of Economic Affairs, R.O.C. (“MOEA”) implemented the “Action Plan for Accelerated Investment by Domestic Corporations” and companies are subsidised by financial institutes with preferential interest loans, 1.1%~1.85% of loan interest for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions for the line of credit amounted to \$3.066 billion with terms of 5 years. Funding from these borrowings were used in machinery and equipment and working capital. For the years ended December 31, 2023 and 2022, Sigurd Group recognised grant revenue from the borrowing project in the amount of \$8,259 and \$6,519, respectively (shown as ‘Other income’).
- J. On July 1, 2019 Ministry of Economic Affairs R.O.C. (“MOEA”) implemented the “Action Plan for welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” and companies are subsidized by financial institutes with preferential interest loans 1.025% ~ 1.35% of loan interest for qualified investment projects. The Group has obtained the qualification from the MOEA and signed loan agreements with financial institutions for the line of credit amounted to \$3.18 billion with term of 10 years. For the years ended December 31, 2023 and 2022, the Company recognized grant revenue from the borrowing project in the amount of \$3,196 and \$1,188, respectively (shown as ‘Other income’).

Note 2: Credit borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

- A. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 130%.
- B. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets shall not be more than 120%.
- C. Debt asset ratio: the total net liabilities divided the total assets shall not be more than 70%.
- D. Times interest earned: the net profit before tax plus interest expenses, depreciation expenses and amortisation expenses divided by interest expenses of consolidated financial statements shall be more than fifteen.
- E. Shares of Winstek Semiconductor Co., Ltd. held by the Company shall not be less than 50%.
- F. Shares of TEST-SERV Inc. held by the Company shall not be less than 51%.
- G. Net tangible assets shall not be less than \$10 billion.
- H. The balance of deposits of Winstek Semiconductor Co., Ltd. and its subsidiaries at the contracted bank over the recent three months on average shall not be less than \$ 60 million.

### Note 3: Secured borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

- A. Net debt ratio: the total liabilities minus cash and cash equivalents divided by net tangible assets shall not be more than 120%.
- B. Times interest earned: the net profit before tax plus interest expenses, depreciation expenses and amortisation expenses divided by interest expenses of consolidated financial statements shall be more than ten.
- C. Net tangible assets shall not be less than \$11 billion.
- D. The purpose of bank borrowings shall be acquisition of equipment and working capital.

### Note 4: Secured borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

- A. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets shall not be more than 100%.
- B. Cash and cash equivalents divided by short-term borrowings plus current portion of long-term borrowings and corporate bond shall not less than 1.
- C. The purpose of bank borrowings shall be acquisition of equipment and working capital.

The abovementioned ratios were calculated based on the quarterly consolidated financial statements audited or reviewed by the independent auditors. The 2023 and 2022 consolidated financial statements met the requirements of the abovementioned ratios.

### (13) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 458,569)	(\$ 485,238)
Fair value of plan assets	<u>206,631</u>	<u>211,220</u>
Net defined benefit liabilities	<u>(\$ 251,938)</u>	<u>(\$ 274,018)</u>

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

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
At January 1	(\$ 485,239)	\$ 211,221	(\$ 274,018)
Current service cost	( 932)	-	( 932)
Interest (expense) income	( 6,007)	2,700	( 3,307)
	<u>( 492,178)</u>	<u>213,921</u>	<u>( 278,257)</u>
<b>Remeasurements:</b>			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,355	1,355
Change in demographic assumptions	-	-	-
Change in financial assumptions	2,009	-	2,009
Experience adjustments	<u>11,225</u>	<u>-</u>	<u>11,225</u>
	<u>13,234</u>	<u>1,355</u>	<u>14,589</u>
Pension fund contribution	-	11,720	11,720
Paid pension	<u>20,375</u>	<u>( 20,375)</u>	<u>-</u>
At December 31	<u>(\$ 458,569)</u>	<u>\$ 206,621</u>	<u>(\$ 251,948)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 507,993)	\$ 181,440	(\$ 326,553)
Current service cost	( 1,224)	-	( 1,224)
Interest (expense) income	( 3,764)	1,386	( 2,378)
	<u>( 512,981)</u>	<u>182,826</u>	<u>( 330,155)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	13,874	13,874
Change in demographic assumptions	( 4,567)	-	( 4,567)
Change in financial assumptions	31,896	-	31,896
Experience adjustments	( 3,346)	-	( 3,346)
	<u>23,983</u>	<u>13,874</u>	<u>37,857</u>
Pension fund contribution	-	18,280	18,280
Paid pension	3,759	( 3,759)	-
At December 31	<u>(\$ 485,239)</u>	<u>\$ 211,221</u>	<u>(\$ 274,018)</u>

- (d) The Bank of Taiwan was commissioned to manage the funds of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the funds' annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Funds" (Article 6: The scope of utilisation for the funds includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the funds their minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that funds and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Funds Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2023	2022
Discount rate	1.15%~1.3%	1.15%~1.43%
Future salary increase rate	3.00%~4.00%	3.00%~4.00%

Assumptions regarding future mortality rate are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligations	(\$ 10,166)	\$ 10,593	\$ 30,999	(\$ 28,657)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligations	(\$ 11,851)	\$ 12,375	\$ 36,413	(\$ 33,455)

The sensitivity analysis above is based on a change in one assumption while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liabilities in the balance sheet are the same.

The method of analysing sensitivity and the method of assumptions did not change compared to the previous period.

(f) Expected amount of contributions to the defined benefit pension plans of Sigurd Group for the year ending December 31, 2024 is \$11,662.

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

- (b) The Company's mainland China subsidiaries, Sigurd Micro Electronics (Wuxi) Co., Ltd. and SIRIZE Technology (Suzhou) Corp., have defined contribution plans. Monthly contributions to an independent funds administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022, was 16%, and 16%, respectively. Other than the monthly contributions, Sigurd Group has no further obligations.
- (c) The pension costs under defined contribution pension plans of Sigurd Group for the years ended December 31, 2023 and 2022 were \$145,707 and \$146,506, respectively.

(14) Share capital

As of December 31, 2023, the Company's authorised capital was \$10,000,000, consisting of 1,000,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$4,567,410 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	Unit: shares	
	2023	2022
At January 1	456,741,020	452,078,156
Conversion of corporate bands	3,564	4,662,864
At December 31	<u>456,744,584</u>	<u>456,741,020</u>

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023			
	Share premium	Consolidation premium	Share options	Total
At January 1	\$ 158,254	\$ 244,129	\$ 136,913	\$ 539,296
Conversion of corporate bonds	181	-	( 19)	162
At December 31	<u>\$ 158,435</u>	<u>\$ 244,129</u>	<u>\$ 136,894</u>	<u>\$ 539,458</u>

	2022			
	Share premium	Consolidation premium	Share options	Total
At January 1	\$ 555,999	\$ 244,129	\$ 142,225	\$ 942,353
Conversion of corporate bonds	104,378	-	( 5,312)	99,066
Cash distribution from capital surplus	( 502,123)	-	-	( 502,123)
At December 31	<u>\$ 158,254</u>	<u>\$ 244,129</u>	<u>\$ 136,913</u>	<u>\$ 539,296</u>

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Legal reserve is not necessary once the reserve is equal to total paid-in capital. The balance plus past undistributed earnings is the distributable earnings.
- B. The Company's shareholders approved to appropriate earnings in cash or in shares, the first priority when appropriating earnings is cash, it also can be appropriated in shares. The appropriation of shareholders dividends was 10%~80% of distributable earnings in the current year, the ratio of cash dividends can not be lower than 10%.

The Company's shareholders approved the Company may, pursuant to a resolution to adopted by the Board of Directors as required in Item 5 Article 240 of the Company Act, distribute its dividends and bonuses, in whole or in part by cash ; and in addition there to a report of such distribution shall be submitted to the shareholders' meeting.

The Company may pursuant to be adopted by the Board of Directors as required in article 241 of the Company Act, distribute its legal reserved and the following capital reserve, in whole or in part; by cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity interests is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations for 2022 and 2021 earnings had been resolved at shareholders' meeting on June 7, 2023 and June 9, 2022, respectively. Details are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 306,271		\$ 284,248	
Cash dividends	1,918,312	\$ 4.20	1,369,427	\$ 3.00
Total	<u>\$ 2,224,583</u>		<u>\$ 1,653,675</u>	

- E. June 9, 2022, the shareholders' meeting resolved the distribution of capital surplus amounting to \$502,123 in cash (\$1.10 (in dollars) per share).

F. On February 29, 2024, the Board of Directors resolved the appropriation for 2023 earnings through distribution of cash dividends amounting to \$1,222,309 in cash (\$2.68 (in dollars) per share).

G. Information of appropriation resolved by shareholder's meeting and the Board of Directors will be posted in the "Market Observation Post System".

(17) Other equity interest

	2023		
	valuation of financial assets at fair value through other comprehensive income	Financial statements translation difference of foreign operations	Total
At January 1	\$ 235,618	\$ 100,689	\$ 336,307
Revaluation			
– Parent company	568,183	-	568,183
– Subsidiaries	-	-	-
Revaluation transferred to retained earnings			
– Subsidiaries	-	-	-
Currency translation			
– Subsidiaries	-	( 40,506)	( 40,506)
At December 31	<u>\$ 803,801</u>	<u>\$ 60,183</u>	<u>\$ 863,984</u>
	2022		
	valuation of financial assets at fair value through other comprehensive income	Financial statements translation difference of foreign operations	Total
At January 1	\$ 767,339	(\$ 130,865)	\$ 636,474
Revaluation			
– Parent company	( 503,403)	-	( 503,403)
– Subsidiaries	( 27,981)	-	( 27,981)
Revaluation transferred to retained earnings			
– Subsidiaries	( 337)	-	( 337)
Currency translation			
– Subsidiaries	-	231,554	231,554
At December 31	<u>\$ 235,618</u>	<u>\$ 100,689</u>	<u>\$ 336,307</u>

(18) Operating revenue

	Year ended December 31,	
	2023	2022
Revenue from contracts with customers	<u>\$ 15,479,501</u>	<u>\$ 18,694,345</u>

A. Disaggregation of Sigurd Group's revenue from contracts with customers:

<u>2023</u>	<u>Sales revenue</u>	<u>Assembly and testing service revenue</u>	<u>Others service revenue</u>	<u>Total</u>
Revenue from external customer contracts	\$ 82,600	\$ 15,383,385	\$ 13,516	\$ 15,479,501
Timing of revenue recognition				
Over time	\$ -	\$ 15,383,385	\$ 13,516	\$ 15,396,901
At a point in time	\$ 82,600	\$ -	\$ -	\$ 82,600
<u>2022</u>	<u>Sales revenue</u>	<u>Assembly and testing service revenue</u>	<u>Others service revenue</u>	<u>Total</u>
Revenue from external customer contracts	\$ 59,521	\$ 18,591,290	\$ 43,534	\$ 18,694,345
Timing of revenue recognition				
Over time	\$ -	\$ 18,591,290	\$ 43,534	\$ 18,634,824
At a point in time	\$ 59,521	\$ -	\$ -	\$ 59,521

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Contract assets –			
Assembly and testing	\$ 127,696	\$ 152,984	\$ 193,381
Contract liabilities:			
Contract liabilities –			
Assembly and testing	\$ 9,929	\$ 30,456	\$ 106,290

C. Revenue recognised that was included in the contract liabilities balance at the beginning of the year.

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Revenue from external customer contracts	\$ 5,113	\$ 6,205

D. Refund liabilities (shown as “Other current liabilities”)

The Company estimated sales discounts based on historical experience, the estimates was updated on every balance sheet dates, the details of related refund liabilities were as follows:

	Year ended December 31,	
	2023	2022
Refund liabilities- current	\$ 302,199	\$ 189,055

(19) Interest income

	Year ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 278,382	\$ 87,445
Interest income from financial assets measured at amortised cost	95,079	19,932
Other interest income	808	821
	\$ 374,269	\$ 108,198

(20) Other income

	Year ended December 31,	
	2023	2022
Rental revenue	\$ 822	\$ 766
Dividend income	27,533	20,578
Government grants	33,622	31,027
Other income, others	86,153	118,277
	\$ 148,130	\$ 170,648

(21) Other gains and losses

	Year ended December 31,	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 152,826	\$ 31,055
Gains on liquidation of sub-subsidiary	31,394	-
Net currency exchange (losses) gains	17,427	556,620
Gains (losses) on financial assets at fair value through profit or loss	27,168 (	15,293)
Impairment loss on property, plant and equipment	- (	34,643)
Impairment loss on non-financial assets	- (	213)
Gains arising from lease modifications	32	-
Other gains (losses)	8,604 (	4,753)
	\$ 237,451	\$ 532,773

(22) Finance costs

	Year ended December 31,	
	2023	2022
Bank borrowings	\$ 206,233	\$ 146,078
Bonds payable	53,320	54,098
Lease liabilities	20,535	23,569
Others	84	3,750
Less: Capitalisation of assets	( 16,830)	( 15,653)
	<u>\$ 263,342</u>	<u>\$ 211,842</u>

(23) Expenses by nature

	Year ended December 31,	
	2023	2022
Employee benefit expense	\$ 4,336,246	\$ 4,857,984
Depreciation expenses on property, plant and equipment	\$ 4,245,848	\$ 4,314,214
Depreciation expenses on right-of-use assets	\$ 129,651	\$ 165,536
Amortisation expenses on intangible assets and other asstes	\$ 85,174	\$ 75,248

(24) Employee benefit expense

	Year ended December 31,	
	2023	2022
Wages and salaries	\$ 3,656,741	\$ 4,170,074
Labour and health insurance fees	335,073	342,383
Pension costs	149,946	150,108
Other personnel expenses	194,486	195,419
	<u>\$ 4,336,246</u>	<u>\$ 4,857,984</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall range between 8%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$220,000 and \$375,000, respectively; while directors' remuneration was accrued at \$2,420 and \$42,760, respectively. The aforementioned amounts were recognised in wages and salaries. The employees' compensation and directors' remuneration were estimated and accrued based on 10.20% and 0.11%, respectively, of distributable profit of 2023.
- C. Employees' compensation and directors' remuneration of 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 and 2022 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System."

(25) Income tax

A. Income tax expense

(1) Components of income tax expense:

	Year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 621,943	\$ 868,759
Tax on unappropriated retained earnings	21,666	5,503
Prior year income tax overestimation	( 181,126)	( 45,631)
Total current tax	<u>462,483</u>	<u>828,631</u>
Deferred tax:		
Origination and reversal of temporary differences	( 26,284)	83,879
Total deferred tax	( 26,284)	83,879
Income tax expense	<u>\$ 436,199</u>	<u>\$ 912,510</u>

(2) The income tax charge relating to components of other comprehensive income is as follows:

	Year ended December 31,	
	2023	2022
Losses on remeasurements of defined benefit plans	(\$ 1,818)	(\$ 373)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 868,709	\$ 1,146,959
Tax exempt income by tax regulation	( 382,816)	( 294,502)
Expenses disallowed by tax regulation	11,055	15
Taxable losses not recognised as deferred tax assets	79,534	91,771
Effect from investment tax credits	( 5,084)	( 14,747)
Tax on unappropriated retained earnings	21,666	5,503
Prior year income tax overestimation	( 181,126)	( 45,631)
Change in assessment of realisation of deferred tax assets	2,493	( 5,855)
Temporary differences not recognised as deferred tax liabilities	-	8,669
Separate tax amount	20,952	21,961
Other	816	( 1,633)
Income tax expense	<u>\$ 436,199</u>	<u>\$ 912,510</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credit are as follows:

		2023			
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:					
– Deferred tax assets:					
Unrealised inventory valuation loss	\$	3,806	(\$ 815)	\$ -	\$ 2,991
Unrealised pension	(	325)	( 70)	-	( 395)
Defined benefit liabilities		21,298	( 1,547)	( 1,818)	17,933
Long-term investment		6,436	-	-	6,436
Depreciation expenses		28,240	( 8,327)	-	19,913
Unrealised exchange loss		10,992	26,684	-	37,676
Others		89,742	15,385	-	105,127
Tax losses		160,408	( 3,303)	-	157,105
Subtotal		<u>320,597</u>	<u>28,007</u>	<u>( 1,818)</u>	<u>346,786</u>
Temporary differences:					
– Deferred tax liabilities:					
Defined benefit liabilities	(	145)	-	-	( 145)
Unrealised exchange gain	(	16,369)	( 1,012)	-	( 17,381)
Bargain purchase gain	(	40,434)	-	-	( 40,434)
Unrealised gain or loss on financial instrument	(	168)	168	-	-
Currency translation differences	(	359)	( 613)	-	( 972)
Others	(	9,970)	( 266)	-	( 10,236)
Subtotal	(	<u>67,445</u>	<u>1,723</u>	<u>-</u>	<u>( 69,168)</u>
Total	\$	<u>253,152</u>	<u>\$ 26,284</u>	<u>(\$ 1,818)</u>	<u>\$ 277,618</u>

2022

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised inventory valuation loss	\$ 1,617	\$ 2,189	\$ -	\$ 3,806
Unrealised pension	( 142)	( 183)	-	( 325)
Defined benefit liabilities	22,107	( 436)	( 373)	21,298
Long-term investment	6,436	-	-	6,436
Depreciation expenses	35,619	( 7,379)	-	28,240
Unrealised exchange loss	13,138	( 2,146)	-	10,992
Others	50,634	39,108	-	89,742
Tax losses	260,361	( 99,953)	-	160,408
Subtotal	<u>389,770</u>	<u>( 68,800)</u>	<u>( 373)</u>	<u>320,597</u>
Temporary differences:				
— Deferred tax liabilities:				
Defined benefit liabilities	( 1,704)	1,559	-	( 145)
Unrealised exchange gain	( 338)	( 16,031)	-	( 16,369)
Bargain purchase gain	( 40,434)	-	-	( 40,434)
Unrealised gain or loss on financial instrument	( 52)	( 116)	-	( 168)
Currency translation differences	-	( 359)	-	( 359)
Others	( 9,838)	( 132)	-	( 9,970)
Subtotal	<u>( 52,366)</u>	<u>( 15,079)</u>	<u>-</u>	<u>( 67,445)</u>
Total	<u>\$ 337,404</u>	<u>(\$ 83,879)</u>	<u>(\$ 373)</u>	<u>\$ 253,152</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 268,312</u>	<u>\$ 255,847</u>

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2023		
	Amount after income tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,737,319	456,741	\$ 3.80
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,737,319	456,741	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,592	
Convertible bonds	12,838	26,738	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,750,157	488,071	\$ 3.59
	Year ended December 31, 2022		
	Amount after income tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,033,285	453,932	\$ 6.68
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	3,033,285	453,932	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	9,475	
Convertible bonds	13,660	27,603	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,046,945	491,010	\$ 6.21

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 2,106,909	\$ 3,823,797
Add: Opening balance of payable on equipment	470,350	645,355
Add: Ending balance of prepaid on equipment	11,822	42,282
Add: Payment of preemptive right of lease liabilities	115,863	88,956
Less: Opening balance of prepaid on equipment	( 42,282)	( 117,618)
Less: Ending balance of payable on equipment	( 361,782)	( 470,350)
Cash paid during the year	<u>\$ 2,300,880</u>	<u>\$ 4,012,422</u>

B. Financing activities with no cash flow effects

	Year ended December 31,	
	2023	2022
Convertible bonds being converted to capital stocks	<u>\$ 198</u>	<u>\$ 145,694</u>

(28) Changes in liabilities from financing activities

	2023					
	Short-term borrowings	Long-term borrowings	Bonds payable (include current portion)	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 135,000	\$ 8,593,657	\$ 4,419,632	\$ 714,839	\$ 13,277	\$ 13,876,405
Changes in cash flow from financing activities	9,171	( 139,571)	-	( 147,199)	977	( 276,622)
Interest paid	-	-	( 17,400)	( 20,535)	-	( 37,935)
Payment of preemptive right of lease liabilities	-	-	-	( 115,863)	-	( 115,863)
Changes in other non-cash items:						
Interest expense	-	-	-	20,535	-	20,535
Effect of foreign exchange	3,814	( 16,319)	-	( 4,526)	87	( 16,944)
Option exercised	-	-	( 198)	-	-	( 198)
Discount on bonds payable	-	-	53,320	-	-	53,320
Increase in lease liabilities	-	-	-	100,275	-	100,275
Others	-	-	-	( 200)	( 6,228)	( 6,428)
At December 31	<u>\$ 147,985</u>	<u>\$ 8,437,767</u>	<u>\$ 4,455,354</u>	<u>\$ 547,326</u>	<u>\$ 8,113</u>	<u>\$ 13,596,545</u>

	2022					
	Short-term borrowings	Long-term borrowings	Bonds payable (include current portion)	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 245,444	\$ 8,171,817	\$ 4,528,728	\$ 823,592	\$ 7,798	\$ 13,777,379
Changes in cash flow from financing activities	( 112,376)	403,350	( 100)	( 210,071)	5,479	86,282
Interest paid	-	-	( 17,400)	( 23,569)	-	( 40,969)
Payment of preemptive right of lease liabilities	-	-	-	( 88,956)	-	( 88,956)
Changes in other non-cash items:						
Interest expense	-	-	-	23,569	-	23,569
Effect of foreign exchange	1,932	18,490	-	7,693	-	28,115
Option exercised	-	-	( 145,694)	-	-	( 145,694)
Discount on bonds payable	-	-	54,098	-	-	54,098
Increase in lease liabilities	-	-	-	182,581	-	182,581
At December 31	<u>\$ 135,000</u>	<u>\$ 8,593,657</u>	<u>\$ 4,419,632</u>	<u>\$ 714,839</u>	<u>\$ 13,277</u>	<u>\$ 13,876,405</u>

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Company
Ene Technology Inc.	The Company is the Director of Ene Technology Inc.
Yann Yuan Investments Co., Ltd	The Company is the Director of Yann Yuan Investments Co., Ltd

### (2) Significant related party transactions

#### A. Operating revenue:

	Year ended December 31,	
	2023	2022
Provision of services:		
Others	<u>\$ 16,151</u>	<u>\$ 15,068</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

#### B. Receivables from related parties:

	December 31, 2023	December 31, 2022
Receivables from related parties:		
Others	<u>\$ 3,333</u>	<u>\$ 3,349</u>

The receivables from related parties arise mainly from provision of services. The receivables are unsecured in nature and bear no interest.

### C. Property transactions

Participated in subsidiaries' issuance of cash capital:

For the year ended December 31, 2023 : None.

	Accounts	No. of shares	Object	Year ended December 31, 2022
				Consideration
Yann Yuan Investments Co., Ltd.	Financial asset at fair value through other comprehensive income	8,400,000	Common Stock	\$ <u>546,000</u>

In addition the Company acquired a dividend of 2 shares per share, totaling 14,000 thousand shares from Yann Yuan Investment Co., Ltd.

### D. Other transactions

	Items	Year ended December 31,	
		2023	2022
Yann Yuan Investments Co.,	Dividends income	\$ 20,580	\$ 14,000
Ene Technilgy Inc.	Dividends income	799	-
		\$ <u>21,379</u>	\$ <u>14,000</u>

### (3) Key management compensation

	Year ended December 31,	
	2023	2022
Short-term employee benefits	\$ 143,513	\$ 163,114
Post-employment benefits	1,986	1,912
Total	\$ <u>145,499</u>	\$ <u>165,026</u>

### 8. PLEDGED ASSETS

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

Assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 1,117,356	\$ 1,417,405	Short-term and long-term borrowings
Pledged time deposits (Note 1)	39,887	39,886	Guarantee for import customs and lease
	\$ <u>1,157,243</u>	\$ <u>1,457,291</u>	

Note 1: Shown as "Non-current financial assets at amortised cost".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 1,120,185	\$ 2,116,284

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 6(16) for the appropriation for 2023 earnings.

12. OTHERS

(1) Capital management

Sigurd Group's capital management objectives are to ensure that Sigurd Group can continue to operate, maintain the best capital structure to reduce capital costs, and provide compensation to shareholders. To maintain or adjust the capital structure, Sigurd Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Sigurd Group uses the debt-to-capital ratio to monitor its capital, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as reported in the consolidated balance sheet) less cash and cash equivalents. The calculation of total capital is the equity reported in the consolidated balance sheet plus the net debt.

Sigurd Group's strategy for 2023 remained the same as that of 2022, which was committed to maintain the debt-to-capital ratio at around 40%. As of December 31, 2023 and 2022, Sigurd Group's debt ratio was both less than 40%.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 314,538	\$ 396,204
Financial assets at fair value through other comprehensive income	2,158,967	1,590,784
Financial assets at amortised cost		
Cash and cash equivalents	9,406,220	8,873,912
Financial assets at amortised cost ( including non-current portion)	3,501,887	2,072,207
Notes receivable	29	5,283
Accounts receivable (including related parties)	3,699,852	3,831,425
Other receivables	52,312	67,126
Guarantee deposits paid	48,109	49,957
	<u>\$ 19,181,914</u>	<u>\$ 16,886,898</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 147,985	\$ 135,000
Notes payable	6,596	3,842
Accounts payable	378,696	289,033
Other payables	2,394,098	2,801,752
Corporate bonds payable (including current portion)	4,455,354	4,419,632
Long-term borrowings (including current portion)	8,437,767	8,593,657
Guarantee deposits received	8,113	13,277
	<u>\$ 15,828,609</u>	<u>\$ 16,256,193</u>
Lease liabilities	<u>\$ 547,326</u>	<u>\$ 714,839</u>

B. Financial risk management policies

- (a) Sigurd Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management policies are carried out to focus on unforeseen events in markets and to minimise any adverse effects on the financial position and financial performance of Sigurd Group.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with Sigurd Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
- Foreign exchange risk
- i. Sigurd Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and subsidiaries using various functional currencies, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
  - ii. Management has set up policies to require group companies to manage their foreign exchange risk against their functional currencies. Group companies are required to hedge their entire foreign exchange risk exposure through coordination with Sigurd Group treasury. Foreign exchange rate risk is resulted by each business unit records their future commercial transactions and recognised assets or liabilities as foreign currency instead of their functional currency.
  - iii. Sigurd Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currencies: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 370,083	30.705	\$ 11,363,399
NTD:USD	565,912	0.033	565,912
USD:RMB	17,071	7.096	524,165
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,981	30.705	\$ 122,237
USD:RMB	30,470	7.096	216,219
NTD:USD	1,056,300	0.033	1,056,300
December 31, 2022			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 398,246	30.710	\$ 12,230,145
NTD:USD	272,797	0.033	272,797
USD:RMB	18,364	6.967	563,955
JPY:TWD	173,632	0.232	40,352
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 4,290	30.710	\$ 131,760
USD:RMB	38,547	6.967	1,183,807
NTD:USD	1,035,997	0.033	1,035,997

- iv. The total exchange gains from significant foreign exchange variations on the monetary items held by Sigurd Group for the years ended December 31, 2023 and 2022 amounted to \$17,427 and \$556,620, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

		Year ended December 31, 2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 113,634	\$ -
	NTD:USD	1%	5,659	-
	USD:RMB	1%	5,242	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	(\$ 1,222)	\$ -
	USD:RMB	1%	( 2,162)	-
	NTD:USD	1%	( 10,563)	-
		Year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 122,301	\$ -
	NTD:USD	1%	2,728	-
	USD:RMB	1%	5,640	-
	JPY:NTD	1%	404	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	(\$ 1,318)	\$ -
	USD:RMB	1%	( 11,838)	-
	NTD:USD	1%	( 10,360)	-

### Price risk

- i. Sigurd Group's investments in equity securities, which are exposed to price risk, consist of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, Sigurd Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by Sigurd Group.
- ii. Sigurd Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$2,173 and \$2,453, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss; other comprehensive income would have increased/decreased by \$21,590 and \$15,908, respectively, as a result of the above change of financial assets at fair value through other comprehensive income.

### Cash flow and fair value Interest rate risk

- i. Sigurd Group's main interest rate risk arises from short-term and long-term borrowings with floating rates, which expose Sigurd Group to cash flow interest rate risk. During 2023 and 2022, Sigurd Group's borrowings at floating rate were mainly denominated in New Taiwan dollars and US dollars.
  - ii. Sigurd Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
  - iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$85,858 and \$87,287, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to Sigurd Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

- ii. Sigurd Group manages their credit risk taking into consideration the entire group's perspective. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to Sigurd Group's credit policy, each entity in Sigurd Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. Sigurd Group adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 90 days.
- iv. Sigurd Group categorised customers' accounts receivable and contract assets in accordance with credit rating of customer. Sigurd Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- v. Sigurd Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is treated low.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter into bankruptcy or other financial reorganisation due to financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
  - (iii) Default or delinquency in interest or principal repayments; and
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. Sigurd Group used the forecastability of the future to adjust historical and current information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.33%	0.33%-0.58%	4.81%-42.25%	49.2%-87.3%	50%-100%	
Total book value	\$ 3,751,105	\$ 67,079	\$ 5,527	\$ 2,817	\$ 11,425	\$ 3,837,953
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ 10,405	\$ 10,405
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At December 31, 2022</u>						
Expected loss rate	0.33%	0.33%-0.58%	23.66%-24.79%	32.18%-50%	50%-100%	
Total book value	\$ 3,777,592	\$ 76,947	\$ 126,049	\$ 25	\$ 57,078	\$ 4,037,691
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ 53,282	\$ 53,282

The abovementioned provision amounts took the collateral of guarantee of accounts receivable into account, thus, Sigurd Group's unrecognized loss allowance amounted to \$549 for the year ended December 31, 2023. In addition, there was no collaterals held by Sigurd Group for the year ended December 31, 2022.

- viii. Sigurd Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, Sigurd Group will continue executing the recourse procedures to secure their rights. Sigurd Group has no financial assets subject to write off on December 31, 2023 and 2022.
- ix. Movements in loss allowance for investments in debt instruments carried at amortised cost are as follows:

	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 3,501,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,501,887</u>
	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 2,072,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,072,207</u>

The financial assets at amortised cost held by the Company are all time deposits with maturity over three months and pledged time deposit. The credit risk rating has no significant abnormal situation.

- x. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	<u>2023</u>	
	Notes receivable and accounts receivable	
At January 1	\$	53,282
Provision for impairment		8,871
Writes-offs	(	51,511)
Effect of foreign exchange	(	237)
At December 31	\$	<u>10,405</u>

	<u>2022</u>	
	Notes receivable and accounts receivable	
At January 1	\$	47,708
Provision for impairment		578
Effect of foreign exchange		4,996
At December 31	\$	<u>53,282</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of Sigurd Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of Sigurd Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that Sigurd Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration Sigurd Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Sigurd Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ 3,942,318	\$ 3,614,863
Expiring beyond one year	2,224,824	3,126,259
	<u>\$ 6,167,142</u>	<u>\$ 6,741,122</u>

- iii. The table below analyses Sigurd Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 148,307	\$ -	\$ -	\$ -	\$ 148,307
Notes payable	6,596	-	-	-	6,596
Accounts payable	378,696	-	-	-	378,696
Other payables	2,394,098	-	-	-	2,394,098
Lease liabilities	59,452	69,475	101,021	483,832	713,780
Bonds payable	17,400	1,499,800	17,400	3,017,400	4,552,000
Guarantee deposits received	-	-	-	8,113	8,113
Long-term borrowings (including current portion)	1,734,417	1,411,460	3,226,674	2,339,460	8,712,011

December 31, 2022	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 135,000	\$ -	\$ -	\$ -	\$ 135,000
Notes payable	3,842	-	-	-	3,842
Accounts payable	289,033	-	-	-	289,033
Other payables	2,801,752	-	-	-	2,801,752
Lease liabilities	197,270	77,475	85,857	555,867	916,469
Bonds payable	-	17,400	17,400	4,552,200	4,587,000
Guarantee deposits received	-	-	-	13,277	13,277
Long-term borrowings (including current portion)	1,045,561	662,934	3,072,877	4,057,351	8,838,723

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of Sigurd Group's investments in listed stocks and beneficiary certificates are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, short-term and long-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	December 31, 2023			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 4,455,354	\$ -	\$ 4,378,779	\$ -
	December 31, 2022			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 4,419,632	\$ -	\$ 4,249,048	\$ -

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 217,308	\$ -	\$ -	\$ 217,308
Corporate bonds	97,230	-	-	97,230
Financial assets at fair value through other comprehensive income				
Equity securities	136,588	-	2,022,379	2,158,967
	<u>\$ 451,126</u>	<u>\$ -</u>	<u>\$ 2,022,379</u>	<u>\$ 2,473,505</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 245,341	\$ -	\$ -	\$ 245,341
Corporate bonds	150,863	-	-	150,863
Financial assets at fair value through other comprehensive income				
Equity securities	106,675	-	1,484,109	1,590,784
	<u>\$ 502,879</u>	<u>\$ -</u>	<u>\$ 1,484,109</u>	<u>\$ 1,986,988</u>

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

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

	Listed shares	Open-end fund	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Weighted average quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to Convertible fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

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

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity securities	Equity securities
At January 1	\$ 1,484,109	\$ 1,447,659
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	538,270 (	509,213)
Purchases in the year	-	546,000
Transfer to retain earnings in the year	-	(337)
At December 31	<u>\$ 2,022,379</u>	<u>\$ 1,484,109</u>

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

G. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to Convertible market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,928,337	Net asset value	Not applicable	0.90	The higher the net asset value, the higher the fair value
Unlisted shares	94,042	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 1,400,856	Net asset value	Not applicable	0.90	The higher the net asset value, the higher the fair value
Unlisted shares	83,253	Market comparable companies	Price to book ratio multiple	0.89 ~3.05	The higher the market comparable companies, the higher the fair value
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the higher the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		<u>December 31, 2023</u>						
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets								
Equity instrument	Price to book ratio		±1%	\$ -	\$ -	\$ 940	(\$ 940)	
		<u>December 31, 2022</u>						
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets								
Equity instrument	Price to book ratio		±1%	\$ -	\$ -	\$ 845	(\$ 845)	

(4) The impact of coronavirus pandemic to the operations of Sigurd Group

Sigurd Group has assessed the impact of coronavirus pandemic to the going concern, impairment of assets and the risk of financing risk of Sigurd Group and concluded that there is no significant impact.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting year: None.

J. Significant inter-company transactions during the reporting year: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: As of December 31, 2023, there is no major shareholder who held equally or more than 5% shareholding of the Company.

14. SEGMENT INFORMATION

(1) General information

The management of Sigurd Group has identified reporting segments based on the information used by the chief operating decision maker in decision making.

Sigurd Group's chief operating decision maker has conducted businesses from a product line perspective. Sigurd Group's segments include assembly and testing and international trading.

(2) Measurement of segment information

The General Manager evaluates the performance of reporting segments based on a measure excluded the effects of non-recurring expenditure such as restructuring costs, legal fees and goodwill impairments when the impairment is the result of an isolated, non-recurring event, as well as the effects of equity-settled share-based payment and unrealised gains/losses on financial instruments. Interest income and expense are not allocated to reporting segments, as these types of activities are driven by Sigurd Group's Group treasury, which manages the cash position of Sigurd Group.

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

The segment information provided to the chief operating decision-maker for the reporting segments is as follows:

	Year ended December 31, 2023		
	Assembly and testing	International trading	Total
Revenue from external customers	\$ 15,447,339	\$ 32,162	\$ 15,479,501
Segment income (loss) (Note)	2,554,136	20,577	2,574,713

	December 31, 2023		
	International		
	Assembly and testing	trading	Total
Segment Assets	\$ 36,810,728	\$ 706,690	\$ 37,517,418

	Year ended December 31, 2022		
	International		
	Assembly and testing	trading	Total
Revenue from external customers	\$ 18,682,874	\$ 11,471	\$ 18,694,345
Segment income (loss) (Note)	4,448,635	( 22,176)	4,426,459

	December 31, 2022		
	International		
	Assembly and testing	trading	Total
Segment Assets	\$ 37,022,840	\$ 546,948	\$ 37,569,788

Note: Exclusive of income tax.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Revenue, profit and loss, assets and liabilities under reporting segments are carried out the same manner as in the consolidated financial statements. Thus, no reconciliation is needed.

(5) Information on products and services

External customer revenue is mainly derived from the assembly and testing services of integrated circuits. The performance of reporting segments is the same as that in Note 6(18).

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 10,824,983	\$ 15,420,335	\$ 12,698,288	\$ 17,419,473
Singapore	2,138,091	-	3,177,285	-
America	537,433	-	737,835	-
China	1,019,531	1,330,744	1,130,774	1,852,389
Others	959,463	908	950,163	1,647
Total	<u>\$ 15,479,501</u>	<u>\$ 16,751,987</u>	<u>\$ 18,694,345</u>	<u>\$ 19,273,509</u>

(7) Major customers information

Major customers information of Sigurd Group for the years ended December 31, 2023 and 2022 is as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
A	\$ 3,048,914	All group	\$ 3,863,578	All group
D	1,451,051	All group	1,809,499	All group
B	1,467,991	All group	1,929,317	All group

Sigurd Microelectronics Corporation

Loans to others

Year ended December 31, 2023

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					ended December 31, (Note 2)								Item	Value			
0	Sigurd Microelectronics Corporation	SIGWIN Corporation	Other receivables - related party	Y	\$ 1,200,000	\$ -	\$ -	1.4% ~ 2.29%	Reason for short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 3,367,632	\$ 6,735,264	Note 6
1	FLATEK, Inc.	Greenfletek, Inc.	Other receivables	N	832	832	832	1.0%	Reason for short-term financing	-	Operational need	-	-	-	31,203	31,203	Note 4 & Note 7
2	Valuenet International Ltd.	Greenfletek, Inc.	Other receivables	N	7,524	7,202	7,202	1.0%	Reason for short-term financing	-	Operational need	-	-	-	22,322	22,322	Note 4 & Note 7
2	Valuenet International Ltd.	TPfusion Corp.	Other receivables - related party	Y	9,729	9,213	9,213	1.0%	Reason for short-term financing	-	Operational need	-	-	-	22,322	22,322	Note 4
2	Valuenet International Ltd.	OPS Electronic Limited	Other receivables - related party	Y	31,295	29,635	29,455	1.0%	Reason for short-term financing	-	Operational need	-	-	-	167,413	167,413	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 3: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 4: In accordance with this entity's Procedures for Provision of Loans: the ceiling on total loans granted is 40% of its net equity, and the limit on loans granted to a single party is 40% of its net equity, except loans to subsidiaries.

Note 5: In accordance with this entity's Procedures for Provision of Loans: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries is

300% of the creditor's net assets; limit on loans granted by an overseas subsidiary to a single subsidiary is 300% of the creditor's net assets.

Note 6: In accordance with this entity's Procedures for Provision of Loans: the ceiling on total loans granted is 40% of its net equity; and the limit on loans granted to a single party is 20% of its net equity.

Note 7: The loans provided by FLATEK, Inc. its fully owned subsidiary, Valuenet International Ltd. ("Valuenet") to Greenfletek, Inc. were expired. November 24, 2023. The Company's dealing methods are explained as follows:

1. On December 21, 2023 the Board of FLATEK, Inc. and Valuenet had resolved not to loan to Greenfletek, Inc.

2. To protect the company's rights and interests, FLATEK, Inc. and Valuenet had issued certified letter to greenfletek, Inc. on November 22, 2023 and December 13, 2023, respectively.

3. As of December 31, 2023 the unpaid principal of Greenfletek, Inc. to FLATEK, Inc. and Valuenet was \$822 and \$7,125, respectively; the unpaid interest was \$10 and \$77, respectively.

Sigurd Microelectronics Corporation  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee asset value of the endorser/ guarantor company (Note 10)	Ceiling on total amount of guarantees provided (Note 9)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 8)	Company name											
0	Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	3	\$ 7,577,173	\$ 1,721,440	\$ 1,105,560	\$ 266,310	\$ -	6.56%	\$ 7,577,173	Y	N	Y	
0	Sigurd Microelectronics Corp.	Flatek, Inc.	3	7,577,173	200,000	200,000	135,000	-	0.89%	7,577,173	Y	N	N	
1	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	2	5,994,128	300,000	300,000	-	-	5.00%	5,994,128	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Sigurd Microelectronics Corporation  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: As of the end of the year, the Company shall bear the responsibility for endorsement/guarantee upon the signing of the endorsement/guarantee contract with the bank or upon the approval of limit.

Other relevant endorsements/guarantees should be included in the endorsement/guarantee balance.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's Procedures for Provision of Loans: the limit on endorsements/guarantees to a single party is 45% of its net assets.

Note 9: In accordance with the Company's Procedures for Provision of Loans: the ceiling on total endorsements/guarantees is 45% of the Company's net assets,

Note 10: The total endorsement/guarantee amount provided by Winstek Semiconductor Co., Ltd. (Winstek Technology) shall not exceed 50% of the its net value in the latest period.

The endorsement guarantee limit for a single enterprise shall be limited at 20% of the net value of Winstek Semiconductor Co., Ltd. (Winstek Technology) at the time when the endorsement/guarantee was made.

However, an endorsement/guarantee between Winstek Semiconductor Co., Ltd. (Winstek Technology) and among companies of which Winstek Technology directly or indirectly holds 100% of the voting shares, or other companies that Winstek Technology has agreed to purchase and upon completion will become a subsidiary of which Winstek Technology directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise. However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of Winstek Technology in its most recent financial reports audited or reviewed by CPA.

In addition, the endorsement/guarantee not between Winstek Technology and among companies of which Winstek Technology directly or indirectly holds 100% voting shares, the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of Winstek Technology in its most recent financial reports audited or reviewed by CPA.

Sigurd Microelectronics Corporation  
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2023						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Sigurd Microelectronics Corp.	Fuh Hwa Emerging Market Short-term Income Fund	None	Current financial assets at fair value through profit or loss	1,798,561	\$ 20,467	-	\$ 20,467	
Sigurd Microelectronics Corp.	Fuh Hua Global Bond Fund	None	Current financial assets at fair value through profit or loss	1,983,786	30,265	-	30,265	
Sigurd Microelectronics Corp.	Jih Sun Rising Dragon Fund.	None	Current financial assets at fair value through profit or loss	1,000,000	10,782	-	10,782	
Sigurd Microelectronics Corp.	UPAMC. CB Strategy Fund	None	Current financial assets at fair value through profit or loss	5,000,000	55,249	-	55,249	
Sigurd Microelectronics Corp.	Yuanta USD Money Market Fund	None	Current financial assets at fair value through profit or loss	2,886,558	30,275	-	30,275	
Sigurd Microelectronics Corp.	Union Money Market Fund	None	Current financial assets at fair value through profit or loss	3,704,911	50,294	-	50,294	
Sigurd Microelectronics Corp.	Taishin Flexible Income Fund	None	Current financial assets at fair value through profit or loss	1,994,018	19,976	-	19,976	
Sigurd Microelectronics Corp.	Codeis Securities S.A. - Smart Cash Notes	None	Current financial assets at fair value through profit or loss	2,900,000	97,230	-	97,230	
Sigurd Microelectronics Corp.	Redemption rights of Sigurd 4th convertible bonds	None	Current financial assets at fair value through profit or loss	-	-	-	-	
Sigurd Microelectronics Corp.	ENE Technology Inc.	Board of Director	Non-current financial assets at fair value through other comprehensive income	665,543	49,649	1.47%	49,649	
Sigurd Microelectronics Corp.	Advanplating Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,185,000	-	11.36%	-	
Sigurd Microelectronics Corp.	Ordinary Shares of EGTRAN Inc.	None	Non-current financial assets at fair value through other comprehensive income	21,689	-	2.16%	-	
Sigurd Microelectronics Corp.	iDESYN Semiconductor Corp. Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	17,280	-	0.14%	-	
Sigurd Microelectronics Corp.	Yann Yuan Investments Co., Ltd.	Board of Director	Non-current financial assets at fair value through other comprehensive income	29,400,000	1,926,944	5.70%	1,926,944	
Sigurd Microelectronics Corp.	WPG Holdings Limited Preferred Share A	None	Non-current financial assets at fair value through other comprehensive income	600,000	28,200	0.30%	28,200	
Sigurd Microelectronics Corp.	Chailease Holding Co., Ltd-PFD (5871ATT)	None	Non-current financial assets at fair value through other comprehensive income	500,000	48,950	0.33%	48,950	

Sigurd Microelectronics Corporation  
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2023						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Sigurd Microelectronics Corp.	Cathe life insurance accumulated subordinate corporate bonds without maturity	None	Non-current financial assets at amortised cost	\$ 300,000	\$ 30,000	-	\$ 30,000	
Sigurd Microelectronics Corp.	The First Issue of Unsecured Cumulative Subordinated Corporate Bonds of Taiwan Life in 2023 – Tranche B	None	Non-current financial assets at amortised cost	1,000,000	100,000	-	100,000	
TEST-SERV Inc.	Samhop Microelectronics Corp.	None	Non-current financial assets at fair value through other comprehensive income	114,757	-	1.07%	-	
TEST-SERV Inc.	Sitec Semiconductor Ltd.	None	Non-current financial assets at fair value through other comprehensive income	20,545,354	-	1.22%	-	
TEST-SERV Inc.	Deepwaters Digital Support Inc.	None	Non-current financial assets at fair value through other comprehensive income	190,476	-	0.70%	-	
TEST-SERV Inc.	Chailease Holding Co., Ltd-PFD (5871ATT)	None	Non-current financial assets at fair value through other comprehensive income	100,000	9,790	0.07%	9,790	
Sigurd UTC Corporation	Paradigm I Venture Capital Company	None	Non-current financial assets at fair value through other comprehensive income	875,000	1,393	7.92%	1,393	
Sigurd UTC Corporation	Nano Electronics and Micro System Technologies, INC.	None	Non-current financial assets at fair value through other comprehensive income	2,664,090	94,042	9.23%	94,042	

Sigurd Microelectronics Corporation  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Subsidiary	Sales	(\$ 359,859)	(22%)	Net 30 days from the end of the month of when invoice is issued	-	-	\$ 53,982	15%	Note
Winstek Semiconductor Technology Co., Ltd..	Winstek Semiconductor Co., Ltd	Parent Company	Purchases	359,859	18%	Net 30 days from the end of the month of when invoice is issued	-	-	( 53,982)	(37%)	Note

Note : The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Sigurd Microelectronics Corporation  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 December 31, 2023

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	Subsidiary	\$ 217,354	1.11%	\$ -	-	\$ -	\$ -	Shown as 'Account receivable'

Nore : The calculation of turnover days excludes other receivables from related parties.

Sigurd Microelectronics Corporation  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Operating revenue	\$ 218,811	Note 6	1.41%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Accounts receivable	217,354	Note 6	0.58%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Other receivables	92,942	Note 6	0.25%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Acquisition of property, plant and equipment	214,544	Note 6	1.39%
0	Sigurd Microelectronics Corporation	TEST-SERV Inc.	1	Dividend (shown as "the deduction of investments accounted for using equity method")	120,300	Note 6	0.78%
0	Sigurd Microelectronics Corporation	SIGWIN Cooperation	1	Dividend (shown as "the deduction of investments accounted for using equity method")	211,000	-	1.36%
1	Sigurd Microelectronics Corporation	TEST-SERV Inc.	1	Rental expense	40,401	Note 6	0.26%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Operating revenue	359,859	Note 6	2.32%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Accounts receivable	53,982	Note 6	0.14%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Other receivables	83,229	Note 6	0.22%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Dividend (shown as "the deduction of investments accounted for using equity method")	203,677	-	1.32%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Business revenue from coordinated management (shown as "deduction of operating cost and operating expenses")	10,872	-	0.26%
2	VALUENET INTERNAIONAL LIMITED	OPS Electronic Ltd.	3	Other receivables	29,776	Note 6	0.08%
3	TPFUSION INC.	FLATEK INC.	2	Other payables	60,980	Note 6	0.16%
4	SIGWIN Cooperation	Winstek Semiconductor Co., Ltd.	3	Dividend (shown as "the deduction of investments accounted for using equity method")	353,632	-	2.28%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Supported Business Fee (shown as the deduction of "operating cost and operating expense")	20,326	-	0.13%

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1)Parent company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1)Parent company to subsidiary.
- (2)Subsidiary to parent company.
- (3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Including the amount of the parent company's fund loaned to subsidiary, according to the agreed interest rate plus interest.

Note 6: For these transactions, the prices and times were determined in accordance with mutual agreements.

Note 7: Only the transactions over \$20,000 are disclosed, and the related party transactions are not disclosed.

Sigurd Microelectronics Corporation  
Information on investees  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Sigurd Microelectronics Corp.	Sigurd International Co., Ltd.	British Virgin Islands	Investment company	\$ 975,135	\$ 975,135	30,254,043	100.00	\$ 159,582	\$ 14,695	\$ 14,695	
Sigurd Microelectronics Corp.	Burgurd Co., Ltd.	Hongkong	International trade company	62,391	62,391	-	100.00	1,245 (	43) (	43)	
Sigurd Microelectronics Corp.	TEST-SERV Inc.	Taiwan	Semiconductor assembly and testing	1,403,337	1,403,337	80,200,031	100.00	1,383,879	107,101	108,072	
Sigurd Microelectronics Corp.	Bloomeria Limited	Singapore	Investment company	139,564	216,614	743,343,902	100.00	634,113	23,138	27,132	
Sigurd Microelectronics Corp.	AMBERSAN medical technology Co., Ltd.	Taiwan	Medical equipment manufacturing and sales	36,300	36,300	3,630,000	55.00	29,779	10,543	5,810	
Sigurd Microelectronics Corp.	FLATEK, INC.	Taiwan	Digital Information supply service	100,000	100,000	10,000,000	58.77	44,125 (	41,221) (	24,039)	
Sigurd Microelectronics Corp.	Flusol Co., Ltd.	Hongkong	Investment company	1,359,400	1,359,400	-	96.66	468,695 (	282,541) (	278,023)	
Sigurd Microelectronic Corp.	SIGWIN Cooperation	Taiwan	Investment company	1,501,272	1,629,272	45,778,988	83.23	3,113,493	440,011	347,030	
Sigurd Microelectronic Corp.	Sigurd UTC Corporation	Taiwan	Investment company	2,299,319	2,503,179	311,175,011	100.00	2,876,358	196,354	181,266	
Sigurd International Co., Ltd.	Sigurd Microelectronics (Cayman) Co., Ltd.	Cayman Islands	Investment company	795,850	795,850	35,503,018	78.33	123,358	28,462	-	
Sigurd International Co., Ltd.	Flusol Co., Ltd.	Hongkong	Investment company	47,106	47,106	-	3.34	16,681 (	282,541)	-	

Sigurd Microelectronics Corporation  
Information on investees  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Bloomeria Limited	SIGWIN Cooperation	Taiwan	Investment company	\$ 1,048,833	\$ 1,098,833	\$ 9,221,012	16.77	\$ 627,134	\$ 440,011	\$ -	
Ge-Shing Cooperation	Winstek Semiconductor Co., Ltd.	Taiwan	Packaging testing	2,390,790	2,390,790	70,726,438	51.90	3,111,244	839,843	-	
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Taiwan	Packaging testing	1,875,740	1,875,740	210,000,000	100.00	2,552,776	302,361	-	
Winstek Semiconductor Co., Ltd.	TST Co., Ltd.	Taiwan	Plant development and leasing	200,000	200,000	20,000,000	100.00	201,481	1,435	-	
TEST-SERV Inc.	Winstek Semiconductor Co., Ltd.	Taiwan	Packaging testing	1,120	1,120	43,000	0.03	3,926	839,843	-	
FLATEK, INC.	OPS Electronic Ltd.	Hongkong	Investment company	40	40	10,000	100.00	52,002	( 1,097)	-	
FLATEK, INC.	TPFUSION INC.	Taiwan	Digital Information supply service	19,350	11,250	1,935,000	83.77	( 50,352)	5,574	-	
FLATEK, INC.	Valuenet International Ltd.	British Virgin Islands	Digital Information supply service	1,568	1,568	50,000	100.00	55,804	289	-	
TPFUSION INC.	TPfusion Corp.	Japan	Digital Information supply service	6,684	6,684	97,971	98.00	( 55,625)	5,727	-	
Holding UTC Corporation	Sigurd UTC Corporation	Taiwan	Packaging testing	6,247,262	6,247,262	101,929,982	100.00	2,912,774	196,440	-	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every

Sigurd Microelectronics Corporation  
Information on investees  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2023 (Note 2(2))	recognised by the Company for the year ended December 31, 2023 (Note 2(3))	

directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this year.

(3)The 'Investment income (loss) recognised by the Company for the December 31, 2022 column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this year. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this year has included its investment income (loss) which shall be recognised by regulations.

Sigurd Microelectronics Corporation  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31 2023 (Note 2(2))	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote	
					Remitted to Mainland China	Remitted back to Taiwan								
Sigurd Micro Electronics (Wuxi) Co., Ltd.	Production and sales of microelectronic products	\$ -	2	\$ 611,991	\$ -	\$ -	\$ 611,991	\$ 2,734	78.33	\$ 2,142	\$ -	\$ -	-	Note 2(2)B、 Note 3
OPS Electronic (ShenZhen) Limited	Manufacture and sales of IC programmers and its parts, IC copiers, components for chip testers and electronic components	26,033	2	40	-	-	40	1,952	100	1,147	71,755	-	-	Note 2(2)B、 Note 3
SIRIZE Technology (Suzhou) Corp.	Design of testing application for integrated and advanced services of packing and testing for integrated circuit	1,359,700	2	1,359,700	-	-	1,359,700	( 282,544)	100	( 287,457)	491,382	-	-	Note 2(2)B、 Note 3

Sigurd Microelectronics Corporation  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through Investment in an existing company in the third area, which then invested in the investee in Mainland China. (Invested Sigurd Micro Electronics (Wuxi) Co., Ltd, through Sigurd Microelectronics (cayman) Co., Ltd; invested Flusol(Shenzhen) Co., Ltd and SIRIZE Technology (Suzhou) Corp. through Flusol Co., Ltd and invested OPS Electronic (ShenZhen) Limited through OPS Electronic Limited.
- (3) Others

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Self-contained financial statements.

Note 3: As of December 31, 2023, the accumulated amount of remittance including other investors from Taiwan to Sigurd Micro Electronics (Wuxi) Co., Ltd. is US\$27,700 thousand (NT\$ 826,153).

name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Sigurd Micro Electronics (Wuxi) Co., Ltd.	\$ 611,991	\$ 626,325	\$ 11,879,752
OPS Electronic (ShenZhen) Limited	40	40	39,895
SIRIZE Technology (Suzhou) Corp.	1,359,700	1,359,700	11,879,752

V. The unconsolidated financial reports for the most recent year audited and attested by CPA

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000390

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

***Opinion***

We have audited the parent company only balance sheets of Sigurd Microelectronics Corporation (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (please refer to the *Other matter* section) of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Sigurd Microelectronics Corporation as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statements 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 *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors,

we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matter***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. This matter was addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on this matter.

Key audit matter of the Company's parent company only financial statements of the current period is stated as follows:

### ***Capitalisation of property, plant and equipment***

#### Description

The Company increased the capital expenditure to meet its operational needs. Please refer to Note 4(14) for accounting policies on property, plant and equipment, and Note 6(8) for details of property, plant and equipment. Considering capitalisation of property, plant and equipment is significant to the Company's parent company only financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:  
Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment, as well as sample tested and examined respective purchase

orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and capitalisation (timing of starting depreciation).

***Other matter — Audited by other independent auditors***

We did not audit the 2023 and 2022 financial statements of certain investee companies accounted for using the equity method. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of other independent auditors. Investments accounted for using equity method amounted to NT\$44,125 thousand and NT\$67,043 thousand, constituting 0.15% and 0.23% of total assets, as at December 31, 2023 and 2022, respectively, and their comprehensive income (loss) amounted to NT(\$22,918) thousand and NT(\$24,967) thousand, constituting (1.01%) and (0.90%) of the total comprehensive income (loss) for the years ended December 31, 2023 and 2022, respectively.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal controls as the management determines are necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error. In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have

no realistic alternative but to do so.

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

***Auditor's responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

- expressing an opinion on the effectiveness of the Company's internal controls.
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 report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the parent company only financial statements of the current period and is therefore the key audit matter. We describe the matter in our 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.

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Hsieh, Chih-Cheng

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Chiang, Tsai-Yen

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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

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

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 5,354,661	18	\$ 4,210,462	14
1110	Current financial assets at fair value through profit or loss	6(2)	314,538	1	396,204	1
1136	Current financial assets at amortised cost	6(4)	378,480	1	278,480	1
1140	Current contract assets	6(18)	88,012	-	106,898	-
1170	Accounts receivable, net	6(5)	2,010,827	7	2,076,269	7
1180	Accounts receivable - related parties, net	6(5) and 7	225,919	1	183,389	1
1200	Other receivables		23,930	-	38,898	-
1210	Other receivables - related parties	7	121,534	-	167,863	1
130X	Inventories	6(6)	233,568	1	155,899	1
1410	Prepayments		571,360	2	526,703	2
1470	Other current assets		2,964	-	1,578	-
11XX	<b>Total current assets</b>		<u>9,325,793</u>	<u>31</u>	<u>8,142,643</u>	<u>28</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,053,743	7	1,496,469	5
1535	Non-current financial assets at amortised cost	6(4)	130,000	1	30,000	-
1550	Investments accounted for using equity method	6(7)	8,711,269	29	8,898,109	30
1600	Property, plant and equipment	6(8) and 8	9,140,738	31	10,535,230	36
1755	Right-of-use assets	6(9)	119,132	1	172,044	1
1780	Intangible assets		31,075	-	45,314	-
1840	Deferred tax assets	6(25)	89,102	-	48,179	-
1900	Other non-current assets		63,538	-	21,656	-
15XX	<b>Total non-current assets</b>		<u>20,338,597</u>	<u>69</u>	<u>21,247,001</u>	<u>72</u>
1XXX	<b>Total assets</b>		<u>\$ 29,664,390</u>	<u>100</u>	<u>\$ 29,389,644</u>	<u>100</u>

(Continued)

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Current contract liabilities	6(18)	\$ 224	-	\$ 444	-
2150	Notes payable		252	-	252	-
2170	Accounts payable		138,154	-	91,373	-
2200	Other payables	6(10)	1,357,607	5	1,607,757	6
2220	Other payables - related parties	7	14,885	-	4,416	-
2230	Current income tax liabilities		328,018	1	357,020	1
2280	Current lease liabilities		49,899	-	79,392	-
2320	Long-term borrowings, current portion	6(11)(12) and 8	3,796,049	13	1,209,097	4
2399	Other current liabilities, others	6(18)	325,921	1	214,204	1
21XX	<b>Total current liabilities</b>		<u>6,011,009</u>	<u>20</u>	<u>3,563,955</u>	<u>12</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(11)	2,967,588	10	4,419,632	15
2540	Long-term borrowings	6(12) and 8	3,599,777	12	4,661,660	16
2570	Deferred tax liabilities	6(25)	40,434	-	40,434	-
2580	Non-current lease liabilities		50,138	-	62,022	-
2600	Other non-current liabilities	6(13)	157,283	1	162,721	1
25XX	<b>Total non-current liabilities</b>		<u>6,815,220</u>	<u>23</u>	<u>9,346,469</u>	<u>32</u>
2XXX	<b>Total liabilities</b>		<u>12,826,229</u>	<u>43</u>	<u>12,910,424</u>	<u>44</u>
<b>Equity</b>						
Share capital		6(14)				
3110	Ordinary share		4,567,446	15	4,567,410	16
Capital surplus		6(15)				
3200	Capital surplus		539,458	2	539,296	2
Retained earnings		6(16)				
3310	Legal reserve		2,117,155	7	1,810,884	6
3350	Unappropriated retained earnings		8,750,118	30	9,225,323	31
Other equity interest		6(17)				
3400	Other equity interest		863,984	3	336,307	1
3XXX	<b>Total equity</b>		<u>16,838,161</u>	<u>57</u>	<u>16,479,220</u>	<u>56</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the reporting period		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 29,664,390</u>	<u>100</u>	<u>\$ 29,389,644</u>	<u>100</u>

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

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 8,471,038	100	\$ 10,590,172	100
5000	Operating costs	6(6)(23)(24)	( 6,373,599)	( 75)	( 7,090,077)	( 67)
5900	Gross profit from operations		2,097,439	25	3,500,095	33
	Operating expenses	6(23)(24) and 7				
6100	Selling and marketing expenses		( 99,003)	( 1)	( 129,261)	( 1)
6200	General and administrative expenses		( 392,939)	( 5)	( 517,114)	( 5)
6300	Research and development expenses		( 362,868)	( 4)	( 393,385)	( 4)
6000	Total operating expenses		( 854,810)	( 10)	( 1,039,760)	( 10)
6900	Operating profit		1,242,629	15	2,460,335	23
	Non-operating income (expenses)					
7100	Interest income	6(19)	148,453	2	47,194	-
7010	Other income	6(20) and 7	152,657	2	111,027	1
7020	Other gains and losses	6(21) and 7	159,362	2	520,574	5
7050	Finance costs	6(22)	( 149,983)	( 2)	( 132,552)	( 1)
7070	Share of profit of subsidiaries and associates, joint ventures accounted for using equity method	6(7)	381,900	4	639,628	6
7000	Total non-operating income (expenses)		692,389	8	1,185,871	11
7900	<b>Profit before income tax</b>		1,935,018	23	3,646,206	34
7950	Income tax expense	6(25)	( 197,699)	( 2)	( 612,921)	( 5)
8200	<b>Profit for the year</b>		\$ 1,737,319	21	\$ 3,033,285	29
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plan	6(13)	\$ 4,426	-	\$ 14,800	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(17)	557,274	7	( 503,403)	( 5)
8330	Share of other comprehensive income (losses) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		20,360	-	( 8,577)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		( 1,818)	-	( 373)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		580,242	7	( 497,553)	( 5)
	<b>Components of other comprehensive income (loss) that might be reclassified to profit or loss</b>					
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that might be reclassified to profit or loss	6(17)	( 40,506)	( 1)	231,554	2
8360	Components of other comprehensive (loss) income that might be reclassified to profit or loss		( 40,506)	( 1)	231,554	2
8300	<b>Other comprehensive income (loss) for the year, net of tax</b>		\$ 539,736	6	( \$ 265,999)	( 3)
8500	<b>Total comprehensive income for the year</b>		\$ 2,277,055	27	\$ 2,767,286	26
	Basic earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		\$ 3.80		\$ 6.68	
	Diluted earnings per share (in dollars)	6(26)				
9850	Diluted earnings per share		\$ 3.59		\$ 6.21	

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

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Ordinary share	Capital surplus, additional paid-in capital	Retained earnings		Other equity interest		Total equity
				Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operation	Unrealised gains (losses) from financial assets at fair value through other comprehensive income	
<b>2022</b>								
Balance at January 1, 2022		\$ 4,520,782	\$ 942,353	\$ 1,526,636	\$ 7,816,291	(\$ 130,865)	\$ 767,339	\$ 15,442,536
Profit for the year		-	-	-	3,033,285	-	-	3,033,285
Other comprehensive income (loss)	6(3)(17)	-	-	-	33,831	231,554	(531,384)	(265,999)
Total comprehensive income (loss)		-	-	-	3,067,116	231,554	(531,384)	2,767,286
Appropriation of 2021 earnings:	6(16)							
Legal reserve		-	-	284,248	(284,248)	-	-	-
Cash dividends		-	-	-	(1,369,427)	-	-	(1,369,427)
Cash distribution from capital surplus	6(15)(16)	-	(502,123)	-	-	-	-	(502,123)
Conversion of corporate bonds	6(11)(14)(15)	46,628	99,066	-	-	-	-	145,694
Disposal of equity instruments at fair value through other comprehensive income	6(17)	-	-	-	337	-	(337)	-
Adjustments arising from changes in percentage of ownership in a subsidiary		-	-	-	(4,746)	-	-	(4,746)
Balance at December 31, 2022		\$ 4,567,410	\$ 539,296	\$ 1,810,884	\$ 9,225,323	\$ 100,689	\$ 235,618	\$ 16,479,220
<b>2023</b>								
Balance at January 1, 2023		\$ 4,567,410	\$ 539,296	\$ 1,810,884	\$ 9,225,323	\$ 100,689	\$ 235,618	\$ 16,479,220
Profit for the year		-	-	-	1,737,319	-	-	1,737,319
Other comprehensive income (loss)	6(3)(7)	-	-	-	12,059	(40,506)	568,183	539,736
Total comprehensive income		-	-	-	1,749,378	(40,506)	568,183	2,277,055
Appropriation of 2022 earnings:	6(16)							
Legal reserve		-	-	306,271	(306,271)	-	-	-
Cash dividends		-	-	-	(1,918,312)	-	-	(1,918,312)
Conversion of corporate bonds	6(11)(14)(15)	36	162	-	-	-	-	198
Balance at December 31, 2023		\$ 4,567,446	\$ 539,458	\$ 2,117,155	\$ 8,750,118	\$ 60,183	\$ 803,801	\$ 16,838,161

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

SIGURD MICROELECTRONICS CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,935,018	\$ 3,646,206
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation	6(8)(9)(23)	2,921,350	2,957,998
Amortisation	6(23)	24,495	22,115
Net (profit) loss on financial assets at fair value through profit or loss	6(2)(22)	( 27,168 )	15,293
Finance costs	6(22)	149,983	132,552
Interest income	6(19)	( 148,453 )	( 47,194 )
Dividends income	6(20)	( 89,923 )	( 17,881 )
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)		
Gains on disposal of property, plant and equipment	6(21) and 7	( 381,900 )	( 639,628 )
Gains arising from lease modification	6(9)	( 149,851 )	( 27,705 )
Government grants		( 21 )	-
		( 3,196 )	( 1,188 )
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		108,834	69,785
Contract assets		18,886	36,473
Accounts receivable		( 65,440 )	154,991
Accounts receivable - related parties		( 42,530 )	( 70,962 )
Other receivables		14,968	( 1,957 )
Other receivables - related parties		1	( 7,988 )
Inventories		( 77,669 )	( 54,191 )
Prepayments		( 39,929 )	( 52,254 )
Other current assets		( 1,386 )	( 89 )
Changes in operating liabilities			
Contract liabilities		( 220 )	( 3,610 )
Notes payable		-	( 8 )
Accounts payable		46,781	( 39,695 )
Other payables		( 250,149 )	( 152,518 )
Other payables - related parties		166	( 6,584 )
Other current liabilities		111,717	( 11,347 )
Net defined benefit liabilities		( 1,957 )	( 2,374 )
Cash inflow generated from operations		4,052,407	5,898,240
Interest received		282,531	50,985
Interest paid		( 184,650 )	( 131,705 )
Dividends received		355,789	178,281
Income tax paid		( 267,624 )	( 637,211 )
Net cash flows from operating activities		<u>4,238,453</u>	<u>5,358,590</u>

(Continued)

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income	7	\$ -	(\$ 546,000 )
Acquisition of financial assets at amortised cost		( 484,460 )	( 284,460 )
Proceeds from disposal of financial assets at amortised cost		284,460	84,460
Acquisition of investments accounted for using equity method	6(7) and 7	-	( 1,500,000 )
Proceeds from capital reduction of investments accounted for using equity method	6(7) and 7	280,910	1,435,890
Acquisition of property, plant and equipment	6(27)	( 1,565,390 )	( 2,072,444 )
Proceeds from disposal of property, plant and equipment		407,943	60,357
Acquisition of intangible assets		( 9,419 )	( 38,023 )
Increase in refundable deposits		( 23,391 )	( 2,074 )
Decrease in refundable deposits		4,094	2,374
Acquisition of other non-current assets		( 23,422 )	-
Net cash flows used in investing activities		( 1,128,675 )	( 2,859,920 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(28)	-	361,888
Repayments of short-term borrowings	6(28)	-	( 361,888 )
Repayments of corporate bonds	6(11)(28)	-	( 100 )
Proceeds from long-term borrowings	6(28)	3,357,540	10,536,222
Repayments of long-term borrowings	6(28)	( 3,320,237 )	( 10,673,035 )
Increase in guarantee deposits received	6(28)	1,330	2,075
Decrease in guarantee deposits received	6(28)	( 385 )	( 2,310 )
Repayments of lease liabilities	6(28)	( 85,515 )	( 82,404 )
Cash dividends paid	6(15)	( 1,918,312 )	( 1,369,427 )
Cash distribution from capital surplus	6(15)(16)	-	( 502,123 )
Net cash flows used in financing activities		( 1,965,579 )	( 2,091,102 )
Net increase in cash and cash equivalents		1,144,199	407,568
Cash and cash equivalents at beginning of year	6(1)	4,210,462	3,802,894
Cash and cash equivalents at end of year	6(1)	\$ 5,354,661	\$ 4,210,462

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

SIGURD MICROELECTRONICS CORPORATION  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE  
INDICATED)

1. HISTORY AND ORGANISATION

Sigurd Microelectronics Corporation (formerly named More Power Electronic Co., Ltd., the “Company”) was established in the Republic of China (R.O.C.) on December 15, 1988. In 1998, the Company acquired, Sigurd Corporation, via assets purchase (the acquired company was liquidated and dissolved after the merger), in order to expand and provide turnkey assembly and testing services to customers. The name of the Company was changed to Sigurd Microelectronics Corporation on November 27, 1998. The main business activities of the Company include the design, processing, testing, burn-in treatment, manufacture, trading, etc., of integrated circuits.

On February 11, 2004, the Company’s Board of Directors resolved to acquire Ucomm Caesar Technology Co., Ltd., whose main business was RF testing. The Company is the surviving company and Ucomm Caesar Technology Co., Ltd. is the dissolved company. After the merger, the Company’s name was retained. The effective date for the merger was March 1, 2005.

On December 30, 2005, the Company’s Board of Directors resolved to acquire ASI Semiconductor Co., Ltd., whose main business was integrated circuit testing. The Company is the surviving company and ASI Semiconductor Co., Ltd. is the dissolved company. After the merger, the Company’s name was retained. The effective date for the merger was June 12, 2006.

On May 8, 2013, the Company Board of Directors resolved to acquire Meicer Semiconductor Co., Ltd. whose main business was integrated circuits packaging. The Company is the surviving company and the effective date for the merger was May 31, 2013.

2. THE DATE OF AND PROCEDURES FOR AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

These parent company only financial statements were authorised for issuance by the Board of Directors on February 29, 2024.

### 3. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

#### (1) Effect of the adoption of new or amended International Financial Reporting Standards (“IFRSs”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

#### (2) Effect of new or amended IFRSs as endorsed by the FSC but not yet adopted

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets minus present value of defined benefit obligation.

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

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional

currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘Other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet; and
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income (loss).
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Company classifies the assets which do not meet the above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies the liabilities which do not meet the above criteria as non-current liabilities.

(5) Cash equivalents

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

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (loss) is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method, and recognizing impairment loss. A gain or loss is recognised in profit or loss when the asset is derecognised.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred, however, the Company has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost transfer is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, it excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method/ subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been eliminated. The accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income its recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses

proportionate to its ownership.

- D. If changes in the Company's ownership interests in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50 ~ 60 years
Machinery and equipment	1 ~ 5 years
Office equipment	3 ~ 5 years
Others equipment	2 ~ 15 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of

low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

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

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised

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

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

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Employee benefits

- A. Short-term employee benefits

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

- B. Pensions

- (a) Defined contribution plans

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

- (b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporation bonds, the Company uses interests rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(21) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'Finance costs'.

(22) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity in accordance with the contract terms. They are accounted for as follows:

- (a) The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- (b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'Finance costs' over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of equity are initially recognised in 'Capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘Capital surplus—share options.’

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax assets shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

Where the Company repurchases the Company’s equity share capital that has been issued, the

consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividend are recorded as liabilities, stock dividends are recorded as stocks dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

Provision of services

A. The Company provides the services of research and design, engineering and testing of integrated circuits. An entity recognises revenue over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs; (b) the entity's performance creates or enhances an asset that the customer controls as the asset is created; (c) or the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The testing and packaging services provided by the Company are in compliance with the (b) above, and shall be gradually recognised as revenue over time, and recognised as revenue via the progress towards completion satisfaction of performance obligation.

B. Since the time interval between the transfer of the promised goods or services to the customer and payment by the customer has not exceeded one year, the Company has not adjusted the transaction price to reflect the time value of money.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 350	\$ 521
Checking accounts and demand deposits	1,271,791	1,218,021
Time deposits	4,082,520	2,991,920
	<u>\$ 5,354,661</u>	<u>\$ 4,210,462</u>

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

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

(2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 210,000	\$ 240,000
Corporate bonds	98,507	143,480
Redemption right of the Company's convertible bonds	1,050	1,050
	<u>309,557</u>	<u>384,530</u>
Valuation adjustment	4,981	11,674
	<u>\$ 314,538</u>	<u>\$ 396,204</u>

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

<u>Items</u>	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 17,354	(\$ 23,707)
Corporate bonds	9,814	9,464
Redemption right of convertible bonds of the company	-	(1,050)
	<u>\$ 27,168</u>	<u>(\$ 15,293)</u>

B. Information relating to price risk and fair value of financial asset at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 140,000	\$ 140,000
Unlisted stocks	<u>1,064,640</u>	<u>1,064,640</u>
	1,204,640	1,204,640
Valuation adjustment	<u>849,103</u>	<u>291,829</u>
	<u>\$ 2,053,743</u>	<u>\$ 1,496,469</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$ 2,053,743 and \$1,496,469 as at December 31, 2023 and 2022, respectively.
- B. The Company did not sell any financial assets at fair value through other comprehensive income during the years ended December 31, 2023 and 2022.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive (loss) income are listed below:

	Year ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 557,274</u>	<u>(\$ 503,404)</u>
Dividend income recognised in profit or loss held at end of years	<u>\$ 24,479</u>	<u>\$ 17,881</u>

- D. Information relating to price risk and fair value of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	\$ 378,480	\$ 78,480
Bonds sold under repurchase agreements	<u>-</u>	<u>200,000</u>
	<u>\$ 378,480</u>	<u>\$ 278,480</u>
Non-current items:		
Corporate bonds	<u>\$ 130,000</u>	<u>\$ 30,000</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31,	
	2023	2022
Interest income	\$ 4,413	\$ 2,104

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$ 508,480 and \$308,480, respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments certificate of deposit were good credit quality financial institution. The probability of default is expected to be low.

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 2,010,827	\$ 2,076,269
Accounts receivable - related parties	225,919	183,389
	2,236,746	2,259,658
Less: Loss allowance	-	-
	\$ 2,236,746	\$ 2,259,658

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
	Accounts receivable	Accounts receivable
Not past due	\$ 2,221,716	\$ 2,240,461
Up to 30 days	14,173	18,345
31 to 90 days	787	852
91 to 180 days	70	-
Over 181 days	-	-
	\$ 2,236,746	\$ 2,259,658

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$ 2,343,687.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable was \$ 2,236,746 and \$2,259,658, respectively.

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

(6) Inventories

	December 31, 2023		
	Costs	Allowance for valuation loss	Carrying Amount
Raw materials	\$ 188,444	(\$ 1,721)	\$ 186,723
Supplies	25,517	-	25,517
Work in progress	12,481	-	12,481
Finished goods	8,847	-	8,847
	<u>\$ 235,289</u>	<u>(\$ 1,721)</u>	<u>\$ 233,568</u>

	December 31, 2022		
	Costs	Allowance for valuation loss	Carrying Amount
Raw materials	\$ 127,031	(\$ 902)	\$ 126,129
Supplies	27,550	-	27,550
Work in progress	2,220	-	2,220
	<u>\$ 156,801</u>	<u>(\$ 902)</u>	<u>\$ 155,899</u>

The cost of inventories recognised as expense for the years:

	Year ended December 31,	
	2023	2022
Cost of goods used	\$ 6,372,780	\$ 7,089,805
Inventory valuation loss	819	272
	<u>\$ 6,373,599</u>	<u>\$ 7,090,077</u>

(7) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries:		
Sigurd International Co., Ltd.	\$ 159,582	\$ 167,173
Burgurd Co., Ltd.	1,245	1,288
TEST-SERV Inc.	1,383,879	1,395,797
Bloomeria Limited	634,113	1,174,796
Flusol Co., Ltd.	468,695	758,104
AMBERSAN Medical Technology Co., Ltd.	29,779	23,969
FLATEK, INC.	44,125	67,043
SIGWIN Corporation	3,113,493	2,429,169
UTC Holdings Corporation	2,876,358	2,880,770
	<u>\$ 8,711,269</u>	<u>\$ 8,898,109</u>

Share of profit from subsidiaries for the years ended December 31, 2023 and 2022:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Sigurd International Co., Ltd.	\$ 14,695	(\$ 8,304)
Burgurd Co., Ltd.	( 43)	( 94)
TEST-SERV Inc.	108,072	151,310
Bloomeria Limited	27,132	494,909
Flusol Co., Ltd	( 278,023)	( 353,072)
AMBERSAN Medical Technology Co., Ltd.	5,810	( 957)
FLATEK, INC.	( 24,039)	( 26,527)
SIGWIN Corporation	347,030	27,256
UTC Holdings Corporation	181,266	355,107
	<u>\$ 381,900</u>	<u>\$ 639,628</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) in the Company's 2023 consolidated financial statements.
- B. On July 15, 2021, the Company's foreign subsidiary, Brugurd Co., Ltd., increased cash capital in the amount of US\$ 1,500 thousand. On August 19, 2021, the Company has remitted capital in the amount of US\$ 1,500 thousand (\$41,931) and acquired all of increased share equity.
- C. In June 2022, TPFUSION INC. increased cash capital in the amount of \$8,100. In June 2022, FLATEK, INC has remitted capital in the amount of \$8,100 and acquired all of increased share equity.
- D. On October 17, 2022, Winstek Semiconductor Technology Co., Ltd. performed capital reduction and returned cash to the Company's subsidiary, Winstek Semiconductor Co., Ltd., in the amount of \$1,000,000, the ratio of capital reduction was 32.25%.
- E. The Company planned to adjust the shareholding structure of Bloomeria Limited and of SIGWIN Corporation Cooperation which it held indirectly to activate the utilisation efficiency of the Group's assets and optimise the shareholders' equity as resolved by the Board of Directors on November 1, 2022. As of December 31, 2023, the adjustment results are as follows:
- (a) On November 7, 2022, SIGWIN Corporation performed capital reduction by retiring ordinary shares in the amount of \$216,557 and cash distribution from capital surplus in the amount of \$1,133,443 and returned cash to the Company and the Company's subsidiary, Bloomeria, in the amount of \$8,727 and \$1,341,273, respectively, the ratio of capital reduction was 70%.
- (b) On November 29, 2022, SIGWIN Corporation increased cash capital in the amount of \$1,500,000 by issuing 7,653,061 ordinary new shares with a par value of \$10 (in dollars) and an issuance price of \$196 (in dollars) per share. All proceeds from shares issued have been collected and the legal registration procedures had been completed.
- (c) On December 16, 2022, the Board of Directors of SIGWIN Corporation resolved the capitalisation of earnings by issuing new shares. The legal registration procedures for the capitalisation of dividends amounting to \$128,000 by issuing 12,800,000 ordinary shares

- with a par value of NT\$10 (in dollars) per share had been completed.
- (d) On April 21, 2023, the Board of Directors of SIGWIN Corporation resolved the capitalisation of earnings by issuing new shares. The legal registration procedures for the capitalisation of dividends amounting to \$252,659 by issuing 25,265,927 ordinary shares with a par value of NT\$10 (in dollars) per share had been completed.
  - (e) Bloomeria Limited had performed capital reduction in the amount of \$1,427,162 by retiring 1,384,602,258 issued shares to activate the utilisation efficiency of the assets of the group, company and shareholders as resolved by the Board of Directors on December 14, 2022.
  - (f) Bloomeria Limited had performed capital reduction in the amount of \$77,050 by retiring 74,272,133 issued shares to activate the utilisation efficiency of the assets of the Group, Company and shareholders as resolved by the Board of Directors on April 21, 2022.
- F. On April 25, 2023, UTC Holdings Corporation reduced cash capital as resolved by the Board of Directors on behalf of the shareholders' meeting. In order to strengthen the financial structure and activate funds, UTC Holdings Corporation reduced the cash capital amounting to \$203,860 by retiring 20,385,996 issued shares. The capital reduction ratio is 6.15%. All proceeds from shares issued have been collected and the legal registration procedures had been completed.
- G. Sigurd Micro Electronics (Wuxi) Co., Ltd. had ceased operations in June 2023 and the liquidation in mainland China had been completed. Sigurd Micro Electronics (Wuxi) Co., Ltd. had returned the remaining investment amount repatriated amounting to 29,546,539.40 CNY to its parent company, Sigurd Microelectronics (Cayman) Co., Ltd in August 2023.

## (8) Property, plant and equipment

		2023						
		Land	Buildings and structure	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1								
Cost		\$ 511,536	\$ 1,343,082	\$ 14,889,160	\$ 162,168	\$ 1,152,867	\$ 296,122	\$ 18,354,935
Accumulated depreciation and impairment		-	( 331,906)	( 6,830,551)	( 86,538)	( 570,710)	-	( 7,819,705)
		<u>\$ 511,536</u>	<u>\$ 1,011,176</u>	<u>\$ 8,058,609</u>	<u>\$ 75,630</u>	<u>\$ 582,157</u>	<u>\$ 296,122</u>	<u>\$ 10,535,230</u>
<u>2023</u>								
At January 1		\$ 511,536	\$ 1,011,176	\$ 8,058,609	\$ 75,630	\$ 582,157	\$ 296,122	\$ 10,535,230
Additions		1,561	-	1,062,731	39,276	96,383	446,308	1,646,259
Disposals		-	-	( 211,764)	-	-	-	( 211,764)
Reclassifications (Note)		-	-	159,281	2,107	20,184	( 186,300)	( 4,728)
Transfer from right-of-use assets		-	-	25,449	-	-	-	25,449
Depreciation		-	( 26,045)	( 2,610,104)	( 51,750)	( 161,809)	-	( 2,849,708)
At December 31		<u>\$ 513,097</u>	<u>\$ 985,131</u>	<u>\$ 6,484,202</u>	<u>\$ 65,263</u>	<u>\$ 536,915</u>	<u>\$ 556,130</u>	<u>\$ 9,140,738</u>
At December 31, 2023								
Cost		\$ 513,097	\$ 1,343,082	\$ 14,120,364	\$ 165,198	\$ 1,153,258	\$ 556,130	\$ 17,851,129
Accumulated depreciation and impairment		-	( 357,951)	( 7,636,162)	( 99,935)	( 616,343)	-	( 8,710,391)
		<u>\$ 513,097</u>	<u>\$ 985,131</u>	<u>\$ 6,484,202</u>	<u>\$ 65,263</u>	<u>\$ 536,915</u>	<u>\$ 556,130</u>	<u>\$ 9,140,738</u>
		2022						
		Land	Buildings and structure	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1								
Cost		\$ 510,012	\$ 1,343,082	\$ 13,672,143	\$ 164,824	\$ 1,165,820	\$ 696,569	\$ 17,552,450
Accumulated depreciation and impairment		-	( 305,861)	( 5,158,006)	( 72,677)	( 538,421)	-	( 6,074,965)
		<u>\$ 510,012</u>	<u>\$ 1,037,221</u>	<u>\$ 8,514,137</u>	<u>\$ 92,147</u>	<u>\$ 627,399</u>	<u>\$ 696,569</u>	<u>\$ 11,477,485</u>
<u>2022</u>								
At January 1		\$ 510,012	\$ 1,037,221	\$ 8,514,137	\$ 92,147	\$ 627,399	\$ 696,569	\$ 11,477,485
Additions		1,524	-	1,602,972	42,211	88,104	234,504	1,969,315
Disposals		-	-	( 48,206)	( 166)	-	-	( 48,372)
Reclassifications (Note)		-	-	610,741	-	23,668	( 634,951)	( 542)
Transfer from right-of-use assets		-	-	22,981	-	-	-	22,981
Depreciation		-	( 26,045)	( 2,644,016)	( 58,562)	( 157,014)	-	( 2,885,637)
At December 31		<u>\$ 511,536</u>	<u>\$ 1,011,176</u>	<u>\$ 8,058,609</u>	<u>\$ 75,630</u>	<u>\$ 582,157</u>	<u>\$ 296,122</u>	<u>\$ 10,535,230</u>
At December 31, 2022								
Cost		\$ 511,536	\$ 1,343,082	\$ 14,889,160	\$ 162,168	\$ 1,152,867	\$ 296,122	\$ 18,354,935
Accumulated depreciation and impairment		-	( 331,906)	( 6,830,551)	( 86,538)	( 570,710)	-	( 7,819,705)
		<u>\$ 511,536</u>	<u>\$ 1,011,176</u>	<u>\$ 8,058,609</u>	<u>\$ 75,630</u>	<u>\$ 582,157</u>	<u>\$ 296,122</u>	<u>\$ 10,535,230</u>

Note: For the year ended December 31, 2023, the transfer-out from construction in progress and

equipment to be inspected amounted to \$186,300, which was transferred to the prepaid expenses, \$4,728.

For the year ended December 31, 2022, the transfer-out from construction in progress and equipment to be inspected amounted to \$634,951, which was transferred to the prepaid expenses, \$542.

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	2023	2022
Amount capitalised	\$ 16,830	\$ 15,653
Range of the interest rates for capitalisation	1.552%~2.087%	1.13%~2.17%

- B. The significant components of buildings and structures include buildings, laboratory and facility equipment, which are depreciated over 50 and 60 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. As of December 31, 2023 and 2022, the area of the land held by the Company was both 43,207 square meters, of which 3,499 and 11,524 square meters was a farming and grazing land held in the name of others. The Company has obtained the mortgage set by the landowner to secure the Company's right on the untransferred part of the land.

(9) Leasing arrangements – lessee

- A. The Company leases various assets, including buildings, machinery and equipment and transportation equipment. For demands of production and operation, lease agreements are typically made for periods of 1 to 5 years, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The machinery and transportation equipment leased by the Company were classified as short-term lease contracts because the lease period did not exceed 12 months.
- C. The carrying amount of right-of-use assets and the depreciation are as follows:

	December 31, 2023	December 31, 2022
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 49,106	\$ 47,258
Machinery and equipment	66,328	119,567
Transportation equipment (business vehicles)	3,698	5,219
	<u>\$ 119,132</u>	<u>\$ 172,044</u>
	Year ended December 31,	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 21,189	\$ 21,440
Machinery and equipment	47,172	46,466
Transportation equipment (business vehicles)	3,281	4,455
	<u>\$ 71,642</u>	<u>\$ 72,361</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$46,159 and \$4,333, respectively.

E. When the lease terms ceased, the Company had preemptive rights on some of leased machinery and equipment. For the years ended December 31, 2023 and 2022, aforementioned lease contracts with preemptive right were due, the Company exercised the preemptive right to buy machinery and equipment in the amount of \$25,449 and \$22,981, respectively.

F. The information on profit and loss accounts relating to lease agreements is as follows:

	Year ended December 31,	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Profit from lease modification	\$ 21	\$ -
Interest expense on lease liabilities	1,789	2,769
Expense on short-term lease agreements	53,487	104,373

G. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$142,791 and \$209,582, respectively.

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 334,824	\$ 446,533
Accrued employees' compensation and directors' remuneration	222,420	417,500
Payables for equipment and construction	215,154	142,588
Others	585,209	601,136
	<u>\$ 1,357,607</u>	<u>\$ 1,607,757</u>

(11) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Convertible bonds payable	\$ 1,500,000	\$ 1,500,000
Bonds payable	3,000,000	3,000,000
Less: Bonds payable converted	( 200)	-
Less: Discount on bonds payable	( 44,446)	( 80,368)
	<u>4,455,354</u>	<u>4,419,632</u>
Less: Current portion (shown as ‘Other current liabilities’)	( 1,487,766)	-
	<u>\$ 2,967,588</u>	<u>\$ 4,419,632</u>

Domestic 1st Secured Bonds

In order to fulfill working capital, on March 10, 2021, the Company’s Board of Directors approved to issue the first domestic secured corporate bonds, the issuance has been filed to Taipei Exchange and has been effective. Main terms of the issuance were as follows:

- (a) Total issuance amount: The bonds were issued at face value of \$1,000, the issuance number was 3,000 with a total issuance amount of \$3,000,000.
- (b) Issuance duration: 5 years, from March 19, 2021 to March 19, 2026.
- (c) Coupon rate and payment method: The coupon rate was fixed rate at 0.58%. Interest will be paid annually. The principle will be paid at once when it is due.
- (d) Secured method: The corporate bond was guaranteed by the syndicated guaranteed engagement performance obligation contract of corporate bond guarantee which were entered by banks.

Domestic 4th Unsecured Convertible Bonds

A. To raise the capital for acquiring machinery and equipment, the Board of Directors of the Company resolved to issue the Domestic 4th domestic unsecured convertible bonds on August 4, 2021, which had been approved by the FSC. The aforementioned unsecured convertible bonds were priced on October 2, 2021 and were issued on October 13, 2021. The major terms of issuance are as follows:

- (a) Issue amount: Issued at 106.2% of par value of \$100. The units for this offering were 15,000, with aggregated offering amount of \$1,592,946.
- (b) Issuance duration: Three years, from October 13, 2021 to October 13, 2024.
- (c) Coupon rate and principal payment method: The coupon rate is 0% per annum. Except for converting the corporate bonds into the Company’s ordinary share by the holder or redemption and written off by the Company through a securities firm, the Company shall repay the nominal amount of the bonds via cash in one lump sum at the time of maturity.
- (d) Conversion period: Except for exercising the right of conversion, provided by the law, or due to a transfer suspension period stipulated in a contract (if any); the corporate bonds held by the bondholders shall be converted into ordinary shares of the Company from three months after the issuance (January 14, 2022) until the maturity date (October 13, 2024).

- (e) Conversion price and its adjustment: The conversion price at the time of issuance is set at \$65.4 (in dollars) per share. However, in case of ex-rights or ex-dividends after the issuance of the Company's bonds, the closing price used to calculate the conversion price shall first be calculated as the price after ex-rights or ex-dividends. After the conversion price is determined and prior to the actual issuance date, it should be adjusted according to the conversion price adjustment formula in case of ex-dividend or ex-rights. The conversion price was adjusted from \$65.4 (in dollars) to \$60.5 (in dollars) on July 20, 2022; and the conversion price was adjusted from \$60.5 (in dollars) to \$56.1 (in dollars) on August 2, 2023.
  - (f) The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - (g) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of the 4th unsecured convertible bonds, the equity conversion options amounting to \$136,893 were separated from the liability component and were recognised in 'Capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'Financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 0.09%.
- C. As of December 31, 2023, the 4th unsecured convertible bonds totaling \$200 (face value) had been converted into 3,564 shares of common stock

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 17, 2018 to May 15, 2032; principal and interest are repayable by instalments	1.15%~2.04%	(Note 1)	\$ 5,452,967
Secured borrowings	Borrowing period is from September 26, 2019 to January 8, 2026; principal and interest are repayable by instalments	1.81%~2.04%	Land, plant and machinery and equipment (Note 2)	<u>455,093</u>
				5,908,060
Less: Current portion (Shown as ‘Other current liabilities’)				<u>( 2,308,283)</u>
				<u>\$ 3,599,777</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 17, 2018 to May 15, 2032; principal and interest are repayable by instalments	0.90%~1.76%	(Note 1)	\$ 5,109,197
Secured borrowings	Borrowing period is from September 26, 2019 to January 8, 2026; principal and interest are repayable by instalments	1.56%~1.78%	Land, plant and machinery and equipment (Note 2)	<u>761,560</u>
				5,870,757
Less: Current portion (Shown as ‘Other current liabilities’)				<u>( 1,209,097)</u>
				<u>\$ 4,661,660</u>

For the years ended December 31, 2023 and 2022, interest expenses arising from long-term borrowings that were recognised in profit or loss amounted to \$111,704 and \$91,338, respectively.

Note 1: Credit borrowings

According to the signed loan agreements contracts, the following financial ratios and terms should be maintained before the full settlement of the debts:

- A. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 100%.
- B. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets in the consolidated financial statements shall not be more than 100%.
- C. Times interest earned: the net profit before tax plus interest expense, depreciation expense and amortisation expense divided by interest expense of consolidated financial statements shall be more than 10.
- D. Net tangible assets shall not be less than \$11 billion.
- E. On July 1, 2019 Ministry of Economic Affairs R.O.C. (“MOEA”) implemented the “Action Plan for welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” and companies are subsidized by financial institutes with preferential interest loans 1.025% ~ 1.35% of loan interest for qualified investment projects. The Group has obtained the qualification from the MOEA and signed loan agreements with financial institutions for the line of credit amounted to \$3.18 billion with term of 10 years. For the years ended December 31, 2023 and 2022 the Company recognized grant revenue from the borrowing project (“Other revenue”) in the amount of \$3,196 and \$1,188, respectively.

Note 2: Credit borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

- A. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 120%.
- B. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets in the consolidated financial statements shall not be more than 100%.
- C. Net tangible assets shall not be less than \$11 billion.
- D. Times interest earned: the net profit before tax plus interest expense, depreciation expense and amortisation expense divided by interest expense in the consolidated financial statements shall be more than 13.
- E. The purpose of bank borrowing shall be acquisition of equipment and working capital.

The abovementioned ratios were calculated based on the semi-annual consolidated financial statements audited or reviewed by the independent accountants. The 2023 and 2022 consolidated financial statements met the requirements of the abovementioned ratios.

(13) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 246,400)	(\$ 261,386)
Fair value of plan assets	<u>96,588</u>	<u>105,192</u>
Net defined benefit liabilities	<u>(\$ 149,812)</u>	<u>(\$ 156,194)</u>

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

<u>2023</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
At January 1	(\$ 261,386)	\$ 105,192	(\$ 156,194)
Current service cost	( 227)	-	( 227)
Interest (expense) income	( 3,006)	<u>1,233</u>	( 1,773)
	<u>( 264,619)</u>	<u>106,425</u>	<u>( 158,194)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	967	967
Change in financial assumptions	<u>3,459</u>	-	<u>3,459</u>
	<u>3,459</u>	<u>967</u>	<u>4,426</u>
Pension fund contribution	-	3,956	3,956
Paid pension	<u>14,760</u>	( 14,760)	-
At December 31	<u>(\$ 246,400)</u>	<u>\$ 96,588</u>	<u>(\$ 149,812)</u>

<u>2022</u>	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 269,653)	\$ 96,284	(\$ 173,369)
Current service cost	( 482)	-	( 482)
Interest (expense) income	( 2,022)	738	( 1,284)
	<u>( 272,157)</u>	<u>97,022</u>	<u>( 175,135)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,509	7,509
Change in financial assumptions	<u>7,291</u>	<u>-</u>	<u>7,291</u>
	<u>7,291</u>	<u>7,509</u>	<u>14,800</u>
Pension fund contribution	-	4,141	4,141
Paid pension	<u>3,480</u>	<u>( 3,480)</u>	<u>-</u>
At December 31	<u>(\$ 261,386)</u>	<u>\$ 105,192</u>	<u>(\$ 156,194)</u>

(d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	<u>1.15%</u>	<u>1.15%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

Assumptions regarding future mortality rate are set based on actuarial advice in accordance with published statistics and experience in Taiwan.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
December 31, 2023				
Effect on present value of defined benefit obligations	<u>(\$ 4,066)</u>	<u>\$ 4,194</u>	<u>\$ 17,090</u>	<u>(\$ 15,416)</u>
December 31, 2022				
Effect on present value of defined benefit obligations	<u>(\$ 4,665)</u>	<u>\$ 4,826</u>	<u>\$ 19,755</u>	<u>(\$ 17,613)</u>

The sensitivity analysis above is based on a change in one assumption while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liabilities in the balance sheet are the same.

The method of analysing sensitivity and the method of assumptions did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$ 3,956.

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

(b) The pension costs under defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$ 59,539 and \$62,256, respectively.

(14) Share capital

As of December 31, 2023, the Company’s authorised capital was \$10,000,000, consisting of 1,000,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$4,567,410 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2023	Unit: shares 2022
At January 1	456,741,020	452,078,156
Conversion of corporate bonds	3,564	4,662,864
At December 31	<u>456,744,584</u>	<u>456,741,020</u>

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023			
	Share premium	Consolidation premium	Share options	Total
At January 1	\$ 158,254	\$ 244,129	\$ 136,913	\$ 539,296
Conversion of corporate bonds	181	-	( 19)	162
At December 31	<u>\$ 158,435</u>	<u>\$ 244,129</u>	<u>\$ 136,894</u>	<u>\$ 539,458</u>

	2022			
	Share premium	Consolidation premium	Share options	Total
At January 1	\$ 555,999	\$ 244,129	\$ 142,225	\$ 942,353
Conversion of corporate bonds	104,378	-	( 5,312)	99,066
Cash distribution from capital surplus	( 502,123)	-	-	( 502,123)
At December 31	<u>\$ 158,254</u>	<u>\$ 244,129</u>	<u>\$ 136,913</u>	<u>\$ 539,296</u>

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Legal reserve will not be necessary once the reserve is equal to total paid-in capital. And set aside or reverse the special surplus reserve as needed. The remainder plus undistributed earnings is distributable earnings.
- B. The Company's shareholders approved to appropriate earnings in cash or in shares, the first priority when appropriating earnings is cash, it also can be appropriated in shares. The appropriation of shareholders dividends was 10%~80% of distributable earnings in the current year, the ratio of cash dividends can not be lower than 10%.

The Company’s shareholders approved the Company may, pursuant to a resolution to adopted by the Board of Directors as required in Item 5 Article 240 of the Company Act, distribute its dividends and bonuses, in whole or in part by cash; and in addition there to a report of such distribution shall be submitted to the shareholders’ meeting.

The Company may pursuant to be adopted by the Board of Directors as required in Article 241 of the Company Act, distribute its legal reserve and the following capital reserve, in whole or in part; by cash; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity interests is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of 2022 and 2021 earnings had been resolved at shareholders’ meeting on June 7, 2023 and June 9, 2022, respectively. Details are as below:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 306,271		\$ 284,248	
Cash dividends	1,918,312	\$ 4.20	1,369,427	\$ 3.00
Total	\$ 2,224,583		\$ 1,653,675	

- E. On June 9, 2022, the shareholders’ meeting resolved the cash distribution of capital surplus amounting to \$502,123 in cash (\$1.10 (in dollars) per share).
- F. On February 29, 2024, the Board of Directors resolved the appropriation for 2023 earnings through distribution of cash dividends amounting to \$1,222,309 in cash (\$2.68 (in dollars) per share).
- G. Information of appropriation resolved by shareholder’s meeting and the Board of Directors will be posted in the “ Market Observation Post System ”.

(17) Other equity interest

	2023		
	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Financial statements translation difference of foreign operations	Total
At January 1	\$ 235,618	\$ 100,689	\$ 336,307
Revaluation:			
– Parent company	557,274	-	557,274
– Subsidiaries	10,909	-	10,909
Currency translation differences:			
– Subsidiaries	-	( 40,506)	( 40,506)
At December 31	<u>\$ 803,801</u>	<u>\$ 60,183</u>	<u>\$ 863,984</u>

	2022		
	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Financial statements translation difference of foreign operations	Total
At January 1	\$ 767,339	(\$ 130,865)	\$ 636,474
Revaluation:			
– Parent company	( 503,403)	-	( 503,403)
– Subsidiaries	( 27,981)	-	( 27,981)
Revaluation transferred to retained earnings:			
– Subsidiaries	( 337)	-	( 337)
Currency translation differences:			
– Subsidiaries	-	231,554	231,554
At December 31	<u>\$ 235,618</u>	<u>\$ 100,689</u>	<u>\$ 336,307</u>

(18) Operating revenue

	Year ended December 31,	
	2023	2022
Revenue from contracts with customers	<u>\$ 8,471,038</u>	<u>\$ 10,590,172</u>

A. Disaggregation of the Company's services revenue from contracts with customers.

	<u>Assembly and testing service revenue</u>	
	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ 8,471,038	\$ 10,590,172
Timing of revenue recognition		
Over time	\$ 8,471,038	\$ 10,590,172

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Contract assets			
– Assembly and testing	\$ 88,012	\$ 106,898	\$ 143,371
Contract liabilities:			
Contract liabilities			
– unearned sales revenue	\$ 224	\$ 444	\$ 4,054

C. Revenue recognised that was included in the contract liabilities balance at the beginning of the year

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Revenue from external customer contracts	\$ 220	\$ 3,830

D. Refund liabilities (shown as 'Other current liabilities')

The Company estimated sales discounts based on historical experience, the estimates was updated on every balance sheet dates, the details of related refund liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refund liabilities-current	\$ 302,199	\$ 189,055

(19) Interest income

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 144,040	\$ 45,090
Interest income from financial assets measured at amortised cost	4,413	2,104
	\$ 148,453	\$ 47,194

(20) Other income

	Year ended December 31,	
	2023	2022
Dividend income	\$ 89,923	\$ 17,881
Government grants	4,562	7,810
Other income, others	58,172	85,336
	<u>\$ 152,657</u>	<u>\$ 111,027</u>

(21) Other gains and losses

	Year ended December 31,	
	2023	2022
Gains arising from lease modification	\$ 21	\$ -
Gains on disposals of property, plant and equipment	149,851	27,705
Net currency exchange (losses) gains	( 17,678)	508,162
Gains (losses) on financial assets at fair value through profit or loss	27,168	( 15,293)
	<u>\$ 159,362</u>	<u>\$ 520,574</u>

(22) Finance costs

	Year ended December 31,	
	2023	2022
Interese expense:		
Bank borrowings	\$ 111,704	\$ 91,338
Bonds payable	53,320	54,098
Leased liabilities	1,789	2,769
Less: Capitalisation of assets	( 16,830)	( 15,653)
	<u>\$ 149,983</u>	<u>\$ 132,552</u>

(23) Expenses by nature

	Year ended December 31,	
	2023	2022
Employee benefit expenses	\$ 2,104,539	\$ 2,486,894
Depreciation expenses on property, plant and equipment	<u>\$ 2,849,708</u>	<u>\$ 2,885,637</u>
Depreciation expenses on right-of-use assets	<u>\$ 71,642</u>	<u>\$ 72,361</u>
Amortisation expenses on intangible assets	<u>\$ 244,955</u>	<u>\$ 22,115</u>

(24) Employee benefit expenses

	Year ended December 31,	
	2023	2022
Wages and salaries	\$ 1,793,470	\$ 2,158,472
Labor and health insurance fees	165,996	173,375
Pension costs	61,539	64,022
Other personnel expenses	83,534	91,025
	<u>\$ 2,104,539</u>	<u>\$ 2,486,894</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees 'compensation and directors' remuneration. The ratio shall range between 8%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$220,000 and \$375,000, respectively; while directors' remuneration was accrued at \$2,420 and \$42,760, respectively. The aforementioned amounts were recognised in wages and salaries. The employees' compensation and directors' remuneration were estimated and accrued based on 10.20% and 0.11%, respectively, of distributable profit of 2023.
- C. Employees' compensation and directors' remuneration of 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 and 2022 financial statements.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System".

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 362,079	\$ 623,535
Prior year income tax overestimation	( 123,457)	( 14,531)
Total current tax	<u>238,622</u>	<u>609,004</u>
Deferred tax:		
Origination and reversal of temporary differences	( 40,923)	3,917
Total deferred tax	<u>( 40,923)</u>	<u>3,917</u>
Income tax expense	<u>\$ 197,699</u>	<u>\$ 612,921</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 387,004	\$ 729,241
Tax exempt income by tax regulation	( 99,937)	( 117,482)
Expenses disallowed by tax regulation	10,664	-
Prior year income tax overestimation	( 123,457)	( 14,531)
Changes in reassessment of realisation of deferred tax assets	2,473	( 6,268)
Separate tax amount	20,952	21,961
Income tax expense	<u>\$ 197,699</u>	<u>\$ 612,921</u>

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

	2023		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised inventory valuation loss	\$ 181	\$ 163	\$ 344
Unrealised exchange loss	3,752	18,131	21,883
Long-term investment	6,436	-	6,436
Others	37,810	22,629	60,439
	<u>48,179</u>	<u>40,923</u>	<u>89,102</u>
– Deferred tax liability:			
Bargain purchase gain	( 40,434)	-	( 40,434)
	<u>( 40,434)</u>	<u>-</u>	<u>( 40,434)</u>
	<u>\$ 7,745</u>	<u>\$ 40,923</u>	<u>\$ 48,668</u>
	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised inventory valuation loss	\$ 127	\$ 54	\$ 181
Unrealised exchange loss	5,998	( 2,246)	3,752
Long-term investment	6,436	-	6,436
Others	39,535	( 1,725)	37,810
	<u>52,096</u>	<u>( 3,917)</u>	<u>48,179</u>
– Deferred tax liability:			
Bargain purchase gain	( 40,434)	-	( 40,434)
	<u>( 40,434)</u>	<u>-</u>	<u>( 40,434)</u>
	<u>\$ 11,662</u>	<u>(\$ 3,917)</u>	<u>\$ 7,745</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	\$ <u>266,556</u>	\$ <u>254,188</u>

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after income tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ <u>1,737,319</u>	<u>456,741</u>	\$ <u>3.80</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	1,737,319	456,741	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,592	
Convertible bonds	<u>12,838</u>	<u>26,738</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ <u>1,750,157</u>	<u>488,071</u>	\$ <u>3.59</u>
	<u>Year ended December 31, 2022</u>		
	<u>Amount after income tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ <u>3,033,285</u>	<u>453,932</u>	\$ <u>6.68</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	3,033,285	453,932	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	9,475	
Convertible bonds	<u>13,660</u>	<u>27,603</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ <u>3,046,945</u>	<u>491,010</u>	\$ <u>6.21</u>

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31,	
	2023	2022
Acquisition of property, plant and	\$ 1,646,259	\$ 1,969,315
Add: Opening balance of payable on equipment	142,588	225,681
Add: Payment of preemptive right of lease liabilities	2,000	20,036
Less: Ending balance of payable on equipment	( 223,457)	( 142,588)
Cash paid during the year	<u>\$ 1,567,390</u>	<u>\$ 2,072,444</u>

B. Financing activities with no cash flow effects:

	Year ended December 31,	
	2023	2022
Convertible bonds being converted to capital stocks	<u>\$ 198</u>	<u>\$ 145,694</u>

(28) Changes in liabilities from financing activities

	2023				
	Long-term borrowings (include current portion)	Bonds payable (include current portion)	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 5,870,757	\$ 4,419,632	\$ 141,414	\$ 6,526	\$ 10,438,329
Payment of preemptive right of lease liabilities	-	-	( 2,000)	-	( 2,000)
Changes in cash flow from financing activities	37,303	-	( 85,515)	945	( 9,964)
Interest paid	-	( 17,400)	( 1,789)	-	( 19,189)
Changes in other non-cash items:					
Interest expense	-	-	1,789	-	1,789
Option exercised	-	( 198)	-	-	( 198)
Discount on bonds payable	-	53,320	-	-	53,320
Increase in lease liabilities	-	-	46,159	-	46,159
Others	-	-	( 21)	-	( 21)
At December 31	<u>\$ 5,908,060</u>	<u>\$ 4,455,354</u>	<u>\$ 100,037</u>	<u>\$ 7,471</u>	<u>\$ 10,508,225</u>

	Short-term borrowings	Long-term borrowings (include current portion)	Bonds payable (include current portion)	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ -	\$ 6,007,570	\$ 4,528,728	\$ 239,521	\$ 6,761	\$ 10,782,580
Changes in cash flow from financing activities	- (	136,813)	( 100)	( 82,404)	( 235)	( 219,552)
Interest paid	-	- (	17,400)	( 2,769)	- (	20,169)
Payment of preemptive right of lease liabilities	-	-	- (	20,036)	- (	20,036)
Changes in other non-cash items:						
Interest expense	-	-	-	2,769	-	2,769
Option exercised	-	- (	145,694)	-	- (	145,694)
Discount on bonds payable	-	-	54,098	-	-	54,098
Increase in lease liabilities	-	-	-	4,333	-	4,333
At December 31	<u>\$ -</u>	<u>\$ 5,870,757</u>	<u>\$ 4,419,632</u>	<u>\$ 141,414</u>	<u>\$ 6,526</u>	<u>\$ 10,438,329</u>

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Company
Bloomeria Limited	The subsidiary
Winstek Semiconductor Co., Ltd.	The subsidiary
Winstek Semiconductor Technology Co., Ltd.	The subsidiary
TST Co., Ltd.	The subsidiary
TEST-SERV Inc. ("TEST-SERV")	The subsidiary
Sigurd International Co., Ltd.	The subsidiary
Burgurd Co., Ltd.	The subsidiary
SIGWIN Cooperation ("SIGWIN")	The subsidiary
Sigurd Microelectronics (Cayman) Co., Ltd.	The subsidiary
Flusol Co., Ltd.	The subsidiary
SIRIZE Technology (Suzhou) Corp. ("SIRIZE")	The subsidiary
Sigurd Micro Electronics (Wuxi) Co., Ltd.	The subsidiary
AMBERSAN Medical Technology Co., Ltd.	The subsidiary
FLATEK, INC. ("FLATEK")	The subsidiary
OPS Electronic Limited.	The subsidiary
OPS Electronic (ShenZhen) Limited	The subsidiary
TPFUSION INC. ("TPFUSION")	The subsidiary
TPfusion Corp.	The subsidiary
Valuenet International Limited	The subsidiary
UTC Holdings Corporation	The subsidiary
Sigurd UTC Corporation ("Sigurd UTC")	The subsidiary
Ene Technology Inc.	The Company is the Director of Ene Technology Inc.
Yann Yuan Investments Co., Ltd. ("Yann Yuan")	The Company is the Director of Yann Yuan Investments Co., Ltd.

(2) Significant related party transactions and balances

A. Operating revenue:

	Year ended December 31,	
	2023	2022
Operating revenue		
Subsidiaries	\$ 261,522	\$ 243,588
Others		
Ene Technology Inc.	16,151	15,068
	<u>\$ 277,673</u>	<u>\$ 258,656</u>

Operating revenue is based on the price lists in force and terms that would be available to third parties.

B. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable		
Subsidiaries-SIRIZE	\$ 217,354	\$ 176,206
Subsidiaries	5,232	3,834
Others	3,333	3,349
	<u>225,919</u>	<u>183,389</u>
Other receivables - purchase on behalf of related parties		
Subsidiaries	23	23
Other receivables - sale of property, plant and equipment		
Subsidiaries-SIRIZE	84,403	159,300
Subsidiaries-Sigurd UTC	28,569	-
Others receivables – other		
Subsidiaries-SIRIZE	8,539	8,540
	<u>121,534</u>	<u>167,863</u>
	<u>\$ 347,453</u>	<u>\$ 351,252</u>

The receivables from related parties arise mainly from service revenue and sale of property, plant and equipment. The receivables are due 2 months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

C. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other payables - borrowing of machinery and equipment for testing:		
Subsidiaries	\$ 3,830	\$ 1,910
Other payables - others:		
Subsidiaries	752	2,506
Other payables - acquisition of property, plant and equipment:		
Subsidiaries-SIRIZE	9,942	-
Subsidiaries-Sigurd UTC	361	-
	<u>\$ 14,885</u>	<u>\$ 4,416</u>

The payable to related parties arise mainly from borrowing of machinery and equipment for testing, acquisition of accessories and acquisition of property, plant and equipment. The payables are due 2 months after the date of transaction. The receivables are unsecured in nature and bear no interest.

D. Property transactions:

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries-SIRIZE	\$ 214,544	\$ -
Subsidiaries-Sigurd UTC	344	-
	<u>\$ 214,888</u>	<u>\$ -</u>

(b) Disposal of property, plant and equipment

	<u>Year ended December 31, 2023</u>	
	<u>Proceeds</u>	<u>Gain on disposal</u>
Subsidiaries-Sigurd UTC	\$ 28,569	\$ 3,390

	<u>Year ended December 31, 2022</u>	
	<u>Proceeds</u>	<u>Gain on disposal</u>
Subsidiaries-SIRIZE	\$ 20,817	\$ 2,477
Subsidiaries-others	1,645	1,479
	<u>\$ 22,462</u>	<u>\$ 3,956</u>

(c) Participated in subsidiaries' issuance of cash capital

				<u>Year ended December 31, 2023</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>		<u>Consideration</u>
Yann Yuan Investments Co., Ltd	Financial asset at fair value through other comprehensive income	8,400,000	Common stock	\$	546,000
SIGWIN Cooperation	Investment accounted for using equity method	7,653,061	Common stock		
					<u>1,500,000</u>
Total				\$	<u>2,046,000</u>
				<u>Year ended December 31, 2022</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>		<u>Consideration</u>
Yann Yuan Investments Co., Ltd	Financial asset at fair value through other comprehensive income	8,400,000	Common stock	\$	546,000
SIGWIN Cooperation	Investment accounted for using equity method	7,653,061	Common stock		
					<u>1,500,000</u>
Total				\$	<u>2,046,000</u>

In addition the Company acquired a dividend of 2 shares per share, totaling 14,000 thousand shares from Yann Yuan Investment Co., Ltd on June 22, 2022.

The company acquired shares dividend amounting to 25,266 thousand shares and 12,800 thousand shares from SIGWIN Cooperation on April 30, 2023 and December 16, 2022, respectively.

(d) Subsidiaries reduced capital by returning cash

				<u>Year ended December 31, 2023</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
SIGWIN Cooperation	Investment accounted for using equity method	20,385,996	Common stock	\$ 203,860	\$ -
Bloomeria Limited	Investment accounted for using equity method	74,272,133	Common stock	77,050	-
				<u>\$ 280,910</u>	<u>\$ -</u>
				<u>Year ended December 31, 2022</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
SIGWIN Cooperation	Investment accounted for using equity method	140,000	Common stock	\$ 8,727	\$ -
Bloomeria Limited	Investment accounted for using equity method	21,515,700	Common stock	1,427,163	-
				<u>\$ 1,435,890</u>	<u>\$ -</u>

E. Endorsements and guarantees provided to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries-SIRIZE	\$ 1,105,380	\$ 1,105,560
Subsidiaries-FLATEK	150,000	200,000
	<u>\$ 1,255,380</u>	<u>\$ 1,305,560</u>

## F. Other transactions

	Items	Year ended December 31,	
		2023	2022
Subsidiaries- TEST-SERV	Dividends income	\$ 120,300	\$ 160,400
Subsidiaries- SIGWIN	Dividends income	\$ 211,000	\$ -
Others	Dividends income	\$ 21,379	\$ 14,781
Subsidiaries- TEST-SERV	Lease expenses	\$ 40,401	\$ 49,472
Others	Lease expenses	\$ 900	\$ 9,378
Subsidiary- TPFUSION	Research and development expense – research expense	\$ 16,800	\$ 16,800

### (3) Key management compensation

	Year ended December 31,	
	2023	2022
Salaries and Short-term employee benefits	\$ 97,833	\$ 119,734
Post-employment benefits	1,078	1,078
Total	\$ 98,911	\$ 120,812

## 8. PLEGGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 944,961	\$ 1,204,324	Long-term borrowings

Note: Shown as 'Non-current financial assets at amortised cost-non-current'.

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 1,052,646	\$ 1,701,973

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 6(16) for the appropriation for 2023 earnings.

## 12. OTHERS

### (1) Capital management

The Company's capital management objectives are to ensure that the Company can continue to operate, maintain the best capital structure to reduce capital costs, and provide compensation to shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company uses the debt-to-capital ratio to monitor its capital, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as reported in the parent company only balance sheet) minus cash and cash equivalents. The calculation of total capital is the equity reported in the parent company only balance sheet plus the net debt.

The Company's strategy for 2023 remained the same as that of 2022, which was committed to maintain the debt-to-capital ratio at around 40%. As of December 31, 2023 and 2022, the Company's debt ratio was both less than 40%.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 314,538	\$ 396,204
Financial assets at fair value through other comprehensive income	2,053,743	1,496,469
Financial assets at amortised cost		
Cash and cash equivalents	5,354,661	4,210,462
Financial assets at amortised cost	508,480	308,480
Accounts receivable (including related parties)	2,236,746	2,259,658
Other receivables (including related parties)	145,464	206,761
Guarantee deposits paid	35,211	15,914
	<u>\$ 10,648,843</u>	<u>\$ 8,893,948</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 252	\$ 252
Accounts payable	138,154	91,373
Other payables (including related parties)	1,372,492	1,612,173
Corporate bonds payable (including current portion)	4,455,354	4,419,632
Long-term borrowings (including current portion)	5,908,060	5,870,757
Guarantee deposits received	7,471	6,526
	<u>\$ 11,881,783</u>	<u>\$ 12,000,713</u>
Lease liabilities (including current portion)	<u>\$ 100,037</u>	<u>\$ 141,414</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management policies are carried out to focus on unforeseen events in markets and to minimise any adverse effects on the financial position and financial performance of the Company.
- (b) Risk management is carried out by the Company treasury under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company using various currencies, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management of the Company has set up policies to require Company treasury to hedge foreign exchange risk exposure. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Foreign currency forward contracts are utilised to minimise the volatility of the exchange rate on cost of expected inventory purchases.



- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 72,963	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 552)	\$ -
	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 80,488	\$ -
RMB:NTD	1%	122	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 957)	\$ -
JPY:NTD	1%	( 69)	-

Price risk

- i. The Company's investments in equity securities, which are exposed to price risk, consist of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, The Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the

years ended December 31, 2023 and 2022 would have increased/decreased by \$2,173 and \$2,453, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss; other comprehensive income would have increased/decreased by \$20,537 and \$14,965, respectively, as a result of the above change on financial assets at fair value through other comprehensive income.

#### Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from short-term borrowings and long-term borrowings with floating rates, which expose the Company to cash flow interest rate risk. During 2023 and 2022, the Company's borrowings at floating rate were mainly denominated in New Taiwan dollars and US dollars.
  - ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
  - iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$59,081 and \$58,708, respectively. Changes in interest expense mainly results from floating-rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
  - ii. The Company manages their credit risk taking into consideration the entire Company's perspective. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
  - iii. The Company adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 90 days.
  - iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
    - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is treated low.
- v. The Company categorised customers' accounts receivable and contract assets in accordance with credit rating of customer. The Company applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter into bankruptcy or other financial reorganisation due to financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company used the forecastability of the future to adjust historical and current information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2023 and 2022, the provision matrix is as follows:

	Up to 30 days		31~90 days	91~180 days	Over 180 days	Total
	Not past due	past due	past due	past due		
<u>At December 31, 2023</u>						
Expected loss rate	0.33%	0.52%	23.66%~24.79%	32.18%	32.18%~100%	
Total book value	\$ 2,309,728	\$ 14,173	\$ 787	\$ 70	\$ -	\$ 2,324,758
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Up to 30 days		31~90 days	91~180 days	Over 180 days	Total
	Not past due	past due	past due	past due		
<u>At December 31, 2022</u>						
Expected loss rate	0.33%	0.58%	23.66%~24.79%	32.18%	32.18%~100%	
Total book value	\$ 2,347,359	\$ 18,345	\$ 852	\$ -	\$ -	\$ 2,366,556
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- viii. The Company writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. The Company has no financial assets subject to write off on December 31, 2023 and 2022.

- ix. Movements in loss allowance for investments in debt instruments carried at amortised cost are as follows:

	December 31, 2023			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 508,480	\$ -	\$ -	\$ 508,480
	December 31, 2022			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 308,480	\$ -	\$ -	\$ 308,480

The financial assets at amortised cost held by the Company are all time deposits with maturity over three months and pledged time deposit. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating departments of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	\$ 2,032,437	\$ 2,257,943
Expiring beyond one year	4,010,658	5,193,778
	<u>\$ 6,043,095</u>	<u>\$ 7,451,721</u>

- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in

the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 252	\$ -	\$ -	\$ -	\$ 252
Accounts payable	138,154	-	-	-	138,154
Other payables (including related parties)	1,372,492	-	-	-	1,372,492
Lease liabilities	26,263	23,503	44,148	7,915	101,829
Bonds payable (including current portion)	17,400	1,499,800	17,400	3,017,400	4,552,000
Guarantee deposits received	-	-	-	7,471	7,471
Long-term borrowings (including current portion)	1,573,431	810,624	1,917,521	1,771,142	6,072,718
December 31, 2022	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 252	\$ -	\$ -	\$ -	\$ 252
Accounts payable	91,373	-	-	-	91,373
Other payables (including related parties)	1,612,173	-	-	-	1,612,173
Lease liabilities	41,049	38,643	33,258	31,117	144,067
Bonds payable (including current portion)	-	17,400	17,400	4,552,200	4,587,000
Guarantee deposits received	-	-	-	6,526	6,526
Long-term borrowings (including current portion)	681,421	600,958	2,489,370	2,254,891	6,026,640

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks and beneficiary certificates are included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents,

financial assets at amortised cost, accounts receivable, other receivables, short-term and long-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	December 31, 2023			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 4,455,354	\$ -	\$ 4,378,779	\$ -

	December 31, 2022			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 4,419,632	\$ -	\$ 4,249,048	\$ -

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 217,308	\$ -	\$ -	\$ 217,308
Corporate bonds	97,230	-	-	97,230
Financial assets at fair value through other comprehensive income				
Equity securities	12,799	-	1,926,944	1,939,743
	<u>\$ 327,337</u>	<u>\$ -</u>	<u>\$ 1,926,944</u>	<u>\$ 2,254,281</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 245,341	\$ -	\$ -	\$ 245,341
Corporate bonds	150,863	-	-	150,863
Financial assets at fair value through other comprehensive income				
Equity securities	96,886	-	1,399,583	1,496,469
	<u>\$ 493,090</u>	<u>\$ -</u>	<u>\$ 1,399,583</u>	<u>\$ 1,892,673</u>

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

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

	Closed-end fund	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Weighted average quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

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

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 1,399,583	\$ 1,335,176
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	527,361	( 481,593)
Purchases in the year	-	546,000
At December 31	<u>\$ 1,926,944</u>	<u>\$ 1,399,583</u>

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

G. Company treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 1,926,944	Net asset value	Not applicable	0.9%	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 1,399,583	Net asset value	Not applicable	0.9%	The higher the net asset value, the higher the fair value

(4) Impact of amid the novel coronavirus crisis on the Company's operations

The Company has evaluated amid the novel coronavirus crisis, the Company's ability to continue as a going concern, asset impairment and financing risks have not been greatly affected.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

- C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting year: None.
- J. Significant inter-company transactions during the reporting year: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 6.

(5) Major shareholders information

As of December 31, 2023, there is no major shareholder who held equally or more than 5% shareholding of the Company.

14. SEGMENT INFORMATION

Segment information is exempt from the parent only financial statements disclosures pursuant to the provisions provided by IFRS 8 "Operating Segments". However, it is required for disclosed in the consolidated financial statements.

Sigurd Microelectronics Corporation

Loans to others

Year ended December 31, 2023

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					ended December 31, (Note 2)								Item	Value			
0	Sigurd Microelectronics Corporation	SIGWIN Corporation	Other receivables - related party	Y	\$ 1,200,000	\$ -	\$ -	1.4% ~ 2.29%	Reason for short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 3,367,632	\$ 6,735,264	Note 6
1	FLATEK, Inc.	Greenfletek, Inc.	Other receivables	N	832	832	832	1.0%	Reason for short-term financing	-	Operational need	-	-	-	31,203	31,203	Note 4 & Note 7
2	Valuenet International Ltd.	Greenfletek, Inc.	Other receivables	N	7,524	7,202	7,202	1.0%	Reason for short-term financing	-	Operational need	-	-	-	22,322	22,322	Note 4 & Note 7
2	Valuenet International Ltd.	TPfusion Corp.	Other receivables - related party	Y	9,729	9,213	9,213	1.0%	Reason for short-term financing	-	Operational need	-	-	-	22,322	22,322	Note 4
2	Valuenet International Ltd.	OPS Electronic Limited	Other receivables - related party	Y	31,295	29,635	29,455	1.0%	Reason for short-term financing	-	Operational need	-	-	-	167,413	167,413	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 3: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 4: In accordance with this entity's Procedures for Provision of Loans: the ceiling on total loans granted is 40% of its net equity, and the limit on loans granted to a single party is 40% of its net equity, except loans to subsidiaries.

Note 5: In accordance with this entity's Procedures for Provision of Loans: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries is

300% of the creditor's net assets; limit on loans granted by an overseas subsidiary to a single subsidiary is 300% of the creditor's net assets.

Note 6: In accordance with this entity's Procedures for Provision of Loans: the ceiling on total loans granted is 40% of its net equity; and the limit on loans granted to a single party is 20% of its net equity.

Note 7: The loans provided by FLATEK, Inc. its fully owned subsidiary , Valuenet International Ltd .("Valuenet") to Greenfletek, Inc. were expired. Novemer 24, 2023. The Company's dealing methods are explained as follows:

1. On December 21, 2023 the Board of FLATEK, Ins. and Valuenet had resolved not to loan to Greenfletek, Inc.

2. To protect the company's rights and interests, FLATEK, Inc. and Valuenet had issued certified letter to greenfletek, Inc. on November 22, 2023 and December 13, 2023, respectively.

3. As of December 31, 2023 the unpaid principal of Greenfletek, Inc. to FLATEK, Inc. and Valuenet was \$822 and \$7,125, respectively ; the unpaid interest was \$10 and \$77, respectively.

Sigurd Microelectronics Corporation  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee asset value of the endorser/ guarantor company (Note 10)	Ceiling on total amount of guarantees provided (Note 9)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 8)											
0	Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	3	\$ 7,577,173	\$ 1,721,440	\$ 1,105,560	\$ 266,310	\$ -	6.56%	\$ 7,577,173	Y	N	Y	
0	Sigurd Microelectronics Corp.	Flatek, Inc.	3	7,577,173	200,000	200,000	135,000	-	0.89%	7,577,173	Y	N	N	
1	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	2	5,994,128	300,000	300,000	-	-	5.00%	5,994,128	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Sigurd Microelectronics Corporation  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: As of the end of the year, the Company shall bear the responsibility for endorsement/guarantee upon the signing of the endorsement/guarantee contract with the bank or upon the approval of limit.  
Other relevant endorsements/guarantees should be included in the endorsement/guarantee balance.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's Procedures for Provision of Loans: the limit on endorsements/guarantees to a single party is 45% of its net assets.

Note 9: In accordance with the Company's Procedures for Provision of Loans: the ceiling on total endorsements/guarantees is 45% of the Company's net assets,

Note 10: The total endorsement/guarantee amount provided by Winstek Semiconductor Co., Ltd. (Winstek Technology) shall not exceed 50% of the its net value in the latest period.

The endorsement guarantee limit for a single enterprise shall be limited at 20% of the net value of Winstek Semiconductor Co., Ltd. (Winstek Technology) at the time when the endorsement/guarantee was made.

However, an endorsement/guarantee between Winstek Semiconductor Co., Ltd. (Winstek Technology) and among companies of which Winstek Technology directly or indirectly holds 100% of the voting shares, or other companies that Winstek Technology has agreed to purchase and upon completion will become a subsidiary of which Winstek Technology directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise. However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of Winstek Technology in its most recent financial reports audited or reviewed by CPA.

In addition, the endorsement/guarantee not between Winstek Technology and among companies of which Winstek Technology directly or indirectly holds 100% voting shares, the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of Winstek Technology in its most recent financial reports audited or reviewed by CPA.

Sigurd Microelectronics Corporation  
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2023						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Sigurd Microelectronics Corp.	Fuh Hwa Emerging Market Short-term Income Fund	None	Current financial assets at fair value through profit or loss	1,798,561	\$ 20,467	-	\$ 20,467	
Sigurd Microelectronics Corp.	Fuh Hua Global Bond Fund	None	Current financial assets at fair value through profit or loss	1,983,786	30,265	-	30,265	
Sigurd Microelectronics Corp.	Jih Sun Rising Dragon Fund.	None	Current financial assets at fair value through profit or loss	1,000,000	10,782	-	10,782	
Sigurd Microelectronics Corp.	UPAMC. CB Strategy Fund	None	Current financial assets at fair value through profit or loss	5,000,000	55,249	-	55,249	
Sigurd Microelectronics Corp.	Yuanta USD Money Market Fund	None	Current financial assets at fair value through profit or loss	2,886,558	30,275	-	30,275	
Sigurd Microelectronics Corp.	Union Money Market Fund	None	Current financial assets at fair value through profit or loss	3,704,911	50,294	-	50,294	
Sigurd Microelectronics Corp.	Taishin Flexible Income Fund	None	Current financial assets at fair value through profit or loss	1,994,018	19,976	-	19,976	
Sigurd Microelectronics Corp.	Codeis Securities S.A. - Smart Cash Notes	None	Current financial assets at fair value through profit or loss	2,900,000	97,230	-	97,230	
Sigurd Microelectronics Corp.	Redemption rights of Sigurd 4th convertible bonds	None	Current financial assets at fair value through profit or loss	-	-	-	-	
Sigurd Microelectronics Corp.	ENE Technology Inc.	Board of Director	Non-current financial assets at fair value through other comprehensive income	665,543	49,649	1.47%	49,649	
Sigurd Microelectronics Corp.	Advanplating Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,185,000	-	11.36%	-	
Sigurd Microelectronics Corp.	Ordinary Shares of EGTRAN Inc.	None	Non-current financial assets at fair value through other comprehensive income	21,689	-	2.16%	-	
Sigurd Microelectronics Corp.	iDESYN Semiconductor Corp. Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	17,280	-	0.14%	-	
Sigurd Microelectronics Corp.	Yann Yuan Investments Co., Ltd.	Board of Director	Non-current financial assets at fair value through other comprehensive income	29,400,000	1,926,944	5.70%	1,926,944	
Sigurd Microelectronics Corp.	WPG Holdings Limited Preferred Share A	None	Non-current financial assets at fair value through other comprehensive income	600,000	28,200	0.30%	28,200	
Sigurd Microelectronics Corp.	Chailease Holding Co., Ltd-PFD (5871ATT)	None	Non-current financial assets at fair value through other comprehensive income	500,000	48,950	0.33%	48,950	

Sigurd Microelectronics Corporation  
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2023						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Sigurd Microelectronics Corp.	Cathe life insurance accumulated subordinate corporate bonds without maturity	None	Non-current financial assets at amortised cost	300,000	\$ 30,000	-	\$ 30,000	
Sigurd Microelectronics Corp.	The First Issue of Unsecured Cumulative Subordinated Corporate Bonds of Taiwan Life in 2023 – Tranche B	None	Non-current financial assets at amortised cost	1,000,000	100,000	-	100,000	
TEST-SERV Inc.	Samhop Microelectronics Corp.	None	Non-current financial assets at fair value through other comprehensive income	114,757	-	1.07%	-	
TEST-SERV Inc.	Sitec Semiconductor Ltd.	None	Non-current financial assets at fair value through other comprehensive income	20,545,354	-	1.22%	-	
TEST-SERV Inc.	Deepwaters Digital Support Inc.	None	Non-current financial assets at fair value through other comprehensive income	190,476	-	0.70%	-	
TEST-SERV Inc.	Chailease Holding Co., Ltd-PFD (5871ATT)	None	Non-current financial assets at fair value through other comprehensive income	100,000	9,790	0.07%	9,790	
Sigurd UTC Corporation	Paradigm I Venture Capital Company	None	Non-current financial assets at fair value through other comprehensive income	875,000	1,393	7.92%	1,393	
Sigurd UTC Corporation	Nano Electronics and Micro System Technologies, INC.	None	Non-current financial assets at fair value through other comprehensive income	2,664,090	94,042	9.23%	94,042	

Sigurd Microelectronics Corporation

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Subsidiary	Sales	(\$ 359,859)	(22%)	Net 30 days from the end of the month of when invoice is issued	-	-	\$ 53,982	15%	Note
Winstek Semiconductor Technology Co., Ltd..	Winstek Semiconductor Co., Ltd	Parent Company	Purchases	359,859	18%	Net 30 days from the end of the month of when invoice is issued	-	-	( 53,982)	(37%)	Note

Note : The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Sigurd Microelectronics Corporation  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 December 31, 2023

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	Subsidiary	\$ 217,354	1.11%	\$ -	-	\$ -	\$ -	Shown as 'Account receivable'

Nore : The calculation of turnover days excludes other receivables from related parties.

Sigurd Microelectronics Corporation  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Operating revenue	\$ 218,811	Note 6	1.41%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Accounts receivable	217,354	Note 6	0.58%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Other receivables	92,942	Note 6	0.25%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Acquisition of property, plant and equipment	214,544	Note 6	1.39%
0	Sigurd Microelectronics Corporation	TEST-SERV Inc.	1	Dividend (shown as "the deduction of investments accounted for using equity method")	120,300	Note 6	0.78%
0	Sigurd Microelectronics Corporation	SIGWIN Cooperation	1	Dividend (shown as "the deduction of investments accounted for using equity method")	211,000	-	1.36%
1	Sigurd Microelectronics Corporation	TEST-SERV Inc.	1	Rental expense	40,401	Note 6	0.26%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Operating revenue	359,859	Note 6	2.32%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Accounts receivable	53,982	Note 6	0.14%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Other receivables	83,229	Note 6	0.22%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Dividend (shown as "the deduction of investments accounted for using equity method")	203,677	-	1.32%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Business revenue from coordinated management (shown as "deduction of operating cost and operating expenses")	10,872	-	0.26%
2	VALUENET INTERNAIONAL LIMITED	OPS Electronic Ltd.	3	Other receivables	29,776	Note 6	0.08%
3	TPFUSION INC.	FLATEK INC.	2	Other payables	60,980	Note 6	0.16%
4	SIGWIN Cooperation	Winstek Semiconductor Co., Ltd.	3	Dividend (shown as "the deduction of investments accounted for using equity method")	353,632	-	2.28%
1	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	3	Supported Business Fee (shown as the deduction of "operating cost and operating expense")	20,326	-	0.13%

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Including the amount of the parent company's fund loaned to subsidiary, according to the agreed interest rate plus interest.

Note 6: For these transactions, the prices and times were determined in accordance with mutual agreements.

Note 7: Only the transactions over \$20,000 are disclosed, and the related party transactions are not disclosed.

Sigurd Microelectronics Corporation  
Information on investees  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Sigurd Microelectronics Corp.	Sigurd International Co., Ltd.	British Virgin Islands	Investment company	\$ 975,135	\$ 975,135	30,254,043	100.00	\$ 159,582	\$ 14,695	\$ 14,695	
Sigurd Microelectronics Corp.	Burgurd Co., Ltd.	Hongkong	International trade company	62,391	62,391	-	100.00	1,245 (	43) (	43)	
Sigurd Microelectronics Corp.	TEST-SERV Inc.	Taiwan	Semiconductor assembly and testing	1,403,337	1,403,337	80,200,031	100.00	1,383,879	107,101	108,072	
Sigurd Microelectronics Corp.	Bloomeria Limited	Singapore	Investment company	139,564	216,614	743,343,902	100.00	634,113	23,138	27,132	
Sigurd Microelectronics Corp.	AMBERSAN medical technology Co., Ltd.	Taiwan	Medical equipment manufacturing and sales	36,300	36,300	3,630,000	55.00	29,779	10,543	5,810	
Sigurd Microelectronics Corp.	FLATEK, INC.	Taiwan	Digital Information supply service	100,000	100,000	10,000,000	58.77	44,125 (	41,221) (	24,039)	
Sigurd Microelectronics Corp.	Flusol Co., Ltd.	Hongkong	Investment company	1,359,400	1,359,400	-	96.66	468,695 (	282,541) (	278,023)	
Sigurd Microelectronic Corp.	SIGWIN Cooperation	Taiwan	Investment company	1,501,272	1,629,272	45,778,988	83.23	3,113,493	440,011	347,030	
Sigurd Microelectronic Corp.	Sigurd UTC Corporation	Taiwan	Investment company	2,299,319	2,503,179	311,175,011	100.00	2,876,358	196,354	181,266	
Sigurd International Co., Ltd.	Sigurd Microelectronics (Cayman) Co., Ltd.	Cayman Islands	Investment company	795,850	795,850	35,503,018	78.33	123,358	28,462	-	
Sigurd International Co., Ltd.	Flusol Co., Ltd.	Hongkong	Investment company	47,106	47,106	-	3.34	16,681 (	282,541)	-	

Sigurd Microelectronics Corporation  
Information on investees  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Bloomeria Limited	SIGWIN Cooperation	Taiwan	Investment company	\$ 1,048,833	\$ 1,098,833	\$ 9,221,012	16.77	\$ 627,134	\$ 440,011	\$ -	
Ge-Shing Cooperation	Winstek Semiconductor Co., Ltd.	Taiwan	Packaging testing	2,390,790	2,390,790	70,726,438	51.90	3,111,244	839,843	-	
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Taiwan	Packaging testing	1,875,740	1,875,740	210,000,000	100.00	2,552,776	302,361	-	
Winstek Semiconductor Co., Ltd.	TST Co., Ltd.	Taiwan	Plant development and leasing	200,000	200,000	20,000,000	100.00	201,481	1,435	-	
TEST-SERV Inc.	Winstek Semiconductor Co., Ltd.	Taiwan	Packaging testing	1,120	1,120	43,000	0.03	3,926	839,843	-	
FLATEK, INC.	OPS Electronic Ltd.	Hongkong	Investment company	40	40	10,000	100.00	52,002	( 1,097)	-	
FLATEK, INC.	TPFUSION INC.	Taiwan	Digital Information supply service	19,350	11,250	1,935,000	83.77	( 50,352)	5,574	-	
FLATEK, INC.	Valuenet International Ltd.	British Virgin Islands	Digital Information supply service	1,568	1,568	50,000	100.00	55,804	289	-	
TPFUSION INC.	TPfusion Corp.	Japan	Digital Information supply service	6,684	6,684	97,971	98.00	( 55,625)	5,727	-	
Holding UTC Corporation	Sigurd UTC Corporation	Taiwan	Packaging testing	6,247,262	6,247,262	101,929,982	100.00	2,912,774	196,440	-	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every

Sigurd Microelectronics Corporation  
Information on investees  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2023 (Note 2(2))	recognised by the Company for the year ended December 31, 2023 (Note 2(3))	

directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this year.

(3)The 'Investment income (loss) recognised by the Company for the December 31, 2022 column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this year. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this year has included its investment income (loss) which shall be recognised by regulations.

Sigurd Microelectronics Corporation  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31 2023 (Note 2(2))	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote	
					Remitted to Mainland China	Remitted back to Taiwan								
Sigurd Micro Electronics (Wuxi) Co., Ltd.	Production and sales of microelectronic products	\$ -	2	\$ 611,991	\$ -	\$ -	\$ 611,991	\$ 2,734	78.33	\$ 2,142	\$ -	\$ -	-	Note 2(2)B、 Note 3
OPS Electronic (ShenZhen) Limited	Manufacture and sales of IC programmers and its parts, IC copiers, components for chip testers and electronic components	26,033	2	40	-	-	40	1,952	100	1,147	71,755	-	-	Note 2(2)B、 Note 3
SIRIZE Technology (Suzhou) Corp.	Design of testing application for integrated and advanced services of packing and testing for integrated circuit	1,359,700	2	1,359,700	-	-	1,359,700	( 282,544)	100	( 287,457)	491,382	-	-	Note 2(2)B、 Note 3

Sigurd Microelectronics Corporation  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through Investment in an existing company in the third area, which then invested in the investee in Mainland China. (Invested Sigurd Micro Electronics (Wuxi) Co., Ltd, through Sigurd Microelectronics (cayman) Co., Ltd; invested Flusol(Shenzhen) Co., Ltd and SIRIZE Technology (Suzhou) Corp. through Flusol Co., Ltd and invested OPS Electronic (ShenZhen) Limited through OPS Electronic Limited.
- (3) Others

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Self-contained financial statements.

Note 3: As of December 31, 2023, the accumulated amount of remittance including other investors from Taiwan to Sigurd Micro Electronics (Wuxi) Co., Ltd. is US\$27,700 thousand (NT\$ 826,153).

name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Sigurd Micro Electronics (Wuxi) Co., Ltd.	\$ 611,991	\$ 626,325	\$ 11,879,752
OPS Electronic (ShenZhen) Limited	40	40	39,895
SIRIZE Technology (Suzhou) Corp.	1,359,700	1,359,700	11,879,752

VI. Facts regarding the Company and its affiliated enterprises which have developed difficult financial standing in recent year and the period as of the Annual Report date

The Company and its affiliated enterprises have not developed difficult financial standing in the most recent fiscal year up to the date of publication of the annual report.

## Seven. Review and analysis of financial standing and financial performance and the risk concern

### I. Financial position

Unit: NTD Thousand Dollars; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	16,314,192	18,089,407	1,775,215	10.88
Property, plant and equipment	18,155,700	15,915,723	(2,239,977)	(12.34)
Intangible assets	241,920	191,297	(50,623)	(20.93)
Other assets	2,857,542	3,320,991	463,449	16.22
Total amount of assets	37,569,354	37,517,418	(51,936)	(0.14)
Current liabilities	5,885,119	8,599,306	2,714,187	46.12
Non-current liabilities	12,303,756	9,118,526	(3,185,230)	(25.89)
Total amount of liabilities	18,188,875	17,717,832	(471,043)	(2.59)
Share capital	4,567,410	4,567,446	36	0.00
Capital reserve	539,296	539,458	162	0.03
Retained earnings	11,036,207	10,867,273	(168,934)	(1.53)
Other equity	336,307	863,984	527,677	156.90
Treasury stocks	-	-	0	-
Non-controlling equity	2,901,259	2,961,425	60,166	2.07
Total of equity	19,380,479	19,799,586	419,107	2.16
<p>1. Reason of change and the effects: (the amount changes for more 10% or more, and the changed amount accounts for 1% of the total assets for the year)</p> <p>(1) Increase in current assets: mainly due to the increase in time deposits compared with the previous year.</p> <p>(2) Decrease in real estate, plant and equipment: due to a significant decrease in capital expenditures in 2023 compared with 2022.</p> <p>(3) Increase in other assets: due to the increase in financial assets measured at fair value.</p> <p>(4) Increase in current liabilities: Corporate bonds payable are expected to mature within one year and are transferred to current liabilities.</p> <p>(5) Increase in non-current liabilities: Corporate bonds payable are expected to mature within one year and are classified as current liabilities.</p> <p>(6) Increase in other equity: due to the increase in unrealized financial assets measured at fair value.</p> <p>2. Responding plan: none.</p>				

### II. Financial performance

#### (I) Comparison and analysis of financial performance

Unit: NTD Thousand Dollars; %

Item \ Year	2022	2023	Amount increased (decreased)	Change (%)
Operating revenue	18,694,345	15,479,501	(3,214,844)	(17.20)
Operating cost	13,165,811	11,900,735	(1,265,076)	(9.61)
Operating gross profit	5,528,534	3,578,766	(1,949,768)	(35.27)
Operating expenses	1,701,852	1,500,561	(201,291)	(11.83)
Operating incomes	3,826,682	2,078,205	(1,748,477)	(45.69)
Non-operating incomes and expenses	599,777	496,508	(103,269)	(17.22)
Pre-tax net profit	4,426,459	2,574,713	(1,851,746)	(41.83)
Income tax expenses	912,510	436,199	(476,311)	(52.20)
Net profit of the term	3,513,949	2,138,514	(1,375,435)	(39.14)
Other comprehensive income (after-tax net amount) of the term	(75,630)	526,383	602,013	796.00
The total comprehensive income of the term	3,438,319	2,664,897	(773,422)	(22.49)
Description of the material changed items: (The amount changes of 10% or more with the changed amount accounting for 1% of the total assets for the year)				
1. Operating income, operating gross profit, operating profit, pre-tax net profit and net profit for the current period decreased; the main consumer market was weak, the destocking of some clients and the impact of continuous inventory control caused operating income to show negative growth compared with the previous year.				
2. Other comprehensive gains and losses for the current period: Mainly caused by the impact of exchange differences on the translation of the company's financial statements.				

(II) The potential effects from the expected sales quantity and its basis to the Company's future financial and business, and the responding plans: based on the historical data of operating revenues from previous years, and by referring the forecasts to the semiconductor industry and packaging/testing by professional forecasting agencies, the Company expects the sales quantity and revenue for the coming year is cautiously optimistic.

### III. Cash flow

(I) Analysis and description of the changes to the cash flow in the most recent fiscal year

Unit: NTD Thousand Dollars; %

Item	2022	2023	Amount increased (decreased)	Percentage increased (decreased) (%)
Operating activities	8,207,074	6,425,277	(1,781,797)	(21.71)
Investment activities	(5,604,969)	(3,301,490)	2,303,479	41.10
Fundraising activities	(1,935,999)	(2,522,610)	(586,611)	(30.30)

Item	2022	2023	Amount increased (decreased)	Percentage increased (decreased) (%)
Description of material changed items				
1. Operating activities: the cash inflow from operating activities was mainly due to the increase in profit in 2023.				
2. Investment activities: the cash outflow from investment activities decreased compared to 2022, mainly due to a decrease in fixed asset purchases in 2023 compared to 2022.				
3. Fundraising activities: the cash inflow from financing activities decreased compared to 2022, mainly due to the issuance of corporate bonds for financing in 2022.				

(II) Improvement plan to the illiquidity: not applicable.

(III) Analysis of cash flow for the next year (2023)

Unit:NTD Thousand Dollars

Balance of the cash at the beginning of the term	Net cash flows from operating activities for the full year	Cash outflows for the full year	Amount of residual (insufficient ) cash	Remedies for insufficient cash amount	
				Investment plan	Financing plan
9,406,220	6,861,908	7,974,656	8,293,472	–	–
1. Analysis of the changes to the cash flow in next year:					
(1) The net cash flows from operating activities mainly result from the operating cash revenue of NT\$ 6,861,908 thousand dollars.					
(2) The cash outflow is mainly used for operating expenses such as purchasing machinery and other factory equipment, mainly by replacing old equipment with new ones, improving process capabilities, strengthening product research and development, and improving product quality to meet customer needs, which has a positive impact on the company's financial business.					
2. Expected remedies to the short cash account and analysis of liquidity: not applicable.					

IV. Effect upon financial operations of any major capital expenditures during the most recent year

In 2023, the Company purchased machines and other factory equipment with the capital in hand and bank loans, for a total of NT\$ 2,296,044 thousand dollars, mainly for the replacement of some old machines and equipment and the purchase of new equipment for the customers. The replacement and purchase helped us enhance the capabilities of production processes and improve product development to meet the customer needs, which in turn had positive effects on the Company's finance and business.

V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

December 31, 2023; unit: thousand NT\$

Reinvested company	Profit/loss of investment in the most recent year	Policy	Profit/loss and the main reason thereof	Corrective action plan	Other future investment plans
Sigurd International Co., Ltd.	14,695	Offshore investment (BVI)	Main cause is to recognize the profit/loss of Sigurd Microelectronics (Cayman) Co., Ltd. and Flusol Co., Ltd.	Not applicable	None
Sigurd Microelectronics (Cayman) Co., Ltd.	Note	Offshore investment (Cayman)	Major reason is to recognize income/loss of Sigurd Micro Electronics (Wuxi) Co.,Ltd	Not applicable	None
Sigurd Micro Electronics (Wuxi) Co.,Ltd	Note	Manufacturing and sales of microelectronic products.	Main exchange income/loss	Not applicable	None
TEST-SERV Inc.	108,072	Packaging testing	Stable operation with recurrent profit	Not applicable	None
Flusol Co., Ltd.	(278,023)	Hong Kong investment	Main cause is recognizing the loss of SIRIZE Technology (Suzhou)Corp.	Once the operation of the subsidiary is improved, the investment profit will be contributed.	None
Burgurd Co., Ltd.	(43)	Hong Kong trading	Mainly due to the exchange gains	Not applicable	None
SIRIZE Technology (Suzhou)Corp.	Note	R&D of semiconductor testing software, and advanced packaging and testing services	Plant and equipment are being installed for mass production	The company will keep on focusing on the niche products and obtaining orders from clients.	None
Bloomeria Limited	27,132	Investing Company	Dividend revenue	None	None
UTC Holdings Corporation	181,266	Investing Company	Major reason is to recognize income/loss of Sigurd UTC Corp.	Not applicable	None
Sigurd UTC Corp.	Note	Packaging testing	Mainly due to the increase in customer size and revenue	Not applicable	None
Winstek Semiconductor Co., Ltd.	Note	Packaging testing	Stable operation with recurrent profit	Not applicable	None
Winstek Semiconductor Technology Co., Ltd.	Note	Packaging testing	Stable operation with recurrent profit	Not applicable	None
TST Co., Ltd.	Note	Plant development and leasing	Interest revenue	Not applicable	None
Ambersan Medical Technology Co., Ltd.	5,810	Manufacturing and sales of medical equipment.	Mainly due to unstable operations, resulting in losses	Not applicable	None

Reinvested company	Profit/loss of investment in the most recent year	Policy	Profit/loss and the main reason thereof	Corrective action plan	Other future investment plans
SIGWIN Corporation	347,030	External investments	Mainly due to recognized profit/loss of the investment	Not applicable	None
Flatek Co., Ltd.	(24,039)	Service provider electronic information.	Main operating losses and recognized profit/loss of the investment	Not applicable	None
OPS Electronics Limited	Note	Investment business	Mainly due to recognized profit/loss of the investment	Not applicable	None
OPS Electronics (Shenzhen) Co., Ltd.	Note	Production and sales of disk burner and accessories, copier, chip testing apparatus, and electronic components.	Main operating losses	Not applicable	None
TPfusion Technology Co., Ltd.	Note	Service provider electronic information.	Mainly due to recognized profit/loss of the investment	Not applicable	None
TPfusion Corp.	Note	Service provider electronic information.	The company will keep on focusing on the niche products and increase the operating revenue	Not applicable	None
Valuenet International Limited	Note	Service provider electronic information.	Mainly due to foreign currency exchange benefits	Foreign currency hedge	None

Note: It has canceled its local business registration in June 2023 and completed the liquidation of local rights and obligations.

Note: The investment income or loss of each subsidiary includes the investment income or loss of reinvestments that should be recognized according to the regulations. Hence, no other forms should be filled out.

(II) Investment plan for the next year: none

## VI. Analyses and assessment of risks

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

1. Interest rate risks: The Group closely monitors the movement of interest rate. It is expected that there will be no material movement of the domestic interest rate level; however, the movement of interest rate will be monitored, and the fixed or floating rate borrowing will be adjusted accordingly, to mitigate the risks of increasing fund costs due to movement of interest rates. Therefore, it is expected the Company's profits (losses) are not exposed to a great risk of interest rate movement.
- 2: Movement of foreign exchange: the fair value changes along with the fluctuation of foreign exchange. With the proper financial operations, the assets and liabilities in foreign currencies are not expected to be exposed

to material market risks. The transactions involving foreign exchange take a natural hedge approach for the effective control of risks. The movement of foreign exchange rate is under monitoring, to minimize the FX risks. Though TWD exchange rate fluctuates, with proper financial control, the risks are mitigated, and thus the fluctuation of foreign exchange does not impact the profits (losses) of the Group's companies.

3. Inflation risk: Changes in inflation from the beginning of 2023 to the present: Due to the continued impact of the pandemic, the Russia-Ukraine war and the Israel-Palestine war in 2023, global supply chain delays, oil prices fluctuations, and monetary policies worldwide have led to an increase in Taiwan's consumer price index (CPI) of 2.14% as of March 2024. The CPI in Taiwan is about 109.63% (2021 = 100) . Overall prices remain relatively stable and have not had a significant impact on the Company's operations.
4. Future countermeasures: The Company complies with national policies and laws. Relevant departments pay attention to important policy and legal changes, and can adjust the Company's internal systems and business activities to ensure the smooth operation of the Company.

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

1. The Group focuses on its core business operation and refrains from engaging in high-risk, high-leverage investments. All investments are carefully evaluated before executed. Any derivative transactions undertaken by the Group are aimed at enhancing operating performance and reducing operational and financial risks.

In accordance with the relevant laws and regulations, Sigurd has established operating procedures for "Fund Lending to Others," "Endorsement and Guarantees" and "Derivative Transactions," serving as basis for fund lending, endorsement guarantees, and derivative transactions. These procedures are publicly disclosed and a record book is maintained.. At the same time, regular review is conducted, and necessary measures are taken to improve risk management and control financial transactions. Fund lending and endorsements/guarantees are conducted in accordance with the "Fund Loans and Endorsements/Guarantees Operations Procedure." The Group is also engaging in derivative products.

2. Main reasons of profit/loss, and the measures to be taken in response:
  - (1) The Company has adopted the overall risk management and control system, to clearly identify, measure, and control all the risks to which the Company exposes, so that the management of the Company is able to effectively control and measure the market risks, credit risks, liquidity risks, and cash flow risks.
  - (2) To effectively control various objectives of market risk management, the Group complies with related principles and adequately takes the economic environment, competition, and risks of market values into account, to achieve the optimized risk positions, maintenance of proper liquidity positions, and centralized management of all market risks.

- (III) Future R&D plans and the expected R&D expenses: The future total R&D expenses are estimated to account for 3.5% of revenue and amount to approximately NT\$400 million.
1. Enhance the testing technology for high-end 5G AI mobile phone SoC IC.
  2. Enhance the IC testing technology for 5G related equipment.
  3. R&D of the 5G millimeter wave (mmWave) and antenna package AiP testing technology.
  4. With expanding application and growing demand of AI the Company continues to work with various research institutions and companies in related industries to improve packaging and testing technology.
  5. Improve silicon photonic packaging and testing technology.
  6. Develop AIoT (Artificial Intelligence of Things) related integrated IC testing technology.
  7. Enhance RF-related packaging and testing technologies, including Wi-Fi 6/6E/7, WLAN SoC IC, AIOT RFSoc, NFC (Near Field Communication) and Wireless Power (wireless charging).
  8. Develop integrated image IC testing technology, upgrade from the existing 4K2K packaging and testing foundation to 8K4K (7680×4320) audio/video decoder IC related technology.
  9. Improve the 3-nanometer testing technology and mass production scale to improve production yield.
  10. Deepening the 4nm testing capability and scaling up of mass production.
  11. Expand the integrated backend production capacity of WLCSP and enhance relevant technical capabilities.
  12. Increased GAN-related testing capacity.
  13. R&D of SiC-related testing technology.
  14. Enhancement of the low-earth-orbit satellite testing capability and increase mass production.
  15. Increase automotive electronics and vehicle-to-everything-related IC test volume and expand the scope of certification.
  16. Promote smart factories and the width and depth of equipment automation, and maximize smart production.
  17. Enhance the specifications of in-house logic and mixed-signal testing equipment, while expanding the customer base.
  18. Increase the scale of testing for CoWoS (Chip on Wafer on Substrate) related products.
  19. Improve Wi-Fi7 related testing technology and increase the scale of mass production.
  20. Improve production scale for next-generation high-speed computing interfaces, such as USB4.0 and Thunderbolt™ 4.
- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: the Company monitors the changes to the major domestic and foreign policies and laws at all times, and takes responding measures in time actively. For the most recent fiscal year up to the printing date of the annual report, there has been no finance/business affected by any change to the major domestic and foreign policies and laws.

- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial changes, and measures to be taken in response:
1. After experiencing the global recession, the management has taken more conservative approaches toward operations, with more prudential investments. Not only maintaining or enhancing the effective utilization of equipment and providing productivities, the Company also takes the maintenance of excellent quality as the first priority to regain the confidence of clients.
  2. Description of assessment and analysis of cyber security risks:
    - (1) The Company established the framework of information security management: To provide the uninterrupted operation system for the business operation of the Company, and comply with the related regulatory requirements, the ISMS information security management system, covering all managerial matters, to prevent unforeseeable system disruption risks resulting from natural disasters or man-made negligence that bring various potential risks and disasters. In order to effectively promote and fulfill different tasks related to information security, the "Information Security Promotion Committee" has been established to develop the objectives, strategies and management procedures regarding information security of the Company, facilitate the effectiveness of the information security management system, and further help the Company reach the established objectives for the information security management system; and regularly review relevant matters such as capital security policies.
    - (2) Description of assessment and analysis of cyber security risks: The information security policies and operational guidelines are reviewed on a regular basis to ensure the adequacy and effectiveness and further establish the safe and trustworthy information system service. To prevent the data destruction caused by unforeseeable natural disasters or man-made negligence, a data remote backup mechanism is established to send the backup media to other plants for remote storage. Meanwhile, the recovery simulation testing drill of the information system is also performed, so that the completeness of data and the rapid recovery of the system services are ensured to achieve the expected recovery time of the system. To strengthen the protections to information security, ensure the confidentiality of the Company's data, and the protection to the security of personal data, as well as mitigate the information security vulnerability of data leaking, all the computers in the Company have been installed with antivirus software, and all the USB external access is blocked. The e-mail and social media drills are conducted regularly and the defense system against invasion is established to monitor and identify the malicious actions and behaviors existing in the network and systems. The information security service conducts vulnerability scanning, to detect any vulnerability existing in the information system, fix it if any, and enhance the preventive measures.
    - (3) Establishment of information security policies and concrete managerial programs: To enhance the information security management, the safe and trustworthy information system service is

established, to ensure the confidentiality, completeness, and availability of data assets, and mitigate the risks including the followings: the internal and external data assets stolen due to man-made negligence, willful misconduct, or natural disasters; improper applications; leakage, tampering, or destruction of data. The service also helps us comply with the related regulatory requirements to provide the uninterrupted operation system for the business operation of the Company.

- ① Each information security managerial requirement must comply with the related regulatory requirements and the operational requirements, to conduct the risk assessment for the information systems, to confirm the security needs of the information operation, take proper information security measures, and ensure the security of the information system.
- ② Based on the roles and functions, the information security training is conducted as necessary, while promoting the information security policies and related implementation guidelines.
- ③ The access authorizations of each information system and services are separated as the minimum authorization for the business needs and the responsibilities, to prevent unauthorized access.
- ④ The software and hardware management for the information system are deployed under an overall plan, to utilize the information resources effectively.
- ⑤ The establishment of a new information system shall consider the information security factors, to prevent any circumstance hazardous to the system security.
- ⑥ A safe and solid information machine room environment is established, and the related maintenance is conducted regularly, to ensure the stable operation of the information system.
- ⑦ The drills of information system security continuity are conducted regularly, to ensure the information system operates properly if any material information security incident occurs.
- ⑧ Regularly perform information security audits and review the implementation of the information security management system; The Company performs server host vulnerability scanning twice a year, performs email social engineering phishing email drills every year, establishes a multi-factor authentication mechanism, outsources monitoring of the information security operation centre, and promotes the introduction of ISO27001 to improve the availability of information resources, reduce vulnerability risks such as information security vulnerabilities, and strengthen the Company's information security risk control capabilities.
- ⑨ Pursuant to the requirements of the Personal Information Protection Act and the Intellectual Property Act, the personal information and intellectual rights are processed and protected cautiously.
- ⑩ The assessments of information security policies are conducted regularly, to cause the policies conforming to the information security management, laws and regulations, technologies, and the latest

circumstance of the Company's operation, to ensure the feasibility and effectiveness of the information security practices.

- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:
- (VII) Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken: not applicable.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: not applicable.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:
  - 1. Mitigating the risk of over-concentrated purchases: the Company seeks many suppliers assessed outstanding, to ensure the quality of procured materials, while mitigating the risks of supply shortage or disruption.
  - 2. Mitigating the risk of over-concentrated sales: in the recent years, the Company has adjusted the product structures to meet the market demands. Not only does the Company increase the weight of the testing business, but also develops new product lines, and increases the demands from clients' markets. We increase various testing services, to enhance the overall competitive edges, to avoid the risk of over-concentrated sales.
- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: none.
- (XI) Effect upon and risk to the company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: During 2023, up to the printing date of the annual report, there has been no change in governance personnel or top management.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes: none.
- (XIII) Other important risks, and mitigation measures being or to be taken: none.

VII. Other key matters  
None.

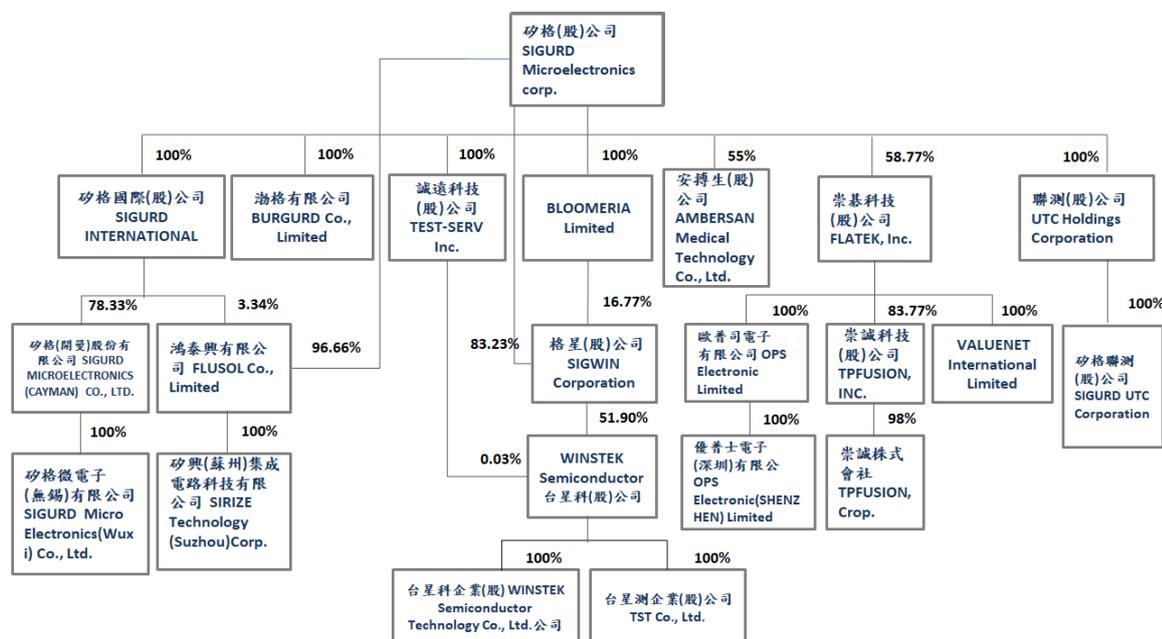
## Eight. Special Mentioned Matters

### I. Information of Affiliates

December 31, 2023

#### (I) Consolidated Business Report of Affiliates

##### 1. Organizational chart of affiliates



(Note: It has canceled its local business registration in June 2023 and completed the liquidation of local rights and obligations.)

##### 2. Profile of each affiliate

Exchange rates on the reporting date: USD(30.705), HKD(3.929), JPY(0.2172)

Name of corporation	Date of establishment	Address	Paid-up capital	Major business/production
Sigurd International Co. Ltd.	September 28, 2000	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 30,254,000	Investing Company
Sigurd Microelectronics (Cayman) Co., Ltd.(Originally named TPIC MICROELECTRONICS CO.,LTD.)	June 20, 2001	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	USD 453,000	Investing Company
Sigurd Micro Electronics (Wuxi) Co.,Ltd	April 29, 1998	Floor 3, 5-1, No. 5, Hanjiang Road, Xinwu District, Wuxi	USD 28,000,000	Production and sales of microelectronic products.
TEST-SERV Inc.	February 24, 1992	No.34, Guangfu S. Rd., Hukou Township, Hsinchu County 303036, Taiwan (R.O.C.)	NTD 802,000,000	Semiconductor packaging and testing.
Flusol Co., Ltd.	October 18, 2010	Room 1204, Yu Chong Branch, 107-111 Des Voeux Road Central, Hong Kong	USD 46,554,000	Investing Company
Burgurd Co., Ltd.	October 18, 2010	Room 1204, Yu Chong Branch, 107-111 Des Voeux Road Central, Hong Kong	USD 2,186,000	International Trade Company
SIRIZE Technology (Suzhou)Corp.	September 6, 2019	No. 19, Shiyang Road, Suzhou High-tech Zone	USD \$45,000,000	R&D of semiconductor testing software, and advanced packaging and testing services
Bloomeria Limited	September 26, 2014	600 NORTH BRIDGE ROAD #23-01 PARKVIEW SQUARE SINGAPORE (188778)	USD 25,183,000	Investing Company

Name of corporation	Date of establishment	Address	Paid-up capital	Major business/production
UTC Holdings Corporation	March 13, 2020	No.436, Sec. 1, Beising Rd., Jhudong Township, Hsinchu County 310, Taiwan (R.O.C.)	NTD 3,315,610,000	Investing Company
Sigurd UTC Corp.	June 13, 1995	No.2, Lising 3rd Rd., East Dist., Hsinchu City 300094, Taiwan (R.O.C.)	NTD 1,019,300,000	Testing service of integrated circuits and manufacture,sales and design of flip chip and substrate based
Winstek Technology Co.,Ltd	April 26, 2000	No.176-5, Luliaokeng, Cyonglin Township, Hsinchu County 307, Taiwan (R.O.C.)	NTD 1,362,617,000	R & D and testing of integrated circuits IC
Winstek Semiconductor Technology Co.,Ltd	September 29, 2005	No.176-5, Luliaokeng, Cyonglin Township, Hsinchu County 307, Taiwan (R.O.C.)	NTD 2,100,000,000	Wafer bumping and packaging service of wafer.
TST Co., Ltd.	May 10, 2022	No.176-5, Luliaokeng, Cyonglin Township, Hsinchu County 307, Taiwan (R.O.C.)	NTD 200,000,000	Plant development and leasing
Ambersan Medical Technology Co., Ltd.	September 19, 2019	3F.-2, No.31, Xintai Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	NTD 66,000,000	Manufacturing and sales of medical equipment.
SIGWIN Corporation	March 12, 2020	No.436, Sec. 1, Beising Rd., Jhudong Township, Hsinchu County 310, Taiwan (R.O.C.)	NT\$ 550,000,000	Investing Company
Flatek Co., Ltd.	June 5, 2002	2F., No.151, Xihu 1st Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NTD 170,160,000	Service provider electronic information.
OPS Electronics Limited	January 21, 2009	Room 1202, 12/F., AT Tower, 180 Electric Road, North Point, Hong Kong.	HKD 10,000	Investment business
OPS Electronics (Shenzhen) Co., Ltd.	March 9, 2011	West of 5th Floor, Building C, Hengchang Rongxinghui Science and Technology Industrial Park, Huaning Road (West), Dalang Street, Longhua New District, Shenzhen, China	HKD 6,500,000	Production and sales of disk burner and accessories, copier, chip testing apparatus, and electronic components.
TPfusion Technology Co., Ltd.	December 22, 2012	2F., No.153, Xihu 1st Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	NTD 23,100,000	Service provider electronic information.
TPfusion Corp.	December 27, 2012	No.13-10, 3-chome, Nagaganaka, Kitaku, Osaka City, Japan	JPY 30,986,000	Service provider electronic information.
Valuenet International Limited	July 8, 2005	Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 50,000	Service provider electronic information.

(Note:It has canceled its local business registration in June 2023 and completed the liquidation of local rights and obligations.)

3. Presumably sharing the same shareholder information with the parties under controlled or subordinated: none.
4. The businesses covered by whole affiliates' operations: designing, processing, testing, pre-burning treatment, producing and transacting for various IC; the export/import trading of the aforementioned materials and finished products; external investment.
5. Information of directors, supervisors, and general managers of affiliates (2024.03.26)

Name of corporation	Title	Name or representatives	Number of shares held	
			Shares (in thousand shares)	Shareholding Ratio
Sigurd International Co., Ltd.	Director	Shin-Yang Huang	30,254	100%
Sigurd Microelectronics (Cayman) Co., Ltd.	Director	Shin-Yang Huang; Tsan-Lien Yeh; Min-Hung Wu; Hsu-Tung Kuo	35,503	78.33%
	Director	Cheng-Yu Chen	1,263	2.79%
	Director	Lian-Chang Jiang	8,558	18.88%
TEST-SERV Inc.	Director	Representative of Corporate Directors, Sigurd Microelectronics Corporation: Min-Hung Wu (Chairman) Directors: Yu-Chi Pan; Jin-Chuan Sun; Jen-Ju Lin; Kuang-Shun Yang	80,200	100%
	Supervisors	Representative of Supervisors, Sigurd Microelectronics Corporation: Chiao-Ling Kuan		
Flusol Co., Ltd.	Director	Min-Hung Wu	—	100%
Burgurd Co., Ltd.	Director	Shin-Yang Huang	—	100%
SIRIZE Technology (Suzhou)Corp.	Director	Hsu-Tung Kuo (Chairman), Min-Hung Wu, Ja-Hung Hsieh, Kuang-Shun Yang, Wen-Hao Su	—	100%
	Supervisors	Chi-Chang Chen	—	—
Bloomeria Limited	Director	Min-Hung Wu; Tsan-Lien Yeh	743,344	100%
UTC Holdings Corporation	Director	Corporate Directors of Sigurd Microelectronics Corporation Representative: Shin-Yang Huang (Chairman) Director: Tsan-Lien Yeh	331,175	100%
Sigurd UTC Corp.	Director	Corporate Directors of UTC Holdings Corporation Representative: Shin-Yang Huang (Chairman) Directors: Tsan-Lien Yeh; Min-Hung Wu; Hsu-Tung Kuo; Ja-Hung Hsieh	101,930	100%
Winstek Technology Co.,Ltd	Director	Corporate Directors of SIGWIN Corporation: Representatives: Shin-Yang Huang (Chairman); Tsan-Lien Yeh; Min-Hung Wu; Hsu-Tung Kuo; Ja-Hung Hsieh	70,726	51.90%
	Director	Chih-Li Weng	571	0.42%
	Independent Director	Min-Kai Lin, Ren-Yu Wei, Wen-chou Vincent Wang	—	—

Name of corporation	Title	Name or representatives	Number of shares held	
			Shares (in thousand shares)	Shareholding Ratio
Winstek Semiconductor Technology Co., Ltd	Director	Corporate Director of Winstek Semiconductor Technology Co., Ltd. Representatives: Shin-Yang Huang (Chairman); Min-Hung Wu; Chi-Li Weng	210,000	100%
TST Co., Ltd.	Director	Corporate Director of Winstek Semiconductor Technology Co., Ltd. Representatives: Shin-Yang Huang (Chairman); Min-Hung Wu; Chi-Li Weng	20,000	100%
Ambersan Medical Technology Co., Ltd.	Chairman	Shu-Fen Liao	495	7.5%
	Director	Representative of Corporate Director of Sigurd Microelectronics Corporation: Representative: Tsan-Lien Yeh; Shin-Yang Huang; Tong-Lin Guan	3,630	55%
	Director	Advance Life Limited Representative: Yi-Peng Liang	1,980	30%
	Supervisors	Jen-Ju Lin	—	—
SIGWIN Corporation	Director	Representative of Corporate Director of Sigurd Microelectronics Corporation. Representatives: Shin-Yang Huang (Chairman); Tsan-Lien Yeh; Min-Hung Wu	45,778	83.23%
	Supervisors	Jen-Ju Lin	—	—
	Shareholders	Bloomeria Limited	9,221	31.01%
Flatek Co., Ltd.	Director	Sigurd Microelectronics Corporation Representatives: Tsan-Lien Yeh (Chairman); Hsu-Tung Kuo; Tung-Lin Kwan.	10,000	58.77%
	Director	Tsung-Yi Lin	3,843	22.59%
	Director	Shou-Kang Chen	—	—
	Supervisors	Chiao-Ling Kuan	—	—
OPS Electronics Limited	Director	Tsan-Lien Yeh	10	100%
OPS Electronics (Shenzhen) Co., Ltd.	Director	Tsuan-Mu, Lin-Chen (Legal Representative)	Note	100%
	Supervisors	Shih che cheng	—	—
TPfusion Technology Co., Ltd.	Director	Flatek Co., Ltd. Min-Hung Wu (Chairman); Tung-Lin Kwan ; Chi-Chang Chen	1,935	83.77%
	Supervisors	Chiao-Ling Kuan	—	—

Name of corporation	Title	Name or representatives	Number of shares held	
			Shares (in thousand shares)	Shareholding Ratio
TPfusion Corp.	Director	Ching-Cheng Tien (Chairman), Mihashi Yasuhiko, Hsing-Jen Wang	98	98%
Valuenet International Limited	Director	Flatek Co., Ltd. Representative: Tsan-Lien Yeh (Chairman)	50	100%

Note 1: Sigurd Microelectronics (Wuxi) Co., Ltd. has deregistered its local business registration and completed the local rights and obligations liquidation in June 2023.

Note 2: Flatek Technology Co., Ltd.: Supervisor Lin, Chen-Chu resigned on 15 December 2023, and the new supervisor Chiao-Ling Kuan, was elected on 9 January 2024; (2) On 16 January 2024, the representative of the corporate director was replaced by Mr. Kuang-Shun Yang to Mr. Tung-Lin Kwan.

Note 3: TPfusion Technology Co., Ltd.: The representative of the corporate director, Mr. Lin, Tsung-Yi, was reassigned to Mr. Chen, Chi-Chang.

Note 4: TPfusion Corp.: On 26 March 2024, Mr. Lin Tsung-Yi was elected to replace Mr. Hsing-Jen Wang and the chairman of the board of directors was elected to replace Mr. Tian Qing-Cheng.

Note5: No shares are issued.

## 6. Overview of affiliates' operations

Unit: NTD Thousand Dollars

Name of corporation	Amount of paid-up capital	Total amount of assets	Total amount of liabilities	Net value	Operating revenue	Operating income (loss)	Income/loss of the period (after tax)	EPS(Dollars) (after tax)
Sigurd International Co.,Ltd.	975,135	159,582	-	159,582	-	(104)	14,695	0.49
Sigurd Microelectronics (Cayman) Co., Ltd.	14,662	182,314	1,890	180,424	-	(182)	28,462	0.63
TEST-SERV Inc.	802,001	1,728,454	388,636	1,339,818	792,916	108,834	107,101	1.34
Flusol Co., Ltd.	1,406,506	500,104	379	499,725	0	(111)	(282,541)	-
Burgurd Co., Ltd.	62,391	2,513	1,268	1,245	0	(53)	(43)	-
SIRIZE Technology (Suzhou)Corp.	1,359,700	2,040,977	1,549,595	491,382	690,253	(265,344)	(282,544)	-
Bloomeria Limited	738,658	636,004	165	635,839	0	(5,249)	23,138	0.03
UTC Holdings Corporation	3,111,750	2,913,430	6,780	2,906,650	0	(115)	196,354	0.63
Sigurd UTC Corp.	1,019,300	4,266,008	1,443,583	2,822,425	1,849,177	170,218	196,440	1.93
Winstek Semiconductor Co., Ltd.	1,362,617	6,545,565	551,437	5,994,128	1,606,098	584,190	839,843	6.16
Winstek Semiconductor Technology Co., Ltd.	2,100,000	3,770,456	1,217,680	2,552,776	2,423,924	265,176	302,361	1.44
TST Co., Ltd.	200,000	201,658	177	201,481	0	(194)	1,435	0.07
Ambersan Medical Technology Co., Ltd.	66,000	62,862	8,693	54,170	32,162	10,161	10,543	1.6
SIGWIN Corporation	550,000	3,743,837	3,210	3,740,627	0	(8,591)	440,011	9.37
Flatek Co., Ltd.	170,160	347,840	271,484	76,356	123,532	(47,612)	(41,221)	(2.42)
OPS Electronics Limited	40	99,252	36,122	63,130	14,555	(2,744)	(1,097)	-
OPS Electronics (Shenzhen) Co., Ltd.	25,019	201,166	129,411	71,755	179,842	(351)	1,952	-
TPfusion Technology Co., Ltd.	23,100	204	59,779	(59,575)	0	(35)	5,574	2.41
TPfusion Corp.	6,684	21,989	78,749	(56,760)	45,437	8,758	5,727	-
Valuenet International Limited	1,575	55,977	173	55,804	0	(123)	289	5.78

Note 1: If an affiliate is a foreign company, the related figures are converted to NT\$ with the exchange rate of the report date. FX: USD (30.705); RMB (4.327);JPY(0.2172);HK(3.929)

Note 2: Operating income, operating profit and loss for the current period are presented in New Taiwan Dollars at the average exchange rate of 2023: USD (31.15), RMB (4.395) ;JPY(0.2221); HK(3.980)

Note3 : Sigurd Microelectronics (Wuxi) Co., Ltd. has deregistered its local business registration and completed the local rights and obligations liquidation in June 2023.

(II) Consolidated financial statements of affiliates: For Year 2023 (from January 1, 2023 to December 31, 2023), the companies to be consolidated pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” and the companies to be consolidated pursuant to the IAS No. 27 are all the same. As the information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforementioned consolidated financial statements of the parent company and subsidiaries, the consolidated financial statements of affiliates are not prepared separately; for the consolidated financial statements, please refer to pages 119~213.

(III) Report of relationships: not applicable.

II. Private placement of securities carried out by the Company during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report  
None.

III. Holding or disposal of shares in this Company by the Company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report  
None.

IV. Other matters that require supplementary explanation  
None.

V. During the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, any of the situations listed in Article 36, Paragraph 3, Sub-paragraph 2 of the Securities and Exchange Act, which might materially affect shareholders’ interests or the price of the Company’s securities  
None.

Sigurd Microelectronics Corporation

Chairman: Shin-Yang Huang