Stock Code: 6127

LEATEC FINE CERAMICS CO., LTD.

LEATEC FINE CERAMICS CO., LTD.

Annual Report

2023

Printed on May 10, 2024

Enquiry URL: http: //mops.tse.com.tw

Company website: http: //www.leatec.com

1. Spokesperson and Acting Spokesperson:

Spokesperson:
Name: CHEN, YONG-CANG
Title: CFO
Phone: (03)450-7531
Email: france.chen@leatec.com

Acting Spokesperson:
Name: SHI, MIN-XIU
Title: Deputy Manager, Finance Department
Phone: (03)450-7531
Email: michelle.shih@leatec.com

2. Addresses and Phone Numbers of Headquarters, Branches, and Factories:

Headquarters: No. 160, Section 1, Pingdong Road, Pingzhen District, Taoyuan City, Taiwan
Phone: (03) 450-7531
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Phone: (03) 450-7531

3. Stock Transfer Agency:

Name: Grand Fortune Securities Co., Ltd. Shareholder Services Department
Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng District, Taipei City, Taiwan
Website: www.gfortune.com.tw
Phone: (02) 2371-1658

4. Recent Year's Financial Report Certified Public Accountants:

Certified Public Accountants: XU, JIN-MING, XU, WEN-YA
Firm Name: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City, Taiwan
Website: www.deloitte.com.tw
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5. Overseas Securities Listing and Trading Venue Information: Not applicable.

6. Company Website: www.leatec.com

LEATEC FINE CERAMICS CO., LTD.

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I. Letter to Shareholders

1. 2023 Business Report

1. Implementation of Business Plan:

The Company's net operating revenue for 2023 was NT$824,026 thousand, with an operating gross profit of NT$123,340 thousand and an operating gross margin of 15%. Compared to 2022, when the operating revenue was NT$783,512 thousand and the operating gross profit was NT$168,983 thousand, there was a 5% growth in operating revenue, although the operating gross profit slightly decreased by NT$45,643 thousand. This decline was primarily due to the relocation of the Kunshan plant and the worsening economic conditions, which continued to affect the operating environment. Moving forward, careful selection of products and overcoming environmental policy requirements will be crucial. In the short term, maintaining production scale is essential due to equipment relocation and installation, but we will also invest in automation to eliminate bottlenecks and improve yield. The revenue growth trend remains optimistic, but we will continue to monitor market changes. Profit growth will be a continuous pursuit, with product transformation into high-value-added processing products as a key focus. The market remains in a growth phase, and LEATEC is expected to grow steadily, with company profitability improving in the coming year.

The Company will leverage its human and material resources, evaluate industry advantages, and move towards planned market directions and high-value-added products to maximize profits, expand the application of new ceramic materials, and provide quality engineering services. Research and development in ceramic materials for the green energy industry are expected to contribute to revenue growth and improved profitability in 2024.

2. Budget Execution Status:

Unit: NT$1,000

Item	2023 Actual Amount	2023 Budget	2023 Budget Accomplishment Rate (%)
Operating Income	824,026	1,133,283	72.7%
Operating Cost	(700,686)	(787,506)	83.0%
Gross Profit	123,340	345,777	45.6%
Operating Expenses	(560,088)	(206,034)	271.8%
Net Operating Profit (Loss)	(436,748)	139,743	(312.5)%
Non-operating (Expense) Income	532,596	68,933	772.6%
Pre-tax (Loss) Profit	95,848	70,810	135.4%

3. Financial Income and Profitability Analysis

Analysis Items \ Year		Financial Analysis		
		2021	2022	2023
Financial Structure (%)	Liability to Asset Ratio	64.06	66.97	63.95
	Long-term Capital to Fixed Asset Ratio	142.44	168.22	174.00
Profitability	Return on Assets (%)	2.80	0.19	3.11
	Return on Equity (%)	4.51	(2.93)	5.29
	Pre-tax Profit (Loss) to Paid-in Capital Ratio (%)	9.18	(2.26)	8.87
	Net Profit Margin (%)	4.92	(4.27)	7.45
	Earnings Per Share (NTD) (Notes)	0.47	(0.31)	0.57

Note: Earnings per share are calculated based on the weighted average number of shares outstanding.

4. Research and Development Status

Ceramic material science is at the core of LEATEC's technological development. We produce high-precision ceramic substrates for resistors, heat dissipation substrates, and aluminum nitride ceramic substrates. Combining the development of composite materials, tape casting technology, dry pressing, atmospheric sintering technology for core ceramic composite materials, stamping, and precision grinding processes, we are also committed to developing ceramic materials for the electric vehicle market in the energy industry. The Company is actively researching material specifications to solve source management issues, stabilizing key technologies in molding processes and sintering parameters, and automating machinery and equipment. We continue to collaborate with academic institutions to develop relevant technologies and commercialize products.

2. Summary of the 2023 Business Plan

1. Business Policies

(1) Break away from traditional resistor substrate thinking and develop new material applications to enhance business scale through resource optimization.

(2) Improve financial structure to stabilize long-term funding and increase self-owned capital.

(3) Establish a flexible management ladder and nurture successor management to facilitate corporate transformation and meet challenges.

(4) Design processes with automation equipment as the foundation to conserve resources and create management benefits.

(5) Prioritize the development of new materials or products based on market trends.

2. Important Production and Sales Policies

(1) Reshape profit scale to create asset efficiency.

(2) Develop suitable materials and multiple sources, control key material sources, stabilize production, and reduce costs.

(3) Establish production capacity for powder granulation and secure key material sources to stabilize production, reduce costs, and enhance competitiveness.

(4) Expand the ceramic market for electric vehicles, seek maximum value and price, and increase company profits.

(5) Base production processes on automation equipment to reduce dependence on labor and stabilize production process parameters.

(6) Maximize the production and sales of strategic products (ZTA, thin film substrates, ALN), and adjust production locations timely to increase benefits.

(7) Maximize the new plant's capacity, improve utilization, and generate revenue.

3. The estimated sales quantities for resistor substrates are 170,000 thousand pieces, and for non-resistor substrates are 20,000 thousand pieces. These estimates are based on information obtained from professional institutions and clients by our sales team.

Current external markets are still experiencing significant changes, but the consumer electronics and electric vehicle markets continue to evolve with increasing trends in new applications. However, these trends come with severe operational challenges such as environmental issues, cost considerations, and price competition. Internally, the Company continues to pursue various improvement initiatives and implement standardized production processes to enhance its cost competitiveness and marketing advantages. Despite the continuous rise in manufacturing costs and potential risks of price reduction in product sales, the primary focus remains on selecting products or evolving into deep processing products to pursue growth. The Company is moving towards the development of diversified substrate products, accelerating research and development efforts, expanding potential customer domains, increasing the breadth and depth of products in the automotive market, collaborating with customers to develop product specifications, extending the level of substrate processing to improve production efficiency, and seizing opportunities in the energy industry through ceramic material applications. The Company aims to maintain steady growth and a leading market position, expecting outstanding revenue and profitability performance this year.

Best Regards.

Chairman and President: CHEN, QING-JIN

II. Company Profile

1. Date of Incorporation

Registered and established on December 2, 1991.

2. Company History

(1) Recent acquisitions, reinvestments in related enterprises, and restructuring activities up to the printing date of the annual report: None.

(2) Significant transfers or changes in ownership of directors, supervisors, or major shareholders holding over 10% of the company's shares, changes in management rights, significant changes in business scope or content, and other important matters that may affect shareholders' rights and interests and their impact on the company: None.

(3) Other Information:

1991	◆ The Company was approved and established on December 2, 1991.
1992	◆ Purchased land and constructed factory buildings.
1993	◆ Started mass production of aluminum oxide ceramic substrates (resistor,
1995	◆ Expanded production lines and developed aluminum oxide chip resistor
1996	◆ Developed aluminum oxide chip array resistor substrates. ◆ Obtained ISO-9002 international quality certification.
1997	◆ Started mass production of aluminum oxide chip array resistor substrates. ◆ Developed ceramic substrates such as ZrO_2 zirconium oxide, microwave, porous, and high-K high dielectric constant materials.
1998	◆ Developed ZrO_2 zirconium oxide solid oxide fuel cell electrolyte
1999	◆ Started mass production of laser-processed substrates.
2000	◆ Invested in LEATEC FINE CERAMICS (SAMOA) CO., LTD. ◆ Invested in Leatec Fine Ceramics (Kunshan) Co., Ltd.
2001	◆ Invested in China Development Hi-Tech Investment Corporation. ◆ Invested in COSMOS HARVEST INTERNATIONAL LIMITED. ◆ Invested in WISETRADE CORPORATION. ◆ Approved for stock listing by the Taiwan Stock Exchange.
2002	◆ Stock listed on January 10th. ◆ Invested in Kunshan factory in Mainland China for mass production of aluminum oxide chip resistor substrates.

2003	◆ Merger between COSMOS HARVEST INTERNATIONAL LIMITED and WISETRADE CORPORATION, with COSMOS HARVEST INTERNATIONAL LIMITED as the surviving company. ◆ Produced LED and CMOS IC assembly substrates.
2005	◆ Entered the field of automotive electronic materials.
2007	◆ Obtained TS-16949 international quality certification.
2008	◆ Entered the field of solar photovoltaic products. ◆ Obtained "CG6004 General Corporate Governance System Evaluation and Certification" from the Corporate Governance Association of the Republic of China.
2011	◆ Invested in ECOCERA OPTRONICS CO., LTD. ◆ Subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd. invested in DONGGUAN LEATEC SOLAR PV CO., LTD. ◆ Obtained qualification as an "Enterprise Operating Headquarters"
2012	◆ Established Leatec Applied Materials (Kunshan) Co., Ltd., located in Kunshan High-Tech Industrial Park. ◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. obtained the status of a foreign-funded research institution in Jiangsu Province.
2013	◆ Completion and inauguration of the Taiwan headquarters building. ◆ Authorized by the Atomic Energy Council's Nuclear Research Institute for the "Solid Oxide Fuel Cell Ceramic Substrate-Supported Unit Cell Manufacturing Technology." ◆ Started production of aluminum nitride (ALN) ceramic substrates.
2014	◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. obtained the "Jiangsu High-Tech Enterprise" certification in 2014. ◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. liquidated its investment in DONGGUAN LEATEC SOLAR PV CO., LTD. ◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. invested in KUNSHAN LEATEC SOLAR PV CO., LTD.
2015	◆ Phase 1 of Leatec Applied Materials (Kunshan) Co., Ltd.: Construction of research office building, dormitory building began.
2016	◆ Phase 2 of Leatec Applied Materials (Kunshan) Co., Ltd.: Construction of Plant 1, Class A plant, solvent warehouse, etc. began. ◆ Authorized by the Atomic Energy Council's Nuclear Research Institute for the "Solid Oxide Fuel Cell-Stack Technology."
2017	◆ Obtained ISO14001 certification in September.
2018	◆ Taiwan LEATEC obtained IATF16949 certification in February.

2019	◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. obtained IATF16949 certification in April. ◆ Obtained ISO45001 certification and obtained CNS45001 inspection certificate.
2021	◆ The Company's board of directors underwent a comprehensive election and established an audit committee. ◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. signed a house demolition and compensation contract with the Company due to government construction needs.
2022	◆ Leatec Fine Ceramics (Kunshan) Co., Ltd. started the relocation process to the new factory site of Leatec Applied Materials (Kunshan) Co., Ltd. in July. ◆ Issued secured corporate bonds with a total amount of NT$250 million
2023	◆ LEATEC's New Factory in China: Leatec Applied Materials (Kunshan) Co., Ltd. officially opened in October.

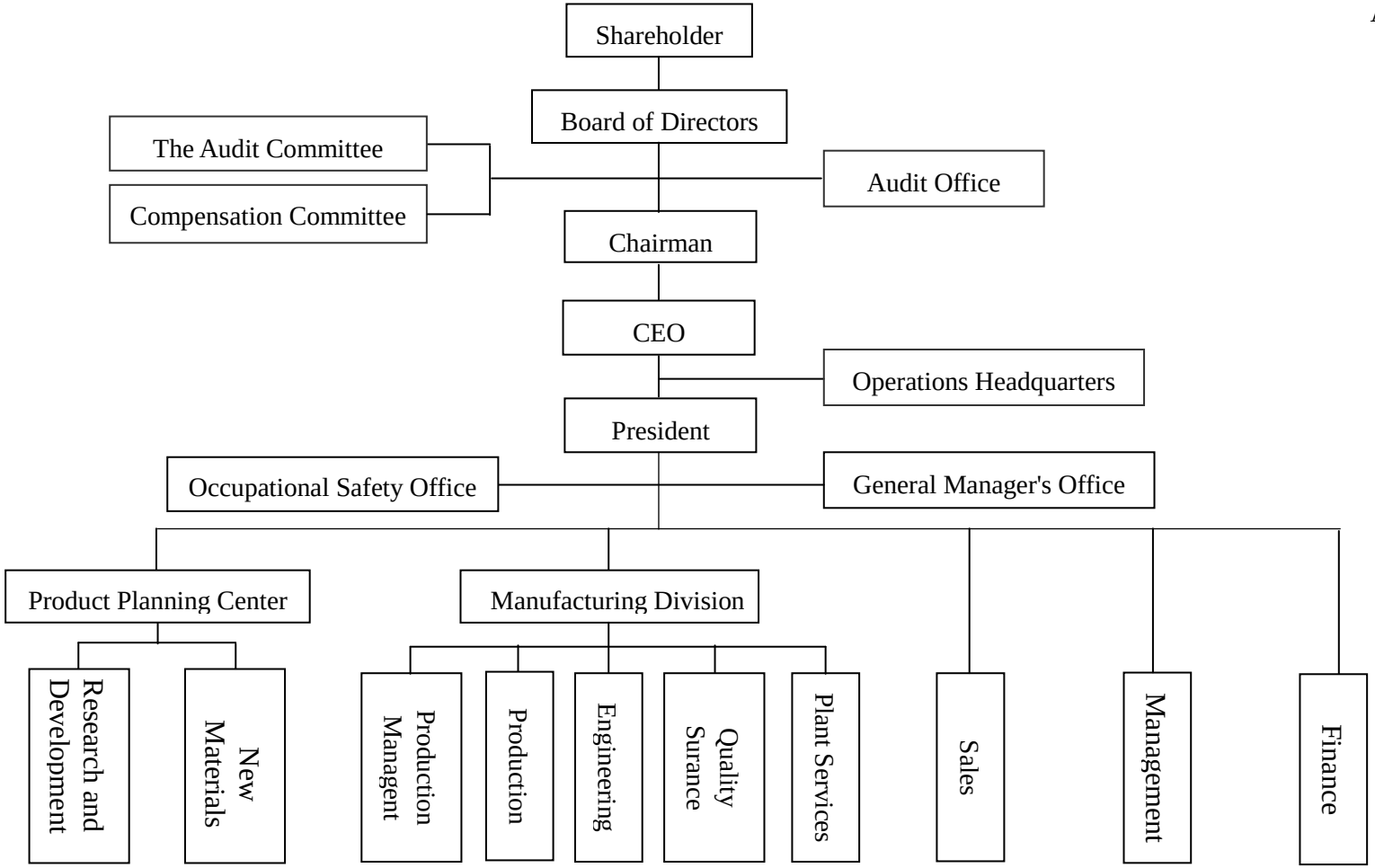
III. Corporate Governance Report

1. Organization

(1) Organization chart

LEATEC FINE CERAMICS CO., LTD.

April 22, 2024



(2) Operations implemented by major departments

Department	Responsibilities
President's Office	1. Company's medium to long-term strategic planning. 2. Tracking and auditing the implementation of projects assigned by the board of directors. 3. Planning and tracking of company's management meetings, execution of legal affairs, and operations.
Audit Office	1. Formulation and execution of annual audit plans. 2. Issuance of audit reports and subsequent improvement tracking. 3. Leading the revision of internal control and internal audit. 4. Annual self-assessment operations. 5. Completion of various reporting operations in accordance with laws and regulations. 6. Execution of project audits assigned by the board of directors.
Occupational Safety Office	Development and maintenance of the occupational health and safety system for all factory workers.
Research and Development Department	1. Setting the direction for the company's product and technology development. 2. Designing processes, technologies, and related developments. 3. Planning and setting goals for manufacturing, testing, and other technologies.
New Materials Development Department	1. Initial development, feasibility, and benefit evaluation of new products/materials. 2. Establishment of key technologies and patent applications. 3. Analysis of advanced product applications and technology trends.
Production Department	1. Human resource allocation, equipment, cost budgeting, and evaluation of new product introduction in the annual production plan. 2. Production management, personnel scheduling planning, and education training. 3. Production process improvement, analysis of process issues, and recommendations.
Engineering Department	1. Establishing the basic framework of manufacturing processes for new products, including sample prototyping, mass production transfer, and guidance. 2. Development of derivative aluminum oxide substrate products. 3. Assisting the Production Department in diagnosing process issues and process improvement. 4. Planning and promoting the transformation of common processes for group ceramic products. 5. Technical or product support across different factory areas. 6. Preparation of standard work hours, equipment, material cost calculation data for new products. 7. Evaluation and implementation of alternative raw materials/components.
Quality Assurance Department	1. Maintenance and operation of ISO/IATF16949 quality systems. 2. Maintenance and operation of quality control and inspection. 3. Enhancement of business operations related to product quality.
Plant Services Department	1. Production scheduling, capacity planning, providing production value, and manpower analysis data. 2. Management of material and finished goods warehouses, as well as shipment management and related operations.

	3. Maintenance and management of electrical/fire/public facilities in the factory area. 4. Dedicated handling and prevention of air pollution, wastewater treatment equipment, and waste disposal. 5. Supervision and acceptance of factory repair projects and construction fire permits. 6. Maintenance of company infrastructure and facilities.
Sales Department	1. Overall coordination, supervision, and review of marketing and sales plans, as well as pricing of products. 2. Development of new customers and markets, and coordination between customers and other departments of the company. 3. Establishment and improvement of sales procedures and methods.
Management Department	1. Personnel appointments, promotions, attendance, performance evaluations, retirement, insurance, education and training, and employee relations. 2. Execution and operation of procurement activities for equipment, raw materials, general affairs, and other items. 3. Execution, operation, and maintenance of computer equipment, network connections, electronic operating systems, and related tasks.
Finance Department	1. Execution and operation of fund allocation, financial accounting, cost accounting, tax accounting, and stock affairs. 2. Execution of various tasks related to investment. 3. Control and review of expense budgets.

2. DIRECTOR, SUPERVISOR, PRESIDENT, VICE PRESIDENT, ASSISTANT MANAGER AND HEADS OF DEPARTMENTS AND BRANCH ORGANIZATIONS

(1) Directors and Supervisors

1. Information on Directors and Supervisors

April 22, 2024

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	CHEN, QING-JIN	M 71-80	2021.07.22	3	1991.11.26	5,211,045	4.82	5,211,045	4.82	1,304,450	1.21	0	0	˙Graduated from Keelung Senior High School of Commerce ˙Chairman of YETI ELECTRONICS CO., LTD.	˙Chairman and President of LEATEC FINE CERAMICS CO., LTD. ˙Person in Charge of COSMOS HARVEST INTERNATIONAL LIMITED. ˙Person in Charge of LEATEC FINE CERAMICS(SAMOA) CO., LTD. ˙Chairman and President of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Person in Charge of Leatec Applied Materials (Kunshan) Co., Ltd.	Vice Chairman	CHEN, JUAN-TING	First degree relative	Also serve as President
Vice Chairman	ROC	CHEN, JUAN-TING	M 41-50	2021.07.22	3	2005.06.09	2,234,184	2.07	2,314,184	2.14	0	0	0	0	˙Graduated from the Department of Materials Engineering, New Jersey University ˙Manager of East Asia Office, Proxim International Operations, Inc.	˙Director of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Director of Leatec Applied Materials (Kunshan) Co., Ltd. ˙Chief Operating Officer of LEATEC FINE CERAMICS CO., LTD.	Chairman	CHEN, QING-JIN	First degree relative	Also serve as COO
Director	ROC	WU, ZE-YAO	M 71-80	2021.07.22	3	2003.06.16	855,000	0.79	855,000	0.79	1,045,073	0.97	0	0	˙Graduated from the Department of Agricultural Machinery, National Taiwan University ˙Vice Chairman of YETI ELECTRONICS CO., LTD.	˙Supervisor of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Supervisor of Leatec Applied Materials (Kunshan) Co., Ltd.	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	HUANG, LIAN-CHENG	M 61-70	2021.07.22	3	2021.07.22	886,000	0.82	1,708,000	1.58	0	0	0	0	˙Graduated from the Department of Business Administration, Tamkang University ˙Manager of Underwriting at Kinghua Securities (Stock) Company ˙Specialist at CTBC Bank Co., Ltd.	˙Director of TAIWAN CAN CORPORATION ˙Supervisor of Typhone Inc.	None	None	None	None
Director	ROC	ALPIN INTERNATIONAL CO., LTD.	N/A	2021.07.22	3	2015.05.19	1,535,000	1.42	1,550,000	1.43	0	0	0	0	N/A	N/A	None	None	None	None
Juristic Person Representative	ROC	LIU JING RONG	F 51-60	2021.07.22	3	2021.07.22	991	0	991	0	125,163	0.12	0	0	˙Graduated from Fengyuan Senior High School of Commerce	˙Finance of GEE CHEN INDUSTRIAL CO., LTD.	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director Director	ROC	GUO, XIAN-ZHANG	M 61-70	2021.07.22	3	2015.05.19	0	0	0	0	0	0	0	0	·Ph.D. in Management Sciences, National Chiao Tung University ·Chair Professor at the College of Management, Ming Chi University of Technology ·Chair Professor at the Department of Accounting, Shih Chien University ·President and Professor of Finance at Takming University of Science and Technology ·Professor/Head of the Department of Financial and Business Economics, National Jinan University ·President of Taiwan Financial Engineering Association ·Recipient of K.T. Li Medal from Chinese Society of Management Science ·Certified Management Expert by the Ministry of Economic Affairs	·Honorary Chair Professor at Ming Chi University of Technology ·Honorary Professor at Shih Chien University ·Adjunct Professor in the Department of Finance at National Jinan University ·Honorary President of Taiwan Financial Engineering Association ·Independent Director of HUNG CHOU FIBER INDUSTRIAL CO., LTD.	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director Director	ROC	LAI, SHAN-GUI	M 61-70	2021.07.22	3	2017.06.16	0	0	0	0	0	0	0	0	˙Ph.D. in Business Administration, National Taipei University ˙Chairman of TOPCO SCIENTIFIC Co., Ltd. ˙Chairman of CSBC CORPORATION, TAIWAN ˙Director of Small and Medium Enterprise Administration, Ministry of Economic Affairs ˙Deputy Director of the Commercial Department, Ministry of Economic Affairs	˙Vice Chairman and Chief Sustainability Officer of the TOPCO SCIENTIFIC Group ˙Chairman of Chien Yueh Technology Engineering Co., Ltd. ˙Chairman of Unitech New Energy Engineering Co., Ltd. ˙Chairman of Yun Yue Technology Co., Ltd. ˙Chairman of Yao Yue Green Energy Co., Ltd. ˙Independent Director of Yi Jinn Industrial Co., Ltd. ˙Independent Director of PHYTOHEALTH CORPORATION ˙Independent Director of Metaage Corporation ˙Director of Anyong Freshmart, Inc. ˙Director of Jia Yi Energy Co., Ltd.	None	None	None	None
Independent Director Director	ROC	CHEN, MENG-WU (Note)	M 71-80	2021.07.22	3	2021.07.22	0	0	0	0	0	0	0	0	˙Master's Degree from the Graduate Institute of Economics, Chinese Culture University ˙Chief Operating Officer of Deloitte & Touche ˙Adjunct Associate Professor at Chinese Culture University ˙Adjunct Associate Professor at Fu Jen Catholic University	˙Director of Yi Jinn Industrial Co., Ltd. ˙Director of Taiwan Management Association ˙Director of The Cheng Teng Small and Medium Enterprise Foundation	None	None	None	None
Independent Director Director	ROC	CHEN, JIA-RONG	M 71-80	2021.07.22	3	2021.07.22	0	0	0	0	0	0	0	0	˙Ph.D. in Resources and Energy Economics, West Virginia University ˙Deputy Dean of College of Engineering, National Cheng Kung University	˙Honorary Professor in the Department of Resources Engineering, National Cheng Kung University ˙Independent Director of China Ecotek Corporation	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director Director	ROC	WANG, JIN-YAN (Note)	F 61-70	2023.06.20	1	2023.06.20	0	0	0	0	0	0	0	0	˙Master of Business Administration in Human Resource Management, National Central University ˙Practicing Accountant at Deloitte & Touche	˙Practicing Accountant at Hao Yu Accounting Firm ˙Independent Director of Taipei Star Bank Co., Ltd. ˙Independent Director of Cyber Power Systems, Inc. ˙Corporate Director Representative of SENTEC E&E Co., Ltd.	None	None	None	None

Note: Independent Director Mr. Chen, Meng-Wu resigned in March, serving until June 19, 2023. Ms. Wang, Jin-Yan was elected as his successor at the shareholders' meeting on June 20, 2023.

2. Major shareholders of coporate shareholder

April 22, 2024

Name of coporate shareholder	Major shareholders of the coporate shareholder
ALPIN INTERNATIONAL CO., LTD.	CHEN, SHU-MEI(38%)、LAN, SHU-FENG (20%)、CHEN, WEI-ZHEN(20%)、CHEN, ZHI-MIN(10%)、XIE, WEN-LING(10%)、LIU JING RONG(1%)、ZHENG, QIU-PING(1%)

3. Disclosure of professional qualifications of directors and supvervisors and information on the independence of independent directors:

Criteria / Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman CHEN, QING-JIN	Must have at least five years of work experience in business, finance, or company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director of the Company under Article 27 of the Company Act. 2.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 3.Not a director, supervisor, manager, or shareholder of 5% or more of specific companies or institutions that have financial or business transactions with the Company. 4. Not a professional, sole proprietor, partner, owner, director, supervisor, manager, or spouse who provides business, legal, financial, accounting, or related services to the Company or its affiliated companies and has not received a cumulative amount of compensation exceeding NT$500,000 in the past two years. 5. Not a government, legal entity, or representative as specified in Article 27 of the Company Law.	0
Vice Chairman CHEN, JUAN-TING	Must have at least five years of work experience related to company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not a director or supervisor of the Company or its affiliated companies (except for independent directors who concurrently hold positions as directors or supervisors of the Company's parent company, subsidiaries, or subsidiaries established under the Company Act or local laws and regulations). 2. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director of the Company under Article 27 of the Company Act. 3.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 4.Not a director, supervisor, or employee of another company or organization who is the same person as or the spouse of the Chairman or President of the Company or holds an equivalent position. 5.Not a director, supervisor, manager, or shareholder of 5% or more of specific companies or institutions that have financial or business transactions with the Company. 6. Not a professional, sole proprietor, partner, owner, director, supervisor, manager, or spouse who provides business, legal, financial, accounting, or related services to the Company or its affiliated companies and has not received a cumulative amount of compensation exceeding NT$500,000 in the past two years. 7. Not a government, legal entity, or representative as specified in Article 27 of the Company Law.	0
Director WU, ZE-YAO	Must have at least five years of work experience related to company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not an employee of the Company or its affiliated companies. 2. Not a director or supervisor of the Company or its affiliated companies (except for independent directors who concurrently hold positions as directors or supervisors of the Company's parent company, subsidiaries, or subsidiaries established under the Company Act or local laws and regulations). 3. Not a spouse, relative up to the second degree, or direct blood relative up to the third degree of the individuals listed in 1. or 2. 4. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act.	0

Criteria Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		5.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 6.Not a director, supervisor, or employee of another company or organization who is the same person as or the spouse of the Chairman or President of the Company or holds an equivalent position. 7.Not a director, supervisor, manager, or shareholder of 5% or more of specific companies or institutions that have financial or business transactions with the Company. 8. Not a professional, sole proprietor, partner, owner, director, supervisor, manager, or spouse who provides business, legal, financial, accounting, or related services to the Company or its affiliated companies and has not received a cumulative amount of compensation exceeding NT$500,000 in the past two years. 9.Not a spouse or a relative within the second degree of kinship or a direct blood relative within the third degree of the other directors. 10.Not elected by the government, a legal entity, or its representative as specified in Article 27 of the Company Act.	
Director LIU JING RONG	Must have at least five years of work experience in finance or company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not an employee of the Company or its affiliated companies. 2.Not a director or supervisor of the Company or its affiliated companies. 3.Not the individual, spouse, minor children, or natural person shareholder holding 1% or more of the total issued shares of the Company or one of the top ten shareholders using another person's name. 4.Not the spouse, relative up to the second degree, or direct blood relative up to the third degree of the individuals listed in 1. or 2. 5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. 6.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 7.Not a director, supervisor, or employee of another company or organization who is the same person as or the spouse of the Chairman or President of the Company or holds an equivalent position. 8.Not a director, supervisor, manager, or shareholder of 5% or more of specific companies or institutions that have financial or business transactions with the Company. 9. Not a professional, sole proprietor, partner, owner, director, supervisor, manager, or spouse who provides business, legal, financial, accounting, or related services to the Company or its affiliated companies and has not received a cumulative amount of compensation exceeding NT$500,000 in the past two years. 10.Not a spouse or a relative within the second degree of kinship or a direct blood relative within the third degree of the other directors.	0

Criteria Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director HUANG, LIAN-CHENG	Must have at least five years of work experience in business, finance, or company operations. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	1. Not an employee of the Company or its affiliated companies. 2.Not a director or supervisor of the Company or its affiliated companies. 3.Not the individual, spouse, minor children, or natural person shareholder holding 1% or more of the total issued shares of the Company or one of the top ten shareholders using another person's name. 4.Not the spouse, relative up to the second degree, or direct blood relative up to the third degree of the individuals listed in 1. or 2. 5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act.	0
		6.Not a director, supervisor, or employee of another company who controls more than half of the Company's director seats or voting rights. 7.Not a director, supervisor, or employee of another company or organization who is the same person as or the spouse of the Chairman or President of the Company or holds an equivalent position. 8.Not a director, supervisor, manager, or shareholder of 5% or more of specific companies or institutions that have financial or business transactions with the Company. 9. Not a professional, sole proprietor, partner, owner, director, supervisor, manager, or spouse who provides business, legal, financial, accounting, or related services to the Company or its affiliated companies and has not received a cumulative amount of compensation exceeding NT$500,000 in the past two years. 10.Not a spouse or a relative within the second degree of kinship or a direct blood relative within the third degree of the other directors. 11.Not elected by the government, a legal entity, or its representative as specified in Article 27 of the Company Act.	
Independent Director GUO, XIAN-ZHANG	Holds a Ph.D. in Management Sciences from National Chiao Tung University. He previously served as the President and Professor in the Department of Finance of Takming University of Science and Technology. Was also a Professor and Department Head in the Department of Finance at National Jinan University, Chair Professor at the College of Management at Ming Chi University of Technology, and Chair Professor at the Department of Accounting at Shih Chien University. There is no occurrence of any circumstances provided in Article 30 of the Company Act.	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 3) issued by the Financial Supervisory Commission. 2. Neither the individual (or using another person's name), spouse, nor minor children hold any shares of the Company. 3. Have not received any compensation from the Company or its affiliated companies for business, legal, financial, accounting, or related services in the past two years.	1

Criteria Name	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director LAI, SHAN-GUI	Holds a Ph.D. in Business Administration from National Taipei University and an MBA from Indiana University, Pennsylvania, USA. Previously served as Deputy Director of the Commercial Department at the Ministry of Economic Affairs, Director of Small and Medium Enterprise Administration at the Ministry of Economic Affairs, Chairman of CSBC CORPORATION, TAIWAN, and Chairman of TOPCO SCIENTIFIC Co., Ltd. There is no occurrence of any circumstances provided in Article 30 of the Company Act.		3
Independent Director CHEN, JIA-RONG	Ph.D. in Resource and Energy Economics from West Virginia University, previously served as Associate Dean of the College of Engineering at National Cheng Kung University, which is related to the company's business needs. Currently an Honorary Professor in the Department of Resources Engineering at National Cheng Kung University; There is no occurrence of any circumstances provided in Article 30 of the Company Act.		1
Independent Director WANG, JIN-YAN	Master of Business Administration in Human Resource Management from National Central University, previously served as a Practicing Accountant at Deloitte & Touche; There is no occurrence of any circumstances provided in Article 30 of the Company Act.		2

Note 1: The provisions of Article 30 of the Company Act are as follows:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:1. Not a government, legal entity, or representative as specified in Article 27 of the Company Law.
2. Holds no more than three positions as an independent director in other publicly traded companies.
3. During the two years prior to selection and the term of office, none of the following apply:
(1) Employee of the Company or its affiliated companies.
(2) Director or supervisor of the Company or its affiliated companies.
(3) The individual, spouse, minor children, or any other person holding 1% or more of the total issued shares or ranking among the top ten natural person shareholders of the Company.
(4) Spouse, relatives up to the second degree of kinship, or direct lineal relatives up to the third degree of kinship of the individuals listed in (1) or (2).
(5) Director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director of the Company under Article 27 of the Company Law.
(6) Directors or supervisors of other companies who control more than half of the voting shares of the Company's board of directors.
(7) Directors (trustees), supervisors (directors), or employees of other companies or organizations who are the same person as, or the spouse of, the Chairman, President, or equivalent position of the Company.
(8) Directors (trustees), supervisors (directors), managers, or shareholders holding 5% or more of the shares of specific companies or organizations with financial or business transactions with the Company.
(9) Professionals, sole proprietors, partners, owners, partners, directors (trustees), supervisors (directors), managers, or their spouses who provide business, legal, financial, accounting, or related services to the Company or its affiliated companies, with a cumulative remuneration not exceeding NT$500,000 in the past two years. However, this does not apply to members of the Company's compensation committee.

4. Diversity and Independence of Board of Directors

(1) Diversity of Directors:

Based on the policy of diversification, strengthening corporate governance, and promoting a sound composition and structure of the board of directors, the nomination of director candidates for the 11th term of the board of directors in 2021 was adopted through a candidate nomination system in accordance with the company's articles of incorporation. The evaluation included the candidates' education, professional background, integrity, and relevant qualification review. After approval by the board of directors, the candidates were submitted for election at the shareholders' meeting.

In order to achieve the ideal goal of corporate governance, Article 20 of the "Practical Guidelines for Corporate Governance" stipulates that the board of directors as a whole should possess eight capabilities, including operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market perspective, leadership, and decision-making. The implementation of the policy for board of directors' diversity is as follows:

Dicersity Item / Name	Nationality	Gender	Employee status	Age				Years of service as an independent director			Operational judgment capability	Accounting and financial analysis capability	Management capability	Crisis handling capability	Industry knowledge	International market perspective	Leadership capability	Decision-making capability
				41-50	51-60	61-70	71 or more	Less than 3 years	3-9 years	9 years or more								
CHEN, QING-JIN	ROC	M	✓				✓				✓	✓	✓	✓	✓	✓	✓	✓
CHEN, JUAN-TING		M	✓	✓							✓	✓	✓	✓	✓	✓	✓	✓
WU, ZE-YAO		M					✓				✓	✓	✓	✓	✓	✓	✓	✓
HUANG, LIAN-CHENG		M				✓					✓	✓	✓	✓	✓	✓	✓	✓
LIU JING RONG		F			✓						✓	✓				✓		
GUO, XIAN-ZHANG		M				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
LAI, SHAN-GUI		M				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
CHEN, MENG-WU (Note)		M					✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
CHEN, JIA-RONG		M					✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
WANG, JIN-YAN (Note)		F				✓		✓			✓	✓	✓	✓	✓	✓	✓	✓

Note: Independent Director Mr. Chen, Meng-Wu resigned in March, serving until June 19, 2023. Ms. Wang, Jin-Yan was elected as his successor at the shareholders' meeting on June 20, 2023.

The current board of directors of the Company consists of nine directors. The management goals and achievements of the board of directors' diversity policy are as follows:

Management Goals:	Achievements:
Independent directors occupy more than one-third of the board seats.	44%, Achieved
The number of directors who also serve as company executives should not exceed one-third of the board seats.	One female director, representing 11% of the board, Achieved
The tenure of independent directors should not exceed three terms.	All four directors have not exceeded three terms, Achieved
At least one female director should be included.	Two female director, Achieved
Sufficient diversity in professional knowledge and skills.	Achieved

(2) Independence of Directors:

The current board of directors of the Company consists of 9 directors, including 4 independent directors, accounting for 44% of the board. All 4 directors comply with the regulations of the Financial Supervisory Commission's Securities and Futures Bureau regarding independent directors. There are no circumstances among the directors, including the independent directors, that violate Article 26-3 and Article 26-4 of the Securities and Exchange Act. The Chairman, CHEN, QING-JIN, and the Vice Chairman are first-degree relatives, while the other seven directors (including four independent directors) have no spousal or second-degree or closer blood relationship.

(2) President, Vice President, Associate Managers, Heads of Departments and Branches

April 22, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	CHEN, QING-JIN	M	2012.10.03	5,211,045	4.82	1,304,450	1.21	0	0	˙Graduated from Keelung Senior High School of Commerce ˙Chairman of YETI ELECTRONICS CO., LTD.	˙Chairman and President of LEATEC FINE CERAMICS CO., LTD. ˙Person in Charge of COSMOS HARVEST INTERNATIONAL LIMITED. ˙Person in Charge of LEATEC FINE CERAMICS(SAMOA) CO., LTD. ˙Chairman and President of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Person in Charge of Leatec Applied Materials (Kunshan) Co., Ltd.	COO	CHEN, JUAN-TING	First degree relative	Same person as Chairman
Chief Operating Officer	ROC	CHEN, JUAN-TING	M	2020.08.04	2,314,184	2.14	0	0	0	0	˙Graduated from the Department of Materials Engineering, New Jersey University ˙Manager of East Asia Office, Proxim International Operations, Inc. ˙Business Director of Greater China and Asia Pacific Region, Industrial Safety Division, Honeywell International, Inc.	˙Vice Chairman at LEATEC FINE CERAMICS CO., LTD. ˙Director of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Director of Leatec Applied Materials (Kunshan) Co., Ltd.	President	CHEN, QING-JIN	First degree relative	None
Chief Financial Officer and Spokesperson	ROC	CHEN, YONG-CANG	M	2021.12.20	122,000	0.11	0	0	0	0	˙Graduated from the Department of Business Administration, Chung Yuan Christian University	˙Corporate Governance Officer of LEATEC FINE CERAMICS CO., LTD. ˙Special Assistant at Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Principal at KUNSHAN LEATEC SOLAR PV CO.,LTD ˙Director of Leatec Fine Ceramics (Kunshan) Co., Ltd. ˙Director of Leatec Applied Materials (Kunshan) Co., Ltd. ˙Corporate Director at ECOCERA OPTRONICS	None	None	None	None

												CO.,LTD. ˙Corporate Director at Jiangsu Yongsheng New Energy Technology Co., Ltd.				
Senior Director of Manufacturing	ROC	WU, WANG-QI	M	2021.12.20	17,000	0.02	0	0	0	0	˙Graduated from the Department of Textile Science, Southern Asia Institute of Technology ˙Engineer at Far Eastern Textile Ltd.	None	None	None	None	None
Director of Management	ROC	ZHAO, ZHENG-HUI	M	2022.02.15	0	0	0	0	0	0	˙Graduated from the Department of Electronic Engineering, Vanung University ˙R&D Director at Lien Chang Electronic Enterprise Co., LTD. ˙President at Wuxi Zhide Energy Technology Co., Ltd.	None	None	None	None	None
Deputy Director of the Enterprise Center	ROC	ZHU, ZHI-HONG	M	2021.12.20	22,000	0.02	0	0	0	0	˙Ph.D. in Resources Engineering from National Cheng Kung University	None	None	None	None	None
Plant Manager of Pingzhen Factory	ROC	ZHONG, ZHEN-HUI	M	2021.12.20	0	0	0	0	0	0	˙Graduated from the Department of Mechanical Engineering, Chien Hsin University of Science and Technology ˙Bio-engineer at Crown Yuet Industrial Co., Ltd.	None	None	None	None	None
Manager of Production Department	ROC	YE, ZUO-QIN	M	2003.01.06	0	0	0	0	0	0	˙Graduated from the Department of Industrial Engineering and Management, Ching Yun University ˙Group Leader at Chilisin Electronics Corp. ˙Manufacturing Engineer at Yeh-Chiang Technology Corp.	None	None	None	None	None

Note: The Chairman and the President of the Company are the same person. For the reasons, rationale, necessity, and measures taken, please refer to the explanation in section (3).

(3) The Chairman and the President (or equivalent position) being the same person or being spouses or first-degree relatives, the reasons, rationale, necessity, and corresponding measures

In recent years, the rapid advancement of cutting-edge materials and the leap in market demand have placed the company in a transitional stage. To efficiently integrate and allocate resources, an experienced and thoughtful leader is required. The production of advanced ceramic materials, along with product planning and the establishment of production sites, necessitates continuity in planning and execution. The company's operational responsibilities and strategies must be consistent and thoroughly implemented. At this stage, to effectively execute the Board of Directors' decisions, after careful evaluation, the Chairman will concurrently serve as President to promptly accomplish the company's strategies.

The current Chairman has been an integral part of the company's most important management team and one of the founders since the establishment of LEATEC. They have a comprehensive understanding of the company's limited resources, including human resources and market conditions. Their understanding and insight into the company's future development and industry characteristics make them the most suitable manager at present. LEATEC is a unique production facility in the field of applied materials science, and the manager must possess specialized material knowledge and market sensitivity. Consistency in implementing the company's strategies with determination is crucial, especially during LEATEC's current industrial transformation. Thus, it is necessary for the Chairman to also hold the position of President.

The board of directors of LEATEC include independent directors who are industry professionals and academic experts. More than half of the directors do not hold positions as employees or managers in the company. However, they fully exercise their powers in supervising the implementation of the company's strategies and providing guidance on corporate governance. The cultivation of the subsequent management team is actively ongoing, with several departmental professionals gradually showcasing their strengths. The company's management team will become stronger as a result.

3. Remuneration of Directors, Supervisors, President and Vice Presidents

(1) Compensation of Directors and Independent Directors

2023.12.31 Unit: NT$1,000

Title	Name	Compensation to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from ventures other than subsidiaries or from the parent company
		Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Professional Practice (D)				Salary, Bonus, and Special Allowance (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	CHEN, QING-JIN	240	240	0	0	200	200	30	30	470 0.77	470 0.77	2,709	7,120	27	27	100	0	100	0	3,306 5.39	7,717 12.58	None
Director	CHEN, JUAN-TING	240	240	0	0	100	100	15	15	355 0.58	355 0.58	5,273	10,276	0	0	100	0	100	0	5,728 9.34	10,731 17.49	None
Director	ALPIN INTERNATIONAL CO., LTD. Rep: LIU JING RONG	240	240	0	0	100	100	30	30	370 0.60	370 0.60	0	0	0	0	0	0	0	0	370 0.60	370 0.60	None
Director	WU, ZE-YAO	240	240	0	0	100	100	30	30	370 0.60	370 0.60	0	0	0	0	0	0	0	0	370 0.60	370 0.60	None
Director	HUANG, LIAN-CHENG	240	240	0	0	100	100	30	30	370 0.60	370 0.60	0	0	0	0	0	0	0	0	370 0.60	370 0.60	None
Independent Director	GUO, XIAN-ZHANG	600	600	0	0	100	100	65	65	765 1.25	765 1.25	0	0	0	0	0	0	0	0	765 1.25	765 1.25	None
Independent Director	LAI, SHAN-GUI	600	600	0	0	100	100	65	65	765 1.25	765 1.25	0	0	0	0	0	0	0	0	765 1.25	765 1.25	None
Independent Director	CHEN, MENG-WU (Note2)	300	300	0	0	0	0	30	30	330 0.54	330 0.54	0	0	0	0	0	0	0	0	330 0.54	330 0.54	None
Independent Director	CHEN, JIA-RONG	600	600	0	0	100	100	65	65	765 1.25	765 1.25	0	0	0	0	0	0	0	0	765 1.25	765 1.25	None
Independent Director	WANG, JIN-YAN (Note2)	300	300	0	0	100	100	35	35	435 0.71	435 0.71	0	0	0	0	0	0	0	0	435 0.71	435 0.71	None

Note 1: Additionally, the Chairman's driver is provided with a compensation of NT$628,000.
Note: Independent Director Mr. Chen, Meng-Wu resigned in March, serving until June 19, 2023. Ms. Wang, Jin-Yan was elected as his successor at the shareholders' meeting on June 20, 2023.

(2) Compensation of Supervisors: The Audit Committee is established as a substitute for supervisors, so it is not applicable.

(3) Compensation to Presidents and Vice Presidents and Top Five Executives

2023.12.31 Unit: NT$1,000

Title	Name	Salary (A) (Note 1)		Severance Pay (B) (Note 2)		Bonus and Special Allowance (C)		Employee Compensation (D) (Note)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock	Cash	Stock			
Chairman and President	CHEN, QING-JIN	1,702	5,798	27	27	1,007	1,322	100	0	100	0	2,836 4.62	7,247 11.81	None
Chief Operating Officer	CHEN, JUAN-TING	2,535	7,268	0	0	2,738	3,008	100	0	100	0	5,373 8.76	10,376 16.91	None
Senior Director	WU, WANG-QI	1,449	2,686	0	0	425	650	60	0	60	0	1,934 3.15	3,396 5.53	None
Chief Financial Officer	CHEN, YONG-CANG	1,231	3,325	0	0	331	511	60	0	60	0	1,622 2.64	3,896 6.35	None
Deputy Director	ZHU, ZHI-HONG	1,328	1,328	0	0	508	508	60	0	60	0	1,896 3.09	1,896 3.09	None

Note 1: Additionally, the Chairman's driver is provided with a compensation of NT$628,000.

(4) Name of the manager who distributes the employee's compensation and the distribution status: 2023.12.31 Unit: NT$1,000

Item	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	CEO and President	CHEN, QING-JIN	0	320	320	0.52
	Chief Operating Officer	CHEN, JUAN-TING				
	Chief Financial Officer	CHEN, YONG-CANG				
	Senior Director of Manufacturing	WU, WANG-QI				

(5) Comparatively explain the analysis of the proportion of the total remuneration paid to the company's directors, supervisors, presidents and vice presidents by the company and all companies in the financial report in the recent two fiscal years after tax net profit, and explain the policy, standards, and combination of paying remuneration, the procedure for determining remuneration, and its correlation with operating performance and future risks:

1. The analysis of the proportion of the total remuneration paid to the company's directors, supervisors, presidents and vice presidents in the most recent two fiscal years after tax net profit is as follows:

Unit: NT$1,000

Item	Proportion of total remuneration paid in 2023 to net profit after tax		Proportion of total remuneration paid in 2022 to net profit after tax	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Net profit (loss) after tax	61,360	61,360	(33,476)	(33,476)
Total Director compensation	4,995	4,995	4,015	4,015
Total Director compensation as a percentage of net profit after tax	8.14%	8.14%	(11.99)%	(11.99)%
Total compensation for President and Vice Presidents	8,209	17,623	7,356	12,126
Total compensation for President and Vice Presidents as a percentage of net profit after tax	13.38%	28.72%	(31.97)%	(36.22)%

2. Policies, standards, and composition of remuneration, establishment of remuneration procedures, and their correlation with operational performance and future risks:

(1) Directors: Compensation is primarily based on Director remuneration. According to the Company's articles of incorporation, if the Company has profits in the fiscal year, the Board of Directors may allocate up to 5% of pre-tax earnings for Director and Supervisor compensation. This allocation plan should be reported to the shareholders' meeting. The Company plans to allocate NT$1,000 thousand as Director compensation from the 2023 net profit after tax.

(2) The Company's Director compensation policy is based on the Company's "Director Performance Evaluation Measures," considering overall contributions to the Company's operational results, participation levels, and performance evaluation outcomes (e.g., involvement in operations, internal control, etc.). The reasonableness of related compensation is reviewed by the Compensation Committee and the Board of Directors.

(3) The compensation structure for the Company's managers mainly includes base salary, duty allowances, bonuses, allowances, and compensation. This is determined based on the positions held within LEATEC Fine Ceramics Co., Ltd. and the group, the responsibilities undertaken, the Company's annual operational results, the degree of participation in operational performance, and the achievement of performance goals, while also referring to industry standards. Adjustments in managers' salaries, year-end bonuses, and employee compensation distribution are planned according to the Company's articles of incorporation, operational performance, and individual performance. Performance content includes the achievement of company operational goals and individual annual goals, with targets set in three main areas: A. Enhancing ceramic core competitiveness: Including business, product, technical, and management aspects. B. Steady growth in operational performance: Including continuous growth in revenue, net profit, cost management, and gross profit margin. C. Sustainable corporate development: Including corporate governance, corporate culture, talent cultivation, and core technology. Based on the performance results achieved by each manager, relevant compensation is executed after being reviewed by the Compensation Committee and the Board of Directors, maintaining a high correlation with the Company's operational performance.

4. Corporate Governance Operations

(1) Board of Directors Operations

(1) The 11th Board of Directors held six meetings in 2023, and the attendance of directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (Note)	Remarks
Chairman	CHEN, QING-JIN	6	0	100%	None
Director	CHEN, JUAN-TING	3	1	50%	None
Director	WU, ZE-YAO	6	0	100%	None
Director	HUANG, LIAN-CHENG	6	0	100%	None
Director	ALPIN INTERNATIONAL CO., LTD. Rep: LIU JING RONG	6	0	100%	None
Independent Director	GUO, XIAN-ZHANG	6	0	100%	None
Independent Director	LAI, SHAN-GUI	6	0	100%	None
Independent Director	CHEN, MENG-WU (Note)	3	0	100%	Resigned on June 19
Independent Director	CHEN, JIA-RONG	6	0	100%	None
Independent Director	WANG, JIN-YAN(Note)	3	0	100%	Succeeded on June 20

Note: Independent Director Mr. Chen, Meng-Wu resigned in March, serving until June 19, 2023. Ms. Wang, Jin-Yan was elected as his successor at the shareholders' meeting on June 20, 2023.

Other matters to be recorded:

1. If the following circumstances occur during the operation of the board of directors, the date of the board of directors, the session, the agenda, the opinions of all independent directors, and the company's handling of the opinions of independent directors should be stated:
   (a) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and the provisions of Article 14-3 of the Securities and Exchange Act do not apply. Please refer to the operation of the Audit Committee (Page 23) for an explanation of the matters listed in Article 14-5 of the Securities and Exchange Act.
   (b) Other resolutions of the board of directors opposed or reserved by independent directors

with recorded or written statements: None.

2. The implementation of directors' recusal from interested party transactions should state the name of the director, the content of the resolution, the reasons for recusal, and the participation in voting:

   The 11th Board of Directors convened 6 meetings in 2023. During the first meeting on 2023.03.24, the eighth agenda item discussed was "The Company's Manager Performance Bonus for 2022." Two managers, the President (also serving as Chairman) and the Chief Financial Officer, were required to abstain from the discussion. The Chairman designated Independent Director GUO, XIAN-ZHANG to act as the proxy Chairman for this agenda item. During the discussion, the two managers, President CHEN, QING-JIN, and Chief Financial Officer CHEN, YONG-CANG, duly abstained as per the regulations.

3. Listed and OTC companies are required to disclose information about the self-evaluation of the board of directors (or peer evaluation), including the evaluation period, scope, methods, and contents. Please refer to section (2) for the implementation of the board of directors' evaluation.

4. Evaluation of the goals and implementation of strengthening the functions of the board of directors in the current year and the most recent years:

   1. The Company has established the "Rules of Board Meetings" to adhere to, and the attendance status of the board of directors and their continuing education are inputted into the Market Observation Post System (MOPS).
   2. In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee to replace the supervisor. The Audit Committee consists of all independent directors and meets at least once every quarter. The committee is responsible for reviewing the appropriate expression of the company's financial statements, the appointment and independence of the auditing accountants, the effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks.
   3. The Company's Compensation Committee for the fifth term consists of all independent directors and meets at least twice a year. The committee is responsible for regularly reviewing the regulations and making recommendations for amendments, establishing and periodically reviewing the policies, standards, and structures for the evaluation of directors and executives' performance and compensation.

5. The Board of Directors convened 6 meetings in 2023, on March 24, 2023, April 28, 2023, May 11, 2023, August 11, 2023, November 10, 2023, and December 28, 2023. Therefore, member Mr. CHEN, MENG-WU was required to attend three times, and Ms. WANG, JIN-YAN was required to attend three times. Both attended three times, achieving an attendance rate of 100%.

(2) Implementation of the Board of Directors' evaluation:

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Once a year	From January 1, 2023, to December 31, 2023	Evaluation of the board of directors' performance	Internal self-evaluation of the board of directors	A. Participation in company operations. B. Enhancing the quality of board decision-making. C. Composition and structure of the board of directors. D. Selection and continuous education of directors. E. Internal controls.
Once a year	From January 1, 2023, to December 31, 2023	Evaluation of individual directors' performance	Self-evaluation of individual directors	A. Understanding of company goals and tasks. B. Awareness of director responsibilities. C. Participation in company operations. D. Management of internal relationships and communication. E. Professionalism and continuous education of directors. F. Internal controls.
Once a year	From January 1, 2023, to December 31, 2023	Evaluation of the Audit Committee	Self-evaluation of functional committees	A. Participation in company operations. B. Awareness of functional committee responsibilities. C. Enhancing the quality of functional committee decision-making. D. Composition and member selection of functional committees. E. Internal controls.
Once a year	From January 1, 2023, to December 31, 2023	Evaluation of Compensation Committee	Self-evaluation of functional committees	A. Participation in company operations. B. Awareness of functional committee responsibilities. C. Enhancing the quality of functional committee decision-making. D. Composition and member selection of functional committees. E. Internal controls.

Evaluation Results:

1. The evaluation results of this assessment are divided into five levels: "Strongly Agree" (5 points), "Agree" (4 points), "Neutral" (3 points), "Disagree" (2 points), and "Strongly Disagree" (1 point).

2. The Company's 2023 performance evaluation scores: Board of Directors performance evaluation scored 4.72, individual Director member performance evaluation scored 4.79, Audit Committee evaluation scored 5, and Compensation Committee evaluation scored 5, all ranging between 5 ("Strongly Agree") and 4 ("Agree"), indicating overall "Good" Board operations.

(2) Involvement of the Audit Committee in Board Operations:

(1) The 11th Board of Directors convened 5 meetings in 2023. The attendance of Audit Committee members (Independent Directors) is as follows:

Title	Name	Attendance in Person	Attendance Rate (%)	Remarks
Audit Committee Member	LAI, SHAN-GUI	5	100%	Chairman
Audit Committee Member	GUO, XIAN-ZHANG	5	100%	None
Audit Committee Member	CHEN, MENG-WU (Note)	2	100%	Resigned on June 19
Audit Committee Member	CHEN, JIA-RONG	5	100%	None
Audit Committee Member	WANG, JIN-YAN (Note)	3	100%	Succeeded on June 20

Note: Audit Committee member Mr. CHEN, MENG-WU resigned as Independent Director in March, serving until June 19, 2023. At the shareholders' meeting on June 20, 2023, Ms. WANG, JIN-YAN was elected as the successor Independent Director, and she also succeeded as an Audit Committee member.

Composition and Responsibilities of the Audit Committee:

(1) Composition of the Audit Committee:

The Audit Committee of the Company consists of all independent directors, with four members. The Chairman of the first term is independent director LAI, SHAN-GUI.

(2) Responsibilities of the Audit Committee:

The Audit Committee aims to assist the Board of Directors in overseeing the appropriate presentation of financial statements, the selection and independence of auditing accountants, the effective implementation of internal controls, the company's compliance with relevant laws and regulations, and the management of existing or potential risks. The matters under deliberation include the following:

1. Formulating or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessing the effectiveness of internal control systems.
3. Establishing procedures for significant financial transactions, including the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others.
4. Matters related to conflicts of interest of directors.
5. Significant asset or derivative transactions.
6. Significant lending of funds, endorsement, or provision of guarantees.
7. Fundraising, issuance, or private placement of equity securities.

8. Appointment, dismissal, or remuneration of auditing accountants.
9. Appointment or dismissal of financial, accounting, or internal audit supervisors.
10. Annual financial reports signed or sealed by the Chairman, management personnel, and accounting supervisor, as well as the second-quarter financial report subject to auditing certification by an accountant.
11. Other significant matters prescribed by the company or competent authorities.

Other items to be recorded:

1. If the operation of the Audit Committee falls into one of the following situations, the date, session, agenda, opposing opinions, reserved opinions, or significant recommendations of the Audit Committee, the decision of the Audit Committee, and the company's handling of the opinions of the Audit Committee shall be specified.
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to Note 1.
   (2) Other decisions not approved by the Audit Committee but approved by more than two-thirds of the directors: No such case.
2. Execution of Independent Directors' Recusal in Conflict of Interest Matters: None.
3. The Audit Committee convened 5 meetings in 2023, on March 24, 2023, April 28, 2023, May 11, 2023, August 11, 2023, November 10, 2023, and December 28, 2023. Therefore, member Mr. Chen, Meng-Wu was required to attend two times, and Ms. Wang, Jin-Yan was required to attend three times. Both attended the required number of times, achieving an attendance rate of 100%.
4. Communication between Independent Directors and Internal Audit Supervisor and Accountant (including significant matters, methods, and results of communication regarding the company's finance and business conditions).
   1. The internal audit supervisor submits audit reports and follow-up reports to the independent directors on a monthly basis. Upon request, the independent directors may ask for additional explanations, information, or hold meetings with the internal audit supervisor.
   2. The internal audit supervisor attends the Audit Committee and Board of Directors meetings to report on internal audit activities.
   3. The accountant attends the Audit Committee and attended all five meetings in 2023, communicates with the independent directors regarding the audit status, provides explanations on the recent impact of legal revisions on the company, and adequately answers questions raised by the independent directors.
   4. Communication between independent directors, internal audit supervisor, and accountant in the year 2023 (Note 2).
   5. As of now, there is good communication between the independent directors, internal audit supervisor, and accountant of the company.

Note 1:

Audit Committee Meeting Date	Agenda Content	Independent Director's Opinion	Audit Committee Resolution Results	Company's Response to the Audit Committee's Opinion
2023.03.24 2023 First Meeting 1st Term, Meeting #12	1.The Company's 2022 Financial Statements and Business Report. 2.The Company's 2022 Earnings Distribution and Deficit Compensation Proposal. 3.The Company's proposal to provide financing endorsement and guarantee for the subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd. 4.Amendment to the Company's "Standard Operating	All independent directors did not raise any objection, reservation or significant recommendation.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.

	Procedures for Handling Directors' Requests." 5. The Company's 2022 Internal Control System Self-Inspection Results. 6. The Company's investment in Leatec Fine Ceramics (Kunshan) Co., Ltd. and loan provision to Leatec Applied Materials (Kunshan) Co., Ltd. 7. Report on the Company's annual self-assessment of the independence of CPAs.			
2023.05.11 2023 Second Meeting 1st Term, Meeting #13	1. The Company's loan agreements with banks to meet financial scheduling needs. 2. The audit fees for the Company's CPAs.	All independent directors did not raise any objection, reservation or significant recommendation.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2023.08.11 2023 Third Meeting 1st Term, Meeting #14	1. The Company's loan agreements with banks to meet financial scheduling needs. 2. The proposal for LEATEC FINE CERAMICS (SAMOA) CO., LTD., a subsidiary, to provide loan funds to the Company.	All independent directors did not raise any objection, reservation or significant recommendation.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2023.11.10 2023 Fourth Meeting 1st Term, Meeting #15	1. The Company's loan agreements with banks to meet financial scheduling needs. 2. The proposal for the subsidiary Huanfeng Co., Ltd. to provide loan funds to LEATEC FINE CERAMICS (SAMOA) CO., LTD. 3. Amendment to the Company's "Authorization Table."	All independent directors did not raise any objection, reservation or significant recommendation.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.
2023.12.28 2023 Fifth Meeting 1st Term, Meeting #16	1. The Company's and its subsidiaries' short-term loan agreements with banks to meet financial scheduling needs. 2. Whether the overdue accounts receivable from Hsing Der Supply Chain and Mahle, and the capital reduction funds of the subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd., should be classified as loan funds. 3. Report on the Company's Internal Audit Plan for 2024. 4. The Company's 2024 "Business Plan." 5. The Company's investment in Leatec Fine Ceramics (Kunshan) Co., Ltd. and loan provision to Leatec Applied Materials (Kunshan) Co., Ltd.	All independent directors did not raise any objection, reservation or significant recommendation.	After the Chairman consulted all the members of the Board, the proposal was approved without objection and sent to the Board of Directors for resolution.	After the Chairman consulted all the directors, the resolution was passed without objection.

Note 2

Meeting Date	Communication Situation	
2023.03.24	Attendees	Independent Director: LAI, SHAN-GUI, GUO, XIAN-ZHANG, CHEN, MENG-WU, CHEN, JIA-RONG Attendees: Deloitte & Touche accountant XU, JIN-MING, ZHOU, assistant manager SHI-YANG, LEATEC CFO CHEN, YONG-CANG, Audit Supervisor WENG, XUE-PAN
	Summary of key points	1. 2022 Q4 internal audit business report and issue responses. 2. Significant audit adjustments in the 2022 financial report. 3. Comparison of changes in the profit and loss statements over two periods. 4. Major uncertainties raising doubts about the going concern assumption: none found. 5. Discrepancies with management's opinions: none. 6. Key audit matters. 7. Analysis of new provisions in the International Ethics Standards Board for Accountants (IESBA) - pre-approval of non-assurance services by the corporate governance unit.
	Communication results	No comments from the attending independent directors.
2023.05.11	Attendees	Independent Director: LAI, SHAN-GUI, GUO, XIAN-ZHANG, CHEN, MENG-WU, CHEN, JIA-RONG Attendees: Deloitte & Touche assistant manager ZHOU, SHI-YANG, LEATEC CFO CHEN, YONG-CANG, Audit Supervisor WENG, XUE-PAN
	Summary of key points	1. 2023 Q1 internal audit business report and issue responses. 2. Significant review adjustments for Q1. 3. Comparison of changes in the profit and loss statements over two periods. 4. Major uncertainties raising doubts about the going concern assumption: none found. 5. Discrepancies with management's opinions: none. 6. Issues related to fraud: no instances involving management or materially impacting the financial report or questioning management's integrity were found. 7.Analysis of Corporate Governance Blueprint 3.0 - self-prepared financial reports.
	Communication results	No comments from the attending independent directors.
2023.08.11	Attendees	Independent Director: LAI, SHAN-GUI, GUO, XIAN-ZHANG, CHEN, JIA-RONG, WANG, JIN-YAN Attendees: Deloitte & Touche assistant manager ZHOU, SHI-YANG, LEATEC CFO CHEN, YONG-CANG, Audit Supervisor WENG, XUE-PAN
	Summary of key points	1. 2023 Q2 internal audit business report and issue responses. 2. Significant review adjustments for Q2. 3. Comparison of changes in the profit and loss statements over two periods. 4. Major uncertainties raising doubts about the going concern assumption: none found. 5. Discrepancies with management's opinions: none.

		6. Issues related to fraud: no instances involving management or materially impacting the financial report or questioning management's integrity were found.
	Communication results	No comments from the attending independent directors.
2023.11.10	Attendees	Independent Director: LAI, SHAN-GUI, GUO, XIAN-ZHANG, CHEN, JIA-RONG, WANG, JIN-YAN Attendees: Deloitte & Touche accountants XU, JIN-MING, assistant manager ZHOU, SHI-YANG, LEATEC CFO CHEN, YONG-CANG, Audit Supervisor WENG, XUE-PAN
	Summary of key points	1. 2023 Q3 internal audit business report and issue responses. 2. Explanation of changes in the Q3 profit and loss statements. 3. Significant review adjustments for Q3. 4. Major uncertainties raising doubts about the going concern assumption: none found. 5. Discrepancies with management's opinions: none. 6. Issues related to fraud: no instances involving management or materially impacting the financial report or questioning management's integrity were found. 7. Overview of domestic sustainability compliance requirements and progress.
	Communication results	No comments from the attending independent directors.
2023.12.28	Attendees	Independent Director: LAI, SHAN-GUI, GUO, XIAN-ZHANG, CHEN, JIA-RONG, WANG, JIN-YAN Attendees: Deloitte & Touche accountants XU, JIN-MING, assistant manager ZHOU, SHI-YANG, LEATEC CFO CHEN, YONG-CANG, Audit Supervisor WENG, XUE-PAN
	Summary of key points	1. 2024 internal audit annual plan. 2. Communication on key audit matters. 3. Other important audit topics and timelines: asset impairment, inventory control, Kunshan plant land acquisition, etc. 4. Assessment of fraud issues. 5. Analysis of the Financial Supervisory Commission's amendments to "Regulations Governing Information to be Published in Annual Reports of Public Companies" and "Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses," enhancing disclosure of directors' compensation and climate-related information.
	Communication results	No comments from the attending independent directors.

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

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Has the Company formulated and disclosed the Code of Corporate Governance Practices in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has formulated a "Code of Corporate Governance Practices" and has been implementing it in accordance with the prescribed norms; please refer to the Company's website at http://www.leatec.com→Investor Zone→Corporate Governance for the relevant norms.	No difference
2. Shareholding structure and shareholders' rights				
(1) Has the Company established internal procedures to deal with shareholders' proposals, questions, disputes and litigation matters, and implemented them in accordance with the procedures?	✓		(1) The Company has a dedicated e-mail address for handling shareholders' suggestions and disputes.	No difference
(2) Does the Company have a list of the major shareholders and the ultimate controllers of the major shareholders who actually control the Company?	✓		(2) The Company maintains a shareholder register and assigns dedicated personnel to manage relevant information, ensuring up-to-date knowledge of the actual controlling shareholders and the ultimate controllers of these major shareholders. Additionally, we report the shareholdings of directors and related insiders monthly in accordance with securities regulations.	No difference
(3) Has the Company established and implemented a risk control and firewall mechanism with its affiliates?	✓			No difference
(4) Has the Company established internal regulations to prohibit insiders from trading marketable securities using undisclosed information in the market?	✓		(3) The Company has established supervisory practices for subsidiaries and related party transactions. (4) The Company has established "Procedures for Prevention of Insider Trading Management" and conducts annual insider education, and no insider trading violations occurred in 2022.	No difference
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors formulated a diversity policy, specific management objectives and implemented them with respect to the composition of its members?	✓		(1) The members of the Board of Directors have been selected with due consideration to the diversity policy and specific management objectives, and have been implemented to meet the Company's development plan.	No difference
(2) Has the Company voluntarily established any functional committees other than the Compensation Committee and Audit Committee in accordance with the law?	✓		(2) The Company has established a Compensation Committee and an Audit Committee in accordance with the law, and has not established any other functional members.	No difference
(3) Has the Company established a method for evaluating the performance of the Board of Directors and its assessment methods, and conducts performance evaluation annually and regularly, and reports the results of performance evaluation to the Board of Directors and uses them as reference for individual directors' salary and compensation and nomination for reappointment?	✓		(3) The 2023 board performance evaluation includes board performance evaluation, individual director performance evaluation, and functional committee (compensation committee and audit committee) performance evaluation. It is conducted based on performance evaluation criteria provided by the regulatory authorities. The self-assessment results are as follows: (1) Board performance evaluation - 4.72 points, (2) Individual director performance evaluation - 4.79 points, (3) Audit and Compensation Committee performance evaluation – 5.0 points. These scores fall between 5 points for "strongly agree" and 4 points for "agree," indicating a good	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			overall functioning of the board. (4) The Board of Directors' Office completed the evaluation of the independence of the certified public accountants on March 18 and submitted the evaluation results to the Audit Committee and the Board of Directors for consideration on March 26, 2023. Deloitte & Touche XU, JIN-MING, CPA and XU, WEN-YA, CPA have been evaluated to meet the Company's independence evaluation criteria (Note 1) and are qualified to serve as the Company's certified public accountants and to obtain the CPA's independence statement.	
(4) Does the Company regularly evaluate the independence of the certified public accountants?	✓			No difference
4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meetings and shareholders' meetings in accordance with the law, and preparing minutes of board meetings and shareholders' meetings, etc.)?	✓		The President's Office Treasurer is responsible for corporate governance-related matters, and the Treasurer also holds the position of Head of Corporate Governance.	No difference
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a stakeholders' area on the Company's website, and responded appropriately to important CSR issues of concern to stakeholders?	✓		1. Stakeholders can communicate with company personnel through telephone, mail, internal meetings, external meetings, email, and the company's website. 2. The company has established a website, www.leatec.com, as a communication channel: (1) Investor Relations section → Investor Contacts, providing the names, extension numbers, and emails of company spokespersons and authorized spokespersons. (2) Investor Relations section → Stakeholders, providing contact email addresses for different types of stakeholders. 3. There is also a dedicated email address, public@leatec.com, for stakeholders to directly convey messages, which will be handled by designated personnel.	No difference
6. Does the Company appoint a professional stockbroker to conduct the shareholders' meeting?	✓		The company has entrusted Grand Fortune Securities Co., Ltd., Shareholder Services Department, with handling matters related to shareholders' meetings.	No difference
7. Information Disclosure				
(1) Has the Company set up a website to disclose financial and corporate governance information?	✓		(1) The website address is http://www.leatec.com, featuring an Investor Relations section that includes areas such as Shareholder Relations, Corporate Governance, Financial Information, and Stakeholders, disclosing relevant information.	No difference
(2) Has the Company adopted other means of information disclosure (e.g., setting up an English website, designating a person responsible for the collection and disclosure of corporate information, implementing a spokesperson	✓		(2) The company's website is available in both Chinese and English, with dedicated personnel responsible for information gathering and regular updates on financial and business conditions. There is one spokesperson and one authorized spokesperson, with their relevant information disclosed.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
system, placing the proceedings of the corporate presentation on the Company's website, etc.)? (3) Does the Company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second and third quarterly financial statements and monthly operating conditions well in advance of the prescribed deadline?	✓		(3) 1. Although the Company did not announce and file the 2023 annual financial report within 75 days after the end of the fiscal year, the 2023 financial statements were reviewed and approved by the Audit Committee on March 26, 2024, and subsequently discussed and approved by the Board of Directors. The filing was completed within the required deadline. 2. The financial reports for the first, second, and third quarters of 2023, as well as the monthly operating performance, were all duly announced and filed within the prescribed legal deadlines.	No difference
8. Does the Company have any other important information that would be helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of interested parties, the training of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		1. The Company has always valued employee rights and provides channels for employee feedback through an employee suggestion box, monthly all-staff meetings, periodic educational training, a library, and the regular issuance of an electronic newsletter that provides information on employee health, leisure, and personal growth. A welfare committee has been established to ensure employee rights. 2. The establishment of a company website facilitates communication with stakeholders at any time. 3. The Company has established a proposal improvement system, a labor-management committee, and spokespersons. It has also engaged lawyers, share registrars, accountants, and other consultants to respect and safeguard the rights of all stakeholders. 4. The Company adheres to the principle of integrity and honors commitments to suppliers and stakeholders. There have been no instances of delayed payments, thus maintaining good relationships with suppliers and stakeholders. 5. The directors of the Company periodically participate in professional development related to finance, business, and other fields. The following are noted: (1) The nine directors (including independent directors) have fulfilled the minimum requirement of at least 6 hours of professional development in 2023, as stipulated by the law. Please refer to Note 2 for details. (2) Independent Director Ms. WANG, JIN-YAN, serving her first term, completed 12 hours of training in 2023, meeting the required standards. (3) The details of directors' professional development in 2023 have been disclosed on the "Market Observation Post System (MOPS)" (website: http://mops.twse.com.tw). 6. The Company adheres to the principle of stable and sustainable management, focusing on core business operations. All business strategies and investments are made with the ability to control and withstand risks as a prerequisite. 7. The Company designs and produces high-quality products to meet customer demands in terms of quality and quantity.	No difference

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			8. The Company has purchased directors' liability insurance with a coverage amount of US$5,000,000.	
9. Please provide information on the results of the corporate governance assessment released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, as well as priorities and measures for improvement for those that have not been improved.	✓		The Company values the results of the corporate governance assessment and is conducting a detailed review of each item. It is committed to making improvements and implementing changes to the fullest extent possible with the existing resources of the company. Currently, the primary focus is on enhancing the company's profitability. The latest governance perspectives and systems will be thoroughly reviewed and incorporated into the company's regulations and management principles for effective implementation.	Areas for improvement and systems will be reviewed and incorporated into regulations and management principles.

Note 1: Standards for assessing auditor independence

Item	Evaluation Item/Conclusion		Results	Independence
1	Item	Whether the auditor has a direct or significant indirect financial interest in the Company.	N	Y
	Conclusion	No direct or significant indirect financial interest was found.		
2	Item	Whether the auditor has financing or guarantee transactions with the Company or its directors.	N	Y
	Conclusion	No financing or guarantee transactions were found.		
3	Item	Whether the auditor has a close business relationship or potential employment relationship with the Company.	N	Y
	Conclusion	The auditor has a purely financial reporting audit and certification relationship with the Company.		
4	Item	Whether the auditor or members of their audit team have served as directors, executives, or had influential positions in relation to the audit work at the Company in the current or past two years.	N	Y
	Conclusion	1. In 2023, the auditor and audit team have issued an independent statement verifying that none of their personnel have served as directors, executives, or in any position at the Company.		
		2. Regarding the independence of the 2023 audit, both the signing accountants and the audit team have committed not to serve as directors, managers, or hold positions that could significantly impact the audit work of the Company.		
5	Item	Whether the auditor has provided non-audit services that may directly affect the audit work for the Company.	N	Y
	Conclusion	No non-audit services were found.		
6	Item	Whether the auditor has acted as an intermediary for the Company's issuance of stocks or other securities.	N	Y
	Conclusion	No stocks or other securities were issued in 2023.		
7	Item	Whether the auditor has acted as a defense attorney for the Company or represented the Company in resolving conflicts with third parties.	N	Y
	Conclusion	The Company has not been involved in any conflicts with third parties from 2023 to the present.		
8	Item	Whether the auditor has a familial relationship with directors, supervisors, or individuals in significant positions that may influence the audit cases at the Company.	N	Y
	Conclusion	In 2023 and 2024, the auditor has no familial relationship with the Company's directors, supervisors, executives, etc.		

Conclusion:

1. In 2023, the auditing firm remains as Deloitte & Touche, with no changes in the engagement.
2. The auditors for 2023 are Mr. XU, JIN-MING and Ms. XU, WEN-YA, who have both provided independent statements.
3. Based on the assessment, both auditors, Mr. XU, JIN-MING and Ms. XU, WEN-YA, have demonstrated independence.
4. To accommodate internal adjustments at Deloitte & Touche, starting from Q1 2024, the CPAs for the Company will be changed to XU, WEN-YA, and WANG, PAN-FA. The new accountants have issued a statement of independence.

Note 2: The directors of the Company participated in professional development in finance and business, etc., as follows for the year 2023:

(1) Independent Director Ms. WANG, JIN-YAN, serving her first term, completed 12 hours of training, meeting the required standards.

(2) All other directors (including independent directors) completed more than 6 hours of training, meeting the required standards.

Title	Name	Date	Organizer	Course	Hrs	Total
Chairman	CHEN, QING-JIN	8/7	Taipei Exchange	Promotional Seminar on Shareholding for Insiders of Listed and Emerging Market Companies	3	6
		11/16	Securities and Futures Institute	Transformation Opportunities and Challenges for Taiwan Industries under Geopolitics - Exclusive Analysis of PMI/NMI	3	
Director	CHEN, JUAN-TING	10/27	Taiwan Corporate Governance Association	Family Charter and Family Office	3	6
		11/16	Institute of Taiwan Project Management	Performance Management System Operation and Evaluation of Corporate Governance	3	
Director	WU, ZE-YAO	8/7	Taipei Exchange	Promotional Seminar on Shareholding for Insiders of Listed and Emerging Market Companies	3	6
		11/16	Securities and Futures Institute	Transformation Opportunities and Challenges for Taiwan Industries under Geopolitics - Exclusive Analysis of PMI/NMI	3	
Director	HUANG, LIAN-CHENG	7/18	Accounting Research and Development Foundation	2023 Transformation Finance and Sustainability Disclosure Seminar	3	6
		11/2	Securities and Futures Institute	Technical Development and Application Opportunities of Chatbot ChatGPT	3	
Director	LIU JING RONG	11/2	Securities and Futures Institute	Technical Development and Application Opportunities of Chatbot ChatGPT	3	6
		11/16		Transformation Opportunities and Challenges for Taiwan Industries under Geopolitics - Exclusive Analysis of PMI/NMI	3	
Independent Director	GUO, XIAN-ZHANG	4/26	Corporate Operating and Sustainable Development Association	Regional Revitalization: Collaborating with Enterprises to Create a New ESG Milestone	3	9
		5/17	Corporate Operating and Sustainable Development Association	Significant Differences in Low-Carbon Transformation - Practical ESG Management of Sustainability/Climate Finance	3	
		8/28	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Emerging Technology Money Laundering Risks	3	
Independent Director	LAI, SHAN-GUI	6/2	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Electricity Summit Forum	3	6
		7/4	Taiwan Stock Exchange	2023 Cathay Sustainability Finance and Climate Change Summit Forum	3	
Independent Director	CHEN, JIA-RONG	8/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risk and Prevention Strategies from Real Cases	3	6
		11/27		Practical Management of Cross-Domain Net Zero Carbon Emission	3	
Independent Director	WANG, JIN-YAN	3/28	National Federation of CPA Associations of the R.O.C.	Net Zero Emissions X Circular Economy X Construction Engineering	3	12
		7/28	Corporate Operating and Sustainable Development Association	Leading Sustainable Cash Flow, Accelerating Corporate Sustainable Transformation	3	
		8/10	Taiwan Corporate Governance Association	Case Analysis of Corporate Control Disputes	3	
		8/10	National Federation of CPA Associations of the R.O.C.	Case Analysis of Money Laundering and Insider Trading Patterns	3	

(4) If the Company has established a Compensation Committee or a Nomination Committee, it should disclose their composition, responsibilities, and operation status:

Title (Note1) / Name / Criteria		Professional Qualifications and Experiences	Independence	Number of members of other public companies' Compensation committees
Independent Director Convenor	GUO, XIAN-ZHANG	The Compensation Committee of the Company consists of all independent directors. For the qualifications and experience of committee members, please refer to pages 12-16 of this year's annual report under section (I) Director Information.	Please refer to the disclosure of independence information of independent directors on pages 12-16 of this year's annual report.	0
Independent Director	CHEN, MENG-WU (Note 1)			0
Independent Director	LAI, SHAN-GUI			3
Independent Director	CHEN, JIA-RONG			1
Independent Director	WANG, JIN-YAN (Note 1)			2

1. Members of the Compensation Committee: In the fifth term, there are four members: GUO, XIAN-ZHANG, LAI, SHAN-GUI, CHEN, MENG-WU, CHEN, JIA-RONG. Their term is from July 22, 2021, to July 21, 2024 (term ending with the eleventh Board of Directors). Among them, Independent Director CHEN, MENG-WU resigned in March 2023, serving until June 19, 2023. On August 11, 2023, at the fourth Board of Directors meeting, Independent Director WANG, JIN-YAN was appointed as a member of the Compensation Committee.

2. Responsibilities of the Compensation Committee:
   (1) The scope of responsibilities of the Compensation Committee includes proposing recommendations on the following matters and submitting the proposals to the Board of Directors for discussion and resolution:
      A. Establishing and periodically reviewing policies, systems, standards, and structures for performance evaluation and compensation of directors, supervisors, and executives.
      B. Conducting regular evaluations and setting compensation for directors, supervisors, and executives.
      C. Other matters assigned by the Board of Directors.
   (2) When performing the above-mentioned duties, the Compensation Committee should adhere to the following principles:
      A. Performance evaluations and compensation for directors, supervisors, and executives should be based on industry norms and take into account individual performance, company performance, and the reasonable correlation with future risks.
      B. The Committee should not encourage directors and executives to engage in risk-taking behavior solely for the purpose of pursuing compensation.

C. The proportions of short-term performance-based compensation and the timing of variable compensation payments for directors and senior executives should be determined based on industry characteristics and the nature of the company's business.

D. When the Board of Directors discusses the recommendations of the Compensation Committee, it should consider the amount, payment methods, and future risks related to compensation comprehensively.

E. If the Board of Directors does not adopt or amends the recommendations of the Compensation Committee, it should be approved by a two-thirds majority of the attending directors and a majority of the attending directors, and the resolution should explain in detail the reasons for deviating from the recommendations of the Compensation Committee.

F. If the compensation approved by the Board of Directors is superior to the recommendations of the Compensation Committee, the differences and reasons should be recorded in the minutes of the Board of Directors' meeting, and an announcement should be made within two days from the date of the Board's approval on the designated information disclosure website specified by the competent authority.

G. For the compensation matters of directors and executives of subsidiaries that require approval by the Board of Directors of the parent company, the recommendations of the Compensation Committee of the parent company should be sought first before submitting them for discussion at the Board of Directors.

3. Information on the operation of the Compensation Committee:

The fifth term is from July 22, 2021, to July 21, 2024. In 2023, the Compensation Committee held 2 meetings. The qualifications and attendance of committee members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance	Remark
Convener	GUO, XIAN-ZHANG	2	0	100%	None
Committee Member	CHEN, MENG-WU(Note)	1	0	100%	Resigned on June 19
Committee Member	LAI, SHAN-GUI	2	0	100%	None
Committee Member	CHEN, JIA-RONG	2	0	100%	None
Committee Member	WANG, JIN-YAN(Note)	1	0	100%	Succeeded on June 20

Note: Independent Director CHEN, MENG-WU resigned in March 2023, serving until June 19, 2023. On August 11, 2023, at the fourth Board of Directors meeting, Independent Director WANG, JIN-YAN was appointed as a member of the Compensation Committee.

Additional items to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, it should state the date, term, agenda content, Board resolution, and the Company's handling of the Compensation Committee's opinions: No such cases.
2. For decisions of the Compensation Committee where members have dissenting or reserved opinions and there are records or written statements, it should state the date, term, agenda content, all members' opinions, and the handling of the members' opinions: No such cases.
3. In 2023, the Compensation Committee held two meetings, on March 10, 2023, and December 28, 2023. Committee members CHEN, MENG-WU and WANG, JIN-YAN were each required to attend once and both attended once, achieving an attendance rate of 100%.

(5) Implementation of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Items	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Has the Company established a governance framework to promote sustainable development, set up a dedicated department for promoting sustainable development, authorized senior management to handle it, and supervised by the Board of Directors?	✓		The Company has promoted sustainable operations and established a framework: 1. In 2023, a professional consulting agency was engaged to produce the ESG report, which is being executed based on its contents, with an initial compilation and supplementation of incomplete work expected in 2024. 2. The President is responsible for the execution of corporate sustainable development, with the Corporate Governance Officer serving as the Executive Secretary. 3. The progress of implementation will be periodically reported to the Board of Directors.	The Company promotes various issues and reviews them progressively, aligning with the intended spirit.
2. Has the Company conducted risk assessments related to environmental, social, and corporate governance issues relevant to its operations based on materiality principles and established relevant risk management policies or strategies?	✓		The President's Office drives the initiatives, and the Management Department executes various issues. Important conclusions are communicated to the Board of Directors' meeting unit for data consolidation and reporting.	The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.
3. Environmental Issues				The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.
(1) Has the Company established appropriate environmental management systems based on its industry characteristics?	✓		(1) The Company has established an environmental management system that is suitable for its industry characteristics and has obtained ISO140001 and ISO45001 certifications, as well as CNS45001 inspection certificates.	
(2) Is the Company committed to improving energy efficiency, using low-impact renewable materials, and minimizing environmental impacts?	✓		(2) Production units have implemented solvent recycling and material recycling in production processes to fully recycle and reduce the environmental burden. The Company constantly adjusts production equipment parameters and implements improvement measures to save energy.	
(3) Has the Company assessed the potential risks and opportunities of climate change for its current and future business and taken relevant measures?	✓		(3) The Company has conducted carbon inventory and manages and reports gas and water emissions standards and quantities in accordance with legal requirements, ensuring the recycling and reuse of limited resources.	
(4) Has the Company measured greenhouse gas emissions,	✓		(4) After inventory, the Company has identified major energy-consuming equipment and processes and has begun implementing methods to reduce	

Items	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
water usage, and total waste weight in the past two years and developed policies for greenhouse gas reduction, water conservation, or other waste management?			resource use or reuse resources.	
4. Social Issues (1) Has the Company established relevant management policies and procedures in accordance with relevant regulations and international human rights conventions? (2) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave, and other benefits) and appropriately reflected business performance or results in employee compensation? (3) Does the Company provide a safe and healthy working environment for employees and regularly conduct safety and health education? (4) Has the Company established effective career development and training programs for employees? (5) Does the Company comply with relevant regulations and international guidelines regarding customer health and safety, customer privacy, marketing and labeling, and have policies and complaint procedures to protect consumer or customer rights?	✓ ✓ ✓ ✓ ✓ ✓		(1) The Company links to government-related labor law amendment websites, maintaining company rules and regulations in line with the latest legal amendments, and has formulated measures such as: Sexual Harassment Prevention Measures and Management Measures, Employee Personal Data Protection Management Measures, Personnel Evaluation Committee, etc., to protect employees' legal rights. (2) Statutory employee benefits are specified, and additional non-statutory employee benefits are introduced, with employee bonuses based on the Company's annual performance. (3) Annual health checks and special operation personnel inspections are conducted. Communication channels within the company, including the employee portal website, internal newsletters, monthly meetings, bulletin boards, and electronic bulletin boards, are used to enhance dialogue and exchange of opinions between labor and management. The goal is to maintain the existing harmonious labor-management relationship and further enhance it. (4) The Company has an internal newsletter and an occupational health and safety management system. Based on the results of employee health checks, health seminars are conducted. Occupational health and safety, fire prevention, and emergency response (including power outages, fires, and evacuations) are incorporated into general education and training for all employees, which is conducted regularly. (5) Monthly meetings are held to provide direct face-to-face communication between employees and management. This allows employees to understand the Company's management philosophy, operational status, and presentations by senior executives on specific projects. It enables employees	The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.

Items	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
(6) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations and standards on environmental protection, occupational health and safety, or labor rights, and implemented it?			to grasp the Company's operations and development dynamics. (6) The Company has established contractor management procedures and "third-party liability insurance" to regulate the entry of contractors into the Company's premises and ensure compliance with safety, health, and environmental management regulations. Contractors engaged by the Company must meet the qualifications specified for bidding and waste removal responsibilities. Before engaging in contracting work, contractors must complete the necessary applications and assessments. When entering the Company's premises, they need to be accompanied by Company personnel and comply with relevant entry regulations to ensure the safety of Company and contractor personnel.	
5. Has the Company made reference to international standards or guidelines for the preparation of reports, such as perpetual reports, which disclose non-financial information about the Company? Has the Company obtained any assurance or guarantee from a third party?		✓	In 2023, the Company started compiling the ESG report in collaboration with a professional consulting agency, with completion expected in 2024. Once completed, the report will be subject to third-party assurance as per regulatory schedule requirements.	The spirit is consistent with the Corporate Social Responsibility Practice Guidelines.
6. If the Ccompany has its own sustainable development practices based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operations and the established practices: The Company has established the "Sustainable Development Best Practice Principles," and its operations are conducted in accordance with the principles and spirit contained therein.				
7. Other important information to help understand the implementation of sustainable development: The Company utilizes the contents of the "Sustainable Development Best Practice Principles" to develop good management strategies, emphasizing environmental protection, the sourcing of product materials, personnel hygiene, and safety management as essential rules for production activities. Additionally, the Company ensures the protection of investors' rights and further provides high-quality products that comply with green environmental regulations, playing a key role in the supply chain and adhering to the spirit of honest management. The Company's internal regulations and systems are aimed at achieving corporate sustainable development.				

Information and Implementation Status Related to Climate Change:

Item	Implementation Status
(1) Description of the Board of Directors and management's oversight and governance of climate-related risks and opportunities. (2) Explanation of how identified climate risks and opportunities affect the Company's business, strategy, and finances (short-term, medium-term, and long-term). (3) Description of the impact of extreme climate events and transition actions on finances. (4) Explanation of how the identification, assessment, and management of climate risks are integrated into the overall risk management system. (5) If scenario analysis is used to assess resilience to climate change risks, an explanation of the scenarios, parameters, assumptions, analytical factors, and major financial impacts used should be provided. (6) If there is a transition plan to manage climate-related risks, the content of the plan should be described, including the indicators and targets used to identify and manage physical and transition risks. (7) If internal carbon pricing is used as a planning tool, an explanation of the pricing basis should	(1) Board of Directors The Board focuses on climate issues and oversees the effectiveness of the committee established under it. It executes based on the Sustainable Development Best Practice Principles, regularly reporting to the Board on environmental information and implementation status, including energy conservation and carbon reduction, greenhouse gas emission management, climate impact assessment, and progress towards sustainability goals. The "Corporate Governance Best Practice Principles" serve as the basis for the Company's corporate governance practices, disclosed publicly. Management Team The Sustainable Development Task Force, chaired by the President and with the highest operational executive as the executive secretary, is the management unit. It plans and formulates action plans for responding to climate change and green energy, implements relevant climate risk control measures and countermeasures, and sets indicators to integrate decisions into environmental or social aspects to achieve sustainable development goals. (2) Identifying Climate Risk Impact and Opportunities Business: Short-term: Focus on the damage to existing equipment and finished products, and collaborate with suppliers to find business cooperation products. Medium-term: Address supply chain disruption risks due to climate disasters and develop low-carbon, energy-saving, and environmentally friendly processes and materials. Long-term: Adapt to changes in customer preferences by developing AI manufacturing lines and factories to respond to industry trends. Strategy: Short-term: Reduce operating transformation costs and improve internal management efficiency through opportunities from academic institutions.

be provided. (8) If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress, etc., should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, the source and amount of carbon offsets or the number of Renewable Energy Certificates (RECs) should be explained. (9) Status of greenhouse gas inventory (separately filled in 1-1).	Medium-term: Utilize available resources to comply with laws and establish partnerships with suppliers to overcome technical bottlenecks. Long-term: Formulate operational directions based on low-carbon transition policies to enhance sustainable competitiveness and industry leadership. Finance: Short-term: Manage increased costs from product transformation and raw material procurement by using systems to reduce manufacturing costs. Medium-term: Invest in automatic equipment and actively increase R&D expenditures for clean energy, enhancing product value, expanding revenue, and improving sales profits. Long-term: Continuously update low-carbon and energy policies, carefully manage operational and investment costs, and seek future potential product development to increase company revenue. (3) Extreme Climate Events and Transition Actions: The Company maintains close cooperation with the entire supply chain. Based on customer transitions and supplier control of raw materials, financial evaluations are conducted cautiously to avoid waste in response to increased costs and investment in climate change mitigation equipment. (4) Risk Identification and Management Processes: Based on industry and academic risk identification, each department of the Company conducts risk identification according to short, medium, and long-term goals and business responsibilities, evaluates the probability of risk events, and proposes risk response improvement plans according to the evaluated risk appetite levels. All related execution processes and results are recorded, reviewed, and reported through appropriate mechanisms to effectively adapt to risks. Other climate-related information is closely evaluated by the Board of Directors and functional task forces. This includes factory management, customer and supplier management, and compliance with government requirements, to manage risks and utilize resources effectively in response to climate variability.

Basic Information of the Company ☐ Company with a capital amount of NT$10 billion or more, steel industry, cement industry ☐ Company with a capital amount of NT$5 billion or more but less than NT$10 billion ■ Company with a capital amount of less than NT$5 billion		Disclosure according to the sustainable development roadmap for listed companies: ■Parent company inventory ☐Subsidiary inventory within the consolidated financial report ☐Parent company inventory ☐Subsidiary inventory within the consolidated financial report	
Scope 1	Total Emissions (tCO2e)	Assurance Agency	Assurance Description
Parent company	80.331	N/A	N/A
Scope 2	Total Emissions (tCO2e)	Assurance Agency	Assurance Description
Parent company	7,214.566	N/A	N/A
Scope 3	Total Emissions (tCO2e)	Assurance Agency	Assurance Description
Parent company	23.493	N/A	N/A

Note 1: Greenhouse gas inventory is conducted according to the ISO 14064-1:2018 standard issued by the International Organization for Standardization (ISO).

Note 2: The Company is required to first conduct a greenhouse gas inventory for the parent company, but it is not yet required to be verified by an assurance agency.

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishing policies and programs for honest management				
(1) Has the Company established an honest management policy approved by the Board of Directors, and has the policy and practices of honest management been clearly stated in the Articles of Incorporation and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	✓		(1) All procedures and methods required for the Company's operations and supplier management are in compliance with governmental laws and regulations and the spirit of integrity, and sales contracts and product specifications are in compliance with laws and regulations.	The Company upholds the code of ethics and operates with integrity. Integrity is the entrepreneurial spirit of the Company, and the execution of business plans and daily management activities is guided by the principle of integrity.
(2) Has the Company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate the business activities within the scope of business that have a higher risk of dishonest conduct, and accordingly, formulate a plan to prevent dishonest conduct, and at least cover the preventive measures for the conducts mentioned in paragraph 2 of Article 7 of the "Code of Conduct for Listed Companies with Integrity"?	✓		(2) The Company's personnel rules and regulations regulate the behavior of employees not to violate the principle of integrity, and all new employees are instructed to conduct themselves.	
(3) Does the company specify the operating procedures, guidelines for conduct, disciplinary and complaint systems for non-compliance in the plan for preventing dishonest conduct, and implement them, and regularly review and revise the aforementioned plan?	✓		(3) The Company strictly enforces employee rewards and punishment management as an employee vigilance, and makes strict ethical regulations for senior management to make integrity the highest business practice, and regularly performs internal control system audits.	
2. Implementation of honest management				
(1) Does the Company evaluate the integrity records of its customers and specify the terms of integrity behavior in the contracts signed between the Company and its customers?	✓		(1) The company has established a customer credit management system, in which the principle of integrity is incorporated, and supplier credit management is positioned and evaluated, with the spirit of basic laws and regulations as conditions such as environment, quality certification, and source of raw materials.	No difference
(2) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the	✓		(2) The Board of Directors is the core of the Company, and the President's Office and Management Department are instructed to promote the implementation of	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Board of Directors on its ethical management policies and plans to prevent dishonest practices and monitor their implementation?			corporate integrity management, and to report any deviation immediately.	
(3) Does the Company have a policy on the prevention of conflict of interest, provide appropriate channels of representation, and implement them?	✓		(3) The Board of Directors has explicitly recused itself from the Board of Directors' meetings, and has established an internal personnel review committee that can serve as a channel for presentation.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of honest management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of dishonest acts, and checked the compliance of the dishonest act prevention plan accordingly, or has the Company appointed an accountant to perform the audit?	✓		(4) The Company has established a complete accounting system and amended it in accordance with the law, and has a complete internal audit plan that is systematically implemented, and the conclusions of the audits are reported to the Audit Committee and the Board of Directors in accordance with the regulations, and audits are regularly performed by the accountants.	
(5) Does the Company regularly conduct internal and external education and training on integrity management?	✓		(5) The Company holds regular monthly meetings where senior executives review operating results and announce future operating policies for compliance, and encourages relevant employees to participate in appropriate external training if available.	
3. Operation of the Company's whistleblower system				
(1) Has the Company established a specific whistleblower and reward system, established a convenient whistleblower channel, and assigned appropriate staff to receive whistleblowers?	✓		(1) The Company has a Personnel Review Board to enforce grievances and discipline and to request discipline in accordance with the Reward and Punishment Management System, which is handled by a dedicated staff in the Management Department.	No difference
(2) Has the Company established standard operating procedures for the investigation of whistleblowing matters, follow-up measures to be taken after the completion of the investigation and the related confidentiality mechanism?	✓		(2) The Company will conduct audits in accordance with the relevant handling procedures, and will maintain confidentiality during the auditing period.	
(3) Does the Company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	✓		(3) Employees who file reports in accordance with the Company's management rules will not be affected by their actions.	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. Enhancement of information disclosure (1) Does the Company disclose the contents and effectiveness of its Code of Conduct on Integrity on its website and Market Observation Post System (MOPS)?	✓		(1) The Company has a corporate website and a dedicated unit to maintain relevant information at all times. The Company upholds the concept of honest management and discloses actual operating conditions in the Company's annual report, website and Market Observation Post System (MOPS) to facilitate investors' evaluation.	No difference
5. If the Company has its own code of ethics based on the "Code of Conduct for Listed and OTC Companies," please describe the differences between its operation and the established code: The Company guarantees product quality to customers and engages in fair transactions with suppliers without deception. The Company upholds integrity in treating employees, complying with laws, and providing related compensation and benefits. Integrity is the Company's founding spirit, and all operational plans and daily management activities are guided by this principle.				
6. Other important information that contributes to understanding the Company's operation with integrity: (such as the Company's review and amendment of its established code of ethics) The Company timely discloses information about its actual operational activities. It prioritizes environmental protection and quality assurance as fundamental criteria for suppliers. The Company engages in transactions with fully compliant enterprises and ensures that its business activities comply with relevant laws and regulations. The spirit of integrity is integrated into the Company's internal rules and regulations for adherence.				

(7) If the company has established corporate governance rules and related regulations, the method for inquiry should be disclosed:

The Company has established the "Corporate Governance Best Practice Guidelines," and the relevant regulations can be found on our company website at http://www.leatec.com→Investor Relations→Corporate Governance.

(8) Other important information that can enhance understanding of the company's governance operations may also be disclosed:

Please refer to the summary explanation of the company's governance practices in section (3) Corporate Governance Operations, point 8 (page 32).

(9) The following matters should be disclosed regarding the implementation of the internal control system:

1. Internal Control Statement:

LEATEC FINE CERAMICS CO., LTD.

Internal Control System Statement

Date: March 26, 2024

The Company hereby declares the following based on the self-assessment of its internal control system for the year 2023:

1. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and management. The Company has already established this system. Its purpose is to achieve the goals of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable reporting, timeliness, transparency, and compliance with relevant regulations and laws, providing reasonable assurance.
2. The internal control system has inherent limitations, and no matter how well-designed, an effective internal control system can only provide reasonable assurance in achieving the above three goals. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system has a self-supervision mechanism, and any deficiencies identified will be promptly addressed.
3. The Company evaluates the effectiveness of the internal control system based on the criteria set forth in the "Guidelines for Public Companies to Establish Internal Control Systems" (hereinafter referred to as the "Guidelines"). The internal control system criteria adopted in the "Guidelines" divide the internal control system into five components: 1) Control Environment, 2) Risk Assessment, 3) Control Activities, 4) Information and Communication, and 5) Monitoring Activities. Each component consists of several items. Please refer to the provisions of the "Guidelines" for the aforementioned items.
4. The Company has used the above internal control system criteria to assess the design and effectiveness of the internal control system.
5. Based on the assessment results mentioned above, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including the design and implementation of understanding the degree of achievement of operational effectiveness and efficiency goals, reliable and timely reporting, transparency, and compliance with relevant regulations and laws, is effective in reasonably ensuring the achievement of the aforementioned goals.
6. This statement will become a major content of the Company's annual report and public disclosure statement, and will be made publicly available. Any fraudulent or concealed information in the disclosed content may incur legal liability under the Securities and Exchange Act Articles 20, 32, 171, and 174.
7. This statement was approved by the Company's Board of Directors on March 26, 2024. Out of 9 attending directors, 0 held opposing views, and the remaining directors agreed to the content of this statement.

LEATEC FINE CERAMICS CO., LTD.

Chairman: CHEN, QING-JIN Signature

President: CHEN, QING-JIN Signature

2. For the appointment of an accountant to review the internal control system, the accountant's review report should be disclosed: Not applicable.

(10) In the most recent year and up to the date of the annual report printing, the company and its insiders were punished according to law, the company's punishment for its insiders violating internal control system regulations, major deficiencies, and improvement situation: None.

(11) Important resolutions of the shareholders meeting and the board of directors in the most recent year and up to the date of the annual report printing:

1. Important resolutions and execution of the shareholders' meeting in the most recent year and up to the date of the annual report printing:

Date	Summary	Result	Implementation
2023.6.20	1. Approval of the 2022 Business Report and Financial Statements. 2. Approval of the 2022 Loss Offset Statement.	1. Unanimous approval by all attending shareholders. 2. Unanimous approval by all attending shareholders.	1. In accordance with the resolution, the 2022 loss will be offset.

2. Important resolutions of the Board of Directors.

Board Meeting	Agenda Content and Follow-up Actions	Matters listed in the Securities and Exchange Act §14-3	Opinions of Independent Directors
Term11 Meeting 12 2023.3.24	1. Approval of the 2022 Financial Statements and Business Report of the Company.		
	2. Approval of the 2022 Profit and Loss Offset Statement.		
	3. Election of Independent Directors of the Company.		
	4. Proposed endorsement guarantee for Leatec Fine Ceramics (Kunshan) Co., Ltd., a subsidiary of the Company.	V	None
	5. Revision of the "Standard Operating Procedure for Handling Director Requests" of the Company.		
	6. Execution results of the Company's 2022 internal control system self-inspection.		
	7. Short-term loan agreements between the company and its subsidiaries and associated banks for financial arrangements.	V	None
	8. Performance bonus for the Company's management for the year 2022.		
	9. Calling the 2023 Shareholders' Annual General Meeting of the Company.		
	10. Annual self-assessment of the independence of the certifying accountant.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result:		

Board Meeting	Agenda Content and Follow-up Actions	Matters listed in the Securities and Exchange Act §14-3	Opinions of Independent Directors
	For agenda item 8, Chairman CHEN, QING-JIN designated Independent Director GUO, XIAN-ZHANG as the acting chairman to discuss the item. Chairman CHEN, QING-JIN and CFO CHEN, YONG-CANG abstained due to conflicts of interest. After consulting the attending directors, the acting chairman, Independent Director GUO, XIAN-ZHANG, obtained unanimous agreement for the proposed "2022 Performance Bonus" from the Compensation Committee. All other agenda items were unanimously approved as well.		
Term11 Meeting 13 2023.4.28	1. Examination of shareholder proposals and shareholder meeting agenda for the Company's 2023 Shareholders' Meeting.		None
	2. Nomination and review of the list of candidates for independent directors.		None
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term11 Meeting 14 2023.5.11	1. The Company's loan agreements with banks to meet financial scheduling needs.	V	None
	2. Appointment of Corporate Governance Officer.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term11 Meeting 15 2023.8.11	1. The Company's loan agreements with banks to meet financial scheduling needs.	V	None
	2. Proposal to appoint a member of the Compensation Committee.		
	3. The proposal for LEATEC FINE CERAMICS (SAMOA) CO., LTD., a subsidiary, to provide loan funds to the Company.	V	None
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term11 Meeting 16 2023.11.10	1. The Company's loan agreements with banks to meet financial scheduling needs.	V	None
	2. Proposal to establish the Company's "Corporate Social Responsibility Best Practice Principles."		
	3. The proposal for the subsidiary Huanfeng Co., Ltd. to provide loan funds to LEATEC FINE CERAMICS (SAMOA) CO., LTD.	V	None
	4. Amendment to the Company's "Authorization Table."		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term11 Meeting 17 2023.12.28	1. The Company's and its subsidiaries' short-term loan agreements with banks to meet financial scheduling needs.	V	None
	2. Whether the overdue accounts receivable from Hsing Der Supply Chain and Mahle, and the capital reduction funds of the subsidiary Leatec Fine Ceramics (Kunshan) Co., Ltd., should be classified as loan funds.	V	None
	3. Report on the Company's Internal Audit Plan for 2024.		
	4. The Company's 2024 "Business Plan."		
	5. Proposal for the investment in Leatec Fine Ceramics (Kunshan) Co., Ltd. to provide funding to Leatec Applied Materials (Kunshan) Co., Ltd.	V	None
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		

Board Meeting	Agenda Content and Follow-up Actions	Matters listed in the Securities and Exchange Act §14-3	Opinions of Independent Directors
Term11 Meeting 18 2024.3,13	1. Proposal for the Company's 2023 annual self-settlement financial information announcement.		
	2. Proposal for the comprehensive re-election of the Company's Directors (including Independent Directors).		
	3. Proposal for the Company's endorsement and guarantee for its subsidiaries.		
	4. Proposal for the report on the implementation results of the Company's 2023 internal control system self-assessment.		
	5. The Company's investment in Leatec Fine Ceramics (Kunshan) Co., Ltd. and loan provision to Leatec Applied Materials (Kunshan) Co., Ltd.	V	None
	6. Proposal for convening the Company's 2024 Annual General Meeting of Shareholders.		
	7. Proposal for the performance bonus of the Company's managers for the year 2023.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution: Except for item 7, which was discussed with Independent Director GUO, XIAN-ZHANG as the proxy Chairman designated by President CHEN, QING-JIN due to a conflict of interest, President CHEN, QING-JIN, and Financial Officer CHEN, YONG-CANG abstained from voting. The proxy Chairman, Independent Director GUO, XIAN-ZHANG, consulted all attending Directors and the Compensation Committee's proposal for the "2023 Performance Bonus" was approved without objection. All other proposals were also approved without objection.		
Term11 Meeting 19 2024.3.26	1. The Company's 2023 Financial Statements and Business Report.		
	2. Proposal for the Company's Director and employee compensation.		
	3. Proposal for the revision of the subsidiary's loan procedures to others.	V	None
	4. Proposal for the change of the Company's CPAs.	V	None
	5. Report on the Company's annual self-assessment of the independence of CPAs.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		
Term11 Meeting 20 2024.5.9	1. Proposal for the Company's 2023 earnings distribution table.		
	2. Proposal for the cash distribution from the capital surplus.		
	3. Proposal for the review of shareholder proposals and resolutions for the 2024 Shareholders' Meeting.		
	4. Proposal for the nomination and review of candidates for Directors and Independent Directors.		
	5. Report on the Company's annual self-assessment of the independence of CPAs.		
	Independent Director's opinion: Not applicable.		
	Company's handling of the independent director's opinion: Not applicable.		
	Resolution result: Unanimous approval by all attending directors.		

(12) For the recent fiscal year and up until the date of printing of the annual report, there were no records or written statements of differing opinions from the directors or supervisors on important resolutions passed by the board of directors: None.

(13) For the recent fiscal year and up until the date of printing of the annual report, the resignation and dismissal status of positions including the Chairman of the Board, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Governance Officer, and Research and Development Officer: None.

5. CPA Fee Information

Fees and details of non-audit services paid to the signing certified public accountant and its affiliated firm and related entities:

Unit: NT$1,000

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee	Total	Remark
Deloitte & Touche	XU, JIN-MING XU, WEN-YA	2023/1/1~ 202312/31	4,070	662	4,732	None

Non-audit service fees paid to the signing certified public accountant and its affiliated firm and related entities amounted to NT$662,000, primarily for tax certification-related expenses and auditor travel expenses.

6. Information on Changing CPA:

(1) Regarding the former accountant:

Replacement Date	March 26, 2023		
Reasons and Explanation for the Change	Deloitte & Touche internal work adjustments and arrangements, the original accountants XU, JIN-MING and XU, WEN-YA have been replaced by XU, WEN-YA and WANG, PAN-FA.		
Clarification whether it's due to the principal or the accountant terminating or not accepting the appointment	Party / Situation	Accountant	Appointer
	Termination of appointment (voluntary)	N/A	N/A
	No longer accepting (continuing) appointment	N/A	N/A
Opinions and Reasons for Issuing Other Than Unqualified Audit Report in the Last Two Years	None		
Whether there are Disagreements with the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Scope or procedures of audit
			Others

	None	V	
	N/A		
Other Disclosures (As required by the fourth point of the first item of paragraph 5 in Article 10 of this Standard)	(1) The former accountant previously notified the Company of the lack of sound internal control systems, resulting in unreliable financial statements: Not applicable. (2) The former accountant previously notified the Company that they are unwilling to be associated with the Company's financial statements or statements of the Company: Not applicable. (3) The former accountant previously notified the Company of the need to expand the scope of the audit or indicated that expanding the scope of the audit may compromise the reliability of previously issued or soon-to-be-issued financial statements. However, due to a change of accountants or other reasons, the former accountant did not expand the scope of the audit: Not applicable. (4) The former accountant previously notified the Company that, based on the collected information, the reliability of the issued or soon-to-be-issued financial statements may be compromised. However, due to a change of accountants or other reasons, the former accountant did not address this matter: Not applicable.		

(2) Regarding the successor accountant:

Firm	Deloitte & Touche
Name	XU, WEN-YA and WANG, PAN-FA
Date of Appointment	March 26, 2023
Consultation Matters and Results Prior to Appointment Regarding Specific Transaction Accounting Treatment Methods or Accounting Principles and Possible Opinions on Financial Statements	N/A
Written Opinion of the Successor Accountant on Matters of Disagreement with the Predecessor Accountant	N/A

(3) Response from the former accountant regarding the provisions of Article 10, Sections 5.1 and 5.2 of the "Guidelines for Items to be Disclosed in Annual Reports of Publicly Traded Companies": None.

7. In the past year, the Chairman of the Company, the President, the person in charge of financial or accounting affairs, has not worked in the office of the certified accountant or its affiliated enterprise: None.

8. Recent years and up until the date of printing of the annual report, changes in equity transfer and equity pledge of directors, supervisors, managers, and shareholders with more than 10% stake:

(1) Changes in the shareholding of directors, managers, and major shareholders (holding more than 10% shares)

Title	Name	2023		As of April 22, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and President	CHEN, QING-JIN	0	0	0	0
Vice Chairman	CHEN, JUAN-TING	0	0	0	0
Director	WU, ZE-YAO	0	0	0	0
Director	HUANG, LIAN-CHENG	352,000	0	0	0
Director	ALPIN INTERNATIONAL CO., LTD.	15,000	0	0	0
Independent Director	GUO, XIAN-ZHANG	0	0	0	0
Independent Director	LAI, SHAN-GUI	0	0	0	0
Independent Director	CHEN, JIA-RONG	0	0	0	0
Independent Director	WANG, JIN-YAN	0	0	0	0
Chief Financial Officer	CHEN, YONG-CANG	(158,000)	0	0	0

Note: There are no major shareholders holding more than 10% of the total company shares.

(2) Share transfer information: None

(3) Share pledge information: None

9. Shareholding proportion of the top ten shareholders, their relationships with each other or spouses, or information on the relationship within the second degree of kinship:

April 22, 2024

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CHEN, QING-JIN	5,211,045	4.82%	1,304,450	1.21%	0	0%	CHEN, SHU-MEI CHEN, JUAN-TING LAN, SHU-FENG CHEN, WEI-ZHEN CHEN, ZHI-MIN	Spouse First-degree relative First-degree relative First-degree relative First-degree relative	None
CHEN, WEI-ZHEN	3,312,905	3.07%	1,599,000	1.48%	0	0%	CHEN, ZHI-MIN CHEN, QING-JIN CHEN, SHU-MEI CHEN, JUAN-TING LAN, SHU-FENG	Spouse First-degree relative First-degree relative Second-degree relative Second-degree relative	None
CHEN, JUAN-TING	2,314,184	2.14%	0	0%	0	0%	CHEN, QING-JIN CHEN, SHU-MEI LAN, SHU-FENG CHEN, WEI-ZHEN CHEN, ZHI-MIN	First-degree relative First-degree relative Second-degree relative Second-degree relative Second-degree relative	None
LAN, SHU-FENG	2,213,172	2.05%	0	0.00%	0	0%	CHEN, QING-JIN CHEN, SHU-MEI CHEN, JUAN-TING CHEN, WEI-ZHEN CHEN, ZHI-MIN	First-degree relative First-degree relative Second-degree relative Second-degree relative Second-degree relative	None
HUANG, LIAN-CHENG	1,708,000	1.58%	0	0%	0	0%	None	None	None
CHEN, ZHI-MIN	1,599,000	1.48%	3,312,905	3.07%	0	0%	CHEN, WEI-ZHEN CHEN, QING-JIN CHEN, SHU-MEI CHEN, JUAN-TING LAN, SHU-FENG	Spouse First-degree relative First-degree relative Second-degree relative Second-degree relative	None
ALPIN INTERNATIONAL CO., LTD.	1,550,000	1.43%	0	0%	0	0%	None	None	None
ALPIN INTERNATIONAL CO., LTD. Rep: LIU JING RONG	991	0%	125,163	0.12%	0	0%	None	None	None

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CHEN, SHU-MEI	1,304,450	1.21%	5,211,045	4.82%	0	0%	CHEN, QING-JIN CHEN, JUAN-TING LAN, SHU-FENG CHEN, WEI-ZHEN CHEN, ZHI-MIN	Spouse First-degree relative First-degree relative First-degree relative First-degree relative	None
HOU, YUE-JIAO	1,045,073	0.97%	855,000	0.79%	0	0%	None	None	None
WEN, SHI-KUN	908,000	0.84%	0	0%	0	0%	None	None	None

10. Overall Holding Ratio

2024.3.31 Unit: Shares; %

Investment in Subsidiaries	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Enterprises		Comprehensive Investment	
	Shares	%	Shares	%	Shares	%
LEATEC FINE CERAMICS(SAMOA) CO., LTD.	1,470 million shares	100.00%	0	0.00%	1,470 million shares	100.00%
COSMOS HARVEST INTERNATIONAL LIMITED.	200 million shares	100.00%	0	0.00%	200 million shares	100.00%
Leatec Fine Ceramics (Kunshan) Co., Ltd.	0 shares	0.00%	(Note1)	100.00%	(Note1)	100.00%
Leatec Applied Materials (Kunshan) Co., Ltd.	0 shares	0.00%	(Note1)	100.00%	(Note1)	100.00%
KUNSHAN LEATEC SOLAR PV CO.,LTD	0 shares	0.00%	(Note1)	100.00%	(Note1)	100.00%
Jiangsu Yongsheng New Energy Technology Co., Ltd.	0 shares	20.25%	(Note1)	0.00%	(Note1)	20.25%
ECOCERA OPTRONICS CO.,LTD.	316 million shares	12.00%	0	0.00%	316 million shares	12.00%

Note 1: In Mainland China, equity is not categorized as shares.

IV. Fundraising Situation

1. Capital and Shares

(1) Sources of Capital

Unit: Shares / Amount: NT$

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1991.12	10	8,000,000	80,000,000	2,000,000	20,000,000	Initial investment: 20,000,000	None	None
1992.03	10	8,000,000	80,000,000	4,000,000	40,000,000	Cash capital increase: 20,000,000	None	None
1992.07	10	8,000,000	80,000,000	8,000,000	80,000,000	Cash capital increase: 27,750,000	Debt Repayment with Creditors: 12,250,000	None
1993.05	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase: 20,000,000	None	None
1994.08	10	13,600,000	136,000,000	13,600,000	136,000,000	Cash capital increase: 36,000,000	None	None
1995.04	10	18,632,000	186,320,000	18,632,000	186,320,000	Cash capital increase: 40,800,000 Capital surplus transfer for capital increase: 9,520,000	None	None
1995.09 (Note 1)	10	50,000,000	500,000,000	26,632,000	266,320,000	Cash capital increase: 80,000,000	None	None
1996.10 (Note 2)	10	50,000,000	500,000,000	30,626,800	306,268,000	Cash capital increase: 13,316,000 Capital surplus transfer for capital increase: 26,632,000	None	None
1999.09 (Note 3)	10	50,000,000	500,000,000	33,689,480	336,894,800	Retained earnings transfer for capital increase: 30,626,800	None	None
2000.07 (Note 4)	10	50,000,000	500,000,000	47,100,000	471,000,000	Retained earnings transfer for capital increase: 14,486,480 Capital surplus transfer for capital increase: 19,203,010 Employee bonus transfer for capital increase: 415,710 Cash capital increase: 100,000,000	None	None
2001.06 (Note 5)	10	90,000,000	900,000,000	62,486,000	624,860,000	Retained earnings transfer for capital increase: 141,300,000 Employee bonus transfer for capital increase: 12,560,000	None	None
2002.07 (Note 6)	10	90,000,000	900,000,000	74,880,000	748,800,000	Retained earnings transfer for capital increase: 62,486,000 Capital surplus transfer for capital increase: 49,988,800 Employee bonus transfer for capital increase: 11,465,200	None	None

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2003.04 (Note 7)	10	117,000,000	1,170,000,000	79,167,537	791,675,370	Convertible corporate bonds: 42,875,370	None	None
2003.07 (Note 8)	10	117,000,000	1,170,000,000	79,180,811	791,808,110	Convertible corporate bonds: 132,740	None	None
2003.08 (Note 9)	10	117,000,000	1,170,000,000	83,132,551	831,325,510	Retained earnings transfer for capital increase: 3,951,740 Capital surplus transfer for capital increase: 35,565,660	None	None
2006.08 (Note 10)	10	117,000,000	1,170,000,000	83,092,551	830,925,510	Cancellation of treasury shares: 40,000 shares	None	None
2006.11 (Note 11)	10	117,000,000	1,170,000,000	81,147,551	811,475,510	Cancellation of treasury shares: 1,945,000 shares	None	None
2010.5 (Note 12)	10	117,000,000	1,170,000,000	81,029,551	810,295,510	Cancellation of treasury shares: 118,000 shares	None	None
2010.10 (Note 13)	10	117,000,000	1,170,000,000	85,677,394	856,773,940	Convertible corporate bonds: 46,478,430	None	None
2011.1 (Note 14)	10	117,000,000	1,170,000,000	87,968,466	879,684,660	Convertible corporate bonds: 22,910,720	None	None
2011.5 (Note 15)	10	117,000,000	1,170,000,000	89,705,546	897,055,460	Convertible corporate bonds: 17,370,800	None	None
2011.11 (Note 16)	10	117,000,000	1,170,000,000	88,841,546	888,415,460	Cancellation of treasury shares: 864,000 shares	None	None
2012.1 (Note 17)	10	117,000,000	1,170,000,000	86,541,546	865,415,460	Cancellation of treasury shares: 2,300,000 shares	None	None
2012.3 (Note 18)	10	117,000,000	1,170,000,000	85,041,546	850,415,460	Cancellation of treasury shares: 1,500,000 shares	None	None
2017.12 (Note 19)	10	117,000,000	1,170,000,000	85,963,698	859,636,980	Convertible corporate bonds: 9,221,520	None	None
2018.6 (Note 20)	10	117,000,000	1,170,000,000	109,414,751	1,094,147,510	Convertible corporate bonds: 23,451,053	None	None
2018.11 (Note 21)	10	117,000,000	1,170,000,000	108,079,751	1,080,797,510	Cancellation of treasury shares: 1,335,000 shares	None	None

Note 1: Approval document for capital increase on July 21, 1995: (84) TAI-CAI-ZHENG(I) No. 39293

Note 2: Approval document for capital increase on July 10, 1996: (85) TAI-CAI-ZHENG(I) No. 41573

Note 3: Approval document for capital increase on July 8, 1999: (88) TAI-CAI-ZHENG(I) No. 62110

Note 4: Approval document for capital increase on May 24, 2000: (89) TAI-CAI-ZHENG(I) No. 45582

Note 5: Approval document for capital increase on May 8, 2001: (90) TAI-CAI-ZHENG(I) No. 124263

Note 6: Approval document for capital increase on June 25, 2002: TAI-CAI-ZHENG(I) No. 0910134623

Note 7: Approval document on May 22, 2003: JING-SHOU-SHANG-ZI No. 09201149460

Note 8: Approval document on September 18, 2003: JING-SHOU-SHANG-ZI No. 09201272170

Note 9: Approval document for capital increase on July 11, 2003: TAI-CAI-ZHENG(I) No. 0920131035

Note 10: Approval document on August 15, 2006: JING-SHOU-SHANG-ZI No. 09501174810

Note 11: Approval document on November 23, 2006: JING-SHOU-SHANG-ZI No. 09501264740

Note 12: Approval document on May 31, 2010: JING-SHOU-SHANG-ZI No. 09901107780

Note 13: Approval document on October 8, 2010: JING-SHOU-SHANG-ZI No. 09901225830

Note 14: Approval document on January 19, 2011: JING-SHOU-SHANG-ZI No. 10001011760

Note 15: Approval document on May 13, 2011: JING-SHOU-SHANG-ZI No. 10001097930

Note 16: Approval document on November 29, 2011: JING-SHOU-SHANG-ZI No. 10001272280

Note 17: Approval document on January 9, 2012: JING-SHOU-SHANG-ZI No. 10101004050

Note 18: Approval document on March 20, 2012: JING-SHOU-SHANG-ZI No. 10101048680

Note 19: Approval document on December 4, 2017: JING-SHOU-SHANG-ZI No. 10601164110

Note 20: Approval document on June 1, 2018: JING-SHOU-SHANG-ZI No. 10701060080

Note 21: Approval document on November 27, 2018: JING-SHOU-SHANG-ZI No. 10701149550

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered ordinary shares (Note 1)	108,079,751	41,920,249	150,000,000	-

Note 1: The Company was listed on the over-the-counter market on January 10, 2002.

(2) Shareholder Structure

April 22, 2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	236	40,450	42	40,728
Shareholding	0	0	2,718,946	104,258,990	1,101,815	108,079,751
Percentage	0%	0%	2.52%	96.47%	1.01%	100%

(3) Shareholding Distribution Status

1. Shareholding Distribution Status:

April 22, 2024

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1- 999	28,007	255,853	0.24%
1,000- 5,000	10,188	20,832,943	19.28%
5,001- 10,000	1,380	11,681,959	10.81%
10,001- 15,000	328	4,337,108	4.01%
15,001- 20,000	240	4,567,645	4.23%
20,001- 30,000	169	4,460,623	4.13%
30,001- 40,000	102	3,708,742	3.43%
40,001- 50,000	71	3,367,673	3.12%
50,001- 100,000	122	8,944,388	8.28%
100,001- 200,000	73	10,326,365	9.55%
200,001- 400,000	25	7,008,392	6.48%
400,001- 600,000	10	4,878,231	4.51%
600,001- 800,000	1	798,000	0.74%
800,001-1,000,000	3	2,654,000	2.45%
1,000,001 or more	9	20,257,829	18.74%
Total	40,728	108,079,751	100.00%

2. Preferred shares: Not issued.

(4) List of Major Shareholders

April 22, 2024

Shares / Shareholding	Shareholding	Percentage
CHEN, QING-JIN	5,211,045	4.82%
CHEN, WEI-ZHEN	3,312,905	3.07%
CHEN, JUAN-TING	2,314,184	2.14%
LAN, SHU-FENG	2,213,172	2.05%
HUANG, LIAN-CHENG	1,708,000	1.58%
CHEN, ZHI-MIN	1,599,000	1.48%
ALPIN INTERNATIONAL CO., LTD.	1,550,000	1.43%
CHEN, SHU-MEI	1,304,450	1.21%
HOU, YUE-JIAO	1,045,073	0.97%
WEN, SHI-KUN	908,000	0.84%

(5) The market price, net asset value, earnings, dividends per share, and related information for the past two years:

Item \ Year			2022	2023	As of March 31, 2024
Market Price per Share	Highest Market Price		32.05	32.15	32.25
	Lowest Market Price		12.20	15.90	25.60
	Average Market Price		24.71	22.24	27.74
Net Worth per Share	Before Distribution (Note 1)		10.52	10.94	11.13
	After Distribution (Note 2)		10.52	Not distributed	Not distributed
Earnings per Share	Weighted Average Shares		108,079,751	108,079,751	108,079,751
	Earnings per share (after retrospection)		(0.31)	0.57	(0.27)
Dividends per Share (Note 3)	Cash Dividends (Note 3)		0	0.40	0
	Bonus shares	Profit distribution	0	0	0
		Capital reserve distribution	0	0	0
	Accumulated unpaid dividends		0	0	0
Return on Investment	P/E Ratio (Note 4)		(79.71)	39.02	(102.74)
	P/B Ratio (Note 5)		0	55.6	0
	Cash dividend yield rate (Note 6)		0	1.80	0

Note 1: Net value per share = Shareholders' equity / (Number of common shares + Number of preferred shares - Number of treasury shares of the parent company).

Note 2: Filled in based on the distribution approved at the following year's shareholders' meeting.

Note 3: The earnings distribution plan for 2023 has not yet been resolved by the shareholders' meeting as of May 10, 2024.

Note 4: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 5: P/B ratio = Average closing price per share for the year / Cash dividends per share.

Note 6: Dividend yield = Cash dividends per share / Average closing price per share for the year.

(6) Company's Dividend Policy and Implementation Status

1. Dividend Policy

The dividend policy of the Company is as follows:

The Company is in a stage of business growth, and the dividend policy is determined based on the Company's capital requirements, financial structure, and earnings. If the Company has a surplus in its annual financial statements, it will pay taxes and donations in accordance with the law, offset accumulated deficits, and allocate 10% as legal retained earnings. However, when the legal retained earnings reach the Company's paid-in capital, no further allocation is required. The remaining

surplus will be allocated or reversed as specified by laws and regulations. If there is still a balance, it will be combined with accumulated undistributed earnings, and the Board of Directors will propose a profit distribution resolution to the shareholders' meeting for the distribution of dividends to shareholders.

The Company considers a balanced and stable dividend policy and will appropriately distribute dividends in the form of stock dividends or cash dividends, taking into account capital needs and dilution of earnings per share.

2. Proposed Distribution at the Shareholders' Meeting:

The Company's net profit after tax for 2023 was NT$61,359,464. After accounting for the actuarial loss of NT$1,777,659 from the defined benefit plan and the income tax benefit related to other comprehensive income of NT$355,532, and adding the beginning balance of the accumulated deficit of NT$37,314,949, the legal reserve of NT$2,262,239 and the special reserve of NT$14,958,704 were set aside according to the law. The total distributable earnings for 2023 amounted to NT$5,401,445.

(7) The impact of this shareholders' meeting's proposed free distribution of stocks on the company's business performance and earnings per share: None.

(8) Employee, director, and supervisor compensation

1. The percentage or range of compensation for employees, directors, and supervisors as stipulated in the Company's Articles of Incorporation:

According to the current provisions of the Articles of Incorporation, if there is a surplus in the annual financial statements, after paying income tax in accordance with the law, the previous year's losses should be offset first, and 10% should be allocated as legal retained earnings. If there is still a balance, it is allocated within the range of 1.5% to 15% of the pre-tax income before distributing employee and director/supervisor compensation, with a cap of 5% for employee and director/supervisor compensation. The remaining amount is determined by the Board of Directors and distributed based on a profit distribution resolution approved by the shareholders' meeting.

2. The basis for estimating the amount of employee, director, and supervisor compensation for the current period, the calculation basis for stock-based employee compensation, and the accounting treatment when the actual distribution amount differs from the estimated amount:

If there are changes to the estimated amount after the issuance of the annual financial statements, accounting adjustments will be made based on accounting estimates and reflected in the subsequent year's financial statements.

3. Information on the distribution of employee compensation and director compensation approved by the Board of Directors in 2024 for the 2023 fiscal year:

Board approval date: March 26, 2024

(1) The amount of employee compensation and director/supervisor compensation distributed in cash or stock. If there is a difference from the estimated amount recognized in the annual expenses, the difference, reasons, and handling should be disclosed:

① Distribution amounts:

2023 employee compensation: NT$1,500,000

2023 director compensation: NT$1,000,000

② If there is a difference from the estimated amount recognized in the annual expenses, the difference, reasons, and handling should be disclosed: No difference.

(2) The amount of employee compensation distributed in stock and the ratio of this amount to the net profit after tax and the total amount of employee compensation in the parent company only or separate financial report for the period: No employee compensation was distributed in stock.

4. The actual distribution of employee, director, and supervisor compensation in the previous year:

2022 employee compensation: NT$0

2022 director compensation: NT$0

If there is a difference from the estimated amount recognized in the annual expenses, the difference, reasons, and handling should be disclosed: No difference.

(9) Share repurchase by the Company: None.

2. Handling of Corporate Bonds

(1) Corporate Bonds:

2024.3.31

Type of Corporate Bonds		2022 First Secured Corporate Bonds
Issue Date		December 9, 2022
Denomination		NT$1,000,000
Place of Issue and Trading		Listed for trading on the Taiwan Stock Exchange
Issue Price		NT$100
Total Amount		NT$250,000,000
Interest Rate		Fixed annual interest rate: 2.03%
Maturity		Maturity: December 9, 2025
Guaranteed Institution		BANK OF KAOHSIUNG CO.,LTD.
Trustee		Taipei Fubon Commercial Bank Co., Ltd.
Underwriter		SinoPac Securities Corporation
Signing Counsel		FAR EAST LAW OFFICE: Attorney QIU, YA-WEN
Certified Public Accountant		Deloitte & Touche CPA: XU, JIN-MING and XU, WEN-YA
Repayment Method		Full principal repayment at maturity
Outstanding Principal Amount		NT$250,000,000
Terms of Redemption or Early Settlement		None
Restrictions		None
Name of Credit Rating Agency, Date of Rating, Results of Corporate Bond Rating		Guarantor rating: Moody's Taiwan AA-(twn)
Other Rights Attached	As of the date of printing the annual report, the amount of ordinary shares, American Depositary Receipts (ADRs), or other securities that have been converted (exchanged or subscribed)	N/A
	Issuance and conversion (exchange or subscription) method	Please refer to the attached issuance guidelines (pages 62-63).
Issuance and conversion, exchange or subscription method, issuance conditions on the possible dilution of equity and the impact on existing shareholders' rights		N/A
Name of Entrusted Custodian for Exchange Object		None

(2) Convertible Bonds Data: None

(3) Exchangeable Bonds Data: None

(4) Comprehensive Declaration of Issued Bonds Data: None

(5) Data on Bonds with Attached Warrants: None

3. Situation regarding preferred stock issuance: None.

4. Situation regarding overseas depositary receipts: None.

5. Situation regarding employee stock option issuance: None.

6. Situation regarding the issuance of new shares with restricted employee rights: None.

7. Situation regarding merger or acquisition of other companies' shares to issue new shares: None.

8. Execution of capital utilization plan:

(1) Uncompleted or recently completed cash capital increase, acquisition, or issuance of new shares or corporate bonds where the expected benefits have not yet materialized in the past three years: None

(2) Implementation Status:

The issuance of the Company's first secured ordinary corporate bonds for 2022, amounting to NT$250 million, was approved by the Taipei Exchange in the letter Zheng-Gui-Zhai-Zi No. 11100129661 dated December 1, 2022. The funds have been successfully raised and the issuance has been completed.

LEATEC FINE CERAMICS CO., LTD.

Issuance Guidelines for the 2022 First Secured Ordinary Corporate Bonds

LEATEC FINE CERAMICS CO., LTD. (hereinafter referred to as the "Company") has received the letter of notification ZHENG-GUI-ZHAI-ZI No. 11100129661 from the Taiwan Stock Exchange (TWSE) and hereby establishes the following issuance guidelines for the corporate bonds:

1. Bond Name: LEATEC FINE CERAMICS CO., LTD. 2022 First Secured Ordinary Corporate Bonds (referred to as "Company Bonds").
2. Total Issuance Amount: The total issuance amount of the Company Bonds is NT$250 million.
3. Face Value: NT$1 million per bond.
4. Issuance Period: The Company Bonds have a three-year term, starting from December 9, 2022, and maturing on December 9, 2025.
5. Issuance Price: The Company Bonds will be issued at their full face value.
6. Coupon Rate: The coupon rate for the Company Bonds is a fixed annual rate of 2.03%.
7. Repayment Method: The Company Bonds will be repaid in full once at the end of three years from the issuance date.
8. Interest Payment Method: The Company Bonds will accrue interest at the coupon rate annually, based on simple interest. Interest payments for each NT$1 million bond will be rounded to the nearest dollar. If the repayment date coincides with a banking holiday, the payment will be made on the next business day without additional interest. If bondholders receive principal and interest after the due date, no additional interest will be paid.
9. Guarantee Institution: The Company Bonds are guaranteed by Kaohsiung Bank Co., Ltd.
10. Bond Form: The Company Bonds will be issued in dematerialized form and registered with the Taiwan Depository & Clearing Corporation.
11. Trustee: Taipei Fubon Commercial Bank Co., Ltd. will act as the trustee for the bondholders, representing their interests and exercising supervision over the Company’s compliance with the issuance matters. A trust agreement will be established. All bondholders, whether subscribed at the time of issuance or acquired subsequently, agree to acknowledge and grant full authority to the trustee in accordance with the terms of the trust agreement and the issuance guidelines. This authorization cannot be revoked midway. Bondholders may review the content of the trust agreement at the Company’s or trustee’s business premises during business hours.
12. Principal and Interest Agent: The Company has entrusted Taoyuan Branch of Kaohsiung Bank Co., Ltd. to handle the repayment of principal and interest. The agent will process the allocation of principal and interest payments based on the bondholders’ register provided by the Taiwan Depository & Clearing Corporation. The agent is responsible for withholding

taxes in accordance with the law, preparing withholding certificates, and sending them to the bondholders.

13. Underwriter: The Company has appointed SinoPac Securities Corporation as the lead underwriter for public underwriting.
14. Notification Method: Except where otherwise stipulated by laws and regulations, all matters concerning the Company Bonds will be announced on the Market Observation Post System (MOPS) (https://mops.twse.com.tw).
15. Sales Target: Limited to professional investors as defined in the Rules Governing Issuance of Foreign Currency Denominated International Bonds by the Taiwan Stock Exchange.
16. Any matters not covered in these issuance guidelines shall be handled in accordance with relevant regulations of the competent authority.

V. Operation Overview

1. Operation Overview

(1) Business Scope

1. The main content of the Company's business includes:

(1) Manufacturing, processing, and trading of alumina ceramic substrates.
(2) Manufacturing, designing, processing, and trading of ceramic packaging substrates.
(3) Manufacturing, designing, processing, and trading of structural ceramic components.
(4) Manufacturing, designing, processing, and trading of electronic functional ceramic components.
(5) Manufacturing, designing, processing, and trading of thick film circuit components.
(6) Manufacturing, designing, processing, and trading of thin film circuit components.
(7) Import and export trading of the aforementioned products.
(8) Wholesale of molds.
(9) Retail of molds.
(10) Wholesale of basic chemical materials.
(11) Retail of basic chemical materials.
(12) Wholesale of industrial additives.
(13) Retail of industrial additives.
(14) Wholesale of plastic film bags.
(15) Retail of plastic film bags.
(16) Wholesale of refractory materials.
(17) Retail of refractory materials.
(18) Intellectual property rights.
(19) Product design services.
(20) In addition to licensed business, engaging in non-prohibited or restricted business activities under the law.

2. Business distribution ratio.

Unit: NT$1,000

Product	2023	
	Amount	%
Resistive Substrate	427,692	51.90
Non-resistive Substrate	366,218	44.44
Others	30,116	3.66
Total	824,026	100.00

3. Current product items include:

(1) Ceramic substrates for chip resistors.

(2) Ceramic substrates for chip resistors.

(3) Thin film substrates for chip resistors.

(4) Ceramic substrates for hybrid integrated circuits.

(5) Ceramic raw materials for automotive oxygen sensors.

(6) Ceramic substrates for automotive pressure sensors.

(7) Ceramic substrates for lasers.

(8) Grinding ceramic substrates.

(9) Ceramic heat sinks for LEDs.

(10) High thermal conductivity aluminum nitride heat sinks.

(11) Aluminum nitride grinding substrates for 5G data centers.

(12) ZTA (alumina toughened zirconia) substrates.

(13) Dry-pressed/oil-pressed ceramic parts.

(14) Ceramic substrates for power modules.

(15) Thin film 98% alumina substrates.

(16) Large-sized thick alumina substrates.

4. Planned development of new products:

(1) High thermal conductivity/high strength aluminum nitride substrates.

(2) Large-sized zirconia-toughened alumina substrates.

(3) Silicon nitride grinding substrates.

(4) High-purity 99.6% alumina substrates.

(2) Industry Overview

1. Industry status and development:

On February 9, 2024, the World Bank released its "Global Economic Prospects" report, forecasting a 2.4% growth in global GDP for 2024, marking the third consecutive year of deceleration. Excluding the severe contraction during the 2020 pandemic, 2024 is expected to be the weakest year for the global economy since the 2009 financial crisis.

According to the World Bank's report, the U.S. economy grew by 2.5% in 2023, 1.4% higher than the June forecast. However, the growth rate is expected to slow to 1.6% in 2024 due to restrictive monetary policies suppressing economic activity, although this is still double the June estimate.

The Eurozone outlook is more pessimistic, with a 2024 growth forecast of 0.7%, revised down by 0.6% from June due to tighter credit conditions. In 2023, the Eurozone grew by only 0.4% due to high energy prices.

The World Bank predicts that China's GDP will grow by 4.5% in 2024, which, excluding the pandemic-affected years of 2022 and 2020, is the slowest rate in over 30 years. This is 0.1% lower than the June forecast, reflecting ongoing turmoil in the housing market that weakens consumer spending. The growth rate is expected to further slow to 4.3% in 2025. Ayhan Kose, the World Bank's Acting Chief Economist, stated, "Overall, China's growth is slowing, indicating a return to weaker potential growth influenced by demographic shrinkage and aging. Increasing debt not only suppresses investment but also limits the opportunities for productivity catch-up to some extent."

The passive component market is expected to hit a cyclical low in the first quarter of this year due to sluggish economic conditions in China and global high interest rates. As customer inventory adjustments are expected to conclude in the second quarter, inventory levels are anticipated to become healthier in the second half of the year. The industry is optimistic about growth driven by 5G edge computing, server platform transitions, and a gradual recovery in automotive electronics. However, global inflation and international geopolitical uncertainties remain high. We will closely monitor market supply and demand and respond prudently to business performance and operational outlooks.

The global automotive market showed signs of recovery in 2023, with worldwide car sales reaching 86 million units, and a further increase to 88.3 million units expected in 2024, according to S&P Global Mobility. The growth in global electric vehicle (EV) sales is even more significant, with a year-on-year increase of 39% to 14.22 million units. Looking ahead to 2024, global EV sales are expected to surpass 18 million units. Observing regional market conditions, China is expected to remain the global leader in EV sales, reaching 11 million units and accounting for nearly 60% of the global market. Europe will contribute 3.6 million units, with a global share of 19.5%, down 1.6% from 2023 due to lower growth rates compared to China and the U.S. The U.S. market will grow to 2.1 million units, maintaining a global share similar to 2023 at 11.4%.

Third-generation semiconductors play a crucial role in enhancing the power efficiency of EVs. In 2024, new energy vehicles (BEVs and PHEVs) will continue to drive growth in the electric vehicle market (HEVs, PHEVs, BEVs, FCVs). New energy vehicles are gradually moving towards NEP (New Electric Platform) production, with more compact and efficient power designs becoming the core competitiveness of automakers. Due to their smaller size and lower losses, third-generation semiconductors are key components for improving power energy conversion efficiency. Under the demand for main drive inverters, TrendForce predicts a year-on-year demand growth of approximately 40% for third-generation

semiconductors in 2024. In addition to aggressively expanding production, IDM fabs in the third-generation semiconductor industry will continue to lead technological innovation.

2. Outlook, Development, and Relationships with Upstream, Midstream, and Downstream Industries for the Whole Year

The Company primarily engages in the production of ceramic substrates and other ceramic products, which are essential materials for electronic components, automotive parts, and heat dissipation products. The relationship between the Company's products and the industries can be summarized as shown in the following diagram:

Precision Ceramic Substrate Industry Chain			
Role in the Industry Chain	Upstream	Midstream	Downstream
Industry Categories	Alumina powder materials Zirconia powder materials Aluminum nitride powder materials	Ceramic substrates Structural ceramics Energy-saving ceramics	Chip resistors, automotive electronic components materials, LED heat dissipation substrates, thick/thin film integrated circuits, power modules, IGBT power modules, 5G communication, optical communication, medical and industrial control thin film components, automotive thin film components, AI computing chip modules, high power server modules

3. Product Development Trends and Competitive Situation

With the rapid growth of AI artificial intelligence, especially in the demand for GPU computing modules, there is a need for passive components in GPU module assembly, although the relative usage is small. On the other hand, high power servers, which are branded by companies such as Microsoft and Google and assembled by Taiwanese OEMs, require significant passive components. Walsin Technology is a major supplier to these OEMs. Therefore, Walsin Technology's growth rate in the AI field is expected to be very fast, with a significant compound growth rate in the next 1-2 years, though it may level off afterwards.

Smartphone technology continues to innovate, with constantly improving features such as retina or voice recognition, 3D facial recognition, 32-core processors, mobile

computational cameras, battery life, and more. Major smartphone manufacturers are accelerating the development of related technologies and components, driving the demand for high thermal conductivity insulation materials and various passive components. It is anticipated that ceramic materials will be used in more designs in the future.

Furthermore, as smartphones and various mobile devices become more complex, the space for internal components is shrinking. This trend will drive strong demand for smaller and thinner substrates. Due to its leading technology and stable quality, LEATEC's market share in the smallest size and ultra-thin substrates has been continuously increasing, and it will continue to grow with the expanding market.

The chip resistors on ceramic heat dissipation substrates have increasingly precise current control requirements, and product designs demand stricter line spacing and line width for metal circuits. LEATEC has a strong foundation in ultra-dense ceramic substrates, and therefore, its market share in thin film resistor substrates is expected to gradually increase.

Ceramic substrates can also serve as carriers for PTC thermistors, generating heat sources. This allows the air conditioning compressor's cold air to be heated to a set constant temperature. The Company's special sintering process provides long and flat substrates for PTC heaters used in new energy vehicle air conditioning systems, and it has already achieved successful mass production, which is rapidly growing with the expansion of electric vehicles.

As the electric vehicle (EV) market continues to flourish, the Company is a pioneer in high thermal conductivity ceramic materials in the Greater China region. With the development and successful mass production of new materials such as ZTA substrates applied in IGBT power modules, the Company's product line will lead its transition from the traditional electronics (passive components) industry to markets that align with trends, including automotive electronics, 5G communications, optical communications, semiconductor processes, LED packaging, and green energy and energy-saving applications. The Company will collaborate with customers in design and development, making professional contributions to the industry.

Thin Film Substrates (98%) are primarily used in industrial control and automotive thin film resistors. In 2024, industrial control is expected to grow steadily, while automotive demand will increase. However, in the Chinese market, the competitive pricing of electric vehicles will likely lead to demands for lower prices on raw materials.

The main applications in 2024 will be in electric vehicles, AI, and industrial precision applications, leading to gradual growth in the demand for ceramic raw materials in these fields. Continuous improvement and cost control are necessary for automotive substrates, AlN, 98% thin film substrates, and ZTA.

(3) Technical and Research and Development Situation

1. Technological Level

The Company is currently the only domestic manufacturer that possesses the production and manufacturing technology for precision ceramic substrates and mass production. Through strong engineering technology and research and development teams in material design, slurry forming, and debinding sintering, the Company has successfully developed different grades of aluminum oxide and aluminum nitride substrates, such as 98% alumina, 996 Ceramics Alumina, high thermal conductivity (K>200W/K) aluminum nitride (AlN) ceramics, and high-strength composite material zirconia-toughened alumina (ZTA) ceramics, providing ceramic substrates for automotive sensors and high-end precision film applications. Additionally, to effectively integrate the key materials in dry pressing processes, the Company actively develops alumina granulation powder technology in the early stage and successfully integrates dry pressing production processes to provide three-dimensional shaped ceramic parts for different customers' applications. In addition to mastering key technologies such as material design, forming and sintering, and machinery and equipment, the Company actively collaborates with well-known universities in the country to receive theoretical and practical experience in the field of materials. It also participates in government programs and grants for forward-looking technology applications to enhance the company's technological advancement in the basic ceramic materials industry.

2. R&D Expenses Invested and Successfully Developed Technologies or Products up to the Printing Date of the Annual Report for the Current Year

The Company's technologies primarily come from independent research and development. As of the 2023 fiscal year, R&D expenses of NT$70,931 thousand have been invested. The following products have been successfully developed, launched, and are under development:

Item	Progress	Overview
High thermal conductivity aluminum nitride substrates (K>200W/mK)	Trial production	Sales in Q1 2023
Large-sized thick aluminum oxide grinding substrates	Mass production	Passed customer PPAP validation
Heat-resistant shock-resistant zirconia-toughened alumina substrates	Mass production	Sales in Q1 2023

Item	Progress	Overview
Aluminum titanate powder synthesis	Trial production	Provided as a product combustion improver
High purity 99.6% alumina substrates	Trial production	Passed customer testing validation

3. Future-Year Research and Development Plans

(1) High Purity 99.6% Alumina Polishing Substrates

(2) Ultra-High Thermal Conductivity Aluminum Nitride Substrates (K>230W/mK)

(3) Ultra-High Thermal Conductivity Aluminum Nitride Polishing Substrates

(4) High-strength high thermal conductivity aluminum nitride substrates

(5) High-strength high thermal conductivity silicon nitride substrates

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

1. Short-term Plans

In the past few years, the Company has deeply cultivated the automotive ceramic and precision film resistor markets, and the benefits will gradually materialize. With the increasing electrification of automotive systems and the popularity of intelligent and electric vehicles, the demand for passive components has been driven. Various automotive electronics, electric vehicle applications, and high-performance requirements have led to significant growth in the demand for ZTA, 98 thin film substrates, and AlN. Utilizing process and technological advantages, the Company will continue to increase development projects, expand market share overseas, and target the electric vehicle ceramic market. The R&D team will collaborate with automobile manufacturers to jointly develop new products from a design application perspective, strengthen the automotive market domain, and create highly competitive products with customized specifications for customers. With the booming development of AI intelligence, the demand for heat dissipation is also increasing. Our R&D team has swiftly developed high thermal conductivity AlN substrates (high k substrates) to meet customer demands.

2. Long-term Plans

High-purity ceramics and composite materials are widely regarded as the most stable and suitable electronic materials. The Company's products have expanded into automotive ceramic materials and energy industries. Starting from ceramic core technology, LEATEC is moving towards the application of industrial ceramics in order to diversify business risks affected by the economy. With excellent quality and localized services, the resistor substrates have become the preferred choice for customers.

The Company will continuously enhance its technological capabilities, develop new processes and processing projects, expand the application areas of its products, and become a comprehensive ceramic technology and product manufacturer. It will add new material projects to become the preferred ceramic supplier for customers. The Company

will also extend the level of substrate processing to improve production efficiency and actively seek strategic cooperation with other enterprises to achieve win-win goals. Responding to the global carbon reduction trend, it will enter the green energy and energy-saving industries and compete with European and American manufacturers.

2. Market and Production and Sales Overview

(1) Market Analysis:

1. Sales Regions of the Company's Main Products

The Company's products currently focus on oxide and non-oxide ceramic substrates. The distribution of main product sales by region and amount in the past three years is as follows:

Unit: NT$1,000

Sales Regions	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Asia	900,946	87.18	612,712	78.20	715,753	86.86
America	108,894	10.54	98,124	12.52	98,980	12.01
Europe	23,589	2.28	72,676	9.28	9,293	1.13
Other Regions	0	0.00	0	0.00	0	0.00
Total	1,033,429	100.00	783,512	100.00	824,026	100.00

2. Market Share

The following table shows the market share status of the Company's main product, alumina ceramic substrates:

Year	2020		2021		2022		2023	
Company	Domestic Market	Global Market	Domestic Market	Global Market	Domestic Market	Global Market	Domestic Market	Global Market
LEATEC	35%	28%	30%	21%	28%	19%	30%	14%
Maruwa	25%	25%	22%	24%	21%	23%	18%	20%
Kyocera	1%	2%	1%	2%	1%	2%	1%	2%
Others	39%	45%	47%	43%	50%	46%	51%	64%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Note: Data source: Company statistics

3. Market Future Supply and Demand Situation and Growth

The automotive sector is considered an important driving force and a market trend. Electric vehicle sales are expected to exceed 15 million units by 2025, with a compound annual growth rate of 40% over the next five years. This will drive the global charging station count to reach 280 million by 2040. The Company will primarily allocate

resources and production capacity to advanced products such as protective components for automotive-grade batteries, automotive-grade chip resistors, and automotive power semiconductor substrates. The resistor substrates will continue to be produced and sold at the Kunshan plant, with technical support and new product development from the Pingzhen plant. This will ensure a stable market demand with competitive pricing adjustments when necessary. Specialized and high-value-added products with unique specifications will be produced by the Taiwan production line, with close cooperation between the two sides of the Taiwan Strait, generating maximum synergies in terms of product adjustments and customer service.

The application of ceramic materials in the automotive market is gradually expanding. LEATEC's many years of experience in sensing components, heat dissipation, and insulation materials make it a major beneficiary of the future trends of the automotive Internet of Things and Industry 4.0. The Company has established quality assurance through long-term cooperation with international giants, enabling it to develop more diversified products. With improved technology and reputation, the Company will continue to experience continuous growth.

The demand for high thermal conductivity AlN required for AI intelligent servers and high-power laser cutting and laser ranging is also increasing. The unit price of high thermal conductivity AlN is relatively high, making it worthy of focused research and long-term development.

The development and marketing of new materials and ceramic composites will shift the focus from the traditional electronic materials industry to broader market applications such as automotive sensor components, power modules for electric vehicles, LED packaging, and mechanical equipment. The Company's material research and development technology and process control technology have been continuously improved. Sales of materials for the automotive industry will provide high-quality orders and market positioning for the Company. As the Company expands and extends its new materials and processes, it will play a more proactive role in precision ceramics, contributing more to the materials industry in Taiwan.

4. Competitive Advantages

(1) Internal Factors

①Possessing process technology for composite ceramic materials and finer ceramic materials.

②Manufacturing capability for laser processing of ceramic substrates and custom size requirements.

③Providing product parameters to assist customers in solving process issues.

④In-depth manufacturing experience and material research engineering talent in series processes.

⑤Automation deployment to increase efficiency and reduce dependence on manual labor.

(2) External Factors

①Ceramic materials widely used in the electronics and automotive industries, particularly in high-power components.

②Scarcity of talent with core ceramic material technology and process parameter experience, resulting in fewer new competitors.

③Continued utilization of composite ceramic materials in new products, leading to a continuous increase in future market demand.

④Increasing use of ceramic materials in the energy industry.

⑤Rapid development of the electric vehicle market, leading to a surge in demand for high-precision passive components, power dissipation modules, and IGBT power modules.

5. Prospects, Advantages, Disadvantages, and Countermeasures

(1) Advantages

①Whether in consumer electronics or industrial control components, the increasing functionality raises the requirements for materials, and ceramic materials and composites are among the most suitable options.

Alumina ceramic substrates are cost-competitive carriers for chip resistors and the most stable materials. The Company is currently one of the global manufacturers that possess the technology for manufacturing alumina ceramic substrates and have achieved economies of scale. The related raw material formulas and core process technologies have been developed in-house and institutionalized. The Company has precise control over equipment operating parameters and maintenance techniques, which will make significant contributions to sales in the future of composite material substrate production technology.

The global development of automated industries has invested significant resources, with an increasing usage of related control components, and ceramic materials do not cause environmental pollution. The Company's capabilities in the research, development, and production of ceramic composite materials and high-power ceramic substrates continue to grow, and it actively collaborates with manufacturers to develop products with suitable specifications.

②The quality and load capacity of control components and functional components continue to improve.

Ceramic materials can withstand high temperatures, wear and tear, and high power environments. Ceramic substrate materials are essential components for control components, and in the future, various products, including information exchange and 3C products, will be more diversified and integrated into daily life, including the Internet of Things (IoT) and automotive IoT. Information,

communication, and consumer electronic products are included. Future products will focus on lightweight, thin, short, and small designs and require stable materials. Ceramic materials can fully leverage their characteristics to achieve perfect miniaturization of electronic product components. Therefore, the demand for resistors in the electronics and communication markets will continue to grow and be widely used. Due to the unlimited development potential of downstream resistor and automotive industries, there are significant growth opportunities for the Company's alumina ceramic substrates and ceramic products for the automotive industry.

③Ceramic materials have a high technological threshold.

The manufacturing process technology for ceramic materials requires long-term parameter data and stable control capabilities. LEATEC's core technologies, such as doctor blade forming and atmospheric sintering, are of high technical levels and require long-term control parameter experience. From material source management, formulation, parameter condition control during ball milling, doctor blade forming technology for green body production, automated die punching, issues of warpage and microcracks during sintering, substrate stack quantity, and more, time and continuous research and improvement are required to achieve smooth mass production and quality control. Therefore, a relatively long learning curve is needed, making it difficult for potential competitors to enter this industry.

④Future Demand

Applications such as smart electric vehicles, charging stations, 5G communication, optical communication, and the Internet of Things (IoT) are the focal points of global communication development. The demand for passive components will gradually increase, and with few competitors in the industry, the Company's growth momentum can be expected. Major countries worldwide consider electric vehicles and autonomous vehicles as development priorities, and related components and control systems require insulation and heat resistance, making ceramic materials the most suitable products. It is believed that the use of ceramic materials will continue to expand in the future, and the Company will continue to grow.

⑤Cost Competitive Advantage

The Company possesses parameter technology for mold and material development efficiency and effective supplier collaboration, which provides a strong cost competitiveness and ensures quality. The advantages of using ceramic materials, including cost and lead time, continue to expand the market while ensuring quality. The Company maintains advantages in controlling major material sources and has many years of experience in mutual growth. It actively

engages in the development and integration of composite materials and high-power materials, providing professional products and services.

(2) Disadvantages and Countermeasures

①Increasing demand for specialized functional components

To strive for sales and differentiate products to meet consumer preferences for novel features, manufacturers are rapidly introducing new designs to attract consumers. As a result, products become more diverse and complex, requiring material component suppliers to enhance their R&D capabilities and quickly meet demands. To respond to this change, the Company needs to invest in R&D and engineering design to drive the front-end product development, pursue production efficiency, yield improvement, and cost reduction. Therefore, the strategy should focus on actively investing in R&D and engineering design to gradually transform the Company and enhance gross margins.

②Environmental safety and health, and labor safety issues

Environmental protection is a major trend. However, in the manufacturing process of ceramic materials, high-temperature sintering can generate odors and waste. To properly handle the exhaust during the process, investments in environmental protection and resource recycling need to be increased. In response to this phenomenon, the Company has developed solvent recovery equipment, which has been installed and proven effective. Exhaust treatment equipment is also operational, ensuring compliance with regulations. However, continuous education and training of new employees in operating procedures and daily routine inspections and records of environmental protection equipment are necessary. Additionally, the Company arranges regular inspections by qualified testing institutions to measure and provide emission reports on pollution sources.

③Competitors engaging in price competition to secure orders

The main competitors in the passive component market are primarily mainland Chinese manufacturers who aim to enter the market, increase market share, and win by quantity, leading to price competition. To address this, the Company not only improves product quality, reduces lead times, and enhances research and development efforts but also focuses on the development of high-end products to differentiate from competitors. The Company also offers customized ceramic substrates to meet customer requirements and maintains close communication with customers to develop special application products, satisfying their needs and promoting continuous innovation.

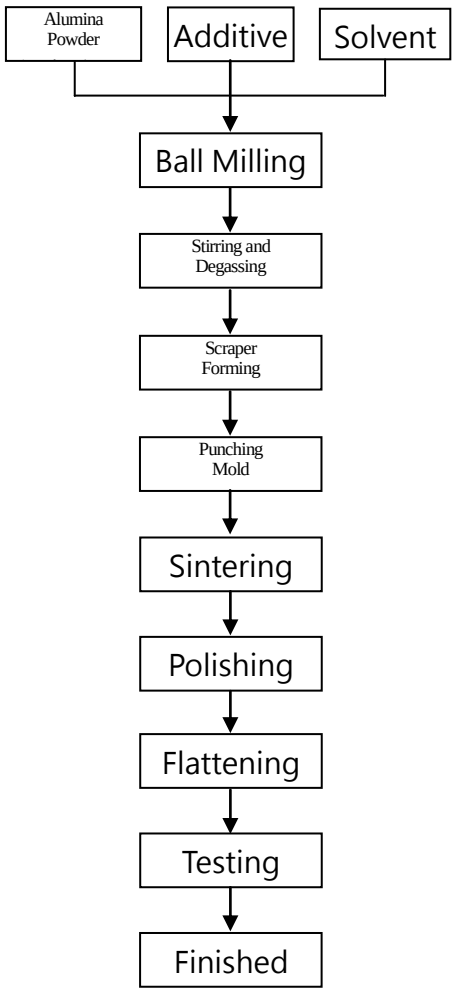
(2) Major Uses and Production Process of Main Products

1. Main Applications of Key Products

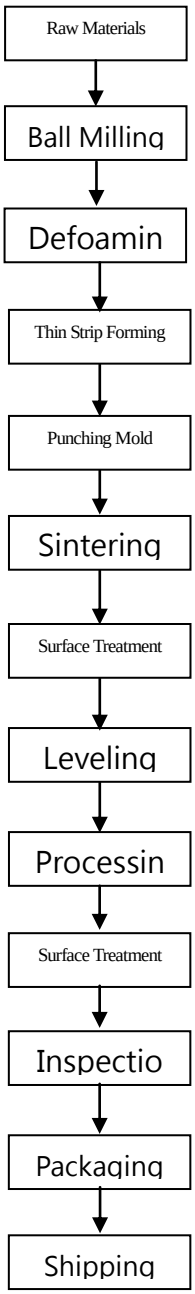
Main Products		Important Uses
Precision Ceramic Substrate	Resistive Substrate	Important raw material for chip resistors and chip resistances, used in personal computers, smartphones, digital cameras, memory devices, intelligent automotive electronics, electric vehicle electronic components, industrial precision control, etc.
	Non-resistive Substrate	(1) Important raw material for hybrid integrated circuits, used in automotive, military, precision instruments, and communication modules. (2) Important semi-finished ceramic blanks for stacked-type oxygen sensors, used in sensing the oxygen concentration in automobile engine exhaust to provide fuel injection setting feedback. (3) Important heat dissipation substrates for 5G data centers and intelligent matrix car lights. (4) Important substrates and heat dissipation materials for optical communication and 5G communication. (5) Raw materials for battery module protection components and power semiconductor substrates. (6) AI server heat dissipation materials (7) Materials required for high-power laser emitters and laser ranging

2. Production Process:

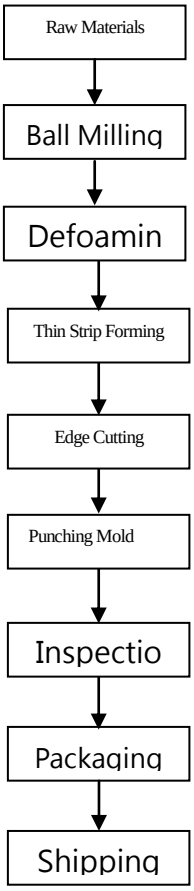
Aluminum oxide ceramic substrates.



Non-aluminum oxide ceramic substrates.



Blanks for oxygen sensors.



(3) Supply Status of Main Raw Materials

The main raw materials for precision ceramic substrates are aluminum oxide powder or other ceramic refining powders. Ceramic powders are widely used in high-temperature materials, mechanical materials, electrical and electronic materials, optical materials, etc., due to their heat resistance, insulation, high hardness, and wear resistance. They are used as grinding fluids in the IC industry, additives in the passive component industry, refractory materials in the fire protection industry, etc.

Manufacturers of ceramic powders include world-class chemical companies such as Sumitomo Chemical Co., Ltd., Showa Denko K.K., Nippon Light Metal Holdings Company, Ltd., AA - Alcoa Corp, and Nabaltec from Germany. The Company's selected suppliers are KINSEI, the agent of Sumitomo Chemical Co., Ltd., and Hui Ye, based on considerations of material characteristics, quality, and stability. These suppliers have agents in Taiwan.

Ceramic powders have a wide range of applications, and the global market demand has been increasing rapidly. Sumitomo Chemical Co., Ltd. has increased its production capacity to meet market demand. However, with the rise in international crude oil prices and costs, the cost of aluminum oxide powder has been increasing. Sumitomo Chemical Co., Ltd. is a long-term supplier with a good cooperative relationship, stable quality, and delivery schedule, and there is no risk of raw material shortage. In recent years, the Company has also actively developed diversified new materials to reduce the risk of raw material sourcing.

(4) List of Major Customers for the Past Two Years

1. Suppliers whose purchase amount accounted for more than 10% of the total purchase amount in any of the past two years, including the purchase amount and proportion:

Unit: NT$1,000

Item	2022				2023				As of March 31, 2024			
	Name	Amount	As a percentage of net purchase for the year (%)	Relationship with the Company	Name	Amount	As a percentage of net purchase for the year (%)	Relationship with the Company	Name	Amount	As a percentage of net purchase for the year (%)	Relationship with the Company
1	KINSEI	73,932	27.64	None	KINSEI	66,702	33.08	None	KINSEI	8,064	15.21	None
2	XIAMEN JUCI TECH. CO., LTD.	1,418	0.53	None	XIAMEN JUCI TECH. CO., LTD.	15,141	7.51	None	XIAMEN JUCI TECH. CO., LTD.	12,850	24.24	None
	Others	192,148	71.83	None	Others	119,773	59.41	None	Others	32,104	60.55	None
	Net Purchase Amount	267,498	100.00	NA	Net Purchase Amount	201,616	100.00	NA	Net Purchase Amount	53,018	100.00	NA

Reason for Variation: There was little change in the main suppliers.

2. List of Customers whose sales amount accounted for more than 10% of the total sales amount in any of the past two years, including the sales amount and proportion:

Unit: NT$1,000

Item	2022				2023				As of March 31, 2024			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Company	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Company	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Company
1	YAGEO CORPORA	91,091	11.62	None	YAGEO CORPORA	114,047	13.84	None	YAGEO CORPORATION	18,529	8.33	None
2	Dongguan Technology Electronics Ltd.	84,511	10.79	None	Dongguan Technology Electronics Ltd.	97,132	11.79	None	Dongguan Walsin Technology Electronics Co., Ltd.	23,576	10.59	None
3	-	-	-	-	-	-	-	-	DUAN HUA	25,537	11.48	None
	Others	607,910	77.59	NA	Others	612,847	74.37	NA	Others	154,872	69.6	NA
	Net Sales Amount	783,512	100.00	NA	Net Sales Amount	824,026	100.00	NA	Net Sales Amount	222,514	100.00	NA

Reason for Variation: There was little change in the main sales customers.

(5) Production Value for the past two years

Unit: KPCS; NT$1,000

Year / Sales volume / Key products	2022			2023		
	Capacity	Output	Output Value	Capacity	Output	Output Value
Precision Ceramic Substrate	210,000	144,434	844,018	240,000	137,088	828,277

(6) Sales Value for the past two years

Unit: KPCS; NT$1,000

Year / Sales volume / Key products	2022				2023			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Output	Value	Output	Value	Output	Value	Output	Value
Precision Ceramic Substrate	13,910	211,133	115,400	561,747	19,666	282,576	110,460	511,334
Others	—	1,807	—	8,825	—	1,307	—	28,809
Total		212,940		570,572		283,883		540,143

3. Employees

Year		2022	2023	As of March 31, 2024
Number of Employees	Direct Labor	352	454	369
	Indirect Labor	132	136	161
	Total	484	590	530
Average Age		38.37	37.39	34.42
Average Years of Service		6.83	5.13	5.81
Distribution of Educational Background	Doctorate	0.21 %	0.34 %	0.19 %
	Master's	3.72 %	3.39 %	1.70 %
	Bachelor's	25.62 %	23.56 %	27.55 %
	High School	50.62 %	42.20 %	46.22 %
	Below High School	19.83 %	30.51 %	24.34 %
	Total	100.00 %	100.00 %	100.00 %

4. Distribution of Educational Background

(1) Environmental Information:

1. The Company is mainly engaged in the manufacturing of aluminum oxide ceramic substrates, which generates exhaust gas, wastewater, and some waste during the production process. In accordance with the letter No. 175143 issued by the Taiwan Provincial Government on December 19, 1998, the Company has obtained a permit for the operation of fixed pollution sources. The exhaust gas is regulated by the letter No. 341287 issued by the Taoyuan County Government on May 4, 1999, allowing the Company to appoint an air pollution control officer.
2. Regarding wastewater, the Company has been permitted to appoint a dedicated person for wastewater treatment in accordance with the letter No. 357543 issued by the Taoyuan County Government on March 29, 2001. The wastewater is treated by the wastewater treatment facilities installed by the Company and then recycled for reuse.
3. Waste is entrusted to legally compliant waste disposal companies for transportation and treatment.
4. The Company strives for solvent recovery and has introduced low-cost and efficient recovery system equipment.
5. In accordance with laws and regulations, the Company is required to apply for permits for the installation of pollution control facilities, pay pollution control fees, or establish a dedicated environmental unit. Explanation of the application, payment, or establishment status:

(1) The Company has obtained the following pollution operation permits:

Item	Permit Number	Validity Period of Permits
Water Pollution Control Permit	Tao-Shi-Huan-Pai-Xu Zi No.H0667-08 Fu-Huan-Shui-Zi No.1120286450	2023.10.16~2028.03.10
Permit for the Operation of Fixed Pollution Sources	Fu-Huan-Kong-Zi No.1130002400 Cao-Zheng-Zi No.H3787-09	2024.01.05~2026.10.30

(2) Appointment of Environmental Responsibility Personnel

Item	Name	Type of Permit	Permit Number
Wastewater	LI, TAI-JI	Class B Wastewater Treatment Specialist	(97) HUAN SHU XUN ZHENG ZI No.GB210097
Air Pollution	LI, TAI-JI	Class B Air Pollution Prevention Specialist	(97) HUAN SHU XUN ZHENG ZI No.FB080443

(2) Significant losses and penalties incurred by the Company due to environmental pollution in the most recent fiscal year and up to the date of the annual report printing:

On August 11, 2023, the Company violated Article 7, Paragraph 1 of the Water Pollution Control Act due to the pH value of the wastewater at the discharge outlet not meeting discharge water standards. The violation was penalized under Letter Chu-Fen-Cai-Chu-Zi No. 30-112-100015, with a fine of NT$194.4 thousand. The Company undertook equipment improvements, which were completed on September 18, 2023.

(3) Future Response Strategies:

In order to mitigate global warming effects and maintain sustainable environmental ecology, the Company actively promotes green and environmentally friendly operations. It incorporates green production mechanisms through product design, process design, and management system design, and has obtained ISO14001 certification. In the production process, based on environmental considerations, the Company strives for resource conservation and pollution reduction through technological advancements, aiming to achieve green industry goals.

(4) Response to the European Union RoHS Directive:

The Company's products are not subject to the regulations of the European Union RoHS Directive.

5. Labor Relations

(1) Various employee welfare measures, advancement, training, retirement system and its implementation, and the status of agreements between labor and management and measures to protect employee rights:

1. Statutory Employee Welfare Measures and Implementation Status
   (1) Each employee is legally covered by labor insurance, national health insurance, and monthly contributions to retirement pensions.
   (2) Various types of leaves are provided according to the law, ensuring peace of mind for employees when they need to take leave.
   (3) The well-organized Employee Welfare Committee, consisting of members elected from various departments, regularly holds committee meetings to plan various employee welfare measures:
      ①Organizing domestic and overseas trips, year-end banquets, raffles, birthday gifts, and providing monetary gifts and subsidies for Lunar New Year, Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.
      ②Providing congratulatory and condolence money for employees' marriage, childbirth, hospitalization due to injury or illness, and funeral expenses (including employees' parents, spouse, and children).
2. Non-statutory Employee Welfare Measures and Implementation Status
   (1) Group comprehensive insurance is provided for employees, including accident insurance, hospitalization medical insurance, accident medical insurance, and overseas business travel insurance. The premiums are fully paid by the company, providing additional security for employees' work and life.
   (2) The employee cafeteria offers free lunch, dinner (for overtime), and late-night snacks.
   (3) Annual provision of summer and winter uniforms for all employees.
   (4) Prioritizing employee health, regular health check-ups and health seminars are arranged.
   (5) Establishing awards for long-term employees (5, 10, 15, 20, 25 to 45 years) and publicly recognizing and rewarding them on a regular basis.
   (6) Determining bonus items and amounts based on the Company's profitability, individual employee performance, and achievement of organizational goals.
   (7) Providing opportunities for employee profit-sharing and stock ownership.
   (8) Planning annual training programs throughout the year for professional, occupational health and safety, management, and general skills development. Courses are offered to enhance employees' knowledge, work skills, and attitudes, assisting the company in achieving its goals.
3. Employee Continuing Education and Training System and Implementation Status

(1) Encouraging employees to pursue degrees at domestic colleges and universities approved by the Ministry of Education under the "In-Service Education Regulations," with relevant expenses subsidized by the company.

(2) Planning annual professional, occupational health and safety, management, and general skills training programs based on training needs under the "Employee Education and Training Regulations." Courses are offered according to the plan. In 2023, a total of 4,872 hours of training were conducted throughout the year, covering various fields such as professional skills, management skills, and legal compliance, to promote balanced development of employees' capabilities.

(3) Managers participate in education and training related to corporate governance:

Managerial Officer	Course Name Related to Corporate Governance	Training Hours in 2023
CHEN, QING-JIN President	Seminar on Equity Advocacy for Insiders of Listed and OTC Companies . Geopolitical Transformation Opportunities and Challenges for Taiwan's Industry - Exclusive Analysis by PMI/NMI	6H
CHEN, YONG-CANG Chief Accounting Officer	Continuous education courses for accounting executives of issuing securities firms at stock exchanges	12H
WENG, XUE-PAN Chief Audit Officer	Courses organized by the Institute of Internal Auditors	12H

(4) Status of relevant certifications obtained by personnel related to financial information transparency

Finance personnel, accounting personnel, and auditing personnel of the Company have not obtained relevant certifications from competent authorities.

3. Employee Retirement System and Implementation Status

The Company has established a comprehensive retirement system in compliance with the Labor Standards Act and the Labor Pension Act. For employees covered by the Labor Pension Act (new system), 6% of their monthly wages are deposited by the company into their personal accounts with the Labor Insurance Bureau. For employees covered by the Labor Standards Act (old system), a Labor Retirement Reserve Supervisory Committee, consisting of representatives from labor and management, is formed to jointly oversee and verify the amount of retirement reserve allocation, storage, disbursement, and other relevant supervision matters. A third-party actuary is appointed to perform act

4. Agreements between Labor and Management and Measures to Protect Employee Rights

The Company holds regular monthly employee meetings to facilitate direct communication between employees and management. This allows employees to understand the Company's business philosophy, operational status, and receive project reports from senior executives of various departments. Through various communication channels within the company (including an employee portal for submitting opinions, labor-management meetings, bulletin boards, electronic bulletin boards, internal

newsletters, etc.), efforts are made to enhance dialogue and exchange of opinions between labor and management. The goal is to maintain the existing harmonious labor-management relationship and further enhance it in the future.

5. The Company has established "Work Rules" for employees, which include disciplinary codes, prevention of sexual harassment, and other behavioral and ethical guidelines that employees are required to follow. New employees are informed of these contents during the eight-hour pre-employment training, and employees can also refer to the relevant regulations on employee behavior or ethical guidelines at any time through the electronic bulletin board on the Company's internal website.
6. Work Environment and Measures to Protect Employee Personal Safety

To improve the work environment and protect employee personal safety, the Company has established an "Environmental Safety and Health Policy" formulated by the President, with the highest safety goal of achieving "zero accidents, zero incidents." Various occupational safety measures are implemented, and the 6S program (Sort, Set in order, Shine, Standardize, Sustain, Safety) is actively practiced to prevent occupational accidents, ensure employee safety and health, and create a good working environment. The implementation measures are explained as follows:

Item	Content
Access Control Security	1. 24-hour access control and surveillance system are in place. 2. 24-hour security guard service is provided.
Maintenance and Inspection of Various Equipment	1. According to the regulations on building public safety inspection and reporting, a professional inspection agency is commissioned every two years to conduct public safety inspections. The inspection is completed and reported between July and September of that year. The report was completed on September 22, 2023. 2. In accordance with the Building Act, elevator and lift equipment must obtain a usage permit after passing the inspection by the competent authority. The usage permit is posted conspicuously at the entrance. Monthly maintenance is outsourced to professional companies, and before the expiration of the usage permit, a professional inspection agency is commissioned to apply for a safety inspection and obtain a new permit for record. 3. The Company conducts monthly self-inspections and commissions qualified fire safety companies for annual fire safety equipment maintenance. The inspection is completed and reported by the end of November. The report was completed on November 30, 2023. 4. In accordance with the regulations on the management of electrical power equipment and dedicated electrical technicians, high and low voltage power equipment undergoes inspections every six months and applies for inspection records. The report was completed on June 3 and

	November 9, 2023. 5. For boilers and specific equipment for high-pressure gases, regular inspections are conducted according to automated inspection management regulations. Before the expiration of the inspection certificate's validity, a professional inspection agency commissioned by the Occupational Safety and Health Administration is engaged to apply for a safety inspection and obtain a new certificate for record.
Work Environment Inspection	1. In accordance with the Occupational Safety and Health Act, regular occupational environment monitoring and reporting are conducted every six months, and the monitoring results are announced for employee awareness. These were executed on June 1 and December 4, 2023. 2. Flammable gas concentration detectors are installed at appropriate locations in workplaces where solvents are used. Professional inspection companies are commissioned annually for the calibration of monitoring instruments to maintain the quality of monitoring operations. Calibration checks were conducted by a professional agency on December 26, 2023.
Disaster Prevention Measures and Response	1. According to the regulations of the Occupational Safety and Health Management, an Occupational Safety Office unit is established, with a Class A Occupational Safety and Health Supervisor and Occupational Safety and Health Managers, approved by the Occupational Safety and Health Administration of the Ministry of Labor. 2. Safety and Health Work Guidelines, Occupational Safety and Health Management Plans, Self-inspection Plans, Hazard Awareness Plans, Occupational Environment Monitoring Plans, Emergency Response Plans, Air Pollution Equipment/Wastewater Equipment/Fire Equipment/Chemical Leak Emergency Response Plans, Natural Disaster Emergency Response Plans are established. 3. In accordance with the regulations on Occupational Safety and Health Education and Training, general safety and health education and training for new employees, hazard chemical labeling and general education training, safety and health education and training for operators of hazardous machinery or equipment, safety and health education and training for special operators, safety and health education and training for first aid personnel, safety and health education and training for Occupational Safety and Health Managers, and on-the-job safety and health education and training are conducted. 4. Control measures are established for hazardous operations, confined spaces, and special operations, including controlled work permits for hazardous operations, prevention of confined space hazards, fall accident prevention, electrical safety management, organic/dust operation management, etc. 5. Necessary safety protective equipment is provided to on-site workers, such as gas masks, goggles, activated carbon masks, earplugs/earmuffs, aprons, gloves, back support belts, safety shoes, and other protective equipment.

	6. In accordance with the Fire Service Act, a fire safety manager is appointed, a fire protection plan is formulated, and it is submitted to the fire department for approval. The fire safety manager has received proper education and training and holds a certificate. Regular self-defense fire brigade training is conducted every six months, with training sessions conducted on June 1 and November 30, 2023.

7. The Company has established the "Insider Trading Prevention Management Procedures." To prevent and respond to insider trading violations, when necessary, the spokesperson disseminates relevant information during the monthly all-staff meetings, and the "Insider Trading Prevention Guidelines" are published on the internal website's electronic bulletin board for employees to access at any time. Directors and supervisors are also periodically reminded via email.

(2) The recent year and up to the date of the annual report, the losses suffered due to labor disputes, and the disclosure of current and future possible estimated amounts and response measures: None.

6. Information Security Management

(1) Information security risk management framework, information security policy, specific management plans, and resources allocated to information security management:

1. Information security risk management framework:

The Information Department is a unit under the Management Department, responsible for implementing information security policies and promoting information security awareness among employees. It ensures the continuous operation of information systems and data security. The Audit Office conducts annual information security audits of internal control systems and computerized information system processing operations to assess the effectiveness of the company's information operation internal controls.

2. Information Security Policy

To implement information security management, the company has established internal control systems for computerized information system processing and information security management. Through the joint efforts of all employees, the following policy objectives are expected to be achieved:

- Ensure the confidentiality and integrity of information assets.
- Ensure data access in accordance with departmental functional regulations.
- Ensure the continuous operation of information systems.
- Prevent unauthorized modification or use of data and systems.

• Regularly conduct information security audits to ensure the implementation of information security.

3. Specific Management Methods and Resources Allocated to Information Security Management

Internet Security Control	Data Access Control	Response and Recovery Mechanism	Advocacy and Verification
• Installation of firewalls. • Regular virus scanning of computer systems and data storage media. • Usage of various network services should comply with information security policies.	• Computer equipment should be securely stored and configured with account and password settings. • Different access permissions should be assigned based on job responsibilities. • Revocation of access permissions for personnel who are transferred or leave the company. • Before disposing of equipment, confidential, sensitive data, and copyrighted software should be removed or overwritten. • Remote login to the information system should be appropriately approved.	• Regular review of emergency response plans. • Annual system recovery exercises. • Establishment of system backup mechanisms and implementation of off-site backup. • Regular review of computer network security control measures.	• Ongoing promotion of information security awareness among employees. • Regular implementation of information security checks.

4. Implementation Status

Continuously implementing the objectives of information security management policies and regularly conducting recovery plan exercises to protect the security of important systems and data of the company.

(2) In the most recent fiscal year and up to the date of the annual report, if there were any significant losses, potential impacts, and response measures due to major information security incidents that cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: None.

7. Important Contracts:

Contract Nature	Parties	Contract Start and End Date	Main Content	Restrictive Clauses
Technology Licensing	Institute of Nuclear Energy Research, AEC	Effective upon signing by both parties on January 16, 2014, with a validity period of 11 years.	Technology licensing for the production of solid oxide fuel cell ceramic substrate-supported unit cells.	None
Technology Licensing	Institute of Nuclear Energy Research, AEC	Effective upon signing by both parties on July 20, 2016, with a validity period of 10 years.	Licensing of "Solid Oxide Fuel Cell Stack Assembly Technology" and "Composition and Packaging Method for High-Temperature Sealing Glass."	None

VI. Financial Overview

1. Summary Balance Sheet and Income Statement for the Past Five Years

(1) Consolidated Condensed Balance Sheets prepared in accordance with international accounting standards for the past five years:

Unit: NT$1,000

Item \ Year		December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	As of March 31, 2024
Current assets		891,990	1,040,128	977,103	1,258,972	1,129,728	1,189,825
Property, plant and equipment		1,658,946	1,387,143	1,468,044	1,379,412	1,439,771	1,524,771
Intangible assets		8,552	5,894	5,102	4,109	2,510	2,193
Other Assets		361,469	728,593	745,824	799,647	706,056	711,768
Total assets		2,920,957	3,161,758	3,196,073	3,442,140	3,278,065	3,428,557
Current liabilities	Before distribution	729,359	883,454	1,104,994	1,121,700	772,882	846,925
	After distribution	729,359	883,454	1,104,994	1,121,700	(Note 3)	(Note 3)
Non-current liabilities		996,930	1,170,396	942,454	1,183,525	1,323,288	1,378,229
Total liabilities	Before distribution	1,726,289	2,053,850	2,047,448	2,305,225	2,096,170	2,225,154
	After distribution	1,726,289	2,053,850	2,047,448	2,305,225	(Note 3)	(Note 3)
Total equity attributable to owners of parent		1,194,668	1,107,908	1,148,625	1,136,915	1,181,895	1,203,403
Share capital		1,080,798	1,080,798	1,080,798	1,080,798	1,080,798	1,080,798
Capital reserve		353,266	353,265	353,093	102,301	102,301	102,301
Retained earnigs	Before distribution	(193,590)	(298,835)	(250,147)	(34,150)	25,788	(3,847)
	After distribution	(193,590)	(298,835)	(250,147)	(34,150)	(Note 3)	(Note 3)
Other equity		(45,806)	(27,320)	(35,119)	(12,034)	(26,992)	24,151
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	1,194,668	1,107,908	1,148,625	1,136,915	1,181,895	1,203,403
	After distribution	1,194,668	1,107,908	1,148,625	1,136,915	(Note 3)	(Note 3)

Note 1: The above financial statements have been audited or reviewed by the accountant.

Note 2: The above assets have not been revalued.

Note 3: The decision regarding the loss carryforward for the year 2023 has not been made.

(2) Consolidated Condensed Statements of Comprehensive Income prepared in accordance with international accounting standards for the past five years:

Unit: NT$1,000

Item \ Year	2019	2020	2021	2022	2023	As of March 31, 2024
Operating Income	731,474	871,381	1,033,429	783,512	824,026	222,514
Gross profit	52,090	210,160	322,158	168,983	123,34	25,724
Net Operating Profit (Loss)	(120,021)	28,083	99,180	(130,783)	(436,748)	(47,418)
Non-operating income and expenses	(56,705)	(81,446)	(14,514)	106,365	532,596	18,941
Net profit (loss) before tax	(176,726)	(53,363)	84,666	(24,418)	95,848	(28,477)
Net profit (loss) for the period from continuing operations	(169,946)	(102,321)	50,834	(33,476)	61,360	(29,635)
Net profit (loss) from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the period	(169,946)	(102,321)	50,834	(33,476)	61,360	(29,635)
Other comprehensive income for the period (Net of tax)	(55,908)	15,562	(9,945)	19,246	(16,380)	51,143
Total comprehensive profit or loss for the period	(225,854)	(86,759)	40,889	(14,230)	44,980	21,508
Net profit attributable to owners of the parent company	(169,946)	(102,321)	50,834	(33,476)	61,360	(29,635)
Net profit attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to the owners of the parent company	(225,854)	(86,759)	40,889	(14,230)	44,980	21,508
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	(1.57)	(0.95)	0.47	(0.31)	0.57	(0.27)

Note 1: The above financial statements have been audited or reviewed by the accountant.

(3) Condensed Balance Sheets of the Individual Entity prepared in accordance with international accounting standards for the past five years:

Unit: NT$1,000

Item \ Year		December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Current assets		455,816	484,069	570,741	477,282	741,187
Investments accounted for using the equity method		1,275,431	1,322,678	1,399,808	1,490,776	1,320,622
Property, plant and equipment		603,722	568,862	552,323	562,959	547,988
Intangible assets		8,552	5,894	5,102	4,109	2,510
Other Assets		67,371	66,587	72,086	47,763	65,122
Total assets		2,410,892	2,448,090	2,600,060	2,582,889	2,677,429
Current liabilities	Before distribution	444,547	551,838	866,081	613,888	655,369
	After distribution	444,547	551,838	866,081	613,888	(Note 3)
Non-current liabilities		771,677	788,344	585,354	832,086	840,165
Total liabilities	Before distribution	1,216,224	1,340,182	1,451,435	1,445,974	1,495,534
	After distribution	1,216,224	1,340,182	1,451,435	1,445,974	(Note 3)
Total equity attributable to owners of parent		1,194,668	1,107,908	1,148,625	1,136,915	1,181,895
Share capital		1,080,798	1,080,798	1,080,798	1,080,798	1,080,798
Capital reserve		353,266	353,265	353,093	102,301	102,301
Retained earning	Before distribution	(193,590)	(298,835)	(250,147)	(34,150)	25,788
	After distribution	(193,590)	(298,835)	(250,147)	(34,150)	(Note 3)
Other equity		(45,806)	(27,320)	(35,119)	(12,034)	(26,992)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,194,668	1,107,908	1,148,625	1,136,915	1,181,895
	After distribution	1,194,668	1,107,908	1,148,625	1,136,915	(Note 3)

Note 1: The above financial statements have been audited or reviewed by the accountant.

Note 2: The above assets have not been revalued.

Note 3: The decision regarding the loss carryforward for the year 2023 has not been made.

(4) Condensed Statements of Comprehensive Income of the Individual Entity prepared in accordance with international accounting standards for the past five years:

Unit: NT$1,000

Item \ Year	2019	2020	2021	2022	2023
Operating Income	385,523	427,747	521,932	407,761	436,328
Gross profit	(15,107)	68,713	127,027	53,847	30,698
Net Operating Profit	(109,863)	(40,655)	15,923	(40,100)	(84,422)
Non-operating income	(68,212)	(32,222)	47,480	11,810	174,505
Net profit (loss) before	(178,075)	(72,877)	63,403	(28,290)	90,083
Net profit (loss) for the period from continuing	(169,946)	(102,321)	50,834	(33,476)	61,360
Net profit (loss) from	0	0	0	0	0
Net profit (loss) for the	(169,946)	(102,321)	50,834	(33,476)	61,360
Other comprehensive income for the period (Net of tax)	(55,908)	15,562	(9,945)	19,246	(16,380)
Total comprehensive	(225,854)	(86,759)	40,889	(14,230)	44,980
Earnings per share	(1.57)	(0.95)	0.47	(0.31)	0.57

Note 1: The above financial statements have been audited or reviewed by the accountant.

(5) Condensed Balance Sheets prepared in accordance with domestic accounting standards for the past five years: Not applicable.

(6) Condensed Statements of Income prepared in accordance with domestic accounting standards for the past five years: Not applicable.

(7) Name of the auditor and audit opinion for the past five years

Year	Firm	CPA	Opinion
2019	Deloitte & Touche	CHEN, WEN-XIANG、ZHENG, DE-ZHEN	Unqualified opinion.
2020	Deloitte & Touche	CHEN, WEN-XIANG、XU, JIN-MING	Unqualified opinion.
2021	Deloitte & Touche	XU, JIN-MING、XU, WEN-YA	Unqualified opinion.
2022	Deloitte & Touche	XU, JIN-MING、XU, WEN-YA	Unqualified opinion.
2023	Deloitte & Touche	XU, JIN-MING、XU, WEN-YA	Unqualified opinion.

2. Financial analysis for the past five years

(1) Financial Analysis of Consolidated Financial Statements prepared in accordance with international accounting standards:

Item \ Year		2019	2020	2021	2022	2023	March 31, 2024
Financial Structure (%)	Debt to assets ratio	59.10	64.96	64.06	66.97	63.95	64.90
	Long-term capital to property, plant and equipment ratio	132.11	164.24	142.44	168.22	174.00	169.31
Solvency (%)	Mobility Ratio	122.30	117.73	88.43	112.24	146.17	140.49
	Quick Ratio	89.10	94.24	67.84	82.53	102.49	99.86
	Interest cover multiplier	(3.64)	0.34	2.77	0.51	2.78	(1.16)
Operating Capabilities	Receivables turnover rate (times)	1.8658	2.3625	2.6281	2.2960	2.8136	2.8369
	Average number of days of receipt	196	154	139	159	130	129
	Inventory turnover rate (times)	2.2327	2.4455	2.7052	1.9363	1.9660	2.1997
	Turnover rate of accounts payable (times)	16.20	15.34	16.89	16.13	13.38	13.49
	Average number of sales days	163	149	135	189	186	166
	Property, plant and equipment turnover rate (times)	0.46	0.57	0.72	0.55	0.58	0.60
	Total Asset Turnover (Times)	0.25	0.29	0.33	0.24	0.25	0.27
Profitability	Return on Assets (%)	(4.82)	(1.24)	2.80	0.19	3.11	(2.27)
	Return on Equity (%)	(12.85)	(8.89)	4.51	(2.93)	5.29	(9.94)
	Percentage of net income to total paid-in capital (%)	(16.35)	(4.94)	7.83	(2.26)	8.87	(10.54)
	Net profit rate (%)	(23.23)	(11.74)	4.92	(4.27)	7.45	(13.32)
	Earnings per share (NT$)	(1.57)	(0.95)	0.47	(0.31)	0.57	(0.27)
Cash Flow	Cash flow ratio (%)	0.00	7.91	7.07	0.00	0.00	11.50
	Cash flow fair ratio (%) (note)	64.39	55.95	55.41	51.22	47.53	21.88
	Cash reinvestment ratio (%)	0.00	1.79	2.06	0.00	0.00	2.67
Leverage	Operating leverage	0.26	4.38	2.14	0.12	0.74	0.37
	Financial leverage	0.76	(0.53)	1.93	0.72	0.89	0.78

Explanation for significant changes in financial ratios between 2023 and 2022 exceeding 20%:

1. The increase in current ratio and quick ratio is mainly due to the decrease in current liabilities, as Leatec (Kunshan) received advance relocation compensation payments from the Kunshan municipal government, which were proportionally reclassified as government subsidy income according to the relocation and acquisition progress in 2023.
2. The interest cover multiplier improved from the previous period mainly due to pre-tax profits for the current period.
3. The accounts receivable turnover ratio increased from the previous period mainly due to high opening accounts receivable in 2022, resulting in a lower turnover rate for 2022.
4. The return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit margin, and earnings per share all increased from the previous period due to profits in the current period.
5. The operating leverage and financial leverage ratios increased from the previous period mainly due to higher business-related costs and expenses in the current period.

(2) Individual Financial Analysis in accordance with international accounting standards:

Item \ Year		2019	2020	2021	2022	2023
Financial Structure (%)	Debt to assets ratio	50.45	54.74	55.82	55.98	55.86
	Long-term capital to property, plant and equipment ratio	325.70	333.34	313.94	349.76	369.00
Solvency (%)	Mobility Ratio	102.53	87.72	65.90	77.75	113.09
	Quick Ratio	73.71	64.52	50.69	50.53	88.02
	Interest cover multiplier	5.13	(0.13)	3.53	0.12	3.48
Operating Capabilities	Receivables turnover rate (times)	2.4589	2.9279	3.1394	2.5241	3.0504
	Average number of days of receipt	148	125	116	145	120
	Inventory turnover rate (times)	2.9207	2.3076	2.7297	2.4220	2.1473
	Turnover rate of accounts payable (times)	8.54	7.04	8.49	8.05	8.26
	Average number of sales days	125	158	134	182	170
	Property, plant and equipment turnover rate (times)	0.63	0.73	0.90	0.73	0.79
	Total Asset Turnover (Times)	0.16	0.18	0.20	0.16	0.17
Profitability	Return on Assets (%)	(0.59)	(2.09)	2.66	(0.30)	3.44
	Return on Equity (%)	(12.85)	(9.28)	4.53	(2.93)	5.29
	Percentage of net income to total paid-in capital (%)	(16.48)	(6.74)	5.87	(8.21)	8.33
	Net profit rate (%)	(44.08)	(23.92)	9.74	(2.62)	14.06
	Earnings per share (NT$)	(1.57)	(0.95)	0.47	(0.31)	0.57
Cash Flow	Cash flow ratio (%)	0.00	3.32	(4.23)	15.89	0.00
	Cash flow fair ratio (%) (note)	0.00	108.51	3.00	66.17	59.53
	Cash reinvestment ratio (%)	0.00	15.66	1.44	2.22	0.00
Leverage	Operating leverage	0.55	(0.34)	4.47	(0.23)	0.33
	Financial leverage	0.79	0.39	(1.75)	0.56	0.70

Explanation for significant changes in financial ratios between 2023 and 2022 exceeding 20%:

1. The decrease in current ratio and quick ratio compared to the previous period is mainly due to the increase in current assets awaiting repatriation from the capital reduction of a subsidiary in China.
2. The interest cover multiplier improved from the previous period mainly due to pre-tax profits for the current period.
3. The accounts receivable turnover ratio increased from the previous period mainly due to increased revenue in the current period.
4. The return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit margin, and earnings per share all increased from the previous period due to profits in the current period.
5. The cash flow ratio and cash reinvestment ratio decreased from the previous period due to cash outflows from operating activities, as capital reduction funds from a subsidiary in China await repatriation to Taiwan.
6. The operating leverage and financial leverage ratios increased from the previous period mainly due to higher business-related costs and expenses in the current period.

Calculation formulas for analysis items are as follows:

1. Financial Structure
   (1) Debt-to-Asset Ratio = Total Liabilities / Total Assets.
   (2) Long-term Funds to Fixed Assets Ratio = (Total Equity + Non-current Liabilities) / Net Fixed Assets.
2. Debt-paying Ability
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.
   (3) Interest Coverage Ratio = Profit Before Tax and Interest Expenses / Interest Expenses.
3. Operating Capability
   (1) Accounts Receivable Turnover (including accounts receivable and notes receivable from operations) = Net Sales / Average Accounts Receivable (including accounts receivable and notes receivable from operations) Balance.
   (2) Average Collection Period = 365 / Accounts Receivable Turnover.
   (3) Inventory Turnover = Cost of Goods Sold / Average Inventory.
   (4) Accounts Payable Turnover (including accounts payable and notes payable from operations) = Cost of Goods Sold / Average Accounts Payable (including accounts payable and notes payable from operations) Balance.
   (5) Average Sales Period = 365 / Inventory Turnover.
   (6) Fixed Assets Turnover = Net Sales / Average Net Fixed Assets.
   (7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Assets = (Net Profit After Tax + Interest Expenses × (1 - Tax Rate)) / Average Total Assets.
   (2) Return on Equity = Net Profit After Tax / Average Total Equity.
   (3) Net Profit Margin = Net Profit After Tax / Net Sales.
   (4) Earnings per Share = (Net Income Attributable to Shareholders of the Parent Company - Special Dividends) / Weighted Average Issued Shares.
5. Cash Flow
   (1) Cash Flow Ratio = Operating Cash Flow / Current Liabilities.
   (2) Net Cash Flow Adequacy Ratio = Five-year Operating Cash Flow / (Capital Expenditures + Increase in Inventory + Cash Dividends).
   (3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends) / (Gross Fixed Assets + Long-term Investments + Other Non-current Assets + Working Capital).
6. Leverage:
   (1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income.
   (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses).

(3) Financial Analysis based on domestic accounting standards: Not applicable.

3. Audit Committee's Review Report on the Financial Report of the Most Recent Year

LEATEC FINE CERAMICS CO., LTD.
Audit Committee Review Report

The Board of Directors of the Company has prepared the 2023 financial statements, business report, and profit distribution proposal. The 2023 financial statements have been audited by Deloitte & Touche accountants XU, JIN-MING and XU, WEN-YA, who have issued their audit report. The Audit Committee has reviewed the 2023 financial statements, business report, and profit and loss appropriation proposal and found no discrepancies. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is submitted for review and approval.

To LEATEC FINE CERAMICS CO., LTD.
Annual Shareholders' Meeting 2024

Chairman of the Audit Committee: LAI, SHAN-GUI

May 9, 2024

4. Latest Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LEATEC Fine Ceramics Co., Ltd.

Opinion

We have audited the accompanying financial statements of LEATEC Fine Ceramics Co., Ltd. and its subsidiaries (the LEATEC Group), which comprise the Consolidated Statement of Financial Position as of December 31, 2023 and December 31, 2022, the Consolidated Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of LEATEC Group as of December 31, 2023 and 2022 and of the financial performance, changes in equity and cash flows of LEATEC Group from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of LEATEC Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of LEATEC Group for 2023. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of LEATEC Group for 2023:

Authenticity of revenue from specific sales targets

The LEATEC Group's sales revenue for the year 2023 amounted to NT$824,026 thousand, a increase of 5% compared to the same period last year. The auditor, based on factors such as changes in sales amount and ratio, considered the authenticity of the sales revenue of some specific customers as key audit matters.

The auditor performed the following main audit procedures for the authenticity of the revenue from the aforementioned specific sales targets:

1.Understand the internal control process related to revenue recognition and evaluate whether the design of the relevant controls is effective and implemented;

2.Review and inspect the shipping documents, records, and collections of these customers to test the authenticity of the sales;

3.Review the subsequent sales returns and allowances of these customers to confirm the reasonableness of sales revenue recognition.

Others

LEATEC Fine Ceramics Co., Ltd. has prepared parent company only financial statements for the years 2023 and 2022, and the accountant has issued unqualified audit reports with an emphasis-of-matter paragraph on file for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of LEATEC Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
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 internal control effectiveness of LEATEC Group.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of LEATEC Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause LEATEC Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of LEATEC Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on LEATEC Group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal

controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of LEATEC Group for the year ended December 31, 2023, from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

CPA: HSU, CHIN-MING

CPA: HUS, WEN-YA

Securities and Futures Management Committee Approval Number Tai-Tsai-Cheng-Liu-Tzu No. 0930128050

Securities and Futures Management Committee Approval Number Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

March 26, 2024

LEATEC FINE CERAMICS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	Dec. 31, 2023 AMOUNT	%	Dec. 31, 2022 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 & 6)	$ 156,966	5	$ 180,036	5
1110	Financial assets at fair value through profit or loss – current (Note 4, 7, 32 & 34)	14,228	-	13,607	-
1136	Financial assets measured at amortized cost - current (Note 4 & 8)	-	-	66,142	2
1150	Notes receivable (Note 4, 9, 26 & 27)	4,657	-	14,763	-
1170	Accounts receivable (Note 4, 9, 26, 27 & 34)	278,044	9	238,532	7
1180	Accounts receivable - related parties net amount (Note 4, 9, 26 & 33)	334	-	1,191	-
1200	Other receivables	108,203	3	19,314	1
130X	Inventories (Note 4, 10, & 27)	292,019	9	307,855	9
1460	Non-current assets held for sale (Note 11, 14 & 15)	-	-	124,326	4
1476	Other financial assets - current (Note 34)	229,019	7	265,858	8
1479	Other current assets (Note 4, 18 & 28)	46,258	1	27,348	1
11XX	Total current assets	1,129,728	34	1,258,972	37
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 4, 13, & 27)	57,942	2	74,725	2
1600	Property, plant and equipment (Note 4, 14, 27, 30 & 34)	1,439,771	44	1,379,412	40
1755	Right-of-use assets (Note 4, 15, 27 & 34)	142,076	4	149,248	4
1760	Investment properties net amount (Note 4, 16, 27 & 34)	351,758	11	371,197	11
1780	Other intangible assets (Note 4, 17 & 27)	2,510	-	4,109	-
1840	Deferred tax assets (Note 4 & 28)	42,633	1	28,215	1
1915	Prepayments for equipment (Note 30)	51,458	2	111,891	3
1980	Other financial assets - non-current (Note 34)	12,955	-	5,045	-
1990	Other non-current assets (Note 4 & 18)	47,234	2	59,326	2
15XX	Total non-current assets	2,148,337	66	2,183,168	63
1XXX	TOTAL	$ 3,278,065	100	$ 3,442,140	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 19, 34 & 35)	$ 472,336	15	$ 409,507	12
2150	Notes payable (Note 21)	918	-	2,403	-
2170	Accounts payable (Note 21)	65,014	2	36,404	1
2200	Other payables (Note 22 & 30)	114,306	4	112,244	4
2230	Current income tax liabilities (Note 4 & 28)	-	-	2,174	-
2280	Lease liabilities - current (Note 4 & 15)	1,153	-	1,118	-
2320	Long-term loans and corporate bonds payable within one year or operating cycle (Note 19, 34 & 35)	107,104	3	140,165	4
2399	Other current liabilities (Note 22)	12,051	-	417,685	12
21XX	Total current liabilities	772,882	24	1,121,700	33
	NON-CURRENT LIABILITIES				
2530	Corporate bonds payable (Note 20)	250,000	7	250,000	7
2540	Long-term loans (Note 19, 34 & 35)	878,799	27	782,219	23
2550	Provision for liabilities - non-current (Note 4 & 23)	1,072	-	930	-
2570	Deferred tax liabilities (Note 4 & 28)	156,449	5	113,572	3
2580	Lease liabilities - non-current (Note 4 & 15)	889	-	2,042	-
2640	Net defined benefit liability - non-current (Note 4, 24 & 27)	22,707	1	21,137	1
2670	Other non-current liabilities - other	13,372	-	13,625	-
25XX	Total non-current liabilities	1,323,288	40	1,183,525	34
2XXX	Total liabilities	2,096,170	64	2,305,225	67
	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (Note 25)				
3110	Ordinary shares	1,080,798	33	1,080,798	31
3200	Capital reserve	102,301	3	102,301	3
	Retained earnings (accumulated profit or loss)				
3310	Legal reserve	3,166	-	3,166	-
3350	Unappropriated earnings (losses to be compensated)	22,622	1	(37,316)	(1)
3300	Total retained earnings	25,788	1	(34,150)	(1)
3400	Other equity	(26,992)	(1)	(12,034)	-
31XX	Total equity attributable to the owners of the Company	1,181,895	36	1,136,915	33
3XXX	Total equity	1,181,895	36	1,136,915	33
	TOTAL	$ 3,278,065	100	$ 3,442,140	100

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

Chairman: CHEN, CHING-CHIN General Manager: CHEN, CHING-CHIN Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

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

CODE		2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	OPERATING REVENUE (Note 4, 26, & 33)	$ 824,026	100	$ 783,512	100
5000	OPERATING COSTS (Note 10 & 27)	(700,686)	(85)	(614,529)	(79)
5900	GROSS PROFIT	123,340	15	168,983	21
	OPERATING EXPENSES (Note 9, 22, 24, 27, & 33)				
6100	Selling expenses	(15,397)	(2)	(14,454)	(2)
6200	Administrative expenses	(463,370)	(56)	(232,726)	(29)
6300	Research and development expenses	(70,931)	(9)	(54,457)	(7)
6450	Expected credit impairment gains (losses)	(10,390)	(1)	1,871	-
6000	Total operating expenses	(560,088)	(68)	(299,766)	(38)
6900	PROFIT (LOSS) FROM OPERATIONS	(436,748)	(53)	(130,783)	(17)
	NON-OPERATING INCOME AND EXPENSES (Note 13 & 27)				
7100	Interest income	6,064	1	7,585	1
7010	Other income	92,587	11	105,382	14
7020	Other gains and losses	485,086	59	48,369	6
7050	Financial cost	(53,856)	(7)	(49,654)	(6)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	2,715	-	(5,317)	(1)
7000	Total non-operating income and expenses	532,596	64	106,365	14
7900	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	95,848	11	(24,418)	(3)
7950	INCOME TAX EXPENSE (Note 4 & 28)	(34,488)	(4)	(9,058)	(1)
8200	NET PROFIT (LOSS) FOR THE YEAR	61,360	7	(33,476)	(4)

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CODE		2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
	OTHER COMPREHENSIVE INCOME				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement amounts of defined benefit plans	(1,778)	-	(4,799)	(1)
8349	Income tax related to items not reclassified	356	-	960	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(14,958)	(2)	23,085	3
8300	Other comprehensive income (net amount)	(16,380)	(2)	19,246	2
8500	TOTAL COMPREHENSIVE INCOME	$ 44,980	5	($ 14,230)	(2)
	Net loss attributable to:				
8610	Owners of the parent company	$ 61,360	7	($ 33,476)	(4)
8620	Non-controlling interests	-	-	-	-
8600		$ 61,360	7	($ 33,476)	(4)
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 44,980	5	($ 14,230)	(2)
8720	Non-controlling interests	-	-	-	-
8700		$ 44,980	5	($ 14,230)	(2)
	EARNINGS PER SHARE (Note 29)				
9710	Basic	$ 0.57		($ 0.31)	
9810	Diluted	$ 0.57		($ 0.31)	

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

Chairman: CHEN, CHING-CHIN General Manager: CHEN, CHING-CHIN Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

		Equity attributable to the owners of the Company						
		Share capital			Retained earnings		Other equity	
Code		Shares (in thousands)	Amount	Capital reserve	Legal reserve	Unappropriated earnings (Losses to be compensated)	Exchange differences on translation of the financial statements of foreign operations	Total equity
A1	Balance on January 1, 2022	108,080	$ 1,080,798	$ 353,093	$ 3,166	($ 253,313)	($ 35,119)	$ 1,148,625
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	-	2,520	-	-	-	2,520
C11	Capital reserve to offset losses	-	-	(253,312)	-	253,312	-	-
D1	Net profit for 2022	-	-	-	-	(33,476)	-	(33,476)
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	-	(3,839)	23,085	19,246
D5	Total comprehensive income for 2022	-	-	-	-	(37,315)	23,085	(14,230)
Z1	Balance on December 31, 2022	108,080	1,080,798	102,301	3,166	(37,316)	(12,034)	1,136,915
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-
D1	Net profit for 2023	-	-	-	-	61,360	-	61,360
D3	Other comprehensive income (loss) for 2023, net of income tax	-	-	-	-	(1,422)	(14,958)	(16,380)
D5	Total comprehensive income for 2023	-	-	-	-	59,938	(14,958)	44,980
Z1	Balance on December 31, 2023	108,080	$ 1,080,798	$ 102,301	$ 3,166	$ 22,622	($ 26,992)	$ 1,181,895

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

Chairman: CHEN, CHING-CHIN General Manager: CHEN, CHING-CHIN Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit (loss) before tax for the current year	$ 95,848	($ 24,418)
A20010	Income and expense items		
A20100	Depreciation expenses	109,432	113,565
A20200	Amortization expenses	2,499	1,959
A20300	Expected credit impairment (reversal of gains) losses	10,390	(1,871)
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	(621)	1,723
A20900	Financial cost	53,856	49,654
A21200	Interest income	(6,064)	(7,585)
A22300	Share of profit (loss) of associates and joint ventures accounted for using the equity method	(2,715)	5,317
A22500	Gain (loss) on disposal and write-off of property, plant, and equipment	12,124	(113)
A22600	Property, plant, and equipment transfer expense	18,481	1,372
A23000	Gains on disposal of non-current assets held for sale	(543,087)	(68,852)
A23500	Impairment loss of equity method investment	18,310	-
A23700	Gain from price recovery of inventory	(5,545)	(9,841)
A24100	Loss (gain) on foreign currency exchange	7,414	4,584
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	10,116	2,055
A31150	Accounts receivable	(47,892)	133,850
A31180	Other receivables	(17,142)	(9,940)
A31200	Inventories	21,649	(99,685)
A31240	Other current assets	(19,718)	4,595
A31250	Other financial assets	28,929	(40,833)
A31990	Other non-current assets	(6,568)	(14,455)
A32130	Notes payable	(1,485)	(315)
A32150	Accounts payable	28,739	1,779
A32180	Other payables	21,642	(4,328)
A32200	Provision for liabilities	142	46
A32230	Other current liabilities	2,082	(8,529)
A32240	Accrued pension liabilities	(208)	(7,597)
A33000	Cash generated from (used in) operations	(209,392)	22,137
A33100	Interest received	7,273	4,378
A33300	Interest paid	(53,671)	(48,869)

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Code		2023	2022
A33500	Income tax (paid) received	(7,147)	(6,001)
AAAA	Net cash generated from (used in) operating activities	(262,937)	(28,355)
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	-	(66,142)
B00100	Acquisition of financial assets measured at fair value through profit or loss	-	(15,330)
B00050	Disposal of financial assets measured at amortized cost	66,142	-
B02600	Proceeds from disposal of non-current assets held for sale	187,151	73,386
B02700	Acquisition of property, plant, and equipment	(157,318)	(220,092)
B02800	Disposal of property, plant and equipment	499	353
B02900	Advance payments increase - disposal of assets	-	421,343
B03800	Decrease in refundable deposits	18,660	21,955
B04500	Payments for intangible assets	(900)	(966)
BBBB	Net cash generated from (used in) investing activities	114,234	214,507
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term loans	66,445	36,575
C01200	Issuance of corporate bonds	-	250,000
C01300	Repayment of corporate bonds	-	(250,000)
C01600	Proceeds from long-term loans	580,878	568,126
C01700	Repayment of long-term loans	(506,336)	(743,518)
C04020	Repayment of the principal portion of lease liabilities	(1,118)	(1,084)
C03000	Increase in deposits received	(253)	6,709
CCCC	Net cash generated from (used in) financing activities	139,616	(133,192)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(13,983)	4,476
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,070)	57,436
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	180,036	122,600
E00200	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	$ 156,966	$ 180,036

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

Chairman: CHEN, CHING-CHIN
General Manager: CHEN, CHING-CHIN
Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022
(Unless otherwise specified, the basic unit for any amount shall be in thousands of New Taiwan Dollars.)

1. GENERAL

LEATEC Fine Ceramics Co., Ltd. (hereinafter referred to as "the Company") was established on December 2, 1991, with the approval of the Ministry of Economic Affairs. The main business items include the manufacture, design, processing, and sales of ceramic substrates, circuit components, and solar junction boxes, as well as general import and export trading. After several capital increases, the paid-in capital amounted to NT$1,080,798 thousand as of December 31, 2023. The Company's shares were approved by the Securities and Futures Bureau, FSC and listed for trading on the Taipei Exchange on January 10, 2002.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 13, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) First-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") approved and issued by the Financial Supervisory Commission (hereinafter referred to as "FSC")

Apart from the explanations below, the application of the amended IFRSs approved and issued by the Financial Supervisory Commission will not significantly change the accounting policies of the Consolidated Company.

1. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendment explicitly requires the Consolidated Company to determine the disclosure of significant accounting policy information based on the definition of materiality. If the accounting policy information can be reasonably expected to affect the decisions of the primary users of general-purpose financial statements based on such financial statements, the accounting policy information is material. The amendment also clarifies:

- Accounting policy information related to immaterial transactions, other matters, or circumstances is immaterial, and the Consolidated Company is not required to disclose such information.
- The Consolidated Company may determine that the relevant accounting policy information is material due to the nature of the transactions, other matters, or circumstances, even if the amounts are immaterial.
- Not all accounting policy information related to material transactions, other matters, or circumstances is material.

Information on accounting policies may be significant if related to significant transactions, other matters, or circumstances, and if it falls under the following situations:

(1) The Consolidated Company changes its accounting policies during the reporting period, and the change leads to significant changes in the financial reporting information;

(2) The Consolidated Company chooses its applicable accounting policies from the options allowed by the standards;

(3) Due to the lack of specific standard provisions, the Consolidated Company establishes its accounting policies in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates, and Errors”;

(4) The Consolidated Company discloses its relevant accounting policies determined by applying significant judgments or assumptions; or

(5) Involving complex accounting treatment provisions, and financial statement users rely on such information to understand the material transactions, other matters, or circumstances.

Please refer to Note 4 for disclosures of related accounting policies.

2. Amendment to IAS 8 “Definition of Accounting Estimates”

The Consolidated Company has applied the amendments starting from January 1, 2023, which specify that accounting estimates are monetary amounts in the financial statements affected by measurement uncertainties. When applying accounting policies, the Consolidated Company may need to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated, thus requiring the use of measurement techniques and input values to develop accounting estimates for this purpose. If the impact of changes in measurement techniques or input values on accounting estimates is not a correction of prior period errors, such changes are considered changes in accounting estimates.

(2) FSC-approved IFRSs applicable in 2023

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

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

Note 3: Exemption from certain disclosure requirements upon first application of the amendments.

As of the date of issuance of this consolidated financial report, the Company has evaluated other criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined.
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	Jan. 1, 2023
Amendments to IAS 21 - "Lack of Exchangeability"	Jan. 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: Applicable for annual reporting periods beginning after January 1, 2025. The effect of the first application of the amendments will be recognized in retained earnings on the date of first application. When the Consolidated Company uses a non-functional currency as its presentation currency, the adjustment amounts will affect the exchange differences under equity of foreign operations on the date of first application.

As of the date of adoption of this consolidated financial statements, the Consolidated Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(2) Basis of Preparation

Apart from financial instruments measured at fair value, these consolidated financial statements are prepared on a historical cost basis.

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

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

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

3.Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date (current liabilities are classified as current even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the adoption of the financial statements); and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. However, the terms of the liabilities may be settled by issuing equity instruments at the option of the counter-parties, which does not affect the classification.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Basis of Consolidation

This consolidated financial report includes the financial statements of the Company and the entities controlled by the Company (subsidiaries). The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the Consolidated Company. In preparing the consolidated financial statements, all transactions, account balances, revenues, and expenses between the entities have been fully eliminated. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests, even if the non-controlling interests result in a deficit balance.

When changes in the Consolidated Company's ownership interest in the subsidiaries do not result in a loss of control, they are treated as equity transactions. The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the adjustment amounts for non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity and attributed to the owners of the Company.

For details of the subsidiaries, shareholding ratios, and business items, please refer to Note 12 and Table 6 and 7.

(5) Foreign Currencies

When preparing financial statements for each entity, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency using the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Except for the following items, exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss for the period in which they occur: for foreign currency loans related to assets under construction for future production use, the exchange differences that are adjustments to the interest costs of foreign currency loans are included in the cost of those assets.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss in the current period. However, if the change in fair value is recognized in other comprehensive income, the resulting exchange differences are recorded as other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing consolidated financial statements, assets and liabilities of the foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

If the Consolidated Company disposes of all ownership interests in a foreign operation, disposes of partial ownership interests in a subsidiary of a foreign operation but loses control, or disposes of its remaining interests in a foreign operation that are financial assets and are accounted for under the accounting policies for financial instruments, all cumulative translation differences related to that foreign operation will be reclassified to profit or loss.

If a partial disposal of a subsidiary of a foreign operation does not result in a loss of control, the cumulative translation differences are not recognized as profit or loss. In any other partial disposal of a foreign operation, the cumulative translation differences are reclassified to profit or loss according to the disposal proportion.

(6) Inventories

Inventories include raw materials, finished goods and work in process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances, less estimated costs to complete and estimated costs to sell. The cost of inventories is calculated using the weighted-average method.

(7) Investment in Associates

Associates are entities over which the Consolidated Company has significant influence but are not subsidiaries or joint ventures.

The Consolidated Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount is adjusted thereafter for the Consolidated Company's share of the associate's profit or loss and other comprehensive income and distributions. In addition, the Consolidated Company recognizes changes in the associate's equity according to the proportion of ownership.

The excess of acquisition cost over the Consolidated Company's share of the fair value of the identifiable assets and liabilities of the associate as of the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and not subject to amortization. If the Consolidated Company's share of the fair value of the associate's identifiable assets and liabilities as of the acquisition date exceeds the acquisition cost, the excess is recognized as current income.

When an associate issues new shares, if the Consolidated Company does not subscribe according to its proportion of ownership, causing a change in the ownership percentage and consequently an increase or decrease in the net equity value of the investment, the increase or decrease is adjusted to the capital reserve - changes in the net equity value of associates and joint ventures accounted for using the equity method and the investments accounted for using the equity method. However, if the non-subscription or acquisition causes a decrease in the ownership interest in the associate, the amounts recognized in other comprehensive income related to the associate are reclassified according to the reduction ratio, and the accounting basis is the same as the basis that would have to be followed if the associate had directly disposed of the related assets or liabilities. If the adjustment should be debited to capital reserve, and the balance of the capital reserve generated by investments accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the Consolidated Company's share of losses in an associate equals or exceeds its interest in the associate (including the carrying amount of the investment in the associate under the equity method and any other long-term interests that, in substance, form part of the Consolidated Company's net investment in the associate), further losses are not recognized. The Consolidated Company recognizes additional losses and liabilities only to the extent of legal obligations, constructive obligations, or payments made on behalf of the associate.

When assessing impairment, the Consolidated Company considers the entire carrying amount of the investment (including goodwill) as a single asset, comparing the recoverable amount with the carrying amount and performing an impairment test, with the recognized impairment loss being part of the carrying amount of the investment. Any reversal of impairment losses is recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Consolidated Company ceases to use the equity method from the date when its investment is no longer considered an associate. The retained interest in the former associate is measured at fair value, and the difference between the fair value and the disposal proceeds and the carrying amount of the investment as of the date of ceasing to use the equity method is recognized as current income. In addition, the amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. If the investment in an associate becomes an investment in a joint venture or the investment in a joint venture becomes an investment in an associate, the Consolidated Company continues to use the equity method without remeasuring the retained interest.

The Consolidated Company recognizes gains and losses arising from upstream, downstream, and lateral transactions between the Consolidated Company and its associates in the consolidated financial statement only to the extent that they are unrelated to the Consolidated Company's interest in the associate.

(8) Property, Plant, and Equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Construction in progress for property, plant, and equipment is recognized at cost less accumulated impairment losses. The cost includes professional service fees and capitalized borrowing costs that meet the capitalization criteria. These assets are measured at the lower of cost and net realizable value before reaching the expected use status, with their sales proceeds and costs recognized in profit or loss. Upon completion and reaching the expected condition for use, these assets are reclassified to the appropriate category of property, plant, and equipment and depreciation begins to be recognized.

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant component depreciated separately. The Consolidated Company reviews the estimated useful lives, residual values, and depreciation methods at least at each year-end and applies the effects of changes in accounting estimates on a prospective basis.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(8) Investment Property

Investment properties are real estate held to earn rental income, capital appreciation, or both. Investment properties also include land held for which future use has not yet been determined.

Owned investment properties are initially measured at cost (including transaction costs), and subsequently at cost less accumulated depreciation and accumulated impairment losses.

Depreciation for investment properties is provided on a straight-line basis.

Upon disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible Assets

1. Acquired separately

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

(11) Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets

At each balance sheet date, the Consolidated Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit groups on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

Impairment is first recognized for inventory, property, plant, and equipment, and intangible assets identified by customer contracts according to inventory impairment provisions and the aforementioned provisions. Next, impairment losses are recognized when the carrying amount of contract cost-related assets exceeds the remaining consideration expected to be collected for the related goods or services, less directly related costs. The carrying amount of contract cost-related assets is then included in the cash-generating unit for impairment assessment.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(12) Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is expected to be recovered primarily through a sale transaction rather than through continued use. Non-current assets (or disposal groups) meeting this classification must be available for immediate sale in their present condition, and their sale must be highly probable. A sale is considered highly probable when an appropriate level of management commits to a plan to sell the asset, and the sale transaction is expected to be completed within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation is no longer provided for such assets.

(13) Financial Instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Consolidated Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement Types

The types of financial assets held by the Consolidated Company are financial assets at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets measured at FVTPL

Financial assets measured at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and those designated as such. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated as measured at fair value through other comprehensive income and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value.

B. Financial assets at amortized cost

The Consolidated Company’s investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets.

Cash equivalents include time deposits that are highly liquid, readily convertible into known amounts of cash and subject to a low risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of Financial Assets

The Consolidated Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the Consolidated Company determines that a financial asset has defaulted in the following situations, without considering the collateral held:

A. Internal or external information indicates that the debtor is unable to repay the debt.

B. Delinquency of more than 90 days, unless there is reasonable and verifiable information indicating that a later default criterion is more appropriate.

Impairment losses on all financial assets are reduced through an allowance account adjusting their carrying amounts.

(3) Derecognition of Financial Assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

2. Equity Instruments

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity according to the substance of contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized at the amount of proceeds received, less direct issuance costs.

Repurchase of the Company's own equity instruments is recognized and deducted in equity, and their carrying amount is calculated based on the weighted average of the stock types and the reasons for the repurchase. Purchases, sales, issuances, or cancellations of the Company's own equity instruments are not recognized in profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

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

(2) Derecognition of Financial Liabilities

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

(14) Provision for Liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

(15) Income Recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

For contracts with a time lag between the transfer of goods or services and the receipt of consideration of less than one year, no adjustment is made to the transaction price for significant financial components.

Merchandise sales revenue

Revenue from the sale of goods mainly comes from ceramic substrates, circuit components, processing transactions, and general import and export trade. Except for some sales targets agreed upon when the products arrive at the designated location of the customer, the remaining sales targets are agreed upon at the time of shipment, when the customer has the right to use and the primary responsibility for reselling the goods at a specified price and bears the risk of obsolescence. The Consolidated Company recognizes revenue and accounts receivable at that point in time.

(16) Lease

The Consolidated Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Consolidated Company as lessor

   Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Consolidated Company as lessee

   Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

   Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately on consolidated balance sheet.

   Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

   Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantially fixed payments, and variable lease payments based on indices or rates). If the implicit interest rate in the lease is easily determinable, the lease payments are discounted at that rate. If the rate is not easily determinable, the lessee's incremental borrowing rate is used.

   Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheet.

(17) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific loans made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(18) Employee Benefits

1. Short-term employee benefits

   The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   Defined benefit pension plans are recognized as current expenses over the period of service of the employees.

   The defined benefit costs (including service costs, net interest, and remeasurement amounts) of a defined benefit pension plan are actuarially calculated using the projected unit credit method. Service costs (including current service costs and past service costs/settlement gains or losses) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses when incurred, when plan amendments or curtailments occur, and when settlements occur. Remeasurement amounts (including actuarial gains and losses, changes in the effect of the asset ceiling, and the return on plan assets after deducting interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not reclassified to profit or loss in subsequent periods.

   The net defined benefit liability (asset) is the shortfall (surplus) of the defined benefit pension plan. The net defined benefit asset shall not exceed the present value of the amount that can be refunded from the plan or can reduce future contributions.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of defined benefit pension plans, except that the related remeasurements are recognized in profit or loss.

(19) Income Tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

The Consolidated Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

The adjustment of income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is probable that taxable income will be available to offset temporary differences, loss carryforwards, or deductions generated from the purchase of machinery and equipment, research and development, and talent training expenditures.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Consolidated Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the gains of temporary differences to be realized and the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Consolidated Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

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

When the Consolidated Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The management will continuously review the estimates and underlying assumptions. If the revisions to estimates only affect the current period, they are recognized in the current period; if the adjustments to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods.

6. CASH AND CASH EQUIVALENTS

	Dec. 31, 2023	Dec. 31, 2022
Cash on hand and revolving funds	$ 374	$ 500
Checking accounts and demand deposits	156,592	179,536
	$ 156,966	$ 180,036

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Dec. 31, 2023	Dec. 31, 2022
Financial assets - current		
mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- bonds	$ 14,228	$ 13,607

The Consolidated Company has set up pledges for debt instrument investments measured at fair value through profit or loss as collateral for loans. The amount of pledged debt instrument investments is disclosed in Note 34.

8. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	Dec. 31, 2023	Dec. 31, 2022
Current		
Time deposits with original maturities exceeding 3 months	$ -	$ 66,142

As of December 31, 2022, the interest rate for time deposits with original maturities exceeding 3 months was 1.95% per annum.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable		
Incurred due to business	$ 5,010	$ 15,126
Less: Allowance for losses	(353)	(363)
	$ 4,657	$ 14,763
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 306,997	$ 257,085
Related parties	334	1,191
Less: Allowance for losses	(28,953)	(18,553)
	$ 278,378	$ 239,723

The Consolidated Company's average credit period for sales of goods is 90 to 120 days. No interest is charged on the outstanding balance of notes receivable and accounts receivable. The Consolidated Company's policy is to rate major customers based on other publicly available financial information and historical transaction records. The Consolidated Company continuously monitors credit exposure and credit ratings of counterparties and diversifies the total transaction amount among different customers with qualified credit ratings.

To mitigate credit risk, the Consolidated Company's management level assigns business units to be responsible for decisions on credit limits, credit approvals, and other monitoring procedures to ensure appropriate actions have been taken to recover overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on an individual basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for unrecoverable receivables. Based on this, the Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company recognizes allowances for losses on accounts receivable based on the expected credit losses over the lifetime. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the past default history of customers, their current financial condition, and industry economic conditions. As the Consolidated Company's historical credit loss experience shows no significant differences in loss patterns among different customer groups, the provision matrix does not further distinguish customer groups and only sets expected credit loss rates based on the number of days accounts receivable are overdue.

If there is evidence that the counterparty is facing severe financial difficulties and the Consolidated Company cannot reasonably expect the amount to be recovered, such as the counterparty undergoing liquidation, the Consolidated Company will directly write off the relevant accounts receivable, but will continue collection activities, and the amount recovered from collection will be recognized in profit or loss.

The Consolidated Company measures the allowance for losses on accounts receivable based on the provision matrix as follows:

Dec. 31, 2023

	Not overdue	Overdue 1~60 days	Overdue 61~90 days	Overdue 91~120 days	Overdue more than 120 days	Total
Expected credit loss rate	0.06%~2.80%	0.84%~39.22%	15.42%~46.76%	53.61%~100%	100%	
Total carrying amount	$ 271,600	$ 11,881	$ 21	$ 659	$ 23,170	$ 307,331
Allowance for losses (lifetime expected credit losses)	(4,113)	(1,307)	(9)	(354)	(23,170)	(28,953)
Amortized cost	$ 267,487	$ 10,574	$ 12	$ 305	$ -	$ 278,378

Dec. 31, 2022

	Not overdue	Overdue 1~60 days	Overdue 61~90 days	Overdue 91~120 days	Overdue more than 120 days	Total
Expected credit loss rate	0.37%~0.57%	3.91%~39.39%	25.85%~83.39%	33.53%~100%	100%	
Total carrying amount	$ 231,575	$ 8,015	$ 2,492	$ 290	$ 15,904	$ 258,276
Allowance for losses (lifetime expected credit losses)	(1,103)	(803)	(645)	(98)	(15,904)	(18,553)
Amortized cost	$ 230,472	$ 7,212	$ 1,847	$ 192	$ -	$ 239,723

The changes in the allowance for losses on notes receivable, accounts receivable, and overdue collection are as follows:

	Notes receivable	Accounts receivable
Balance on January 1, 2022	$ 368	$ 20,419
Add: Impairment loss provision for the current period	(5)	(1,866)
Balance on December 31, 2022	363	18,553
Add: (Reversal of) impairment loss for the current period	(10)	10,400
Balance on December 31, 2023	$ 353	$ 28,953

The amount of accounts receivable pledged as collateral for loans by the Consolidated Company, please refer to Note 34.

10. INVENTORY

	Dec. 31, 2023	Dec. 31, 2022
Merchandises	$ 3,091	$ 3,104
Finished goods	106,140	115,158
Work in progress	97,477	90,854
Raw materials	81,325	95,686
Goods in transit	3,986	3,053
	$ 292,019	$ 307,855

The cost of goods sold related to inventory for 2023 and 2022 was NT$700,686 thousand and NT$614,529 thousand, respectively.

The cost of goods sold for 2023 and 2022 included net realizable value declines and subsequent recovery gains on inventory of NT$5,545 thousand and NT$9,841 thousand, respectively.

11. NON-CURRENT ASSETS HELD FOR SALE

	Dec. 31, 2023	Dec. 31, 2022
Right-of-use assets held for sale	$ -	$ 9,659
Plant and buildings held for sale	-	67,003
Machinery and equipment held for sale	-	47,664
	$ -	$ 124,326

At the end of June 2022, LEATEC Fine Ceramics (Kunshan) Co., Ltd., a subsidiary of the Consolidated Company, assessed that its land use rights, buildings, and attachments situated in Bacheng Town, Kunshan City, are likely to be expropriated by the local government for policy-driven relocation within the next 12 months. Consequently, these assets are classified as non-current assets held for sale. As the anticipated relocation compensation is expected to surpass the carrying amount of the associated net assets, no impairment losses are recognized. Please see Note 14 for further details.

The local government has expropriated all the non-current assets held for sale in 2023, and the Consolidated Company recognized gains from the disposal of non-current assets held for sale of NT$543,087 thousand and NT$68,852 thousand in 2023 and 2022, respectively, please refer to Note 27.

12. SUBSIDIARIES

The consolidated financial statements were prepared based on the information of the following companies:

Name of the Investment Company	Name of Subsidiary	Nature of Business	Percentage of shareholdings Dec. 31, 2023	Percentage of shareholdings Dec. 31, 2022	Remark
LEATEC Fine Ceramics Co., Ltd. (hereafter referred to as LEATEC)	LEATEC Fine Ceramics (Samoa) Co., Ltd. (hereafter referred to as LEATEC Samoa)	Buying and selling ceramic substrates	100.00	100.00	
	COSMOS Harvest International Limited (hereafter referred to as COSMOS Limited)	Buying and selling ceramic substrates and related production machinery and equipment	100.00	100.00	
LEATEC Samoa	LEATEC Fine Ceramics (Kunshan) Co., Ltd. (hereafter referred to as LEATEC Kunshan)	Production of precision electronic ceramic substrates, etc.	100.00	100.00	
	LEATEC Application Materials (Kunshan) Co., Ltd. (hereafter referred to as LEATEC Application Materials)	Manufacturing and buying and selling of precision electronic ceramics and solar photovoltaic products	100.00	100.00	
LEATEC Kunshan	Kunshan Leatec Optoelectronics Technology Co., Ltd. (hereafter referred to as Leatec Optoelectronics)	Research and development and buying and selling of solar photovoltaic products	100.00	100.00	

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Dec. 31, 2023	Dec. 31, 2022
ECOCERA Optronics Co., Ltd.	$ 57,942	$ 51,344
Jiangsu Yongsheng New Energy Technology Co., Ltd.	-	23,381
	$ 57,942	$ 74,725

As of the balance sheet date, the Consolidated Company's ownership interest and voting power percentages in associates are as follows:

	Dec. 31, 2023	Dec. 31, 2022
ECOCERA Optronics Co., Ltd.	12.00%	12.00%
Jiangsu Yongsheng New Energy Technology Co., Ltd.	20.25%	20.25%

For the business nature, main operating locations, and country of registration information of the aforementioned associates, please refer to Table 6 "Information on Investee Companies, Locations, etc." and Table 7 "Mainland China Investment Information".

The Consolidated Company holds one of the four director positions at ECOCERA Optronics Co., Ltd., possessing significant influence over its relevant activities, hence equity method valuation is applied.

The Consolidated Company holds one of the four director positions at Jiangsu Yongsheng New Energy Technology Co., Ltd., thus the management of the Consolidated Company considers having significant influence over the company, classifying it as an associate of the Consolidated Company. Due to the long-term losses of Jiangsu Yongsheng New Energy Technology Co., Ltd., and the decision internally to dissolve and liquidate the company, clear indications of impairment were present. Therefore, the Consolidated Company fully recognized an impairment loss in the fourth quarter of 2023, please refer to Note 27.

The share of profits and other comprehensive income from associates accounted for using the equity method for 2023 and 2022 is recognized based on the financial statements of each associate audited by accountants for the same period.

The following summary financial information is prepared based on the IFRSs consolidated financial statements of each significant associate and has reflected adjustments made when adopting the equity method.

Significant Associates

ECOCERA Optronics Co., Ltd.

	Dec. 31, 2023	Dec. 31, 2022
Current assets	$ 571,334	$ 433,410
Non-current assets	296,801	337,460
Current liabilities	(372,041)	(286,719)
Non-current liabilities	(13,334)	(56,366)
Equity	$ 482,760	$ 427,785
The Consolidated Company's shareholding percentage	12.00	12.00
Equity held by the Consolidated Company	$ 57,942	$ 51,344
Investment book value	$ 57,942	$ 51,344

	2023	2022
Operating revenue	$ 603,618	$ 472,944
Net profit for the current period	$ 65,512	$ 30,070
Other comprehensive income	-	-
Total comprehensive income	$ 65,512	$ 30,070

14. PROPERTY, PLANT AND EQUIPMENT

	Owned land	Buildings	Machinery and equipment	Electrical equipment	Other equipment	Construction in progress	Total
Cost							
Balance on January 1, 2023	$ 119,790	$ 927,252	$ 1,017,195	$ 199,148	$ 175,661	$ 99,778	$ 2,538,824
Addition	-	-	19,940	1,661	4,972	169,472	196,045
Disposal	-	(396)	(144,192)	(36,930)	(48,485)	-	(230,003)
Reclassification	-	5,729	159,301	2,584	13,488	(199,583)	(18,481)
Interest capitalization	-		468			1,504	1,972
Net exchange difference	-	(11,044)	(5,870)	(360)	(446)	(643)	(18,363)
Balance on December 31, 2023	$ 119,790	$ 921,541	$ 1,046,842	$ 166,103	$ 145,190	$ 70,528	$ 2,469,994
Accumulated depreciation and impairment							
Balance on January 1, 2023	$ -	$ 162,981	$ 695,144	$ 136,420	$ 164,867	$ -	$ 1,159,412
Disposal	-	(396)	(131,687)	(36,930)	(48,367)	-	(217,380)
Depreciation expense	-	27,707	50,344	8,047	5,088	-	91,186
Net exchange difference	-	(1,147)	(1,458)	(265)	(125)	-	(2,995)
Balance on December 31, 2023	$ -	$ 189,145	$ 612,343	$ 107,272	$ 121,463	$ -	$ 1,030,223
Net amount on December 31, 2023	$ 119,790	$ 732,396	$ 434,499	$ 58,831	$ 23,727	$ 70,528	$ 1,439,771
Cost							
Balance on January 1, 2022	$ 119,790	$ 1,100,290	$ 1,491,101	$ 193,753	$ 168,149	$ 89,223	$ 3,162,306
Addition	-	3,808	69,123	3,498	3,863	23,566	103,858
Disposal	-	-	(19,119)	(190)	(1,072)	-	(20,381)
Reclassification	-	-	12,276	1,199	3,900	(18,747)	(1,372)
Reclassified to held for sale	-	(189,776)	(550,220)	-	-	-	(739,996)
Interest capitalization	-	-	-	-	-	4,547	4,547
Net exchange difference	-	12,930	14,034	888	821	1,189	29,862
Balance on December 31, 2022	$ 119,790	$ 927,252	$ 1,017,195	$ 199,148	$ 175,661	$ 99,778	$ 2,538,824
Accumulated depreciation and impairment							
Balance on January 1, 2022	$ -	$ 252,015	$ 1,154,644	$ 126,769	$ 160,834	$ -	$ 1,694,262
Disposal	-	-	(18,888)	(190)	(1,063)	-	(20,141)
Reclassified to held for sale	-	(122,773)	(502,556)	-	-	-	(625,329)
Depreciation expense	-	31,677	50,367	8,959	4,273	-	95,276
Net exchange difference	-	2,062	11,577	882	823	-	15,344
Balance on December 31, 2022	$ -	$ 162,981	$ 695,144	$ 136,420	$ 164,867	$ -	$ 1,159,412
Net amount on December 31, 2022	$ 119,790	$ 764,271	$ 322,051	$ 62,728	$ 10,794	$ 99,778	$ 1,379,412

The Consolidated Company's property, plant, and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	10 to 50 years
Machinery and equipment	3 to 20 years
Electrical equipment	5 to 25 years
Other equipment	3 to 10 years

The major components of the Consolidated Company's buildings include decoration works, etc., and depreciation is provided based on their useful life of 20 years.

In December 2021, the Consolidated Company's subsidiary, LEATEC Fine Ceramics (Kunshan) Co., Ltd., reached an agreement with the Kunshan Municipal Government for a policy-driven relocation of its land use rights, houses, buildings, and ancillary assets in Bacheng Town, Kunshan City. It will receive RMB235,174 thousand in relocation compensation, and the relocation period will last until June 2023. As of 2023, LEATEC Fine Ceramics (Kunshan) Co., Ltd. has received RMB177,584 thousand in relocation compensation, which was recorded as advance receipts under other current liabilities. Please refer to Note 22. The assets such as land use rights, buildings, and attachments were reclassified as non-current assets held for sale from the second quarter of 2022, please refer to Note 11. The non-current assets held for sale were all expropriated by the local government as scheduled by the end of 2023. As of December 31, 2023, the pre-received relocation compensation was reclassified to other income and gains from the disposal of non-current assets held for sale, please refer to Notes 22 and 27. Furthermore, other income includes RMB 57,590 thousand in relocation compensation yet to be received, which has been reclassified under other receivables. The outstanding relocation compensation not yet received by the end of the first quarter of 2024 amounted to RMB 5,983 thousand collected, with the remaining RMB 51,607 thousand considered fully impaired, taking into account the current economic situation in China and the financial status of local governments. The other income will be recognized when the payment is actually received.

For the amount of property, plant, and equipment pledged by the Consolidated Company as collateral for loans, please refer to Note 34.

15. LEASE AGREEMENTS

(1) Right-of-use assets

	Dec. 31, 2023	Dec. 31, 2022
Book value of right-of-use assets		
Lands	$ 140,133	$ 146,195
Buildings	1,943	3,053
	$ 142,076	$ 149,248

	2023	2022
Depreciation expense of right-of-use assets		
Lands	$ 3,675	$ 3,684
Buildings	1,110	1,111
	$ 4,785	$ 4,795

All of the Consolidated Company's right-of-use assets are land use rights located in mainland China. For the amount of right-of-use assets pledged by the Consolidated Company as collateral for loans, please refer to Note 34.

The subsidiary of the Consolidated Company, LEATEC Fine Ceramics (Kunshan) Co., Ltd., reached an agreement with the Kunshan Municipal Government in December 2021 for the policy-based relocation of its assets, including land use rights, buildings, and attachments located in Bacheng Town, Kunshan City. It was assessed in the second quarter of 2022 that the disposal would be completed within a year, hence they were reclassified as non-current assets held for sale, please refer to Note 11 and the notes to the consolidated financial statements for 2022, Note 15.

(2) Lease liabilities

	Dec. 31, 2023	Dec. 31, 2022
Lease liabilities Carrying amount		
Current	$ 1,153	$ 1,118
Non-current	889	2,042
	$ 2,042	$ 3,160

The discount rate range for the Lease liabilities is as follows.

	Dec. 31, 2023	Dec. 31, 2022
Buildings	3%	3%

(3) Significant leasing activities and terms

The Consolidated Company leases buildings for use as factories with a lease term of 5 years. At the end of the lease term, the Consolidated Company has no preferential purchase rights for the leased buildings, and it is agreed that the Consolidated Company shall not sublease or transfer all or part of the leased object without the consent of the lessor.

(4) Other leasing information

	Dec. 31, 2023	Dec. 31, 2022
Short-term lease expenses	$ 247	$ 215
Total cash (outflow) for leases	($ 1,447)	($ 1,415)

16. INVESTMENT PROPERTY

	Completed investment property
Cost	
Balance on January 1, 2023	$ 402,504
Net exchange difference	(6,776)
Balance on December 31, 2023	$ 395,728
Accumulated depreciation and impairment	
Balance on January 1, 2023	($ 31,307)
Depreciation expense	(13,461)
Net exchange difference	798
Balance on December 31, 2023	($ 43,970)
Net amount on December 31, 2023	$ 351,758
Cost	
Balance on January 1, 2022	$ 396,301
Net exchange difference	6,203
Balance on December 31, 2022	$ 402,504
Cost	
Balance on January 1, 2022	($ 17,613)
Depreciation expense	(13,494)
Net exchange difference	(200)
Balance on December 31, 2022	($ 31,307)
Net amount on December 31, 2022	$ 371,197

The lease term for investment properties rented out is 3 to 10 years. When lessees exercise their renewal rights, the rent is adjusted according to market conditions. Lessees do not have preferential purchase rights for investment properties at the end of the lease term.

The total lease payments to be received in the future for investment properties leased under operating leases are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Year 1	$ 43,876	$ 41,758
Year 2	45,431	44,627
Year 3	45,810	46,209
Year 4	47,703	46,594
Year 5	48,100	48,519
Over 5 years	91,827	142,323
	$ 322,747	$ 370,030

The Consolidated Company's investment properties are depreciated on a straight-line basis over a useful life of 30 years.

The fair value of the Consolidated Company's investment properties as of December 31, 2023, is NT$417,540 thousand. The valuation was conducted by the Consolidated Company's management using a valuation model commonly used by market participants, referencing market evidence of similar property transaction prices.

For the amount of investment properties pledged by the Consolidated Company as collateral for loans, please refer to Note 34.

17. OTHER INTANGIBLE ASSETS

	Computer software	Trademark rights	Patent rights	Total
Cost				
Balance on January 1, 2023	$ 2,111	$ 1,350	$ 16,032	$ 19,493
Acquired separately	900	-	-	900
Disposal	-	-	-	-
Balance on December 31, 2023	$ 3,011	$ 1,350	$ 16,032	$ 20,393
Accumulated amortization and impairment				
Balance on January 1, 2023	$ 780	$ 1,350	$ 13,254	$ 15,384
Amortization expense	1,261	-	1,238	2,499
Disposal	-	-	-	-
Balance on December 31, 2023	$ 2,041	$ 1,350	$ 14,492	$ 17,883
Net amount on December 31, 2023	$ 970	$ -	$ 1,540	$ 2,510
Cost				
Balance on January 1, 2022	$ 8,542	$ 1,350	$ 16,032	$ 25,924
Acquired separately	966	-	-	966
Disposal	(7,397)	-	-	(7,397)
Balance on December 31, 2022	$ 2,111	$ 1,350	$ 16,032	$ 19,493
Accumulated amortization and impairment				
Balance on January 1, 2022	$ 7,456	$ 1,350	$ 12,016	$ 20,822
Amortization expense	721	-	1,238	1,959
Disposal	(7,397)	-	-	(7,397)
Balance on December 31, 2022	$ 780	$ 1,350	$ 13,254	$ 15,384
Net amount on December 31, 2022	$ 1,331	$ -	$ 2,778	$ 4,109

The above limited-useful-life intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	10 years
Trademark rights	10 years
Patent rights	10 years

18. OTHER ASSETS

	Dec. 31, 2023	Dec. 31, 2022
Current		
Prepaid expenses	$ 45,533	$ 25,394
Current income tax assets	82	890
Advance payments for goods	643	727
Advance payments	-	337
	$ 46,258	$ 27,348
Non-current		
Prepaid expenses	$ 34,884	$ 28,316
Refundable deposits	12,350	31,010
	$ 47,234	$ 59,326

19. LOANS

(1) Short-term loans

	Dec. 31, 2023	Dec. 31, 2022
Secured loans		
－Bank loans	$ 406,833	$ 211,477
－Commercial paper payable	29,822	20,993
Unsecured loans		
－Bank loans	29,869	171,978
－Material purchase loans	1,249	-
－Commercial paper payable	4,563	5,059
	$ 472,336	$ 409,507

The interest rates for bank revolving loans are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Short-term loans	2.02%~7.58%	1.64%~7.4%

For collateral information, please refer to Note 34.

(2) Long-term loans

	Dec. 31, 2023	Dec. 31, 2022
Secured loans		
Chailease Finance Co., Ltd. (1)	$ -	$ 11,335
Chailease Finance Co., Ltd. (2)	-	39,155
Agricultural Bank of China Limited	-	352,755
Industrial and Commercial Bank of China	506,600	-
Bank of Panhsin	5,137	15,128
Bank of Shanghai	-	15,811
SinoPac International Leasing Corp.	-	4,409
Hua Nan Commercial Bank Ltd.	7,146	10,000
Bank of Kaohsiung Co., Ltd. (1)	412,500	442,500
Bank of Kaohsiung Co., Ltd. (2)	16,187	25,991
Taiwan Cooperative Bank	38,333	-
Cathay United Bank	-	5,300
	985,903	922,384
Less: portion due within one year	(107,104)	(140,165)
Long-term loans	$ 878,799	$ 782,219

The interest rates for bank revolving loans are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Long-term loans	2.02%~6.9597%	2.00%~6.4365%

The secured loans for the fiscal years 2023 and 2022 were secured by the Consolidated Company's commercial paper, financial assets measured at fair value through profit or loss, accounts receivable, other financial assets, property, plant and equipment, right-of-use assets, and investment properties (please refer to Notes 34 and 35). Additionally, the repayment and interest payment methods according to the contract are as follows:

Institution name	Borrowing period	Repayment and interest payment method
Chailease Finance Co., Ltd. (1)	2021.11~2023.05	Repay principal and interest monthly for a total of 18 periods.
Chailease Finance Co., Ltd. (2)	2022.05~2024.05	Repay principal and interest monthly for a total of 24 periods. Paid off early in 2023.
Agricultural Bank of China Limited	2020.11~2030.10	Pay interest monthly and repay principal every six months. Paid off early in 2023.
Industrial and Commercial Bank of China	2023.02~2038.01	Pay interest monthly and repay principal every six months.
Bank of Panhsin	2022.06~2024.06	Repay principal and interest monthly for a total of 24 periods.
Bank of Shanghai	2020.12~2023.12	Principal grace period of one year, repay principal and interest monthly for a total of 24 periods.
SinoPac International Leasing Corp.	2021.05~2023.05	Repay principal and interest monthly for a total of 18 periods.
Hua Nan Commercial Bank Ltd.	2022.05~2025.05	Principal grace period of one year, repay principal and interest monthly for a total of 24 periods.
Bank of Kaohsiung Co., Ltd. (1)	2022.07~2029.07	Repay principal and interest quarterly for a total of 28 periods.
Bank of Kaohsiung Co., Ltd. (2)	2022.07~2025.07	Repay principal and interest monthly for a total of 36 periods.
Cathay United Bank	2022.11~2025.10	Principal grace period of six months, repay principal and interest monthly for a total of 30 periods. Paid off early in 2023.
Taiwan Cooperative Bank	2023.05~2025.11	Repay principal and interest monthly for a total of 30 periods.

20. BONDS PAYABLE

	Dec. 31, 2023	Dec. 31, 2022
Domestic secured corporate bonds	$ 250,000	$ 250,000
Less: portion due within 1 year	-	-
	$ 250,000	$ 250,000

The Company issued the first domestic secured ordinary corporate bonds in 2022 on December 9, 2022, with a total issuance amount of NT$250,000 thousand, a face interest rate of 2.03%, and simple interest calculated annually. Interest is paid once a year, and the bonds will mature on December 9, 2025.

The Company issued the first domestic secured ordinary corporate bonds in 2019 on December 13, 2019, with a total issuance amount of NT$250,000 thousand, a face interest rate of 0.9%, and simple interest calculated annually. Interest is paid once a year, and the bonds will mature on December 12, 2022.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	Dec. 31, 2023	Dec. 31, 2022
Notes payable		
Not arising from operations	$ 918	$ 2,403
Accounts payable		
Arising from operations	$ 65,014	$ 36,404

(1) Notes payable

As of December 31, 2023, and 2022, mainly for notes payable for equipment and labor suppliers.

(2) Accounts payable

The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms, and unpaid balances do not accrue interest.

22. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	Dec. 31, 2023	Dec. 31, 2022
Other payables		
Payable for equipment	$ 12,568	$ 32,302
Salaries payable	38,034	32,102
Compensation payable to employees	834	-
Compensation payable to directors	1,000	-
Other payable expenses	45,202	31,696
Others	16,668	16,144
	$ 114,306	$ 112,244
Other current liabilities		
Advance receipts	$ 1,158	$ 1,090
Advance receipts - relocation compensation fee (Note)	-	406,376
Temporary payments	8,515	8,188
Payments on behalf	2,378	2,031
	$ 12,051	$ 417,685

Note: This represents the relocation compensation fees paid in advance by the Kunshan Municipal Government to the subsidiary of the Consolidated Company, LEATEC Fine Ceramics (Kunshan) Co., Ltd., please refer to Notes 14 and 15. The local government expropriated part of the assets held for sale in July 2022 and all non-current assets held for sale in 2023. Therefore, the related pre-received relocation compensation fees were proportionally reclassified into government grant income according to the progress of the relocation and expropriation, please refer to Notes 11 and 27(2). Additionally, the relocation expenses incurred in 2023 and 2022 were NT$270,734 thousand and NT$56,077 thousand, respectively, recorded under administrative expenses in operating expenses.

23. PROVISION FOR LIABILITIES

	Dec. 31, 2023	Dec. 31, 2022
Employee benefits - non-current	$ 1,072	$ 930

	Employee benefits
Balance on January 1, 2022	$ 884
Additions	259
Payments	(570)
Actuarial losses	357
Balance on December 31, 2022	930
Additions	164
Payments	(490)
Actuarial losses	468
Balance on December 31, 2023	$ 1,072

Employee benefit provisions for liabilities are estimates of employees' vested long-term service rights.

In 2023 and 2022, the Consolidated Company recognized actuarial losses (gains) of NT$468 thousand and NT$357 thousand in other comprehensive income, respectively. As of December 31, 2023, and 2022, the cumulative amount of actuarial losses recognized in other comprehensive income was NT$1,183 thousand and NT$715 thousand, respectively.

24. POST-RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The pension system applicable to the Company under the "Labor Pension Act" is a government-managed defined contribution pension plan, which allocates 6% of employees' monthly salaries to individual accounts with the Bureau of Labor Insurance.

Employees of the Consolidated Company's subsidiaries in China are members of the retirement benefit plan operated by the Chinese government. The subsidiary is required

to contribute a specific percentage of salary costs to the retirement benefit plan to provide funds for the plan. The Consolidated Company's obligation for this government-operated retirement benefit plan is limited to contributing a specific amount.

(2) Defined benefit plan

The Company's pension system in accordance with Taiwan's "Labor Standards Act" is a government-managed defined benefit pension plan. The payment of employees' pensions is calculated based on the years of service and the average wage of the 6 months before the approved retirement date. The Company allocates 2% of the total monthly salaries of employees for pensions, which are deposited into a special account with the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions within the next year, the difference will be allocated once before the end of March of the following year. The special account is entrusted to the Bureau of Labor Funds, MOL, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are shown as follows:

	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligations	$ 29,554	$ 34,206
Fair value of plan assets	(6,847)	(13,069)
Contribution shortfall	22,707	21,137
Net defined benefit liability	$ 22,707	$ 21,137

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2022	$ 31,054	($ 7,119)	$ 23,935
Service cost			
Current service cost	603	-	603
Interest expense (income)	160	(37)	123
Recognized in profit or loss	763	(37)	726
Remeasurement			
Actuarial losses (gains) - changes in financial assumptions	5,015	(573)	4,442
Recognized in other comprehensive income	5,015	(573)	4,442
Employer contributions	-	(7,966)	(7,966)
Benefit payments	(2,626)	2,626	-
December 31, 2022	34,206	(13,069)	21,137
Service cost			
Current service cost	601	-	601
Interest expense (income)	480	(183)	297
Recognized in profit or loss	1,081	(183)	898
Remeasurement			
Actuarial losses (gains) - changes in financial assumptions	1,367	(57)	1,310
Recognized in other comprehensive income	1,367	(57)	1,310
Employer contributions	-	(638)	(638)
Benefit payments	(7,100)	7,100	-
December 31, 2023	$ 29,554	($ 6,847)	$ 22,707

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, MOL invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits through self-management and entrusted management. However, the plan assets' distributable income is calculated based on a return not lower than the local bank's 2-year fixed deposit rate.
2. Interest rate risk: A decline in government bond rates will increase the present value of defined benefit obligations, but the return on debt investments of plan assets will also increase. Both have a partially offsetting effect on the net defined benefit liability.

3. Salary risk: The calculation of the present value of defined benefit obligations takes into account the future salaries of plan members. Therefore, an increase in plan members' salaries will increase the present value of defined benefit obligations.

The present value of the Company's defined benefit obligations is actuarially determined by a qualified actuary, and the significant assumptions at the measurement date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.2698%	1.4019%
Expected salary increase rate	1.5%	1.5%

If significant actuarial assumptions change reasonably, the increase (decrease) in the present value of defined benefit obligations under the condition that all other assumptions remain unchanged is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate		
Increase by 0.25%	($ 666)	($ 795)
Decrease by 0.25%	$ 692	$ 824
Expected salary increase rate		
Increase by 0.5%	$ 1,371	$ 1,639
Decrease by 0.5%	($ 1,283)	($ 1,539)

Due to the possible correlation between actuarial assumptions, the likelihood of a single assumption change is low, so the above sensitivity analysis may not reflect the actual changes in the present value of defined benefit obligations.

	Dec. 31, 2023	Dec. 31, 2022
Expected contributions within one year	$ 642	$ 455
Average duration of defined benefit obligations	9.37 year	13 year

25. EQUITY

(1) Share Capital

Common shares

	Dec. 31, 2023	Dec. 31, 2022
Number of shares (1,000 shares)	150,000	150,000
Authorized share capital	$ 1,500,000	$ 1,500,000
Number of issued and fully paid shares (1,000 shares)	108,080	108,080
Share capital of issued shares	$ 1,080,798	$ 1,080,798

Each issued common share has a par value of NT$10, with one voting right and the right to receive dividends per share.

The share capital reserved for the issuance of employee stock warrants in the authorized share capital is 5,000 thousand shares.

(2) Capital reserve

The adjustments to the balances of various types of capital reserves for the fiscal years 2023 and 2022 are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Available for covering losses, distributing cash, or increasing share capital (Note)		
Premium on issuance of shares	$ 99,781	$ 99,781
Available only for covering losses		
Changes in the net value of associates recognized under the equity method	2,520	2,520
	$ 102,301	$ 102,301

Note: This type of capital reserve can be used to cover losses or, when the Company has no losses, to distribute cash or increase share capital, but the increase in share capital is limited to a certain percentage of paid-up share capital per year.

The Company's shareholders' meeting held on June 23, 2022, resolved to use the capital reserve of NT$253,312 thousand to cover losses.

(3) Retained Earnings and Dividend Policy

The Company's articles of incorporation stipulate that if the Company has a profit for the year, after paying taxes and covering accumulated losses, 10% of the profit should be allocated as a legal reserve, and the remainder should be allocated or reversed as a special reserve according to the law. If there is still a balance, it should be combined with the accumulated undistributed earnings, and the board of directors should propose a dividend distribution plan to be submitted to the shareholders' meeting for approval.

The Company's employee and director compensation distribution policy can be found in Note 27, Net profit from continuing operations (viii.) Employee compensation and director compensation.

Furthermore, according to the Company's articles of incorporation, dividends can be distributed in cash or as stock dividends.

Legal reserves should be allocated until the balance reaches the total amount of the company's paid-up share capital. Legal reserves can be used to cover losses. When the company has no losses, the portion of legal reserves exceeding 25% of the paid-up share capital can be distributed in cash or added to share capital.

The Company allocates and reverses special reserves from the undistributed earnings of previous periods according to the law.

The Company held shareholders' meetings on June 20, 2023, and June 23, 2022, to resolve the profit and loss allocation plans for 2022 and 2021, respectively, as follows:

	Profit and loss allocation plan	
	2022	2021
Losses to be compensated	($ 37,316)	($ 253,313)
Capital reserve to cover losses	-	253,312

The Company expects to propose a 2023 profit distribution plan at the board meeting in April 2024.

The 2023 profit distribution plan is subject to the resolution of the regular shareholders' meeting to be held on June 20, 2024.

26. REVENUE

	2023	2022
Customer contract revenue		
Product sales revenue	$ 824,026	$ 783,512

(1) Description of customer contracts

Product Sales Revenue

Product sales revenue mainly comes from the sales of ceramic substrates, circuit components, processing transactions, and general import and export trade. Except for some sales targets that agree to recognize revenue when the products arrive at the customer-designated location, the remaining sales targets agree to recognize revenue and accounts receivable when the products are shipped. At that point, the customer has agreed on the price and usage rights for the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence.

(2) Contract balances

	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable (Note 9)	$ 283,035	$ 254,486

(3) Segmentation of customer contract revenue

From January 1 to December 31, 2023

	Reportable Segments		
	Substrate Division	Optoelectronics Division	Total
Type of goods or services			
Revenue from the sale of goods	$ 824,026	$ -	$ 824,026

From January 1 to December 31, 2022

	Reportable Segments		
	Substrate Division	Optoelectronics Division	Total
Type of goods or services			
Revenue from the sale of goods	$ 775,101	$ 8,411	$ 783,512

For revenue segmentation information, please refer to Note 38.

27. NET PROFIT FROM CONTINUING OPERATIONS

(1) Interest income

	2023	2022
Bank deposits		
Financial assets measured at amortized cost	$ 6,064	$ 7,124
Other	-	461
	$ 6,064	$ 7,585

(2) Other income

	2023	2022
Rental income	$ 48,542	$ 54,169
Government grant income	260,109	39,360
Less: Loss allowance	(228,308)	-
Other	12,244	11,853
	$ 92,587	$ 105,382

Government grant income is provided by the Kunshan Municipal Government for the relocation and shutdown subsidies for the subsidiary LEATEC Fine Ceramics (Kunshan) Co., Ltd. Considering the recent economic situation in China and the financial status of local governments, the Consolidated Company assessed in the fourth quarter of 2023 that the collectability of government grants yet to be received might not be reasonably estimable. Therefore, a full provision for impairment was made for the government grants not yet received afterwards.

(3) Other gains and losses

	2023	2022
Gain on disposal of non-current assets held for sale	$ 543,087	$ 68,852
Gain (loss) on disposal of property, plant, and equipment	(12,124)	113
Loss on financial assets measured at fair value through profit or loss	621	(1,723)
Impairment loss of equity method investment	(18,310)	-
Net foreign exchange loss	(18,530)	(701)
Other expenses	(9,658)	(18,172)
	$ 485,086	$ 48,369

(4) Finance costs

	2023	2022
Interest on bank loans and corporate bonds	$ 55,746	$ 54,064
Interest on lease liabilities	82	116
Other interest expenses	-	21
Less: Amounts included in the cost of qualifying assets	(1,972)	(4,547)
	$ 53,856	$ 49,654

Information related to interest capitalization is as follows:

	2023	2022
Amount of interest capitalized	$ 1,972	$ 4,547
Interest capitalization rate	3.32%~5.4%	2.83%~7.4%

(5) (Reversal gain of) impairment loss of financial asset

	2023	2022
Impairment loss (reversal of gains) on accounts receivable	$ 10,390	($ 1,871)

(6) Depreciation and amortization

	2023	2022
Property, plant, and equipment	$ 91,186	$ 95,276
Investment property	13,461	13,494
Right-of-use assets	4,785	4,795
Other intangible assets	2,499	1,959
Total	$ 111,931	$ 115,524
Depreciation expenses summarized by function		
Operating costs	$ 54,798	$ 58,610
Operating expenses	54,634	54,955
	$ 109,432	$ 113,565
Amortization expenses summarized by function		
Operating costs	$ 329	$ 237
Operating expenses	2,170	1,722
	$ 2,499	$ 1,959

(7) Employee benefit expenses

	2023	2022
Short-term employee benefits	$ 313,005	$ 312,724
Post-retirement benefits (Note 24)		
Defined contribution plans	7,882	8,115
Defined benefit plans	898	726
	8,780	8,841
Long-term employee benefits (Note 23)	164	259
Total employee benefit expenses	$ 321,949	$ 321,824
Summarized by function		
Operating costs	$ 249,664	$ 251,642
Operating expenses	72,285	70,182
	$ 321,949	$ 321,824

(8) Employee compensation and director compensation

The Company allocates employee compensation and director compensation based on 1.5% to 15% and not more than 5% of the pre-tax profit before deducting employee and director compensation for the current year. However, when the Company has accumulated losses, it should reserve the amount to offset the losses before allocating employee compensation and director compensation. Employee and director compensations for the period from January 1, 2023, to December 31, 2023, were resolved by the board on March 26, 2024, and for the period from January 1, 2022, to December 31, 2022, were resolved on March 24, 2023, as follows:

Estimated Ratio

	2023	2022
Employee compensation	1.5%	-
Director compensation	1.8%	-

Amount

	2023		2022	
	Cash	Stock	Cash	Stock
Employee compensation	$ 834	$ -	$ -	$ -
Director compensation	1,000	-	-	-

The Company did not accrue for employee and director compensations in 2022 due to accumulated deficit.

If the amounts still change after the approval date of the consolidated financial statements for the year, the accounting estimate changes will be adjusted in the following year.

There were no actual distributions of employee and director compensations for the years 2022 and 2021, and there was no difference from the amounts recognized in the consolidated financial statements for 2022 and 2021.

For information about the Company's employee compensation and director compensation resolutions of the board of directors, please visit the Taiwan Stock Exchange's "Market Observation Post System".

(9) Foreign exchange gain/loss

	2023	2022
Total foreign exchange gain	$ 46,213	$ 64,157
Total foreign exchange loss	(64,743)	(64,858)
Net (loss) gain	($ 18,530)	($ 701)

(10) Reversal gain on impairment of non-financial assets

	2023	2022
Inventory (included in operating costs)	($ 5,545)	($ 9,841)

28. INCOME TAX OF CONTINUING OPERATIONS

(1) Income tax recognized in profit or loss

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

	2023	2022
Current income tax		
Generated in the current year	$ -	$ 48
Adjustments for prior years	5,781	2,879
	5,781	2,927
Deferred income tax		
Generated in the current year	28,707	5,959
Adjustments for prior years	-	172
	28,707	6,131
Income tax expense recognized in profit or loss	$ 34,488	$ 9,058

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Pre-tax net (loss) profit of continuing operations	$ 95,848	($ 24,418)
Income tax expense calculated at the statutory tax rate on pre-tax net profit (loss)	$ 53,115	$ 5,524
Non-deductible expenses for tax purposes	1,468	1,850
Tax-exempt income	(45,139)	1,850
Unrecognized temporary differences		
Losses recognized on investments accounted for using the equity method	2,111	1,374
Others	15	(10,169)
Unrecognized loss carryforwards	17,137	7,428
Adjustments for current and deferred income tax expenses of prior years in the current year	5,781	3,051
Income tax expense recognized in profit or loss	$ 34,488	$ 9,058

The Consolidated Company applies a tax rate of 20% under the Income Tax Act of the Republic of China for individual entities; the applicable tax rate for subsidiaries in China is 15% to 25%; the tax amount generated in other jurisdictions is calculated based on the applicable tax rates in the relevant jurisdictions.

(2) Income tax recognized in other comprehensive income

	Dec. 31, 2023	Dec. 31, 2022
Deferred income tax		
Generated in the current year		
Remeasurement of defined benefit plans	$ 356	$ 960

(3) Current income tax assets and liabilities

	Dec. 31, 2023	Dec. 31, 2022
Current income tax assets		
Receivable tax refunds	$ 82	$ 890
Current income tax liabilities		
Payable income tax	$ -	$ 2,174

(4) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized inventory valuation losses	$ 10,514	($ 644)	$ -	($ 39)	$ 9,831
Unrealized expected impairment losses	2,875	1,519	-	(69)	4,325
Unrealized foreign exchange loss	-	2,597	-	-	2,597
Unrealized profits of subsidiaries	316	45	-	-	361
Financial asset valuation losses	344	($ 124)	-	-	220
Defined benefit pension plans	3,922	-	356	-	4,278
Property, plant, and equipment	61	(61)	-	-	-
	18,032	3,332	356	(108)	21,612
Loss carryforwards	10,183	10,838	-	-	21,021
	$ 28,215	$ 14,170	$ 356	($ 108)	$ 42,633
Deferred tax liabilities					
Temporary differences					
Property, plant, and equipment	$ 2,056	($ 1,213)	$ -	$ -	$ 843
Investment gains recognized using the equity method	110,547	45,059	-	-	155,606
Unrealized foreign exchange gains	969	(969)	-	-	-
	$ 113,572	$ 42,877	$ -	$ -	$ 156,449

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized inventory valuation losses	$ 12,120	($ 1,690)	$ -	$ 84	$ 10,514
Unrealized expected impairment losses	3,113	(272)	-	34	2,875
Unrealized profits of subsidiaries	1,041	(725)	-	-	316
Financial asset valuation losses	-	344	-	-	344
Defined benefit pension plans	2,962	-	960	-	3,922
Property, plant, and equipment	137	(76)	-	-	61
	19,373	(2,419)	960	118	18,032
Loss carryforwards	666	9,517	-	-	10,183
	$ 20,039	$ 7,098	$ 960	$ 118	$ 28,215
Deferred tax liabilities					
Temporary differences					
Property, plant, and equipment	$ 1,856	$ 200	$ -	$ -	$ 2,056
Investment gains recognized using the equity method	98,460	12,087	-	-	110,547
Unrealized foreign exchange gains	27	942	-	-	969
	$ 100,343	$ 13,229	$ -	$ -	$ 113,572

(5) Deductible temporary differences, unused loss carryforwards, and unused investment tax credits not recognized as deferred income tax assets in the balance sheet

	Dec. 31, 2023	Dec. 31, 2022
Loss carryforwards		
Expiring in 2023	$ -	$ 63,445
Expiring in 2024	59,502	59,386
Expiring in 2025	92,375	92,117
Expiring in 2026	32,425	31,916
Expiring in 2027	17,161	17,161
Expiring in 2028	29,495	29,495
Expiring in 2029	122,856	122,856
Expiring in 2030	78,174	78,174
Expiring in 2031	2,324	-
Expiring in 2032	97,179	48,589
Expiring in 2033	3,273	-
	$ 534,764	$ 543,139
Deductible temporary differences		
Losses recognized on investments accounted for using the equity method	$ 37,757	$ 45,829

(6) Information on unused loss carryforwards

As of December 31, 2023, the information on loss carryforwards is as follows:

Unutilized balance	Final deduction year
$ 59,502	2024
92,375	2025
32,425	2026
17,161	2027
29,495	2028
122,856	2029
78,174	2030
2,324	2031
97,179	2032
108,373	2033
$ 639,864	

(7) Income tax assessment status

The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities up to 2021.

29.EARNINGS PER SHARE (NET LOSSES)

Unit: per share in dollars

	2023	2022
Basic earnings (loss) per share		
From continuing operations	$ 0.57	($ 0.31)
Diluted earnings (loss) per share		
From continuing operations	$ 0.57	($ 0.31)

The net profit and weighted average number of common shares used to calculate earnings (loss) per share from continuing operations are as follows:

Current Period Net (Loss) Profit

	2023	2022
Net (loss) profit attributable to the owners of the Company	$ 61,360	($ 33,476)
Net (loss) profit used to calculate diluted earnings (loss) per share	$ 61,360	($ 33,476)

Number of Shares

Unit: Share in Thousand

	2023	2022
Weighted average number of common shares used to calculate basic earnings (loss) per share	108,080	108,080
The effect of potential ordinary shares with dilutive effects:		
Employee compensation	30	-
Weighted average number of common shares used to calculate diluted earnings per share	$ 108,110	$ 108,110

If the Consolidated Company has the option to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be distributed in the form of stocks and included in the weighted average number of outstanding shares when the potential common stock has a dilutive effect, to calculate diluted earnings per share. When calculating diluted earnings per share before the resolution of the number of shares to be distributed as employee compensation in the following year, the dilutive effect of such potential common stock is also considered.

30. NON-CASH TRANSACTIONS

The Consolidated Company conducted the following non-cash investment activities in 2023 and 2022:

	Dec. 31, 2023	Dec. 31, 2022
Investment activities affecting both cash and non-cash transactions		
Increase in property, plant, and equipment	$ 198,017	$ 108,405
Increase (decrease) in prepayments for equipment	(60,433)	75,800
Net change in equipment payables	19,734	35,887
Cash paid for the purchase of property, plant, and equipment	$ 157,318	$ 220,092

31. CAPITAL RISK MANAGEMENT

The Consolidated Company manages its capital to ensure that entities within the group can continue to operate while optimizing the balance of debt and equity, in order to maximize shareholder returns. There have been no significant changes in the Consolidated Company's overall strategy.

The Consolidated Company's capital structure consists of its net debt (i.e., loans less cash and cash equivalents) and equity attributable to the owners of the Consolidated Company (i.e., share capital, capital reserves, retained earnings, and other equity items).

The Consolidated Company's senior management, in collaboration with the Board of Directors, reviews the group's capital structure at least quarterly, taking into account the costs and risks associated with various types of capital. Based on the recommendations of senior management, the Consolidated Company will balance its overall capital structure by distributing dividends, issuing new shares, repurchasing shares, and issuing new debt or repaying old debt. The Consolidated Company's target debt ratio (i.e., the ratio of total liabilities to total assets) is set at 50% or below. As of December 31, 2023, the debt ratio was 64%, higher than the target debt ratio range. The Consolidated Company expects to reduce the debt ratio to an appropriate range by improving its operating performance.

32. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are not measured at fair value

Except for the items listed in (iii.), the management of the Consolidated Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic debt instrument investments	$ 14,228	$ -	$ -	$ 14,228

Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic debt instrument investments	$ 13,607	$ -	$ -	$ 13,607

(3) Categories of financial instruments

	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 14,228	$ 13,607
Financial assets measured at amortized cost (Note 1)	802,528	821,891
Financial liabilities		
Measured at amortized cost (Note 2)	1,861,981	1,714,465

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties), other receivables, other financial assets, and financial assets such as refundable deposits measured at amortized cost.

Note 2: The balance includes short-term loans, notes payable, accounts payable, other payables, corporate bonds payable, long-term loans, and financial liabilities such as deposits received measured at amortized cost.

(4) Financial Risk Management Objectives and Policies

The Consolidated Company's main financial instruments include debt instrument investments, accounts receivable, accounts payable, corporate bonds payable, and loans. The Consolidated Company's financial management department provides services to various business units, coordinating and coordinating access to domestic and international financial markets, and supervising and managing the Consolidated Company's operating-related financial risks through internal risk reports that analyze exposures according to the degree and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The financial management department submits quarterly reports to the Consolidated Company's Board of Directors, which supervises risks and oversees the implementation of policies to mitigate risks.

1. Market Risk

The main financial risks borne by the Consolidated Company's operating activities are foreign currency exchange rate fluctuations and interest rate fluctuations. The Consolidated Company closely monitors exchange rate changes and effectively interacts with banks to manage the foreign currency exchange rate and interest rate risks it bears. The Consolidated Company measures the impact of financial instruments on fair value and cash flows under the assumption of changes in all relevant market risk variables using sensitivity analysis. The Consolidated Company expects reasonable changes in the relevant risk variables at the end of the reporting period as follows:

NTD Market interest rate	10 basis points
USD Market interest rate	10 basis points
NTD/USD and other currencies	5%

(1) Exchange rate risk

On the balance sheet date, the carrying amounts of non-functional currency denominated monetary assets and monetary liabilities (including non-functional currency denominated monetary items that have been offset in the consolidated financial statements) are as per Note 36.

Sensitivity Analysis

The Consolidated Company is mainly affected by fluctuations in the USD, JPY and EUR exchange rates.

The table below provides a detailed explanation of the Consolidated Company's sensitivity analysis when the New Taiwan Dollar (functional currency) appreciates or depreciates by 5% against each relevant foreign currency. The 5% represents the sensitivity ratio used for internal reporting of exchange rate risk to the main management level and also represents the management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes foreign currency monetary items outstanding and adjusts their period-end conversions by changing the exchange rate by 5%. The positive numbers in the table indicate that when there is a net foreign currency asset, a 5% depreciation of the New Taiwan Dollar against each relevant currency will increase pre-tax net profit; when there is a net foreign currency liability, a 5% depreciation of the New Taiwan Dollar against each relevant foreign currency will have the same amount of negative impact on pre-tax net profit.

	Impact of USD				Impact of JPY			
	2023		2022		2023		2022	
Profit or loss	($ 4,894)	(i)	($ 8,221)	(i)	($ 58)	(ii)	$ 1,313	(ii)

	Impact of EUR			
	2023		2022	
Profit or loss	$ 729	(iii)	$ 2,431	(iii)

(i) Mainly arising from the USD-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(ii) Mainly arising from the JPY-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(iii) Mainly arising from the EUR-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(2) Other price risk

The Consolidated Company is exposed to price risks due to bond investments, mainly holding bonds for interest and spread gains.

Sensitivity Analysis

The following sensitivity analysis is based on bond price exposures as of the balance sheet date.

If bond prices increase/decrease by 10%, the pre-tax profit or loss for the period from January 1 to December 31 in 2023 and 2022 will increase/decrease by NT$1,423 and NT$1,361 thousand, respectively, due to the fair value increase/decrease of financial assets measured at fair value through profit or loss.

(3) Interest Rate Risk

Due to the fact that individual entities within the Consolidated Company borrow funds at both fixed and floating interest rates, interest rate risk arises. The management of the Consolidated Company discusses an appropriate combination of fixed and floating interest rates with borrowing banks after thoroughly understanding the financial market.

The carrying amounts of financial liabilities exposed to interest rate risk as of the balance sheet date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Fair value interest rate risk	$ 416,754	$ 333,450
Cash flow interest rate risk	1,291,485	1,248,441

Sensitivity Analysis

The sensitivity analysis below is determined based on non-derivative instruments' interest rate exposure as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding as of the balance sheet date remains outstanding throughout the year. The rate of change used for internal reporting of interest rates to the main management level is an increase or decrease of 10 basis points, which also represents management's assessment of the reasonably possible range of changes in interest rates.

Financial assets are minimally affected by changes in interest rates due to the low level of market deposit interest rates. Interest rate sensitivity analysis is performed on financial liabilities for profit and loss impact. The change in fair value and cash flow estimates due to interest rate changes are analyzed under the assumption of other variables remaining constant, at the end of the reporting period, and with an increase or decrease of 10 basis points. The pre-tax net (loss) profit of the Consolidated Company for 2023 and 2022 will increase (decrease) by NT$1,291 thousand / NT$(1,291) thousand and NT$1,248 thousand / NT$(1,248) thousand, respectively.

The increased sensitivity of the Consolidated Company to interest rates in the current period is mainly due to the increase in variable interest rate debt instruments and the fair value interest rate risk exposure of redeemable corporate bonds.

2. Credit Risk

Credit risk is the risk of financial loss to the Group due to counterparty default on contractual obligations. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk, which may result from the counterparty's failure to fulfill its obligations and the Consolidated Company's provision of financial guarantees, mainly arises from:

(1) The carrying amount of financial assets recognized in the consolidated balance sheet.

(2) The maximum amount that the Consolidated Company may need to pay for providing financial guarantees, regardless of the likelihood of occurrence.

The Consolidated Company's policy is to only engage in transactions with reputable counterparties and to obtain sufficient collateral when necessary to

mitigate the risk of financial losses due to defaults. The Consolidated Company only transacts with businesses that meet the conditions assessed by internal credit management procedures or external credit rating agencies. The Consolidated Company continuously monitors credit exposure and counterparties' credit ratings and effectively manages the credit limits of counterparties through annual reviews and approvals by the management department to reduce risk.

To mitigate credit risk, the Consolidated Company's management assigns a dedicated team responsible for determining credit limits, approving credit, and other monitoring procedures to ensure that appropriate actions are taken for the collection of overdue receivables. In addition, the Consolidated Company reviews the recoverable amount of receivables individually as of the balance sheet date to ensure that uncollectible receivables have been adequately impaired. As a result, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The receivables are from a wide range of customers, spread across different industries and geographical areas. The Consolidated Company continuously evaluates the financial condition of its accounts receivable customers and, when necessary, purchases credit guarantee insurance contracts.

The Consolidated Company's credit risk is primarily concentrated on Customer A. As of the December 31, 2023 and 2021, the percentage of total receivables from the aforementioned customer was 27% and 16%, respectively.

3. Liquidity Risk

As of December 31, 2023, the Consolidated Company's current assets were NT$1,129,728 thousand, and current liabilities were NT$772,882 thousand, with a debt ratio of 64%. To improve liquidity, the Consolidated Company obtained funds from the capital market in 2022 through the issuance of secured corporate bonds, among other means. Furthermore, by the end of 2023, the subsidiary LEATEC Fine Ceramics (Kunshan) Co., Ltd. had received RMB 177,584 thousand in relocation compensation. If the remaining RMB 57,590 thousand in relocation compensation can be successfully collected in 2024, the Consolidated Company expects to use these funds for repaying short-term loans and for operational purposes.

The Consolidated Company plans appropriate fundraising methods based on operating conditions and the economic environment, and manages and maintains

safe cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management coordinates the use and review of bank financing limits and ensures compliance with loan contract terms.

The ultimate responsibility for managing the Consolidated Company's liquidity risk lies with the Board of Directors. The management department plans appropriate measures to reduce liquidity risk in response to the Consolidated Company's short-term, medium-term, and long-term financing and liquidity management needs. The Consolidated Company manages liquidity risk by maintaining adequate reserves, bank financing limits, obtaining loan commitments, continuously monitoring projected and actual cash flows, and matching the maturity composition of financial assets and liabilities.

(1) Liquidity and interest rate risk table

The following table provides a detailed description of the remaining contractual maturities of the Consolidated Company's non-derivative financial liabilities, which are based on the earliest possible repayment dates required by the Consolidated Company and prepared using undiscounted cash flows of financial liabilities, including cash flows for interest and principal.

Bank loans that can be demanded for immediate repayment by the Consolidated Company are included in the earliest period in the table below, without considering the probability of the bank exercising that right immediately; other non-derivative financial liability maturity analyses are prepared according to the agreed repayment dates.

For cash flows of interest paid at floating interest rates, the undiscounted interest amounts are derived from the yield curve as of the balance sheet date.

Dec. 31, 2023

	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Interest-free liabilities	$ -	$ 127,802	$ 12,568	$ 13,372	$ -
Lease liabilities	95	190	868	889	-
Floating rate instruments	41,644	172,395	198,647	284,656	594,143
Fixed rate instruments	55,545	49,211	61,998	-	-
Corporate bonds payable	-	-	-	250,000	-
	$ 97,284	$ 349,598	$ 274,081	$ 548,917	$ 594,143

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 1,153	$ 889	$ -	$ -	$ -	$ -

Dec. 31, 2022

	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Interest-free liabilities	$ -	$ 86,647	$ 32,302	$ 13,625	$ -
Lease liabilities	92	184	842	2,042	-
Floating rate instruments	12,750	161,742	291,730	322,161	460,058
Fixed rate instruments	23,205	29,506	30,739	-	-
Corporate bonds payable	-	-	-	250,000	-
	$ 36,047	$ 278,079	$ 355,613	$ 587,828	$ 460,058

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 1,118	$ 2,042	$ -	$ -	$ -	$ -

(2) Financing limit

	Dec. 31, 2023	Dec. 31, 2022
Bank loan limit		
Amount utilized	$ 1,708,239	$ 1,581,891
Unused amount	469,275	433,213
	$ 2,177,514	$ 2,015,104

33. RELATED PARTY TRANSACTIONS

Transactions, account balances, revenues, and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full upon consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Consolidated Company and other related parties are as follows:

(1) Related party names and categories

Related party name	Relationship with the Consolidated Company
ECOCERA Optronics Co., Ltd.	Associate

(2) Net revenue

Account item	Related party category	2023	2022
Sales revenue	Associate	$ 3,362	$ 1,160

Sales to related parties are calculated through negotiation.

(3) Receivables from related parties

Account item	Related party category	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable - related parties	Associate	$ 334	$ 1,191

No guarantees have been collected for receivables from related parties outstanding. In 2023 and 2022, no provisions for losses were made on receivables from related parties.

(4) Compensation of key management personnel

The total compensation for directors and other key management personnel in 2023 and 2022 is as follows:

	2023	2022
Short-term employee benefits	$ 31,387	$ 21,040
Post-retirement benefits	27	29
	$ 31,414	$ 21,069

Compensation for directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

34. PLEDGED ASSETS

The following assets of the Consolidated Company have been provided as collateral for loans from banks and leasing companies:

	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at fair value through profit or loss	$ 14,228	$ 13,607
Accounts receivable	34,216	22,375
Other financial assets	241,974	270,903
Land	118,033	118,033
Buildings - net amount	616,352	747,873
Machinery and equipment - net amount	11,112	78,201
Right-of-use assets	140,133	146,195
Investment property - buildings	351,758	371,197
	$ 1,527,806	$ 1,768,384

The market interest rate range for bank deposits as of the balance sheet date is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Pledged time deposits (accounted for as other financial assets)	0.585%~1.525%	0.60%~1.15%

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to what is described in other notes, the Consolidated Company has the following significant commitments and contingencies as of the balance sheet date:

(1) The unused letters of credit are as follows:

	Dec. 31, 2023	Dec. 31, 2022
USD	$ 36	$ 72
JPY	-	5,750

(2) Notes issued due to loans are as follows:

	Dec. 31, 2023	Dec. 31, 2022
USD	$ 6,400	$ 7,030
NTD	1,165,500	1,374,500

(3) The Consolidated Company's unrecognized contract commitments are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Purchase of property, plant, and equipment	$ 54,405	$ 169,757

36. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECTS

The information below is expressed in a currency other than the functional currency of each entity within the Consolidated Company. The disclosed exchange rates refer to the exchange rates at which these foreign currencies are converted into functional currencies. The Consolidated Company's significant foreign currency financial assets and liabilities information is as follows:

December 31, 2023

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	$ 5,108	30.705	$ 156,867
RMB	17	4.335208	73
EUR	438	33.98	14,887
JPY	15,048	0.2172	3,268
HKD	46	3.929	183
Financial Liabilities			
Monetary Items			
USD	8,296	30.705	254,729
JPY	20,328	0.2172	4,415
EUR	9	33.98	306

December 31, 2022

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	$ 5,795	30.71	$ 177,963
RMB	34	4.409434	149
EUR	1,486	32.72	48,629
JPY	138,017	0.2324	32,075
HKD	41	3.938	159
Financial Liabilities			
Monetary Items			
USD	11,149	30.71	342,357
JPY	25,002	0.2324	5,811

The Consolidated Company's foreign exchange gains (losses) (realized and unrealized) for 2023 and 2022 were NT$(18,530) thousand and NT$(701) thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the group entities, it is not possible to disclose exchange gains or losses by major foreign currencies.

37. ADDITIONAL DISCLOSURES

(1) Information on major transactions and (2) Transfer of investment business:

1. Financings provided: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held (excluding investment in subsidiaries, associates and joint venture control components): Table 3.
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Information about the derivative financial instruments transaction: None.
10. Other: Business relationships and significant transaction details and amounts between the parent company and its subsidiaries, and among the subsidiaries themselves: Table 5.
11. Information on investees: Table 6.

(3) Information on investment in mainland China

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 7.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Table 8.

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(2)The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(3)The amount of property transactions and the amount of the resultant gains or losses.

(4)The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(5)The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(4) Information of major shareholders: No shareholders with a shareholding ratio of 5% or more.

38. OPERATING SEGMENTS INFORMATION

The information provided for key operating decision-makers to allocate resources and assess departmental performance focuses on the types of products or services delivered or provided. The Consolidated Company's operational activities are primarily related to the production and trading of ceramic substrates, with such business activities accounting for over 90% of the Company's total revenue. Therefore, the Consolidated Company is managed and resources are allocated based on a single operating segment.

(1) Product information

The income from the main products and services of the ongoing business units of the Consolidated Company is as follows:

	2023	2022
Resistor substrates	$ 427,692	$ 367,179
Non-resistor substrates	366,218	405,701
Others	30,116	10,632
	$ 824,026	$ 783,512

(2) Geographical information

The Consolidated Company mainly operates in three regions - Taiwan, China, and others.

The information on revenue from external customers of the Consolidated Company's continuing operations by operating location and non-current assets by the location of the assets is presented as follows:

	Revenue from external customers		Non-current assets	
	2023	2022	Dec. 31, 2023	Dec. 31, 2022
Taiwan	$ 402,606	$ 370,510	$ 579,403	$ 593,033
China	421,420	412,583	1,468,359	1,487,195
Others	-	419	-	-
	$ 824,026	$ 783,512	$ 2,047,762	$ 2,080,228

(3) Major customer information

Revenue from a single customer accounting for more than 10% of the Consolidated Company's total revenue is as follows:

	2023	2022
Customer A	$ 114,047	$ 91,091
Customer B	97,132	84,511

5. Latest Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LEATEC Fine Ceramics Co., Ltd.

Opinion

We have audited the accompanying financial statements of LEATEC Fine Ceramics Co., Ltd., which comprise the Parent Company Only Balance Sheets as of December 31, 2023 and December 31, 2022, the Parent Company Only Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Notes to Parent Company Only Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers so as to give a true and fair view of the parent company only financial position of LEATEC Fine Ceramics Co., Ltd. as of December 31, 2023 and 2022 and of the financial performance, changes in equity and cash flows of LEATEC Fine Ceramics Co., Ltd. from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of LEATEC Fine Ceramics Co., Ltd. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matter is which that, in our professional judgment, is most significant to our review of the Parent Company Only Financial Statements of LEATEC Fine Ceramics Co., Ltd. for 2023. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Parent Company Only Financial Statements of LEATEC Fine Ceramics Co., Ltd. for 2023:

Authenticity of Revenue from Specific Sales Targets

The LEATEC Fine Ceramics Co., Ltd.'s sales revenue for the year 2023 amounted to NT$436,328 thousand, an increase of 7% compared to the same period last year. The auditor, based on factors such as changes in sales amount and ratio, considered the authenticity of the sales revenue of some specific customers as key audit matters.

The auditor performed the following main audit procedures for the authenticity of the revenue from the aforementioned specific sales targets:

1. Understand the internal control process related to revenue recognition and evaluate whether the design of the relevant controls is effective and implemented;
2. Review and inspect the shipping documents, records, and collections of these customers to test the authenticity of the sales;
3. Review the subsequent sales returns and allowances of these customers to confirm the reasonableness of sales revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management's responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of LEATEC Fine Ceramics Co., Ltd. to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate LEATEC Fine Ceramics Co., Ltd. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of LEATEC Fine Ceramics Co., Ltd.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
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 internal control effectiveness of LEATEC Fine Ceramics Co., Ltd.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of LEATEC Fine Ceramics Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause LEATEC Fine Ceramics Co., Ltd. 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 relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the parent company only financial information of LEATEC Fine Ceramics Co., Ltd. to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on LEATEC Fine Ceramics Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of LEATEC Fine Ceramics Co., Ltd. for the year ended December 31, 2023, from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

CPA: HSU, CHIN-MING

CPA: HUS, WEN-YA

Securities and Futures Management Committee Approval Number Tai-Tsai-Cheng-Liu-Tzu No. 0930128050

Securities and Futures Management Committee Approval Number Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

March 26, 2024

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	Dec. 31, 2023 AMOUNT	%	Dec. 31, 2022 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 & 6)	$ 37,643	1	$ 96,621	4
1110	Financial assets at fair value through profit or loss – current (Note 4, 7, 28 & 30)	14,228	1	13,607	1
1150	Notes receivable (Note 4, 8 & 22)	302	-	757	-
1170	Accounts receivable (Note 4, 8, 22, 23, 29 & 30)	149,669	6	125,538	5
1200	Other receivables (Note 29)	308,400	12	8,909	-
130X	Inventories (Note 4 & 9)	150,868	6	159,888	6
1410	Prepayments	13,453	-	7,213	-
1476	Other financial assets - current (Note 30)	66,449	2	64,271	2
1479	Other current assets (Note 14 & 24)	175	-	478	-
11XX	Total current assets	741,187	28	477,282	18
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 4 & 10)	1,320,622	49	1,490,776	58
1600	Property, plant and equipment (Note 4, 11, 26 & 30)	547,988	21	562,959	22
1755	Right-of-use assets (Note 4 & 20)	1,943	-	3,053	-
1780	Other intangible assets (Note 4 & 13)	2,510	-	4,109	-
1840	Deferred tax assets (Note 4 & 24)	36,307	1	21,797	1
1915	Prepayments for equipment (Note 26)	5,895	-	5,985	-
1980	Other financial assets - non-current (Note 30)	12,955	1	5,045	-
1990	Other non-current assets (Note 14)	8,022	-	11,883	1
15XX	Total non-current assets	1,936,242	72	2,105,607	82
1XXX	TOTAL	$ 2,677,429	100	$ 2,582,889	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 15, 30 & 31)	$ 439,479	17	$ 369,781	14
2150	Notes payable (Note 17)	918	-	2,403	-
2170	Accounts payable (Note 17 & 29)	57,893	2	37,021	2
2200	Other payables (Note 18, 26 & 29)	75,778	3	115,124	5
2280	Lease liabilities - current (Note 4 & 12)	1,153	-	1,118	-
2320	Long-term loans and corporate bonds payable within one year or operating cycle (Note 15, 16, 30 & 31)	70,255	3	81,660	3
2399	Other current liabilities	9,893	-	6,781	-
21XX	Total current liabilities	655,369	25	613,888	24
	NON-CURRENT LIABILITIES				
2530	Corporate bonds payable (Note 16)	250,000	9	250,000	10
2540	Long-term loans (Note 15, 30 & 31)	409,048	15	444,405	17
2550	Provision for liabilities - non-current (Note 4 & 29)	1,072	-	930	-
2570	Deferred tax liabilities (Note 4 & 24)	156,449	6	113,572	4
2580	Lease liabilities - non-current (Note 4 & 20)	889	-	2,042	-
2640	Net defined benefit liability - non-current (Note 4 & 20)	22,707	1	21,137	1
25XX	Total non-current liabilities	840,165	31	832,086	32
2XXX	Total liabilities	1,495,534	56	1,445,974	56
	EQUITY (Note 21)				
3110	Ordinary shares	1,080,798	40	1,080,798	42
3200	Capital reserve	102,301	4	102,301	4
	Retained earnings (accumulated profit or loss)				
3310	Legal reserve	3,166	-	3,166	-
3350	Unappropriated earnings (losses to be compensated)	22,622	1	(37,316)	(1)
3300	Total retained earnings	25,788	1	(34,150)	(1)
3400	Other equity	(26,992)	(1)	(12,034)	(1)
3XXX	Total equity	1,181,895	44	1,136,915	44
	TOTAL	$ 2,677,429	100	$ 2,582,889	100

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

Chairman: CHEN, CHING-CHIN General Manager: CHEN, CHING-CHIN Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

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

CODE		2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	OPERATING REVENUE (Note 4, 22 & 29)	$ 436,328	100	$ 407,761	100
5000	OPERATING COSTS (Note 9, 23& 29)	(405,630)	(93)	(353,914)	(87)
5900	GROSS PROFIT	30,698	7	53,847	13
5910	UNREALIZED GAINS WITH SUBSIDIARIES	(1,157)	-	(638)	-
5920	REALIZED GAINS WITH SUBSIDIARIES	638	-	5,253	1
5950	REALIZED GROSS PROFIT	30,179	7	58,462	14
	OPERATING EXPENSES (Note 4, 23& 29)				
6100	Selling and marketing expenses	(9,044)	(2)	(9,370)	(2)
6200	General and administrative expenses	(58,716)	(13)	(61,898)	(15)
6300	Research and development expenses	(47,187)	(11)	(28,719)	(7)
6450	Expected credit impairment gains (losses)	346	-	1,425	-
6000	Total operating expenses	(114,601)	(26)	(98,562)	(24)
6900	(LOSS) PROFIT FROM OPERATIONS	(84,422)	(19)	(40,100)	(10)
	NON-OPERATING INCOME AND EXPENSES (Note 4, 10, 23 & 29)				
7100	Interest income	1,297	-	1,001	-
7010	Other income	1,367	-	3,330	1
7020	Other gains and losses	(25,151)	(6)	(22,524)	(5)
7050	Financial cost	(36,375)	(8)	(32,062)	(8)

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CODE		2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	233,367	54	62,065	15
7000	Total non-operating income and expenses	174,505	40	11,810	3
7900	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	90,083	21	(28,290)	(7)
7950	INCOME TAX EXPENSE (Note 4 & 24)	(28,723)	(7)	(5,186)	(1)
8200	NET (LOSS) PROFIT FOR THE YEAR	61,360	14	(33,476)	(8)
	OTHER COMPREHENSIVE INCOME (Note 19, 20 & 24)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement amounts of defined benefit plans	(1,778)	-	(4,799)	(1)
8349	Income tax related to items not reclassified	356	-	960	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(14,958)	(4)	23,085	6
8300	Other comprehensive income for the year, net of income tax	(16,380)	(4)	19,246	5
8500	TOTAL COMPREHENSIVE INCOME	$ 44,980	10	($ 14,230)	(3)
	EARNINGS PER SHARE (Note 25)				
9710	Basic	$ 0.57		($ 0.31)	
9810	Diluted	$ 0.57		($ 0.31)	

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

Chairman: CHEN, CHING-CHIN

General Manager: CHEN, CHING-CHIN

Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

						Other equity	
				Retained earnings			
Code		Share capital	Capital reserve	Legal reserve	Unappropriated earnings (losses to be compensated)	Exchange differences on translation of the financial statements of foreign operations	Total equity
A1	Balance on January 1, 2022	$ 1,080,798	$ 353,093	$ 3,166	($ 253,313)	($ 35,119)	$ 1,148,625
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	2,520	-	-	-	2,520
C11	Capital reserve to offset losses	-	(253,312)	-	253,312	-	-
D1	Net loss for 2022	-	-	-	(33,476)	-	(33,476)
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	(3,839)	23,085	19,246
D5	Total comprehensive income for 2022	-	-	-	(37,315)	23,085	(14,230)
Z1	Balance on December 31, 2022	1,080,798	102,301	3,166	(37,316)	(12,034)	1,136,915
D1	Net profit for 2023	-	-	-	61,360	-	61,360
D3	Other comprehensive income (loss) for 2023, net of income tax	-	-	-	(1,422)	(14,958)	(16,380)
D5	Total comprehensive income for 2023	-	-	-	59,938	(14,958)	44,980
Z1	Balance on December 31, 2023	$ 1,080,798	$ 102,301	$ 3,166	$ 22,622	($ 26,992)	$ 1,181,895

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

Chairman: CHEN, CHING-CHIN General Manager: CHEN, CHING-CHIN Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit (loss) before tax for the current year	$ 90,083	($ 28,290)
A20010	Income and expense items		
A20100	Depreciation expenses	53,866	51,825
A20200	Amortization expenses	2,499	1,959
A20300	Reversal gain on expected credit loss	(346)	(1,425)
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	(621)	1,723
A20900	Financial cost	36,375	32,062
A21200	Interest income	(1,297)	(1,001)
A22300	Share of profit (loss) of subsidiaries and associates accounted for using the equity method	(233,367)	(62,065)
A22500	Gain on disposal and write-off of property, plant, and equipment	(150)	(312)
A22600	Property, plant, and equipment transferred to expenses	59	-
A23700	Inventory devaluation and obsolescence losses (or reversal gains)	4,863	(4,669)
A23900	Unrealized gains with subsidiaries	1,157	638
A24000	Realized gains with subsidiaries	(859)	(5,474)
A24100	Loss (gain) on foreign currency exchange	(20,158)	312
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	460	1,042
A31150	Accounts receivable	(22,055)	59,350
A31180	Other receivables	23,008	4,480
A31200	Inventories	4,157	(28,745)
A31230	Prepayments	(6,240)	(1,010)
A31240	Other current assets	347	1,038
A31250	Other financial assets	(10,088)	109,085
A31990	Other non-current assets	861	(916)
A32130	Notes payable	(1,485)	(315)
A32150	Accounts payable	21,652	(9,087)
A32180	Other payables	(24,634)	10,521
A32200	Provision for liabilities	142	46

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Code		2023	2022
A32230	Other current liabilities	3,112	4,963
A32240	Accrued pension liabilities	(208)	(7,597)
A33000	Cash generated from (used in) operations	(78,867)	128,138
A33100	Interest received	1,298	818
A33300	Interest paid	(36,001)	(31,363)
A33500	Income tax received	(45)	(32)
AAAA	Net cash generated from (used in) operating activities	(113,615)	97,561
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets measured at fair value through profit or loss	-	(15,330)
B02400	Proceeds from capital reduction of investments accounted for using equity method	79,950	-
B02700	Acquisition of property, plant, and equipment	(52,739)	(46,288)
B02800	Disposal of property, plant, and equipment	150	353
B03800	Decrease in refundable deposits	3,000	39,700
B04500	Payments for intangible assets	(900)	(966)
B07100	(Increase) decrease in prepayments for equipment	-	(1,606)
B07600	Dividends received	1,265	1,538
BBBB	Net cash generated from (used in) investing activities	30,726	(22,599)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	73,314	124,615
C01200	Issuance of corporate bonds	-	250,000
C01300	Repayment of corporate bonds	-	(250,000)
C01600	Proceeds from long-term loans	50,000	515,300
C01700	Repayment of long-term loans	(96,762)	(676,865)
C04020	Repayment of the principal portion of lease liabilities	(1,118)	(1,084)
CCCC	Net cash generated from (used in) financing activities	25,434	(38,034)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,523)	637
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,978)	37,565
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	96,621	59,056
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 37,643	$ 96,621

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

Chairman: CHEN, CHING-CHIN
General Manager: CHEN, CHING-CHIN
Accounting Supervisor: CHEN, YUNG-TSANG

LEATEC FINE CERAMICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

(Unless otherwise specified, the basic unit for any amount shall be in thousands of New Taiwan Dollars.)

1. GENERAL

LEATEC Fine Ceramics Co., Ltd. (hereinafter referred to as "the Company") was established on December 2, 1991, with the approval of the Ministry of Economic Affairs. The main business items include the manufacture, design, processing, and sales of ceramic substrates, circuit components, and solar junction boxes, as well as general import and export trading. After several capital increases, the paid-in capital amounted to NT$1,080,798 thousand as of December 31, 2023. The Company's shares were approved by the Securities and Futures Bureau, FSC and listed for trading on the Taipei Exchange on January 10, 2002.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on March 13, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) First-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") approved and issued by the Financial Supervisory Commission (hereinafter referred to as "FSC")

Apart from the explanations below, the application of the amended IFRSs approved and issued by the Financial Supervisory Commission will not significantly change the accounting policies of the Company.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendment explicitly requires the Company to determine the disclosure of significant accounting policy information based on the definition of materiality. If the accounting policy information can be reasonably expected to affect the decisions of the primary users of general-purpose financial statements based on such financial statements, the accounting policy information is material. The amendment also clarifies:

- Accounting policy information related to immaterial transactions, other matters, or circumstances is immaterial, and the Company is not required to disclose such information.
- The Company may determine that the relevant accounting policy information is material due to the nature of the transactions, other matters, or circumstances, even if the amounts are immaterial.
- Not all accounting policy information related to material transactions, other matters, or circumstances is material.

Information on accounting policies may be significant if related to significant transactions, other matters, or circumstances, and if it falls under the following situations:

(1) The Company changes its accounting policies during the reporting period, and the change leads to significant changes in the financial reporting information;

(2) The Company chooses its applicable accounting policies from the options allowed by the standards;

(3) Due to the lack of specific standard provisions, the Company establishes its accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors";

(4) The Company discloses its relevant accounting policies determined by applying significant judgments or assumptions; or

(5) Involving complex accounting treatment provisions, and financial statement users rely on such information to understand the material transactions, other matters, or circumstances.

Please refer to Note 4 for disclosures of related accounting policies.

2. Amendment to IAS 8 “Definition of Accounting Estimates”

The Company has applied the amendments starting from January 1, 2023, which specify that accounting estimates are monetary amounts in the financial statements affected by measurement uncertainties. When applying accounting policies, the Consolidated Company may need to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated, thus requiring the use of measurement techniques and input values to develop accounting estimates for this purpose. If the impact of changes in measurement techniques or input values on accounting estimates is not a correction of prior period errors, such changes are considered changes in accounting estimates.

(2) FSC-approved IFRSs applicable in 2024

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

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

Note 3:Exemption from certain disclosure requirements upon first application of the amendments.

As of the date of issuance of this parent company only financial report, the Company has evaluated other criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined.
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	Jan. 1, 2023
Amendments to IAS 21 - "Lack of Exchangeability"	Jan. 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: Applicable for annual reporting periods beginning after January 1, 2025. The effect of the first application of the amendments will be recognized in retained earnings on the date of first application. When the Company uses a non-functional currency as its presentation currency, the adjustment amounts will affect the exchange differences under equity of foreign operations on the date of first application.

As of the date of adoption of this parent company only financial statements, the Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

Apart from financial instruments measured at fair value, these parent company only financial statements are prepared on a historical cost basis.

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

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

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

3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the Company applies the equity method to its investments in subsidiaries and associates. In order to make the profit or loss for the year, other comprehensive income and equity in the parent company only financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for under the equity method", "share of profit or loss of subsidiaries, associates and joint ventures accounted for under the equity method", "share of other comprehensive income or loss of subsidiaries, associates and joint ventures accounted for under the equity method" and related equity items.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date (current liabilities are classified as current even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the adoption of the financial statements); and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. However, the terms of the liabilities may be settled by issuing equity instruments at the option of the counter-parties, which does not affect the classification.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Foreign Currencies

When preparing financial statements, the Company translates transactions in currencies other than the functional currency of the Company (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss in the current period. However, if the change in fair value is recognized in other comprehensive income, the resulting exchange differences are recorded as other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing parent company only financial statements, assets and liabilities of the Company and foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

If the Company disposes of all ownership interests in a foreign operation, disposes of partial ownership interests in a subsidiary of a foreign operation but loses control, or disposes of its remaining interests in a jointly controlled entity or associate of a foreign operation that are financial assets and are accounted for under the accounting policies for financial instruments, all cumulative translation differences related to that foreign operation will be reclassified to profit or loss.

If a partial disposal of a subsidiary of a foreign operation does not result in a loss of control, the cumulative translation differences are incorporated into the equity transaction calculation on a proportional basis, but not recognized as profit or loss. In any other partial disposal of a foreign operation, the cumulative translation differences are reclassified to profit or loss according to the disposal proportion.

(5) Inventories

Inventories include raw materials, finished goods and work in process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances, less estimated costs to complete and estimated costs to sell. The cost of inventories is calculated using the weighted-average method.

(6) Investment in subsidiaries

The Company applies the equity method for investments in subsidiaries.

Subsidiaries are entities (including structured entities) over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the carrying amount is adjusted thereafter for the Company's share of the subsidiary's profit or loss and other comprehensive income and distributions. In addition, changes in the Company's entitlement to the subsidiary's other equity are recognized according to the proportion of ownership.

When changes in the Company's ownership interest in a subsidiary do not result in a loss of control, they are treated as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and any other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), losses are recognized according to the proportion of ownership.

The excess of acquisition cost over the Company's share of the fair value of the identifiable assets and liabilities of the subsidiary as of the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and not subject to amortization. If the Company's share of the fair value of the subsidiary's identifiable assets and liabilities as of the acquisition date exceeds the acquisition cost, the excess is recognized as current income.

When assessing impairment, the Company considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount to the carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of impairment loss is recognized as income, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Impairment losses related to goodwill cannot be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at its fair value as of the date control is lost, and the difference between the fair value of the remaining investment and any disposal proceeds and the carrying amount of the investment as of the date control is lost is recognized in the current period's profit or loss. In addition, the accounting treatment for all amounts recognized in other comprehensive income related to the subsidiary is the same as the basis that would have to be followed if the Company had directly disposed of the related assets or liabilities.

Unrealized gains on downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Gains and losses arising from upstream and lateral transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent that they are unrelated to the Company's interest in the subsidiary.

(7) Investment in associates

Associates are entities over which the Company has significant influence but are not subsidiaries or joint ventures.

The Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount is adjusted thereafter for the Company's share of the associate's profit or loss and other comprehensive income and distributions. In addition, the Company recognizes changes in the associate's equity according to the proportion of ownership.

The excess of acquisition cost over the Company's share of the fair value of the identifiable assets and liabilities of the associate as of the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and not subject to amortization. If the Company's share of the fair value of the associate's identifiable assets and liabilities as of the acquisition date exceeds the acquisition cost, the excess is recognized as current income.

When an associate issues new shares, if the Company does not subscribe according to its proportion of ownership, causing a change in the ownership percentage and consequently an increase or decrease in the net equity value of the investment, the increase or decrease is adjusted to the capital reserve - changes in the net equity value of associates and joint ventures accounted for using the equity method and the investments accounted for using the equity method. However, if the non-subscription or acquisition causes a decrease in the ownership interest in the associate, the amounts recognized in other comprehensive income related to the associate are reclassified according to the reduction ratio, and the accounting basis is the same as the basis that would have to be followed if the associate had directly disposed of the related assets or liabilities. If the adjustment should be debited to capital reserve, and the balance of the capital reserve generated by investments accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the Company's share of losses in an associate equals or exceeds its interest in the associate (including the carrying amount of the investment in the associate under the equity method and any other long-term interests that, in substance, form part of the Company's net investment in the associate), further losses are not recognized. The Company recognizes additional losses and liabilities only to the extent of legal obligations, constructive obligations, or payments made on behalf of the associate.

When assessing impairment, the Company considers the entire carrying amount of the investment (including goodwill) as a single asset, comparing the recoverable amount with the carrying amount and performing an impairment test, with the recognized impairment loss being part of the carrying amount of the investment. Any reversal of impairment losses is recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Company ceases to use the equity method from the date when its investment is no longer considered an associate. The retained interest in the former associate is measured at fair value, and the difference between the fair value and the disposal proceeds and the carrying amount of the investment as of the date of ceasing to use the equity method is recognized as current income. In addition, the amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. If the investment in an associate becomes an investment in a joint venture or the investment in a joint venture becomes an investment in an associate, the Company continues to use the equity method without remeasuring the retained interest.

The Company recognizes gains and losses arising from upstream, downstream, and lateral transactions between the Company and its associates in the parent company only financial statement only to the extent that they are unrelated to the Company's interest in the associate.

(8) Property, plant, and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Construction in progress for property, plant, and equipment is recognized at cost less accumulated impairment losses. The cost includes professional service fees and capitalized borrowing costs that meet the capitalization criteria. Upon completion and reaching the expected condition for use, these assets are reclassified to the appropriate category of property, plant, and equipment and depreciation begins to be recognized.

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant component depreciated separately. The Company reviews the estimated useful lives, residual values, and depreciation methods at least at each year-end and applies the effects of changes in accounting estimates on a prospective basis.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(9) Intangible assets

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

(10) Property, plant, and equipment, right-of-use assets and intangible assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit groups on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or

depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement Types

The types of financial assets held by the Company are financial assets at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets measured at FVTPL

Financial assets measured at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and those designated as such. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated as measured at fair value through other comprehensive income and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value.

B. Financial assets at amortized cost

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets.

Cash equivalents include time deposits that are highly liquid, readily convertible into known amounts of cash and subject to a low risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of Financial Assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the Company determines that a financial asset has defaulted in the following situations, without considering the collateral held:

A. Internal or external information indicates that the debtor is unable to repay the debt.

B. Delinquency of more than 90 days, unless there is reasonable and verifiable information indicating that a later default criterion is more appropriate.

Impairment losses on all financial assets are reduced through an allowance account adjusting their carrying amounts.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

2. Financial Liabilities

(1) Subsequent Measurement

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

(2) Derecognition of Financial Liabilities

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

(12) Provision for Liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

(13) Income Recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

For contracts with a time lag between the transfer of goods or services and the receipt of consideration of less than one year, no adjustment is made to the transaction price for significant financial components.

Merchandise Sales Revenue

Revenue from the sale of goods mainly comes from ceramic substrates, circuit components, processing transactions, and general import and export trade. Except for some sales targets agreed upon when the products arrive at the designated location of the customer, the remaining sales targets are agreed upon at the time of shipment, when the customer has the right to use and the primary responsibility for reselling the goods at a specified price and bears the risk of obsolescence. The Company recognizes revenue and accounts receivable at that point in time.

(14) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company as lessor

   Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately on parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantially fixed payments, and variable lease payments based on indices or rates). If the implicit interest rate in the lease is easily determinable, the lease payments are discounted at that rate. If the rate is not easily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the parent company only balance sheet.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific loans made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee Benefits

1. Short-term employee benefits

   The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   Defined benefit pension plans are recognized as current expenses over the period of service of the employees.

   The defined benefit costs (including service costs, net interest, and remeasurement amounts) of a defined benefit pension plan are actuarially calculated using the projected unit credit method. Service costs (including current service costs and past service costs/settlement gains or losses) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses when incurred, when plan amendments or curtailments occur, and when settlements occur. Remeasurement amounts (including actuarial gains and losses, changes in the effect of the asset ceiling, and the return on plan assets after deducting interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not reclassified to profit or loss in subsequent periods.

   The net defined benefit liability (asset) is the shortfall (surplus) of the defined benefit pension plan. The net defined benefit asset shall not exceed the present value of the amount that can be refunded from the plan or can reduce future contributions.

3. Other long-term employee benefits

   The accounting treatment of other long-term employee benefits is the same as that of defined benefit pension plans, except that the related remeasurements are recognized in profit or loss.

(17) Income Tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

   The Company determines its current income (loss) according to the laws and regulations of the Republic of China (ROC) and calculates the payable (recoverable) income tax accordingly.

   The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

   Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

   Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

   Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is probable that taxable income will be available to offset temporary differences, loss carryforwards, or deductions generated from the purchase of machinery and equipment, research and development, and talent training expenditures.

   Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments and equities only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

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

When the Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

When developing significant accounting estimates, the Company incorporates potential impacts into considerations related to cash flow projections, growth rates, discount rates, and profitability among other significant estimates. Management will continue to review these estimates and underlying assumptions.

6. CASH AND CASH EQUIVALENTS

	Dec. 31, 2023	Dec. 31, 2022
Cash on hand and revolving funds	$ 148	$ 267
Checking accounts and demand deposits	37,495	96,354
	$ 37,643	$ 96,621

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Dec. 31, 2023	Dec. 31, 2022
Financial assets - current		
mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- bonds	$ 14,228	$ 13,607

The Company has set up pledges for debt instrument investments measured at fair value through profit or loss as collateral for loans. The amount of pledged debt instrument investments is disclosed in Note 30.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable		
Incurred due to business	$ 305	$ 765
Less: Allowance for losses	(3)	(8)
	$ 302	$ 757
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 138,098	$ 113,517
Related parties	16,301	17,092
Less: Allowance for losses	(4,730)	(5,071)
	$ 149,669	$ 125,538

The Company's average credit period for sales of goods is 90 to 120 days. No interest is charged on the outstanding balance of notes receivable and accounts receivable. The Company's policy is to rate major customers based on other publicly available financial information and historical transaction records. The Company continuously monitors credit exposure and credit ratings of counterparties and diversifies the total transaction amount among different customers with qualified credit ratings.

To mitigate credit risk, the Company's management level assigns business units to be responsible for decisions on credit limits, credit approvals, and other monitoring procedures to ensure appropriate actions have been taken to recover overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on an individual basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for unrecoverable receivables. Based on this, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes allowances for losses on accounts receivable based on the expected credit losses over the lifetime. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the past default history of customers, their current financial condition, and industry economic conditions. As the Company's historical credit loss experience shows no significant differences in loss patterns among different customer groups, the provision matrix does not further distinguish customer groups and only sets expected credit loss rates based on the number of days accounts receivable are overdue.

If there is evidence that the counterparty is facing severe financial difficulties and the Company cannot reasonably expect the amount to be recovered, such as the counterparty undergoing liquidation, the Company will directly write off the relevant accounts receivable, but will continue collection activities, and the amount recovered from collection will be recognized in profit or loss.

The Company measures the allowance for losses on accounts receivable based on the provision matrix as follows:

December 31, 2023

	Not overdue	Overdue 1-90 days	Overdue more than 90 days	Total
Expected credit loss rate	0%~0.06%	0%~6.77%	0%~100%	
Total carrying amount	$ 142,324	$ 7,552	$ 4,523	$ 154,399
Allowance for losses (lifetime expected credit losses)	(76)	(131)	(4,523)	(4,730)
Amortized cost	$ 142,248	$ 7,421	$ -	$ 149,669

December 31, 2022

	Not overdue	Overdue 1-90 days	Overdue more than 90 days	Total
Expected credit loss rate	0%~0.37%	0%~83.89%	0%~100%	
Total carrying amount	$ 121,918	$ 4,168	$ 4,523	$ 130,609
Allowance for losses (lifetime expected credit losses)	(388)	(160)	(4,523)	(5,071)
Amortized cost	$ 121,530	$ 4,008	$ -	$ 125,538

The changes in the allowance for losses on notes receivable, accounts receivable, and overdue collection are as follows:

	Notes receivable	Accounts receivable
Balance on January 1, 2022	$ 18	$ 6,486
Add: Impairment loss provision for the current period	(10)	(1,415)
Balance on December 31, 2022	8	5,071
Add: Impairment loss provision for the current period	(5)	(341)
Balance on December 31, 2023	$ 3	$ 4,730

The amount of accounts receivable pledged as collateral for loans by the Company, please refer to Note 30.

9. INVENTORY

	Dec. 31, 2023	Dec. 31, 2022
Merchandise	$ 3,091	$ 3,104
Finished goods	55,070	49,028
Work in progress	50,273	59,296
Raw materials	42,434	48,460
	$ 150,868	$ 159,888

The cost of goods sold related to inventory for 2023 and 2022 was NT$405,630 thousand and NT$353,914 thousand, respectively.

The cost of goods sold for 2023 and 2022 included inventory devaluation and obsolescence losses (reversal gains) of NT$4,863 thousand and NT$(4,669) thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Dec. 31, 2023	Dec. 31, 2022
Investment in subsidiaries	$ 1,262,680	$ 1,439,432
Investment in associates	57,942	51,344
	$ 1,320,622	$ 1,490,776

(1) Investment in subsidiaries

	Dec. 31, 2023	Dec. 31, 2022
Non-listed (OTC) companies		
LEATEC Fine Ceramics (Samoa) Co., Ltd.	$ 1,238,665	$ 1,415,619
COSMOS Harvest International Limited	24,015	23,813
	$ 1,262,680	$ 1,439,432

As of the balance sheet date, the Company's ownership interests and voting rights percentages in subsidiaries are as follows:

	Dec. 31, 2023	Dec. 31, 2022
LEATEC Fine Ceramics (Samoa) Co., Ltd.	100%	100%
COSMOS Harvest International Limited	100%	100%

LEATEC Fine Ceramics (Samoa) Co., Ltd. returned proceeds from capital reduction amounting to USD 12,000 thousand in the fourth quarter of 2024, with USD 10,000 thousand still outstanding as of December 31, 2024, recorded under other receivables.

(2) Investment in associates

	Dec. 31, 2023	Dec. 31, 2022
Significant associates -		
Non-listed (OTC) companies		
ECOCERA Optronics Co., Ltd.	$ 57,942	$ 51,344

As of the balance sheet date, the Company's ownership interests and voting rights percentages in associates are as follows:

	Dec. 31, 2023	Dec. 31, 2022
ECOCERA Optronics Co., Ltd.	12.00%	12.00%

The business nature, principal places of operation, and country of registration information of the above-mentioned associates can be found in Table 5 "Information on Investee Companies, Locations, etc.".

The Company holds one of the four director positions at ECOCERA Optronics Co., Ltd., possessing significant influence over its relevant activities, hence equity method valuation is applied.

The share of profit and other comprehensive income of subsidiaries and associates accounted for using the equity method for 2023 and 2022 is recognized based on the audited financial statements of each subsidiary and associate for the same period.

The following summarized financial information is prepared based on the IFRSs financial statements of associates and has reflected adjustments made when using the equity method.

ECOCERA Optronics Co., Ltd.

	Dec. 31, 2023	Dec. 31, 2022
Current assets	$ 571,334	$ 433,410
Non-current assets	296,801	337,460
Current liabilities	(372,041)	(286,719)
Non-current liabilities	(13,334)	(56,366)
Equity	$ 482,760	$ 427,785
The Company's shareholding percentage	12%	12.00%
Equity held by the Company	$ 57,942	$ 51,344
Investment book value	$ 57,942	$ 51,344

	2023	2022
Operating revenue	$ 603,618	$ 472,944
Net profit for the current period	$ 65,512	$ 30,070
Other comprehensive income	-	-
Total comprehensive income	$ 65,512	$ 30,070

11. PROPERTY, PLANT, AND EQUIPMENT

	Owned land	Buildings	Machinery and equipment	Electrical equipment	Other equipment	Construction in progress	Total
Cost							
Balance on January 1, 2023	$ 119,790	$ 277,981	$ 734,916	$ 136,830	$ 115,559	$ 22,004	$ 1,407,080
Addition	-	-	6,996	1,661	1,166	27,553	37,376
Disposal	-	(396)	(8,104)	-	(5,871)	-	(14,371)
Interest capitalization	-	-	468	-	-	-	468
Reclassification	-	-	19,936	-	2,980	(22,975)	(59)
Balance on December 31, 2023	$ 119,790	$ 277,585	$ 754,212	$ 138,491	$ 113,834	$ 26,582	$ 1,430,494
Accumulated depreciation and impairment							
Balance on January 1, 2023	$ -	$ 119,357	$ 537,776	$ 77,300	$ 109,688	$ -	$ 844,121
Disposal	-	(396)	(8,104)	-	(5,871)	-	(14,371)
Depreciation expense	-	7,098	35,343	7,556	2,759	-	52,756
Balance on December 31, 2023	$ -	$ 126,059	$ 565,015	$ 84,856	$ 106,576	$ -	$ 882,506
Net amount on December 31, 2023	$ 119,790	$ 151,526	$ 189,197	$ 53,635	$ 7,528	$ 26,582	$ 547,988
Cost							
Balance on January 1, 2022	$ 119,790	$ 274,173	$ 708,834	$ 135,759	$ 113,541	$ 13,111	$ 1,365,208
Addition	-	3,808	44,091	1,261	2,847	8,896	60,903
Disposal	-	-	(18,500)	(190)	(829)	-	(19,519)
Interest capitalization	-	-	-	-	-	488	488
Reclassification	-	-	491	-	-	(491)	-
Balance on December 31, 2022	$ 119,790	$ 277,981	$ 734,916	$ 136,830	$ 115,559	$ 22,004	$ 1,407,080
Accumulated depreciation and impairment							
Balance on January 1, 2022	$ -	$ 111,568	$ 523,600	$ 69,964	$ 107,753	$ -	$ 812,885
Disposal	-	-	(18,459)	(190)	(829)	-	(19,478)
Depreciation expense	-	7,789	32,635	7,526	2,764	-	50,714
Balance on December 31, 2022	$ -	$ 119,357	$ 537,776	$ 77,300	$ 109,688	$ -	$ 844,121
Net amount on December 31, 2022	$ 119,790	$ 158,624	$ 197,140	$ 59,530	$ 5,871	$ 22,004	$ 562,959

The Company's property, plant, and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	5 to 25 years
Machinery and equipment	3 to 20 years
Electrical equipment	5 to 25 years
Other equipment	4 to 10 years

The major components of the Company's buildings include decoration works and others, which are depreciated over their useful life of 20 years. The amount of property, plant, and equipment pledged by the Company as collateral for loans, please refer to Note 30.

12. LEASE AGREEMENTS

(1) Right-of-use assets

	Dec. 31, 2023	Dec. 31, 2022
Book value of right-of-use assets		
Buildings	$ 1,943	$ 3,053

	2023	2022
Depreciation expense of right-of-use assets		
Buildings	$ 1,110	$ 1,111

(2) Lease liabilities

	Dec. 31, 2023	Dec. 31, 2022
Lease liabilities carrying amount		
Current	$ 1,153	$ 1,118
Non-current	889	2,042
	$ 2,042	$ 3,160

The discount rate range for the lease liabilities is as follows.

	Dec. 31, 2023	Dec. 31, 2022
Buildings	3%	3%

(3) Significant leasing activities and terms

The Company leases buildings for use as factories with a lease term of 5 years. At the end of the lease term, the Company has no preferential purchase rights for the leased buildings, and it is agreed that the Company shall not sublease or transfer all or part of the leased object without the consent of the lessor.

(4) Other leasing information

	Dec. 31, 2023	Dec. 31, 2022
Book value of lease liabilities		
Short-term lease expenses	$ 96	$ 119
Total cash (used in) for leases	($ 1,296)	($ 1,319)

13. OTHER INTANGIBLE ASSETS

	Computer software	Trademark rights	Patent rights	Total
Cost				
Balance on January 1, 2023	$ 2,111	$ 1,350	$ 16,032	$ 19,493
Acquired separately	900	-	-	900
Disposal	-	-	-	-
Balance on December 31, 2023	$ 3,011	$ 1,350	$ 16,032	$ 20,393
Accumulated amortization and impairment				
Balance on January 1, 2023	$ 780	$ 1,350	$ 13,254	$ 15,384
Amortization expense	1,261	-	1,238	2,499
Disposal	-	-	-	-
Balance on December 31, 2023	$ 2,041	$ 1,350	$ 14,492	$ 17,883
Net amount on December 31, 2023	$ 970	$ -	$ 1,540	$ 2,510
Cost				
Balance on January 1, 2022	$ 8,542	$ 1,350	$ 16,032	$ 25,924
Acquired separately	966	-	-	966
Disposal	(7,397)	-	-	(7,397)
Balance on December 31, 2022	$ 2,111	$ 1,350	$ 16,032	$ 19,493
Accumulated amortization and impairment				
Balance on January 1, 2022	$ 7,456	$ 1,350	$ 12,016	$ 20,822
Amortization expense	721	-	1,238	1,959
Disposal	(7,397)	-	-	(7,397)
Balance on December 31, 2022	$ 780	$ 1,350	$ 13,254	$ 15,384
Net amount on December 31, 2022	$ 1,331	$ -	$ 2,778	$ 4,109

The above limited-useful-life intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	10 years
Trademark rights	10 years
Patent rights	10 years

14. OTHER ASSETS

	Dec. 31, 2023	Dec. 31, 2022
Current		
Current income tax assets	$ 82	$ 37
Advance payments	93	441
	$ 175	$ 478
Non-current		
Prepaid expenses	$ 2,622	$ 3,483
Refundable deposits	5,400	8,400
	$ 8,022	$ 11,883

15. LOANS

(1) Short-term loans

	Dec. 31, 2023	Dec. 31, 2022
Secured loans (Note 30)		
－Bank loans	$ 403,798	$ 192,744
Unsecured loans		
－Material purchase loans	1,249	-
－Bank loans	29,869	171,978
－Commercial paper payable	4,563	5,059
	$ 439,479	$ 369,781

The borrowing interest rates as of December 31, 2023, and 2022, were 2.0200%~7.5807% and 1.6566%~7.0087%, respectively. For collateral information, please refer to Note 30.

(2) Long-term loans

	Dec. 31, 2023	Dec. 31, 2022
Secured loans		
Chailease Finance Co., Ltd.	$ -	$ 11,335
Bank of Panhsin	5,137	15,128
Bank of Shanghai	-	15,811
Hua Nan Commercial Bank Ltd.	7,146	10,000
Bank of Kaohsiung Co., Ltd. (1)	412,500	442,500
Bank of Kaohsiung Co., Ltd. (2)	16,187	25,991
Cathay United Bank	-	5,300
Taiwan Cooperative Bank	38,333	-
	479,303	526,065
Less: portion due within one year	(70,255)	(81,660)
Long-term loans	$ 409,048	$ 444,405

The interest rates for bank revolving loans are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Long-term loans	2.0200%~6.9597%	2.88%~5.79%

For the years 2023 and 2022, secured loans were collateralized by the Company's commercial paper, financial assets measured at fair value through profit or loss, accounts receivable, other financial assets, and property, plant, and equipment (see Notes 30 and 31). The repayment and interest payment methods according to the contract are as follows:

Institution name	Borrowing period	Repayment and interest payment method
Chailease Finance Co., Ltd.	2021.11~2023.05	Repay principal and interest monthly for a total of 18 periods.
Bank of Panhsin	2022.06~2024.06	Repay principal and interest monthly for a total of 24 periods.
Bank of Shanghai	2020.12~2023.12	Principal grace period of one year, repay principal and interest monthly for a total of 24 periods.
Hua Nan Commercial Bank Ltd.	2022.05~2025.05	Principal grace period of one year, repay principal and interest monthly for a total of 24 periods.
Bank of Kaohsiung Co., Ltd. (1)	2022.07~2029.07	Repay principal and interest quarterly for a total of 28 periods.
Bank of Kaohsiung Co., Ltd. (2)	2022.07~2025.07	Repay principal and interest monthly for a total of 36 periods.
Cathay United Bank	2022.11~2025.10	Principal grace period of six months, repay principal and interest monthly for a total of 30 periods. Paid off early in 2023.
Taiwan Cooperative Bank	2023.05~2025.11	Repay principal and interest monthly for a total of 30 periods.

16. BONDS PAYABLE

	Dec. 31, 2023	Dec. 31, 2022
Domestic secured ordinary corporate bonds	$ 250,000	$ 250,000
Less: portion due within 1 year	-	-
	$ 250,000	$ 250,000

The Company issued the first domestic secured ordinary corporate bonds in 2022 on December 9, 2022, with a total issuance amount of NT$250,000 thousand, a face interest rate of 2.03%, and simple interest calculated annually. Interest is paid once a year, and the bonds will mature on December 9, 2025.

The Company issued the first domestic secured ordinary corporate bonds in 2019 on December 13, 2019, with a total issuance amount of NT$250,000 thousand, a face interest rate of 0.9%, and simple interest calculated annually. Interest is paid once a year, and the bonds will mature on December 12, 2022.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	Dec. 31, 2023	Dec. 31, 2022
Notes payable		
Not arising from operations	$ 918	$ 2,403
Accounts payable		
Arising from operations	$ 30,745	$ 27,950
Related parties	27,148	9,071
	$ 57,893	$ 37,021

(1) Notes payable

As of December 31, 2023 and 2022, mainly for notes payable for equipment and labor suppliers.

(2) Accounts payable

The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms, and unpaid balances do not accrue interest.

18. OTHER PAYABLES

	Dec. 31, 2023	Dec. 31, 2022
Salaries payable	$ 21,096	$ 20,297
Equipment payables	5,197	20,182
Other payables expenses	40,740	32,318
Other payables - related parties	8,745	42,327
	$ 75,778	$ 115,124

19. PROVISION FOR LIABILITIES

	Dec. 31, 2023	Dec. 31, 2022
Employee benefits - non-current	$ 1,072	$ 930

	Employee benefits
Balance on January 1, 2022	$ 884
Additions this year	259
Payments this year	(570)
Actuarial gains	357
Balance on December 31, 2022	930
Additions this year	164
Payments this year	(490)
Actuarial gains	468
Balance on December 31, 2023	$ 1,072

Employee benefit provisions for liabilities are estimates of employees' vested long-term service rights.

In 2023 and 2022, the Company recognized actuarial losses (gains) of NT$468 thousand and NT$357 thousand in other comprehensive income, respectively. As of December 31, 2023, and 2022, the cumulative amount of actuarial losses recognized in other comprehensive income was NT$1,183 thousand and NT$715 thousand, respectively.

20. POST-RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The pension system applicable to the Company under the "Labor Pension Act" is a government-managed defined contribution pension plan, which allocates 6% of employees' monthly salaries to individual accounts with the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company's pension system in accordance with Taiwan's "Labor Standards Act" is a government-managed defined benefit pension plan. The payment of employees' pensions is calculated based on the years of service and the average wage of the 6 months before the approved retirement date. The Company allocates 2% of the total monthly salaries of employees for pensions, which are deposited into a special account with the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions within the next year, the difference will be allocated once before the end of March of the following year. The special account is entrusted to the Bureau of Labor Funds, MOL, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the parent company only balance sheet are shown as follows:

	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligations	$ 29,554	$ 34,206
Fair value of plan assets	(6,847)	(13,069)
Contribution shortfall	22,707	21,137
Net defined benefit liability	$ 22,707	$ 21,137

The changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2022	$ 31,054	($ 7,119)	$ 23,935
Service cost			
Current service cost	603	-	603
Interest expense (income)	160	(37)	123
Recognized in profit or loss	763	(37)	726
Remeasurement			
Actuarial losses (gains) - changes in financial assumptions	5,015	(573)	4,442
Recognized in other comprehensive income	5,015	(573)	4,442
Employer contributions	$ -	($ 7,966)	($ 7,966)
Benefit payments	(2,626)	2,626	-
December 31, 2022	34,206	(13,069)	21,137
Service cost			
Current service cost	601	-	601
Interest expense (income)	480	(183)	297
Recognized in profit or loss	1,081	(183)	898
Remeasurement			
Actuarial losses (gains) - changes in financial assumptions	1,367	(57)	1,310
Recognized in other comprehensive income	1,367	(57)	1,310
Employer contributions	-	(638)	(638)
Benefit payments	(7,100)	7,100	-
December 31, 2023	$ 29,554	($ 6,847)	$ 22,707

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, MOL invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits through self-management and entrusted management. However, the plan assets' distributable income is calculated based on a return not lower than the local bank's 2-year fixed deposit rate.
2. Interest rate risk: A decline in government bond rates will increase the present value of defined benefit obligations, but the return on debt investments of plan assets will also increase. Both have a partially offsetting effect on the net defined benefit liability.

3. Salary risk: The calculation of the present value of defined benefit obligations takes into account the future salaries of plan members. Therefore, an increase in plan members' salaries will increase the present value of defined benefit obligations.

The present value of the Company's defined benefit obligations is actuarially determined by a qualified actuary, and the significant assumptions at the measurement date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.2698%	1.4019%
Expected salary increase rate	1.5%	1.5%

If significant actuarial assumptions change reasonably, the increase (decrease) in the present value of defined benefit obligations under the condition that all other assumptions remain unchanged is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate		
Increase by 0.25%	($ 666)	($ 795)
Decrease by 0.25%	$ 692	$ 824
Expected salary increase rate		
Increase by 0.5%	$ 1,371	$ 1,639
Decrease by 0.5%	($ 1,283)	($ 1,539)

Due to the possible correlation between actuarial assumptions, the likelihood of a single assumption change is low, so the above sensitivity analysis may not reflect the actual changes in the present value of defined benefit obligations.

	Dec. 31, 2023	Dec. 31, 2022
Expected contributions within one year	$ 642	$ 455
Average duration of defined benefit obligations	9.37 years	13 years

21. EQUITY

(1) Share Capital

Common shares

	Dec. 31, 2023	Dec. 31, 2022
Number of shares (1,000 shares)	150,000	150,000
Authorized share capital	$ 1,500,000	$ 1,500,000
Number of issued and fully paid shares (1,000 shares)	108,080	108,080

	Dec. 31, 2023	Dec. 31, 2022
Share capital of issued shares	$ 1,080,798	$ 1,080,798

Each issued common share has a par value of NT$10, with one voting right and the right to receive dividends per share.

The share capital reserved for the issuance of employee stock warrants in the authorized share capital is 5,000 thousand shares.

(2) Capital reserve

	Dec. 31, 2023	Dec. 31, 2022
Available for covering losses, distributing cash, or increasing share capital (Note 1)		
Premium on issuance of shares	$ 99,781	$ 99,781
Available only for covering losses		
Changes in the net value of associates recognized under the equity method (Note 2)	2,520	2,520
	$ 102,301	$ 102,301

Note 1: Such capital reserves can be used to cover losses or, when the Company has no losses, to distribute cash or increase share capital, but the increase in share capital is limited to a certain percentage of paid-up share capital per year.

Note 2: Such capital reserves arise when the Company does not actually acquire or dispose of subsidiary shares, due to equity transaction effects from changes in the equity of subsidiaries, or adjustments to the subsidiaries' capital reserves recognized under the equity method by the Company.

The Company's shareholders' meeting held on June 23, 2022, resolved to use the capital reserve of NT$253,312 thousand to cover losses.

(3) Retained Earnings and Dividend Policy

The Company's articles of incorporation stipulate that if the Company has a profit for the year, after paying taxes and covering accumulated losses, 10% of the profit should be allocated as a legal reserve, and the remainder should be allocated or reversed as a special reserve according to the law. If there is still a balance, it should be combined with the accumulated undistributed earnings, and the board of directors should propose a dividend distribution plan to be submitted to the shareholders' meeting for approval.

The Company's employee and director compensation distribution policy can be found in Note 23, Net profit from continuing operations (viii.) Employee compensation and director compensation.

Furthermore, according to the Company's articles of incorporation, dividends can be distributed in cash or as stock dividends.

Legal reserves should be allocated until the balance reaches the total amount of the company's paid-up share capital. Legal reserves can be used to cover losses. When the company has no losses, the portion of legal reserves exceeding 25% of the paid-up share capital can be distributed in cash or added to share capital.

The Company allocates and reverses special reserves from the undistributed earnings of previous periods according to the law.

The Company held shareholders' meetings on June 20, 2023, and June 23, 2022, to resolve the profit and loss allocation plans for 2022 and 2021, respectively, as follows:

	Profit and loss allocation plan	
	2022	2021
Losses to be compensated	($ 37,316)	($ 253,313)
Capital reserve to cover losses	-	253,312

The Company expects to propose a 2023 profit distribution plan at the board meeting in April 2024.

The 2023 profit and loss distribution plan is subject to the resolution of the regular shareholders' meeting to be held on June 20, 2024.

22. REVENUE

	2023	2022
Customer contract revenue		
Product sales revenue	$ 436,328	$ 407,761

(1) Description of customer contracts

Product Sales Revenue

Product sales revenue mainly comes from the sales of ceramic substrates, circuit components, processing transactions, and general import and export trade. Except for some sales targets that agree to recognize revenue when the products arrive at the customer-designated location, the remaining sales targets agree to recognize revenue and accounts receivable when the products are shipped. At that point, the customer has agreed on the price and usage rights for the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence.

(2) Contract balances

	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable (Note 8)	$ 149,971	$ 126,295

23. NET PROFIT FROM CONTINUING OPERATIONS

(1) Interest income

	2023	2022
Bank deposits		
Financial assets measured at amortized cost	$ 916	$ 540
Other	381	461
	$ 1,297	$ 1,001

(2) Other income

	2023	2022
Other	$ 1,367	$ 3,330

(3) Other gains and losses

	2023	2022
Net foreign exchange (loss) gain	($ 18,175)	($ 7,533)
Gain (loss) on disposal of property, plant, and equipment	150	312
Gain (loss) on financial assets mandatorily measured at fair value through profit or loss	621	(1,723)
Other expenses	(7,747)	(13,580)
	($ 25,151)	($ 22,524)

(4) Finance costs

	2023	2022
Interest on bank loans, loans from related parties, and corporate bonds	$ 36,761	$ 32,413
Lease liabilities	82	116
Other interest expenses	-	21
Less: Amounts included in the cost of qualifying assets	(468)	(488)
	$ 36,375	$ 32,062

Information related to interest capitalization is as follows:

	2023	2022
Amount of interest capitalized	$ 468	$ 488
Interest capitalization rate	3.32%	2.83%

(5) Financial asset impairment (reversal of gains) loss

	2023	2022
Impairment loss (reversal of gains) on accounts receivable	($ 346)	($ 1,425)

(6) Depreciation and amortization

	2023	2022
Property, plant, and equipment	$ 52,756	$ 50,714
Right-of-use assets	1,110	1,111
Other intangible assets	2,499	1,959
Total	$ 56,365	$ 53,784
Depreciation expenses summarized by function		
Operating costs	$ 41,257	$ 39,534
Operating expenses	12,609	12,291
	$ 53,866	$ 51,825
Amortization expenses summarized by function		
Operating costs	$ 329	$ 237
Operating expenses	2,170	1,722
	$ 2,499	$ 1,959

(7) Employee benefit expenses

	2023	2022
Short-term employee benefits	$ 163,423	$ 157,351
Post-retirement benefits (Note 20)		
Defined contribution plans	5,141	4,965
Defined benefit plans	898	726
	6,039	5,691
Long-term employee benefits (Note 19)	164	259
Total employee benefit expenses	$ 169,626	$ 163,301
Summarized by function		
Operating costs	$ 129,927	$ 124,144
Operating expenses	39,699	39,157

2023	2022
$ 169,626	$ 163,301

(8) Employee compensation and director compensation

The Company allocates employee compensation and director compensation based on 1.5% to 15% and not more than 5% of the pre-tax profit before deducting employee and director compensation for the current year. However, when the Company has accumulated losses, it should reserve the amount to offset the losses before allocating employee compensation and director compensation. Employee and director compensations for the period from January 1, 2023, to December 31, 2023, were resolved by the board on March 26, 2024, and for the period from January 1, 2022, to December 31, 2022, were resolved on March 24, 2023, as follows:

Estimated Ratio

	2023	2022
Employee compensation	1.5%	-
Director compensation	1.8%	-

Amount

	2023		2022	
	Cash	Stock	Cash	Stock
Employee compensation	$ 834	$ -	$ -	$ -
Director compensation	1,000	-	-	-

The Company did not accrue for employee and director compensations in 2022 due to accumulated deficit.

If the amounts still change after the approval date of the parent company only financial statements for the year, the accounting estimate changes will be adjusted in the following year.

There were no actual distributions of employee and director compensations for the years 2022 and 2021, and there was no difference from the amounts recognized in the consolidated financial statements for 2022 and 2021.

For information about the Company's employee compensation and director compensation resolutions of the board of directors, please visit the Taiwan Stock Exchange's "Market Observation Post System".

(9) Foreign exchange gain/loss

	2023	2022
Total foreign exchange gain	$ 14,589	$ 18,108
Total foreign exchange loss	(32,764)	(25,641)
Net (loss) gain	($ 18,175)	($ 7,533)

(10) (Reversal gain) loss on impairment of non-financial assets

	2023	2022
Inventory (included in operating costs)	$ 4,863	($ 4,669)

24. INCOME TAX OF CONTINUING OPERATIONS

(1) Income tax recognized in profit or loss

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

	2023	2022
Current income tax		
Adjustments for prior years	$ -	($ 82)
Deferred income tax		
Generated in the current year	28,723	5,067
Adjustments for prior years	-	201
	28,723	5,268
Income tax expense recognized in profit or loss	$ 28,723	$ 5,186

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Pre-tax net (loss) profit of continuing operations	$ 90,083	($ 28,290)
Income tax expense calculated at the statutory tax rate on pre-tax net profit	$ 18,017	($ 5,658)
Non-deductible expenses for tax purposes	1,468	1,574
Unrecognized temporary differences		
－Losses recognized on investments accounted for using the equity method	(1,614)	(325)
－Others	15	(242)
Unrecognized loss carryforwards	10,837	9,718
Adjustments for current and deferred income tax expenses of prior years in the current year	-	119
Income tax expense recognized in profit or loss	$ 28,723	$ 5,186

(2) Income tax recognized in other comprehensive income

	Dec. 31, 2023	Dec. 31, 2022
Deferred income tax		
Generated in the current year		
－Remeasurement of defined benefit plans	$ 356	$ 960

(3) Current income tax assets and liabilities

	Dec. 31, 2023	Dec. 31, 2022
Current income tax assets		
Receivable tax refunds	$ 82	$ 37
Current income tax liabilities		
Payable income tax	$ -	$ -

(4) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred Tax Assets				
Temporary differences				
Unrealized inventory valuation losses	$ 6,218	$ 973	$ -	$ 7,191
Unrealized expected impairment losses	753	(114)	-	639
Unrealized profits of subsidiaries	316	45	-	361
Financial asset valuation losses	344	(124)	-	220
Defined benefit pension plans	3,922	-	356	4,278
Property, plant, and equipment	61	(61)	-	-
Unrealized foreign exchange gains	-	2,597	-	2,597
	11,614	3,316	356	15,286
Loss carryforwards	10,183	10,838	-	21,021
	$ 21,797	$ 14,154	$ 356	$ 36,307
Deferred Tax Liabilities				
Temporary differences				
Property, plant, and equipment	$ 2,056	($ 1,213)	$ -	$ 843
Investment gains recognized using the equity method	110,547	45,059	-	155,606
Unrealized foreign exchange gains	969	(969)	-	-
	$ 113,572	$ 42,877	$ -	$ 156,449

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred Tax Assets				
Temporary differences				
Unrealized inventory valuation losses	$ 7,152	($ 934)	$ -	$ 6,218
Unrealized expected impairment losses	917	(164)	-	753
Unrealized profits of subsidiaries	1,041	(725)	-	316
Financial asset valuation losses	-	344	-	344
Defined benefit pension plans	2,962	-	960	3,922
Property, plant, and equipment	138	(77)	-	61
	12,210	(1,556)	960	11,614
Loss carryforwards	666	9,517	-	10,183
	$ 12,876	$ 7,961	$ 960	$ 21,797
Deferred Tax Liabilities				
Temporary differences				
Property, plant, and equipment	$ 1,856	$ 200	$ -	$ 2,056
Investment gains recognized using the equity method	98,459	12,088	-	110,547
Unrealized foreign exchange gains	28	941	-	969
	$ 100,343	$ 13,229	$ -	$ 113,572

(5) Deductible temporary differences, unused loss carryforwards, and unused investment tax credits not recognized as deferred income tax assets in the balance sheet

	Dec. 31, 2023	Dec. 31, 2022
Loss carryforwards		
Expiring in 2023	$ -	$ 51,065
Expiring in 2024	51,783	51,783
Expiring in 2025	70,819	70,819
Expiring in 2026	5,149	5,149
Expiring in 2027	17,161	17,161
Expiring in 2028	29,495	29,495
Expiring in 2029	122,856	122,856
Expiring in 2030	78,174	78,174
Expiring in 2031	2,324	-
Expiring in 2032	97,179	48,589
Expiring in 2033	3,273	-
	$ 478,213	$ 475,091
Deductible temporary differences		
Losses recognized on investments accounted for using the equity method	$ 37,757	$ 45,829

(6) Information on unused loss carryforwards

As of December 31, 2022, the information on loss carryforwards is as follows:

Unutilized balance	Final deduction year
$ 51,783	2024
70,819	2025
5,149	2026
17,161	2027
29,495	2028
122,856	2029
78,174	2030
2,324	2031
97,179	2032
108,373	2033
$ 583,313	

(7) Income tax assessment status

The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities up to 2021.

25. EARNINGS (LOSS) PER SHARE

Unit: per share in dollars

	2023	2022
Basic earnings (loss) per share		
From continuing operations	$ 0.57	($ 0.31)
Diluted earnings (loss) per share		
From continuing operations	$ 0.57	($ 0.31)

The net profit and weighted average number of common shares used to calculate earnings (loss) per share from continuing operations are as follows:

Current Period Net (Loss) Profit

	2023	2022
Net (loss) profit attributable to the owners of the Company	$ 61,360	($ 33,476)
Net (loss) profit used to calculate diluted earnings (loss) per share	$ 61,360	($ 33,476)

Number of Shares

Unit: Share in Thousand

	2023	2022
Weighted average number of common shares used to calculate basic earnings (loss) per share	108,080	108,080
The effect of potential ordinary shares with dilutive effects:		
Employee compensation	30	-
Weighted average number of common shares used to calculate diluted earnings per share	108,110	108,110

If the Company has the option to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be distributed in the form of stocks and included in the weighted average number of outstanding shares when the potential common stock has a dilutive effect, to calculate diluted earnings per share. When calculating diluted earnings per share before the resolution of the number of shares to be distributed as employee compensation in the following year, the dilutive effect of such potential common stock is also considered.

26. NON-CASH TRANSACTIONS

The Consolidated Company conducted the following non-cash investment activities in 2023 and 2022:

	Dec. 31, 2023	Dec. 31, 2022
Investment activities affecting both cash and non-cash transactions		
Increase in property, plant, and equipment	$ 37,844	$ 61,391
Increase (decrease) in prepayments for equipment	(90)	-
Net change in equipment payables	14,985	(15,103)
Cash paid for the purchase of property, plant, and equipment	$ 52,739	$ 46,288

27. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities within the group can continue to operate while optimizing the balance of debt and equity, in order to maximize shareholder returns. There have been no significant changes in the Company's overall strategy.

The Company's capital structure consists of its net debt (i.e., loans less cash and cash equivalents) and equity attributable to the owners of the Company (i.e., share capital, capital reserves, retained earnings, and other equity items).

The Company's senior management, in collaboration with the Board of Directors, reviews the group's capital structure at least quarterly, taking into account the costs and risks associated with various types of capital. Based on the recommendations of senior management, the Company will balance its overall capital structure by issuing new shares, repurchasing shares, and issuing new debt or repaying old debt. The Company's target debt ratio (i.e., the ratio of total liabilities to total assets) is set at 50% or below. As of December 31, 2023, the debt ratio was 56%, slightly higher than the target debt ratio range. The Company expects to reduce the debt ratio to an appropriate range by improving its operating performance.

28. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic debt instrument investments	$ 14,228	$ -	$ -	$ 14,228

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic debt instrument investments	$ 13,607	$ -	$ -	$ 13,607

There were no transfers between Level 1 and Level 2 fair value measurements for the years ended December 31, 2023, and 2022.

(3) Categories of financial instruments

	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 14,228	$ 13,607
Financial assets measured at amortized cost (Note 1)	580,818	309,541
Financial liabilities		
Measured at amortized cost (Note 2)	1,282,275	1,280,097

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, notes payable, accounts payable, other payables, corporate bonds payable, and long-term loans.

(4) Financial Risk Management Objectives and Policies

The Company's main financial instruments include debt instrument investments, accounts receivable, accounts payable, corporate bonds payable, and loans. The Company's financial management department provides services to various business units, coordinating and coordinating access to domestic and international financial markets, and supervising and managing the Company's operating-related financial risks through internal risk reports that analyze exposures according to the degree and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The financial management department submits quarterly reports to the Company's Board of Directors, which supervises risks and oversees the implementation of policies to mitigate risks.

1. Market risk

   The main financial risks borne by the Company's operating activities are foreign currency exchange rate fluctuations and interest rate fluctuations. The Company closely monitors exchange rate changes and effectively interacts with banks to manage the foreign currency exchange rate and interest rate risks it bears. The Company measures the impact of financial instruments on fair value and cash flows under the assumption of changes in all relevant market risk variables using sensitivity analysis. The Company expects reasonable changes in the relevant risk variables at the end of the reporting period as follows:

NTD Market interest rate	10 basis points
USD Market interest rate	10 basis points
NTD/USD and other currencies	5%

   (1) Exchange rate risk

   The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are shown in Note 32.

   Sensitivity analysis

   The Company is mainly affected by fluctuations in the USD and JPY exchange rates.

   The table below provides a detailed explanation of the Company's sensitivity analysis when the New Taiwan Dollar (functional currency) appreciates or depreciates by 5% against each relevant foreign currency. The 5% represents the sensitivity ratio used for internal reporting of exchange rate risk to the main management level and also represents the management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes foreign currency monetary items outstanding and adjusts their period-end conversions by changing the exchange rate by 5%. The positive numbers in the table indicate that when there is a net foreign currency asset, a 5% depreciation of the New Taiwan Dollar against each relevant currency will

increase (decrease) pre-tax net profit; when there is a net foreign currency liability, a 5% depreciation of the New Taiwan Dollar against each relevant foreign currency will have the same amount of negative impact on pre-tax net profit.

	Impact of USD		Impact of JPY	
	2023	2022	2023	2022
Profit or loss	$ 10,292 (i)	($ 6,288) (i)	($ 123) (ii)	$ 1,342 (ii)

(i) Mainly arising from the USD-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(ii) Mainly arising from the JPY-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(2) Other price risk

The Company is exposed to price risks due to bond investments, mainly holding bonds for interest and spread gains.

Sensitivity Analysis

The following sensitivity analysis is based on bond price exposures as of the balance sheet date.

If bond prices increase/decrease by 10%, the pre-tax profit or loss for the period from January 1 to December 31 in 2023 and 2022 will increase/decrease by NT$1,423 and NT$1,361 thousand, respectively, due to the fair value increase/decrease of financial assets measured at fair value through profit or loss.

(3) Interest Rate Risk

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The management discusses an appropriate mix of fixed and floating interest rates with the lending banks through a deep understanding of financial markets and negotiations.

The carrying amounts of financial liabilities exposed to interest rate risk as of the balance sheet date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Fair value interest rate risk	$ 383,898	$ 308,049
Cash flow interest rate risk	784,884	837,797

Sensitivity Analysis

The sensitivity analysis below is determined based on non-derivative instruments' interest rate exposure as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding as of the balance sheet date remains outstanding throughout the year. The rate of change used for internal reporting of interest rates to the main management level is an increase or decrease of 10 basis points, which also represents management's assessment of the reasonably possible range of changes in interest rates.

Financial assets are minimally affected by changes in interest rates due to the low level of market deposit interest rates. Interest rate sensitivity analysis is performed on financial liabilities for profit and loss impact. The change in fair value and cash flow estimates due to interest rate changes are analyzed under the assumption of other variables remaining constant, at the end of the reporting period, and with an increase/decrease of 10 basis points. The pre-tax net (loss) profit of the Company for 2023 and 2022 will increase (decrease) by NT$(785) thousand / NT$785 thousand and NT$(838) thousand / NT$838 thousand, respectively.

The Company's sensitivity to interest rates increased during the period, mainly due to an increase in variable-rate debt instruments.

2. Credit Risk

Credit risk is the risk of financial loss to the Group due to counterparty default on contractual obligations. As of the balance sheet date, the Company's maximum exposure to credit risk, which may result from the counterparty's failure to fulfill its obligations and the Company's provision of financial guarantees, mainly arises from:

(1) The carrying amount of financial assets recognized in the parent company only balance sheet.

(2) The maximum amount that the Company may need to pay for providing financial guarantees, regardless of the likelihood of occurrence.

The Company's policy is to only engage in transactions with reputable counterparties and to obtain sufficient collateral when necessary to mitigate the risk of financial losses due to defaults. The Company only transacts with businesses that meet the conditions assessed by internal credit management procedures or external credit rating agencies. The Company continuously monitors credit exposure and counterparties' credit ratings and effectively manages the credit limits of counterparties through annual reviews and approvals by the management department to reduce risk.

To mitigate credit risk, the Company's management assigns a dedicated team responsible for determining credit limits, approving credit, and other monitoring procedures to ensure that appropriate actions are taken for the collection of overdue receivables. In addition, the Company reviews the recoverable amount of receivables individually as of the balance sheet date to ensure that uncollectible receivables have been adequately impaired. As a result, the Company's management believes that the Company's credit risk has been significantly reduced.

Receivables are distributed among numerous customers across different industries and geographical regions. The Company continuously assesses the financial condition of its accounts receivable customers.

The Company's credit risk is primarily concentrated on Customer A. As of the December 31, 2023 and 2022, the percentage of total receivables from the aforementioned customer was 36% and 31%, respectively.

3. Liquidity Risk

As of December 31, 2023, the Company's current assets were NT$741,187 thousand, current liabilities were NT$655,369 thousand, and the debt ratio was 56%. To improve liquidity, the Company obtained funds from the capital market by issuing secured corporate bonds in 2022; additionally, the Company received proceeds from capital reduction amounting to USD 12,000 thousand from LEATEC Fine Ceramics (Samoa) Co., Ltd.

The Company plans appropriate fundraising methods based on operating conditions and the economic environment, and manages and maintains safe cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management coordinates the use and review of bank financing limits and ensures compliance with loan contract terms.

The ultimate responsibility for managing the Company's liquidity risk lies with the Board of Directors. The management department plans appropriate measures to reduce liquidity risk in response to the Company's short-term, medium-term, and long-term financing and liquidity management needs. The Company manages liquidity risk by maintaining adequate reserves, bank financing limits, obtaining loan commitments, continuously monitoring projected and actual cash flows, and matching the maturity composition of financial assets and liabilities.

(1) Liquidity and interest rate risk table

The following table provides a detailed description of the remaining contractual maturities of the Company's non-derivative financial liabilities, which are based on the earliest possible repayment dates required by the Company and prepared using undiscounted cash flows of financial liabilities, including cash flows for interest and principal.

Bank loans that can be demanded for immediate repayment by the Company are included in the earliest period in the table below, without considering the probability of the bank exercising that right immediately; other non-derivative financial liability maturity analyses are prepared according to the agreed repayment dates.

For cash flows of interest paid at floating interest rates, the undiscounted interest amounts are derived from the yield curve as of the balance sheet date.

December 31, 2023

	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Interest-free liabilities	$ -	$ 72,403	$ 41,090	$ -	$ -
Lease liabilities	95	190	868	889	-
Floating rate instruments	24,303	172,395	179,138	146,548	262,500
Fixed rate instruments	48,916	37,059	47,923	-	-
Corporate bonds payable	-	-	-	250,000	-
	$ 73,314	$ 282,047	$ 269,019	$ 397,437	$ 262,500

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 1,153	$ 889	$ -	$ -	$ -	$ -

December 31, 2022

	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Interest-free liabilities	$ -	$ 62,671	$ 71,580	$ -	$ -
Lease liabilities	92	184	842	2,042	-
Floating rate instruments	10,447	157,136	225,809	151,905	292,500
Fixed rate instruments	14,367	25,087	18,595	-	-
Corporate bonds payable	-	-	-	250,000	-
	$ 24,906	$ 245,078	$ 316,826	$ 403,947	$ 292,500

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 1,118	$ 2,042	$ -	$ -	$ -	$ -

(2) Financing limit

	Dec. 31, 2023	Dec. 31, 2022
Bank loan limit		
Amount utilized	$ 1,168,782	$ 1,145,846
Unused amount	232,730	203,769
	$ 1,401,512	$ 1,349,615

29. RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties are as follows.

(1) Related party names and categories

Related party name	Relationship with the Company
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	Subsidiary
LEATEC Fine Ceramics (Samoa) Co., Ltd.	Subsidiary
Kunshan Leatec Optoelectronics Technology Co., Ltd.	Subsidiary
COSMOS Harvest International Limited	Subsidiary
ECOCERA Optronics Co., Ltd.	Associate

(2) Net revenue

Account item	Related party category/name	2023	2022
Sales revenue	Subsidiary/LEATEC Fine Ceramics (Kunshan) Co., Ltd.	$ 33,722	$ 37,251
	Subsidiary/ Other	1,084	-
		34,806	37,251
	Associate/Other	3,362	1,160
		$ 38,168	$ 38,411

The Company's pricing strategy for sales to related parties varies depending on their market size and competitiveness. The collection period for accounts receivable from various related parties is 150 days EOM.

(3) Purchase

Related party category/name	2023	2022
Subsidiary/LEATEC Fine Ceramics (Kunshan) Co., Ltd.	$ 29,803	$ 25,117

After referring to market price quotations and negotiating, the payment terms are set at 150 days EOM.

(4) Receivables from related parties (excluding loans to related parties)

Account item	Related party category/name	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable - related parties	Subsidiary/LEATEC Fine Ceramics (Kunshan) Co., Ltd.	$ 14,908	$ 11,811
	Subsidiary/Other	1,059	4,090
	Associate/Other	334	1,191
		$ 16,301	$ 17,092
Other receivables - related parties	Subsidiary/LEATEC Fine Ceramics (Kunshan) Co., Ltd.	$ 44	$ 7,678
	Subsidiary/LEATEC Fine Ceramics (Samoa) Co., Ltd.	307,066	-
		$ 307,110	$ 7,678

No guarantees have been collected for receivables from related parties outstanding. In 2023 and 2022, no provisions for losses were made on receivables from related parties. The other receivables related to LEATEC Fine Ceramics (Samoa) Co., Ltd. mainly consist of USD 10,000 thousand in proceeds from capital reduction, expected to be progressively recovered in 2024.

(5) Payables to related parties

Account item	Related party category/name	Dec. 31, 2023	Dec. 31, 2022
Accounts payable	Subsidiary/LEATEC Fine Ceramics (Kunshan) Co., Ltd.	$ 27,148	$ 9,071
Other payables	Subsidiary/Other	$ 1,535	$ 768

No guarantees are provided for payables to related parties outstanding.

(6) Loans from related parties

Account item	Related party category/name	Dec. 31, 2023	Dec. 31, 2022
Other payables	Subsidiary/LEATEC Fine Ceramics (Samoa) Co., Ltd.	$ 7,210	$ 41,559

Account item	Related party category/name	2023	2022
Interest income	Subsidiary/LEATEC Fine Ceramics (Samoa) Co., Ltd.	$ 148	$ 901

Subsidiary LEATEC Fine Ceramics (Samoa) Co., Ltd. provided short-term financing to the Company in 2023 and 2022, with an annual interest rate of 2%.

(7) Endorsement/guarantee

Endorsements/guarantees provided

Account item	Related party category/name	Dec. 31, 2023	Dec. 31, 2022
Guarantee amount	Subsidiary		
	LEATEC Fine Ceramics (Samoa) Co., Ltd.	USD -	USD 2,430
	LEATEC Fine Ceramics (Kunshan) Co., Ltd.	RMB 8,000	RMB 8,000
Actual disbursed amount	Subsidiary		
	LEATEC Fine Ceramics (Samoa) Co., Ltd.	USD -	USD 1,885
	LEATEC Fine Ceramics (Kunshan) Co., Ltd.	RMB 1,274	RMB -

(8) Other

Account item	Related party category/name	2023	2022
Operating expenses	Subsidiary/Other	$ 3,735	$ 1,793
Other expenses	Subsidiary/LEATEC Fine Ceramics (Kunshan) Co., Ltd.	$ 6,990	$ 7,382

(9) Compensation of key management personnel

The total compensation for directors and other key management personnel in 2023 and 2022 is as follows:

	2023	2022
Short-term employee benefits	$ 31,387	$ 21,040
Post-retirement benefits	27	29
	$ 31,414	$ 21,069

Compensation for directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

30. PLEDGED ASSETS

The following assets of the Company have been provided as collateral for loans from banks and leasing companies:

	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at fair value through profit or loss	$ 14,228	$ 13,607
Accounts receivable	34,216	22,375
Other financial assets	79,404	69,316
Land	118,033	118,033
Buildings - net amount	139,943	145,251
Machinery and equipment - net amount	11,112	12,544
	$ 396,936	$ 381,126

The market interest rate range for bank deposits as of the balance sheet date is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Pledged time deposits (accounted for as other financial assets)	0.585%~1.525%	0.60%~1.15%

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to what is described in other notes, the Company has the following significant commitments and contingencies as of the balance sheet date:

(1) In addition to what is described in other notes, the Company has the following significant commitments and contingencies as of the balance sheet date:

	Dec. 31, 2023	Dec. 31, 2022
USD	$ 36	$ -
JPY	-	5,750

(2) Notes issued due to loans are as follows:

	Dec. 31, 2023	Dec. 31, 2022
USD	$ 6,400	$ 7,030
NTD	1,165,500	1,374,500

(3) The Company's unrecognized contract commitments are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Purchase of property, plant, and equipment	$ 5,708	$ 12,985

32. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECTS

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

December 31, 2023

Financial Assets	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Monetary Items			
USD	$ 12,626	30.705	$ 387,681
RMB	7	4.335208	30
HKD	22	3.929	86
EUR	33	33.98	1,121
JPY	8,965	0.2172	1,947
Non-monetary Items			
Subsidiaries, associates, and joint ventures accounted for using the equity method			
USD	782	30.705	24,015
RMB	286,276	4.335208	1,241,067

Financial Liabilities			
Monetary Items			
USD	5,922	30.705	181,835
EUR	9	33.98	306
JPY	20,328	0.2172	4,415

December 31, 2022

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	$ 2,811	30.71	$ 86,328
RMB	34	4.409434	150
HKD	16	3.938	63
EUR	20	32.72	654
JPY	131,024	0.2324	30,450
Non-monetary Items			
Subsidiaries, associates, and joint ventures accounted for using the equity method			
USD	775	30.71	23,813
RMB	333,295	4.409434	1,417,723
Financial Liabilities			
Monetary Items			
USD	$ 6,906	$ 30.71	$ 212,083
JPY	15,517	0.2324	3,606

The Company's foreign exchange gains (losses) (realized and unrealized) for 2023 and 2022 were NT$(18,175) thousand and NT$(7,533) thousand, respectively. Due to the variety of foreign currency transactions, it is not possible to disclose exchange gains or losses by each major currency.

33. ADDITIONAL DISCLOSURES

(1) Information on Material Transactions and (2) Information About the Investment Business:

1. Financings provided: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held (excluding investment in subsidiaries, associates and joint venture control components): Table 3.
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Information about the derivative financial instruments transaction: None.
10. Information on investees: Table 5.

(3) Information on Investment in Mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Table 7.

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
(3) The amount of property transactions and the amount of the resultant gains or losses.
(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
(5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(4) Information of major shareholders: No shareholders with a shareholding ratio of 5% or more.

6. Impact on the financial condition of the company and its related enterprises in the most recent year and up to the date of the annual report, if there are financial difficulties: None.

VII. Review and Analysis of Financial Condition and Operational Performance and Risk Matters

1. Financial Condition

Financial Condition Comparative Analysis

Unit: NT$1,000

Item \ Year	2023	2022	Difference	
			Amount	(%)
Current assets	1,129,728	1,258,972	(129,244)	(10.27)
Investments accounted for using the equity method	57,942	74,725	(16,783)	(22.46)
Property, plant and equipment	1,439,771	1,379,412	60,359	4.38
Right-of-use Assets	142,076	149,248	(7,172)	(4.81)
Investment Property	351,758	371,197	(19,439)	(5.24)
Other Intangible Assets	2,510	4,109	(1,599)	(38.91)
Other Non-current Assets	154,280	204,477	(50,197)	(24.55)
Total Assets	3,278,065	3,442,140	(164,075)	(4.77)
Current Liabilities	772,882	1,121,700	(348,818)	(31.10)
Long-term Borrowings	878,799	782,219	96,580	12.35
Other Non-current Liabilities	444,489	401,306	43,183	10.76
Total Liabilities	2,096,170	2,305,225	(209,055)	(9.07)
Share Capital	1,080,798	1,080,798	0	0.00
Capital Surplus	102,301	102,301	0	0.00
Retained Earnings	25,788	(34,150)	59,938	(175.51)
Other Equity	(26,992)	(12,034)	(14,958)	(43.50)
Treasury Stock	0	0	0	0.00
Total Equity	1,181,895	1,136,915	44,980	3.96

Explanation for Changes Exceeding 20%:

1. Investments accounted for using the equity method: The decrease is primarily due to the dissolution and liquidation of the investment in Jiangsu Yongsheng New Energy Technology Co., Ltd.
2. Other intangible assets: The decrease is mainly due to regular amortization.
3. Other non-current assets: The decrease is primarily due to a reduction in prepayments for equipment purchases by NT$60,433 thousand, mainly because Leatec (Kunshan), a subsidiary, is preparing for future production capacity expansion and acceptance of related equipment post-relocation.
4. Other non-current liabilities: The decrease is mainly because Leatec (Kunshan), a subsidiary, received advance relocation compensation payments from the Kunshan municipal government, which were proportionally reclassified as government subsidy income according to the relocation and acquisition progress in 2023.
5. Retained earnings: The change is mainly due to operational profits in 2023.
6. Other equity: The increase is primarily due to a decrease in the exchange differences on translating the financial statements of foreign operations.

2. Analysis of Operation Results

(1) Financial performance comparative analysis

Unit: NT$1,000

Item \ Year	2023	2022	Amount of increase or decrease	Variation (%)
Operating Income	824,026	783,512	40,514	5.17
Operating Costs	700,686	614,529	86,157	14.02
Net gross profit	123,340	168,983	(45,643)	(27.01)
Operating Expenses	560,088	299,766	260,322	86.84
Operating profit	(436,748)	(130,783)	(305,965)	233.95
Non-operating income and (expenses)	532,596	106,365	426,231	400.72
Profit before tax from continuing operations	95,848	(24,418)	120,266	(492.53)
Income tax benefit (expense)	(34,488)	(9,058)	(25,430)	280.75
Net profit (loss) for the period	61,360	(33,476)	94,836	(283.30)

Explanation for Changes Exceeding 20%:

1. Net gross profit, operating expenses, and operating profit:
   The decrease in net gross profit is mainly due to the relocation agreement between Leatec (Kunshan), a subsidiary, and the Kunshan municipal government. Production lines were halted for relocation in the first half of 2023, resulting in reduced production rates and volumes. Additionally, market factors led to a slight decrease in sales prices, causing a drop in operating gross profit. Operating expenses increased during the relocation process, leading to a decrease in operating net profit.
2. Non-operating income and expenses: The increase is primarily due to Leatec (Kunshan), a subsidiary, receiving relocation and suspension subsidies of NT$31,801 thousand from the Kunshan municipal government, and recognizing gains of NT$543,087 thousand from the disposal of certain non-current assets due to the relocation.
3. Profit before tax from continuing operations: The increase is mainly due to the aforementioned factors.
4. Income tax expense: The decrease is primarily due to an increase in current income tax and deferred income tax generated by this year's profits.
5. Net profit for the period: The increase is mainly due to the aforementioned factors.

(2) Expected Sales Quantity and Basis

The expected sales quantities for the year 2024 are 182,000 thousand pieces of resistive substrates and 18,000 thousand pieces of non-resistive substrates. These estimations are based on the company's production capacity planning, information obtained from professional organizations and clients, and input from business personnel.

(3) Potential Impact on the Company's Future Financial Operations and Response Plans

The mentioned growth and product structure adjustments are expected to bring stability to the company's future financial operations.

3. Analysis of Cash Flow

(1) Analysis of recent annual cash flow movements:

Unit: NT$1,000

Initial cash balance at the beginning of the period	Full year net cash flow from operating activities	Annual cash outflow	Surplus (shortfall) of cash	Remedial measures for cash shortfall	
				Investment Plan	Financial Planning
180,036	(262,937)	239,867	156,966	None	None

1. Analysis of Cash Flow Changes for the Year 2023:

(1) Operating Activities: Net cash outflow of NT$262,937 thousand, primarily due to the recognition of gains from the disposal of non-current assets held for sale of NT$543,087 thousand as a result of Leatec (Kunshan)'s relocation.

(2) Investing Activities: Net cash inflow of NT$114,234 thousand, mainly due to the increase in proceeds from the disposal of non-current assets held for sale by Leatec (Kunshan) due to the relocation.

(3) Financing Activities: Net cash inflow of NT$139,616 thousand, mainly due to an increase in bank borrowings.

2. Remedial Measures for Cash Shortages and Improvement Plans for Insufficient Liquidity: Not applicable.

(2) Cash flow analysis for the coming year:

Initial cash balance at the beginning of the period	Full year net cash flow from operating activities	Annual cash outflow	Surplus (shortfall) of cash	Remedial measures for cash shortfall	
				Investment Plan	Financial Planning
156,966	960,000	(920,000)	196,966	0	0

1. Analysis of Expected Cash Flow Changes for the Year 2024:

The Company estimates the cash outflow for the coming year will mainly be for routine material purchases, inventory procurement, salary payments, and operational expenses, as well as partial repayment of bank loans. Capital expenditures will focus on the expansion of production capacity for new products. Expenditures will be based on the principle of aligning with cash inflows from operating activities and ensuring financial security, with funding primarily sourced from internal funds and bank loans.

2. Remedial Measures for Cash Shortages and Improvement Plans for Insufficient Liquidity: Not applicable.

4. Major Capital Expenditure Items:

(1) Utilization of Significant Capital Expenditures:

Unit: NT$1,000

Company Acquiring Real Estate	Property Name	Date of Occurrence	Transaction Amount	Status of Payment	Transaction Counterparty	Relationship	Basis for Price Determination	Purpose and Usage of Acquisition	Other Agreed Matters
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Factory	103.6.14	278,275	278,275	Kunshan Branch of Jiangsu Zhongyu Construction Engineering Co., Ltd.	None	Tender Negotiation	Self-use	None
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Factory	105.5.15	216,588	216,588	Kunshan Branch of Jiangsu Zhongyu Construction Engineering Co., Ltd.	None	Tender Negotiation	Self-use	None
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Factory	107.7.16	374,951	368,561	Kunshan Branch of Jiangsu Zhongyu Construction Engineering Co., Ltd.	None	Tender Negotiation	Self-use	None

(2) Impact on Financial Operations:

The utilization of funds does not have a significant impact on the company's operations and financial activities. The key points are as follows:

1. Impact on operating conditions: According to the company's planned schedule, production will commence immediately after the completion of new plant equipment setup. The construction project of the new plant in Kunshan, China, is executed based on business needs and compensation fund accounting. The company adopts a gradual investment approach to maximize operational benefits and ensure safety. The plant is currently operational and has started sales.
2. Impact on Financial Condition: The allocation of funds depends on the company's operational status. Capital expenditures are carefully evaluated before implementation to avoid significant impact on working capital. The safety cash position is gradually increased to provide appropriate protection for the company's financial security. Cash inflows are in line with the operational plan.

5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(1) The primary reason for profits from investments in the most recent year is that the production capacity and sales scale of ECOCERA OPTRONICS CO., LTD. gradually stabilized in 2023, leading to business growth and profitability. Although LEATEC FINE CERAMICS (SAMOA) CO., LTD. and Leatec (Kunshan) were impacted by the pandemic, their operational activities resumed in an orderly manner in the second half of 2023. LEATEC Fine Ceramics (Kunshan) Co., Ltd. has completed its setup, with some equipment in normal production and part of the plant leased out. Kunshan Leatec Solar PV Co., Ltd. experienced minor losses due to exchange rate fluctuations from the sale of imported Taiwanese products. Huanfeng Co., Ltd. made slight profits due to exchange rate factors. The investment in Jiangsu Yongsheng New Energy Technology Co., Ltd. faced significant impacts on production and sales due to the pandemic and real estate issues in mainland China, resulting in losses. Overall, despite the post-pandemic adjustments, raw material price increases, equipment process adjustments, and new product introductions, operational results still showed profits. The post-pandemic market environment in 2024 will have subtle impacts, requiring strategic adjustments in both production and sales to ensure revenue growth and yield improvement. External uncertainties such as conflicts necessitate active customer development to maximize production and sales efficiency, gradually revealing market profitability benefits.

(2) Analysis of Profit or Loss of Investee Companies:

Unit: NT$1,000

Company Name	Shareholding	Income (Loss) of Investee Companies for the Year 2022	Explanation
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	100%	225,295	Recognition of investee company income.
COSMOS HARVEST INTERNATIONAL LIMITED	100%	209	Impact of exchange rate fluctuations.
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	100%	210,409	Compensation income and recovery of equipment production
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	100%	11,959	Rental income.
KUNSHAN LEATEC SOLAR PV CO.,LTD	100%	(1,373)	Impact of exchange rate changes on product sales
Jiangsu Yongsheng New Energy Technology Co., Ltd.	20.25%	(5,149)	Impact of real estate
ECOCERA OPTRONICS CO.,LTD.	12.00%	65,512	Stable improvement in process efficiency and revenue.

(3) Investment Plans for the Next Year: The main investment plans for LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD. include the installation of new production equipment and the renovation of plant facilities. However, the company will consider the operational and profit conditions to ensure secure investments.

6. Analysis of Risk Management

(1) Impact of changes in interest rates, exchange rates and inflation on the Company's profit and the response of the Company:

1. Impact of Recent Interest Rate Changes on the Company's Profit and Loss and Future Countermeasures:

   In 2023, market interest rates gradually increased due to inflation and interest rate hikes in various countries, putting pressure on the Company's financial costs. The Company will make appropriate adjustments to financing channels to mitigate the impact of financial costs. Although global interest rates are expected to rise gradually in the future, the Company will properly adjust its financial structure. With the gradual improvement of operating cash flow and proper use of financing channels, the impact of interest rate costs on profit and loss will be gradually reduced.

2. Impact of Recent Exchange Rate Changes on the Company's Profit and Loss and Future Countermeasures:

   The Company’s import of materials, equipment, and export of goods are primarily quoted in US dollars. In 2023, significant changes in the international political environment led to exchange rate fluctuations that greatly affected profit and loss. There are still uncertainties in the international market, and the international exchange rate market changes rapidly. The exchange loss in 2023 was NT$18,530 thousand. Although the impact of exchange rates on this year's losses has moderated, a cautious response remains necessary.

   The Company has implemented the following specific measures to reduce the impact of exchange rate fluctuations on import costs and profitability:

   (1) Natural hedging: Strive to match income and expenses in the same currency as much as possible.

   (2) Stay updated on relevant information regarding exchange rate fluctuations, maintain close communication with banks, and have a thorough understanding of exchange rate trends.

3. Impact of recent inflation on the company's profit and loss and future response measures:

   In 2023, global inflation rates increased, and it is expected that the pressure from inflation will further increase in 2024. The company aims to absorb inflation concerns through cost improvements and increasing business scale.

(2) Policies on engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profits or losses and the response of the Company:

1. In 2023, the company did not engage in high-risk, high-leverage investments or derivatives trading. In the future, besides hedging requirements, the company will refrain from engaging in high-risk financial instrument operations.
2. Apart from related-party transactions, there were no instances of lending funds to others or providing endorsement guarantees in 2023. In the future, related operations will be strictly controlled in accordance with the company's established endorsement and lending management policies.

(3) Future Research and Development Plans and Estimated R&D Expenditure

The Company focuses on precision ceramic research, development, and production technologies and collaborates with authoritative external institutions to create product advantages. In addition to upgrading resistive ceramic substrates for advanced product applications, the Company actively develops applications for different ceramic material substrates and establishes low-cost process technology barriers to cater to future applications in electronic communication, automotive, and energy fields. Therefore, the Company is increasing resource allocation for the production of new materials and composite materials, including:

Unit: NT$1,000

Research and Development Products	Current Progress	Further Investment	Expected Completion Date	Key Factors for Success
High Purity 99.6% Alumina Grinding and Polishing Substrate	Sample Production	5,000	2024/12	High Smoothness and Zero Defects on Surface
Ultra High Thermal Conductivity Aluminum Nitride Substrate (K>230W/mK)	Formula Design	2,000	2024/06	Control of Impurities and Secondary Phase at Grain Boundaries
High Strength and High Thermal Conductivity Aluminum Nitride Substrate	Sample Production	2,000	2024/12	Control of Secondary Phase at Grain Boundaries
Ultra High Thermal Conductivity Aluminum Nitride Grinding Substrate	Parameter Adjustment	2,000	2024/12	Slurry Formula Design
High Strength Silicon Nitride Substrate	Formula Design	30,000	2025/12	Pressure Sintering Technology

(4) Impact of important domestic and international Law and legal changes on the Company's financial operations and the response of the Company

The Company has complied with the regulations issued by regulatory authorities, such as the Company Law, various processing guidelines, and corporate governance principles. Currently, there are no significant impacts on the Company's financial operations.

(5) Impact of technological changes (including cyber security risk) and industry changes on the Company's financial operations and the response of the Company:

The Company is dedicated to research and development of ceramic substrates and automotive materials, focusing on market and customer demands. It allocates resources to develop various functional products, maintaining a leading position in technology and

products. Information security is essential for the operation and management security of the Company.

The Company collaborates with professional vendors to strengthen hardware and software security and promotes information security awareness among employees. The Company has a dedicated information department that constantly monitors information and communication security.

(6) Impact of the change in corporate image due to corporate crisis management and the response of the Company:

The Company has always adhered to professional, integrity, and excellence principles in its operations, maintaining good interactive relationships and corporate image with customers, suppliers, banks, shareholders, and employees. No factors have caused a crisis situation or any changes in the Company's corporate image.

(7) Expected benefits, possible risks and responses to mergers and acquisitions:

As of the date of printing the prospectus, the Company has not acquired or been acquired by any other company.

(8) Expected benefits, possible risks and contingency measures for plant expansion:

Regarding the funding for the construction of the new plant in China, the Company has a secure plan for funding sources, and equipment investment will be gradually made based on market demand, which is very positive for the Company's financial soundness.

(9) Risks of concentration of imports or sales and the response of the Company:

The Company is currently actively adjusting its product structure, diversifying its sales targets, and has implemented risk management. Material supply planning follows the principle of diversification in domestic and international regions and suppliers, with preparations made with multiple suppliers. Based on the above situations and principles, the Company has reduced the cost and market risks of its products.

(10) Impact, risk and response to the substantial shift or change in shareholding of directors or substantial shareholders holding more than 10% of the shares of the Company:

The Company currently does not have any directors or major shareholders holding more than 5% of the shares. The Company can identify the major shareholders who effectively control the Company and the ultimate controllers of the major shareholders. The Company complies with the provisions of the Securities Exchange Act and timely reports the shareholding status of directors and the top 5 shareholders.

(11) Impact of changes in operating rights on the Company, risks and the response of the Company: None.

(12) Litigation or non-litigation events:

1. Significant lawsuits, non-litigation, or administrative disputes that have been determined or are currently pending as of the recent fiscal year or the date of printing

the annual report, and may have a significant impact on shareholders' equity or securities prices: None.

2. Significant lawsuits, non-litigation, or administrative disputes involving directors, the President, the substantial responsible person, major shareholders holding more than 10% of the shares, and subsidiary companies, that have been determined or are currently pending as of the recent fiscal year or the date of printing the annual report, and may have a significant impact on shareholders' equity or securities prices: None.

(13) Other significant risks and the response of the Company: None.

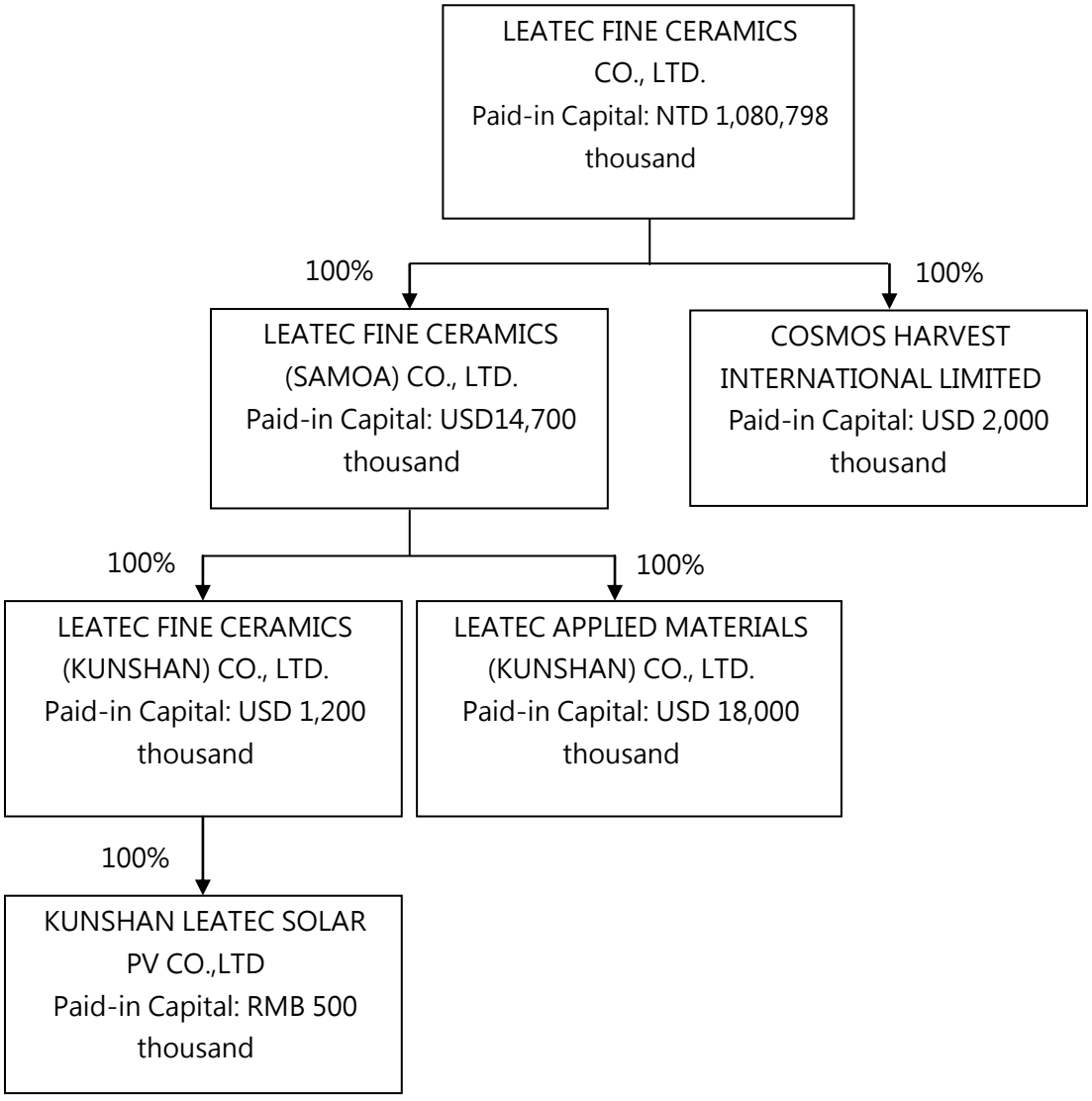
7. Other Important Matters: None

VIII. SPECIAL DISCLOSURE

1. Summary of Affiliated Companies

(1) Business reports of related parties:

1. Organizational Chart



2. Basic Information on Affiliates:

December 31, 2023

Unit: NT$1,000

Name	Date of establishment	Location	Paid-in capital	Business
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	2000.09.12	P.O. Box 217, Apia, Samoa	469,296 (US$14.70 million)	Investment holding and trading of machinery and equipment
COSMOS HARVEST INTERNATIONAL LIMITED	2001.05.25	P.O. Box 217, Apia, Samoa	66,669 (US$2 million)	Sales of raw materials, ceramic substrates, and machinery and equipment parts
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	2000.11.01	No. 8 Nandian Road, High-tech Zone, Kunshan, Jiangsu Province, China	73,575 (US$1.20 million)	Manufacturing and trading of precision electronic ceramic substrates, new electronic components, photoelectric-sensitive devices, etc.
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	2012.07.03	No. 8 Nandian Road, High-tech Zone, Kunshan, Jiangsu Province, China	542,439 (US$18 million)	Manufacturing and trading of precision electronic ceramic substrates and solar photovoltaic products
KUNSHAN LEATEC SOLAR PV CO.,LTD	2014.01.09	No. 8 Nandian Road, High-tech Zone, Kunshan, Jiangsu Province, China	2,461 (RMB500,000)	Manufacturing and trading of solar photovoltaic products

3. Same shareholder information presumed to have control or subsidiary relationship:

None.

4. Industries covered by the business of related parties and their mutual relationships:

Industry Type	Name	Association with Other Related Enterprises' Business Operations
Holding company	LEATEC FINE CERAMICS (SAMOA) CO., LTD.	Investment in subsidiary companies in mainland China and procurement of machinery and equipment on behalf of subsidiary companies
Trading industry	COSMOS HARVEST INTERNATIONAL LIMITED	Sales of products from the parent company and mainland subsidiary companies, and procurement of materials and spare parts equipment on behalf of mainland subsidiary companies
Product manufacturing Sales industry	LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	Production, sales, and after-sales services of products
Product manufacturing Sales industry	LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Production, sales, and after-sales services of products
Trading industry	KUNSHAN LEATEC SOLAR PV CO.,LTD	Sales of products from the parent company and mainland subsidiary companies, and trading of solar photovoltaic products

5. Directors, supervisors, and president information of related parties:

Name	Title	Name of Representative	Shareholding	
			Shares	Ratio
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	Chairman	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN)	14,700,000	100%
COSMOS HARVEST INTERNATIONAL LIMITED	Chairman	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN)	2,000,000	100%
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	Chairman Director Director	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, JUAN-TING)	(Note 1)	100%

Name	Title	Name of Representative	Shareholding	
			Shares	Ratio
		LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, YONG-CANG)		
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	Chairman Director Director	LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, QING-JIN) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, JUAN-TING) LEATEC FINE CERAMICS CO., LTD. (Rep: CHEN, YONG-CANG)	(Note 1)	100%
KUNSHAN LEATEC SOLAR PV CO.,LTD	Chairman	LEATEC FINE CERAMICS (KUNSHAN) CO., LTD. (Rep: CHEN, YONG-CANG)	(Note 1)	100%

Note 1: Non-limited liability companies do not issue stocks.

6. Overview of related party operations:

December 31, 2023 /Unit: NT$1,000

Name	Amount of capital	Total assets	Total liabilities	Net value	Operating income	Operating (loss) profit	Current period (loss) profit (after tax)	Earnings (loss) per share (NT$) (after tax)
LEATEC FINE CERAMICS (SAMOA) CO., LTD.	469,661	1,565,367	320,953	1,244,414	1,115	(3,160)	224,810	0.48
COSMOS HARVEST INTERNATIONAL LIMITED	66,669	24,015	0	24,015	0	(38)	209	0.00
LEATEC FINE CERAMICS (KUNSHAN) CO., LTD.	40,649	1,233,078	435,085	797,993	451,193	(321,643)	210,409	0 (Note 1)
LEATEC APPLIED MATERIALS (KUNSHAN) CO., LTD.	542,439	1,177,939	732,684	445,255	0	(134,737)	11,959	0 (Note 1)
KUNSHAN LEATEC SOLAR PV CO.,LTD	2,461	1,229	114	1,115	0	(1,158)	(1,373)	0 (Note 1)

Note 1: Non-limited liability companies do not issue stocks.

Note 2: Capital amount calculated based on the original investment exchange rate.

(2) Consolidated Financial Statements of Related Parties

Statement of Consolidated Financial Reports of Related Parties

The Company's financial statements for the year 2023 (from January 1, 2023, to December 31, 2023) are prepared in accordance with the "Guidelines for the Preparation of Consolidated Financial Statements of Related Parties in Related Party Business Reports, Consolidated Financial Statements of Parent and Subsidiary Companies under International Financial Reporting Standards No. 10." The information required to be disclosed in the consolidated financial statements of related parties has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, there is no separate preparation of consolidated financial statements of related parties.

Company Name: LEATEC FINE CERAMICS CO., LTD.

Person in charge: CHEN, QING-JIN

March 26, 2024

(3) Related Party Report: Not applicable.

2. **Private Placement Securities in the Most Recent Years: None.**

3. **The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.**

4. **Other necessary supplementary explanations: None.**

5. **For the most recent year and up to the date of printing the annual report, if any significant event that impacts shareholder rights or securities prices as specified in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act has occurred: None.**

LEATEC FINE CERAMICS CO., LTD.

Chairman: CHEN, QING-JIN