Stock Code: 3413

京鼎精密科技股份有限公司
Foxsemicon Integrated Technology Inc.

For the year ended 2023

Annual Report

Websites to access the annual report
Market Observation Post System: http://mops.twse.com.tw
Company website: http://www.foxsemicon.com.tw

By Foxsemicon Integrated Technology Inc.
Published on March 31, 2024

I. Company Spokesperson and Deputy Spokesperson

Spokesperson: Grace J.Y. Lee
Title: Chief Investment Officer
Tel: (037)580-088
Email: fitistock@foxsemicon.com

Deputy Spokesperson: Yung-Fang Tsou
Title: Vice President
Tel: (037)580-088
Email: fitistock@foxsemicon.com

II. Addresses and telephone numbers of the headquarters, branches and factories

Headquarters address: No. 16, Kezhong Rd., Zhunan Township, Miaoli County 350401, Taiwan
Tel: 037-580088
Branch address: 1688 RICHARD AVENUE, SANTA CLARA, CA95050, U.S.A.
Tel: 408-3839880
Factory address: No. 16, Kezhong Rd., Zhunan Township, Miaoli County 350401, Taiwan
Tel: 037-580088

III. Name, address, website and telephone number of the stock transfer agent

Name: Shareholders Service Department of Grand Fortune Securities Co., Ltd.
Address: 6F, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City
Website: http://www.gfortune.com.tw/
Tel: (02)2371-1658

IV. Names of CPAs who audited the financial statements during the most recent year; name, address, website and telephone number of the accounting firm

Accounting firm: PwC Taiwan
CPA names: CPA Sheng-Chung Hsu and CPA Jen-Chieh Wu
Address: 27F, No. 333, Keelung Road, Section 1, Taipei City
Tel: (02)2729-6666
Website: www.pwc.com/tw

V. Name of the exchange for listed overseas marketable securities and methods to inquire about the overseas marketable securities: not applicable

VI. Company website: http://www.foxsemicon.com.tw

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One. Letter to Shareholders

The International Monetary Fund (IMF) and other institutions predict that global trade volume will rebound and grow in 2024. This is supported by continued demand for new technology applications, a gradual normalization of supply chain inventories, and a supportive export environment. Domestic and international institutions forecast that Taiwan's 2024 economic growth rate is expected to exceed 3%, outperforming 2023. However, it is still necessary to pay close attention to the direction of monetary policies in various countries, the trend of international raw material prices, and the development of geopolitical situations. The Semiconductor Equipment and Materials International (SEMI) Association released its annual global OEM semiconductor equipment forecast report at SEMICON Japan. The report predicts global semiconductor manufacturing equipment sales will reach US$100 billion in 2023, down 6.1% from US$107.4 billion in 2022. Driven by front-end and back-end processes, semiconductor manufacturing equipment sales are expected to rebound in 2024 and reach a new high of US$124 billion in 2025.

In 2023, the company's revenue and profit also decreased in line due to the slowdown in the semiconductor equipment market. The following is an overview of the company's business operations in 2023 and the business outlook for 2024.

I.2023 Business Report

(I) Business plan implementations and achievements

The Company’s 2023 revenue totaled NT$ 13,051,357 thousand, at a decrease of 12.07% YoY, and a decrease of NT$ 921,027 thousand in operating profit. The 2023 profit before tax amounted to NT$ 2,512,429 thousand, net income for the period NT$ 1,990,468 thousand, and profit attributable to owners of parent NT$ 1,990,468 thousand. EPS was NT$ 20.48, down NT$ 4.16 from NT$ 24.64 in previous year. The Company’s 2023 operating performance report is as follows:

Item	2023(consolidated)		2022(consolidated)	
	Amount (NT$1000)	%	Amount (NT$1000)	%
Net revenue	13,051,357	100	14,843,221	100
Gross profit	3,414,567	26.16	4,443,534	29.94
Operating profit	2,030,033	15.55	2,951,060	19.88
Profit before tax	2,512,429	19.25	2,890,702	19.47
Net income	1,990,468	15.25	2,344,363	15.79
Profit attributable to owners of parent	1,990,468	15.25	2,319,754	15.63
Earnings per share (NT$)	20.48	-	24.64	-

(II) Budget implementation

The Company's budget execution in 2023 was excellent, with revenue and profit not only meeting budget targets but also reaching all-time highs in 2023 for operating revenue, gross profit, operating profit, net income for the period, and earnings per share after tax.

(III) Innovation and R&D

The Company upholds the spirit of "Cultivate core technology and create new values" in the development of its R&D, and continues to invest in the R&D of advance equipment technology, with focuses on application in the semiconductor, optoelectronics, new energy, and automation. Standing on our solid R&D foundation, we step forward to strengthen our core competitiveness, and emphasize low-carbon emission and energy-saving features of smart equipment and smart manufacturing.

In terms of semiconductor equipment technology, we continue to develop next-generation nano-process equipment for the future. We aim to upgrade the micro-contamination prevention capability and develop automated micro-contamination control, air curtain cleaning solutions, and functional water supply systems. We continue to keep up with the latest process technologies of our customers and entered the mass protection of the 3nm process of customers. After the success of the N5 process of high-end semiconductors, EUV became the mainstream in the photolithography process. We successfully extended the application of high-cleanliness automated equipment. Also, we have developed full-auto pellicle mounter for EUV mask and reticle pod exchanger with precise point positioning and micro-environment monitoring technology. These processes have passed our customers' verification and marked our success in the automation of 3nm EUV mask equipment. Due to a sharp rise in the demand for semiconductor production capacity, we have developed the standard wafer sorter with advanced packaging technology. These products have been adopted by major wafer fabs and packaging factories.

In terms of optoelectronics and other automation technologies, our solid R&D capability has secured businesses with world-class equipment factories, and facilitated our further development in semiconductor process equipment frontend automation modules. We continue to work on industrial upgrading and sustainable development. We invest in low-carbon, energy-saving and intelligent manufacturing technologies, and incorporated the technologies of real-time monitoring technology of carbon emissions, cloud computing, mobile terminals, Internet of Things, and big data. Then we apply these key technologies to new applications in wafer sorting equipment, semiconductor factory standard automation interface, unmanned whole plant intelligent automation, and environmental monitoring.

The Company's 2023 main R&D results are as follows:

Item	R&D results
1	Successful development of the second generation storage unpacking and sorting equipment for wafer stack boxes
2	Entered into strategic alliance with major Japanese robot factories for the development of semi-automation solution - equipment front-end module (EFEM).
3	Developed real-time monitoring technology equipment for carbon emissions and successfully introduced to wafer sorting equipment
4	Developed the temperature and humidity calibration instrument for micro-pollution control equipment
5	Developed the ammonia hydroxide generation equipment that comply with the UL safety requirements and passed the UL certification

II. Summary of 2024 Business Plan

(I) Outline of 2024 business plan:

1. Semiconductor equipment

   (1) In-depth integration into new product development by the largest customer to ensure business wins

   (2) Attract new customers in display equipment for new products

   (3) Strengthen the capability in manufacturing, processing and maintenance of precision components and develop the components business

2. Automation equipment

   (1) Deepen the development of semiconductor automation equipment business

   (2) Enter innovation domains in semiconductor automation equipment for EUV masks

   (3) Promote internally developed equipment and expand overseas markets

3. High-end precision medical equipment: entry to the high-end precision medical equipment industry by centering on existing core competitiveness

(II) Expected sales volume and basis for the assumption: The Company will continue to stay on top of new product development by customers and the R&D of automation equipment and new technologies, so as to significantly enhance revenues and competitive niche.

(III) Important strategy in production and marketing

1. Solidify relationships with existing customers for advanced equipment, increase joint development of new equipment and enhance the development and efficacy of in-house and new products

2. Establish good cooperation and strategic partnerships with manufacturers upstream and downstream, to ensure capacities, product deliveries, quality and competitiveness

3. Stay on top of market dynamics, continue to step-up technological R&D to identify new use cases and create value for the Company

III. Development strategy

We will continue to pursue strategic alliances for long-term development. We expect to enhance technology and quality, reduce costs, boost efficiency and market shares with the assistance from strategic partners who have strengths in branding, marketing and technology, via vertical/horizonal integration or joint development of products and markets.

IV. Impact of external competitive environment, legal environment and overall business environment

The global economy will continue to face numerous uncertainties in 2024, including the Red Sea crisis in the Middle East, the green energy subsidy race, extreme weather events, and geopolitical risks. According to the latest forecast from the Taiwan Institute of Economic Research (TIER), Taiwan's economic growth rate in 2024 will be 3.15%. The Company’s Finance Department keeps a close eye on international finance dynamics and mitigate exchange rate risks via financial operation on a timely basis. Adjusting capital expenditure plans in response to economic changes, the company expects to achieve new highs in revenue and profit in the future.

The Company's business strategy for 2024 focuses on “digital efficiency and information security.” The company will introduce digital management tools such as ERP and PLM systems to increase operational efficiency and strengthen information security systems to protect personal data and business secrets. Financial operation is stable and conservative, in principle. We establish good relationships with banks and obtain the best support under any economic circumstances. We continue to strengthen the professional competences of personnel to keep up with constantly changing competition, external environment and regulatory requirements. The Company's management team and all employees will adhere to the business philosophy of “excellent quality, deep cultivation of technology,” “real-time flexibility, creating value,” “win-win cooperation, sustainable development” to meet the challenges of the overall business environment in 2024 and enhance shareholder value.

Finally, we would like to wish all our shareholders

Good health and prosperity

Chairman: Young-Way Liu

Two. Company Introduction

I. Date of establishment: April 26, 2001

II. Company history:

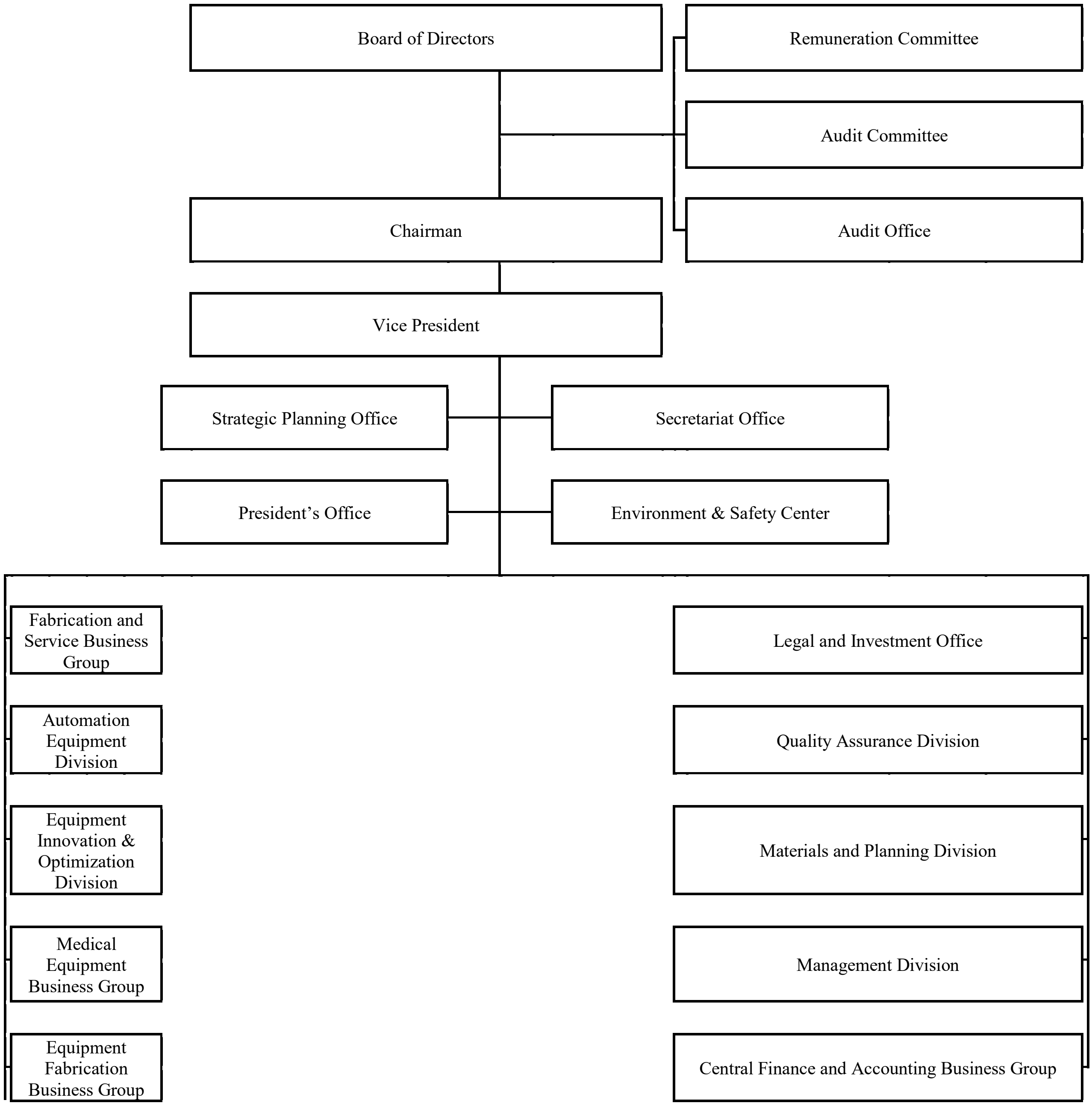
Year	Important history
April 2001	Established Peisin Semiconductor Industry Co., Ltd. with a paid-in capital of NT$1 million. The main business items are semiconductors, flat panel display equipment, sub-systems, and system integration.
June 2001	Capital increase by NT$199 million to increase paid-in capital to NT$200 million.
December 2001	The investment plan, Semiconductor Manufacturing Equipment and Components, was approved by the Industrial Development Bureau, MOEA (IDB) as a Newly Emerging, Important, and Strategic Industries. Installation of factory equipment for Tai Po Factory was completed and production pilot run began.
February 2002	Established a branch company “Foxsemicon Integrated Technology Inc.” in the USA. Established a subsidiary “Foxsemicon LLC” in the USA.
March 2002	Approved by the National Science and Technology Council to set up a factory in Hsinchu Science Park.
April 2002	Passed the certification of qualified suppliers of the world’s largest semiconductor equipment manufacturer. Began mass production.
June 2002	Approved for moving into the Hsinchu Science Park.
July 2002	Approval by the Science Park Bureau for renting of Chunan Base Land Phase IV of the Science Park for the company’s self-constructed factory.
August 2002	Capital increase by NT$300 million to increase paid-in capital to NT$500 million. Indirect mainland investment of Peisin Semiconductor Industry (Kunshan) Co., Ltd. through the reinvestment of FOXSEMICON ASIA HOLDINGS INC. by investment of FOXSEMICON INTEGRATED TECHNOLOGY INC..
October 2002	Passed the certification of outstanding suppliers by the world’s largest semiconductor equipment manufacturer.
November 2002	Obtained first patent in Republic of China. Passed the ISO 9001 quality certification. Capital increase by NT$70 million to increase paid-in capital to NT$570 million.
March 2003	The launch of the new plant. The company moved into the Hsinchu Science Park since Phase I located at No. 16, Kezhong Road, Zhunan Town, Miaoli County.
May 2003	Opening ceremony of the new plant of Hsinchu Science Park Phase IV Chunan Plant.
November 2003	Capital increase by NT$280 million to increase paid-in capital to NT$850 million.
May 2004	Indirect mainland investment of Foxsemicon Integrated Technology (Shanghai)Inc. through the reinvestment of MINDTECH CORPORATION by investment of FOXSEMICON INTEGRATED TECHNOLOGY INC..
June 2004	Public offering.
October 2004	Capital increase by NT$150 million to increase paid-in capital to NT$1 billion.
March 2005	Capital increase by NT$30 million to increase paid-in capital to NT$1.03 billion.
June 2005	Investment made in Fortrend Engineering Corp in the USA.
July 2005	Foxsemicon Integrated (Shanghai)Inc. started mass production.
March 2006	Disposal of FOXSEMICON ASIA HOLDINGS INC. in Western Samoa, and indirect mainland investment of FOXSEMICON INTEGRATED TECHNOLOGY (KUNSHAN) INC..
April 2006	The Board of Directors approved investment in additional products and services for the electronics components manufacturing industry and operations outside of restricted areas for International Trade. The items were:information software services, wholesale of electronic materials, wholesale of computer software, and all business activities that are not prohibited or restricted by law, except those that are subject to special approval.
March 2007	The Board of Directors had approved investment in LED lighting, LED display products, and other application product.
April 2007	Established the semiconductor lighting business group.
July 2009	Changed name to “PeiSin Energy Technology Co., Ltd.”
August 2009	Capital reduction by NT$400 million
November 2009	Capital increase by NT$450 million.
July 2011	Changed name to “JingDing Energy Technology Co., Ltd.”
August 2012	The Board of Directors resolved to end company operations for its advanced optoelectronic business group.
March 2013	The Board of Directors approved investment in medical devices manufacturing, wholesale of medical devices, retail sale of medical apparatuses, and the research, development, design, manufacturing and sales of the following products:in-vitro diagnostic devices (IVD) and related application products.
June 2013	Changed name to “Foxsemicon Integrated Technology Inc” based on resolution passed at the shareholders’ meeting.
July 2013	Capital reduction by NT$864 million.

Year	Important history
August 2013	Capital increase by NT$384 million.
November 2013	Passed the ISO13485 certification, officially entering the medical equipment industry.
December 2013	Awarded the Best Quality and On-Time Delivery Supplier Award by the world’s largest semiconductor equipment manufacturer.
July 2015	Formally listed on the Taiwan Stock Exchange.
August 2015	Capital increase by NT$80 million.
June 2016	Ranked 17th in the Commonwealth Magazine’s Top 2000 Survey “Top 50 Operating Performance.”
August 2016	Capital increase by NT$70 million.
December 2016	Awarded the Best Service Cooperation Award by the world’s largest semiconductor equipment manufacturer.
May 2017	Ranked 15th in the Commonwealth Magazine’s 2000 Survey “Top 50 Operating Performance.”
July 2017	Awarded the Best Contract Manufacturing Award by the world’s largest semiconductor equipment manufacturer.
July 2017	Evaluated for the first time in the 3rd Corporate Governance Evaluation by the Taiwan Stock Exchange and was ranked between 6-20% of listed companies in Taiwan. Selected to the “TWSE Corporate Governance 100 Index” for constituent stocks.
November 2017	Newly listed in the MSCI ACWI Small Cap Index constituent stock.
March 2018	Included in the Fast 500 of Deloitte Technology’s Fast 500 Asia Pacific of 2017.
May 2018	In the 2017 4th Corporate Governance Evaluation results by the Taiwan Stock Exchange, Foxsemicon Integrated Technology ranked between 6-20% of listed companies in Taiwan.
September 2018	Awarded the 2018 SGS ISO 9001 PLUS AWARD Performance Management Quality Model Award.
November 2018	Awarded the Best in Class Performance in the 2018 Supplier Excellence Award by the world’s largest semiconductor equipment manufacturer.
July 2019	In the 2018 5th Corporate Governance Evaluation results by the Taiwan Stock Exchange, Foxsemicon Integrated Technology ranked between 6-20% of listed companies in Taiwan. Selected to the TWSE Corporate Governance 100 Index for three consecutive years for constituent stock.
March 2020	Awarded the Best in Class Performance in the 2019 Supplier Excellence Awards by the world’s largest semiconductor equipment manufacturer.
September 2020	Won the SGS CSR Elite Awards in 2020.
December 2020	Awarded the Best in Class Performance in the 2020 Supplier Excellence Awards by the world’s largest semiconductor equipment manufacturer.
February 2021	Foxsemicon officially crossed into the medical equipment field.
January 2022	The Chunan Second Plant was completed in Q4 of the year, supporting the company’s operations growth.
April 2022	Supplier Excellence Award in 2021 from Applied Materials
April 2022	Acquisition of our privately placed ordinary shares by Applied Materials
August 2022	2022 Best Companies To Work for In Asia awarded by HR Asia.
October 2022	Opening ceremony of Chunan Factory on Keyan Road (2A).
November 2022	Top 100 Carbon Competitiveness awarded by Business Weekly.
December 2022	Awarded the Best in Class Performance in the 2022 Supplier Excellence Awards by the world’s largest semiconductor equipment manufacturer.
February 2023	Opening of R&D center in the U.S. for new semiconductor equipment products development
June 2023	Ranked 259th overall and 26th in the semiconductor industry in CommonWealth Magazine's 2022 “2000 Major Enterprises Survey”
November 2023	Awarded the Bronze Award in the 2023 TCSA Sustainability Report, demonstrating its commitment to sustainable practices
February 2024	Recognized with two awards from the world's leading semiconductor equipment manufacturer in 2023: the “Excellence in Innovation and New Product Development Award” and the “Excellence in After-Sales Service Support Award.”

Three. Corporate Governance

I. Organization

(I) Corporate structure



(II) Responsibilities of main departments

Main Departments	Main Duties and Functions of Each Department
Strategic Planning Office	■ Set the business goals and guidelines, including establishing and declaring quality policy and goals. ■ Decide and approve investment budgets and major decision-making. ■ Integrate resources, such as personnel, funds, equipment, and plants. Seek for growth and maximum profits to achieve profit-sharing with employees, fulfilling corporate social responsibility. ■ Examine company systems and various resource utilization situations and outcomes, and review whether the business guideline is in the right direction.
Audit Office	■ Formulate the annual audit plan based on the risk evaluation results and ensure its execution ■ Review the self-evaluation report of every unit and subsidiary ■ Track the improvements for any defects and irregularities of the internal control systems ■ Execution of other projects and programs
Environment & Safety Center	■ Responsible for the overall functioning and management of Environmental Safety Center, and the planning, implementation and management of environmental protection and safety matters at all factories ■ To ensure environmental protection and safety at all factories in adherence to local requirements (emission standards) ■ Responsible for the environmental assessment applications, changes and maintenance at all factories of Foxsemicon Group ■ Responsible for the planning, establishment, acceptance and improvement of environmental safety facilities at all factories of Foxsemicon Group ■ Communication with external environmental protection / safety related government agencies
Fabrication and Service Business Group	■ Responsible for the planning and promotion of current projects ■ Introduction and building of related systems for new customers and products related to quality requirements ■ Product evaluation projects of potential customers or existing customers or introduce product feasibility evaluations ■ Understand the customer development situation and market demands for continuous competitive growth ■ Understand and control the project progress, costs, quality and inventory, monitor the execution status of every task to ensure that the project can be completed within the planned time schedule ■ Customer order management ■ Introduce and transfer new projects ■ Communications and handling of engineering problems ■ Sustaining and developing customer relationships ■ USA customer support and business development, and suppliers business management ■ Responsible for new projects and new customer development in the China region and other countries

Main Departments	Main Duties and Functions of Each Department
Automation Equipment Division	■ Customer development and price negotiation ■ Project control and system integration ■ Planning and design of equipment plans and electric control plans ■ Assemble testing processes, technical cultivation, and quality control ■ Device installation on the customer end and testing processes ■ After-sales service and product management after device shipment ■ Market development/sales/project control ■ Customer end equipment technical support and service
Equipment Innovation & Optimization Division	■ Innovation and continuous improvement of products; planning and production of samples; validation and progress follow-ups for foundry equipment customers. ■ Project cost analysis and price quotations, to ensure success rates and achieve business targets ■ Successful mass production of the products after continuous improvement projects ■ Regular reporting of sales results and expectations, to ensure the Company's business keeps up with market competition and trends ■ Effective monitoring of project procedures related to development, testing and reporting to ensure conformity with the Company's rules and processes
Medical Equipment Business Group	■ Formulate medical equipment marketing strategies, aggressive development of international business. ■ Adjust the marketing strategies and methods according to the current state of the medical equipment market economy. ■ Commercial/Operation Plan for current and potential customers, product market positioning, feasibility/development evaluation, and expand new collaboration opportunities. ■ Sustaining customer relationships and enter into business negotiations based on the service items. ■ Collect and compile the latest medical laws and regulations of each country, and assist in the continuous improvement of the medical quality system, build medical equipment manufacturing factories in compliance to legal requirements. ■ Provide medical equipment product joint ventures, including design, software and hardware development, product testing and application. ■ Radiation protection planning, execution, and supervision relating to medical equipment.
Equipment Fabrication Business Group	■ Production planning, execution, and progress control ■ Regular year maintenance and troubleshooting handling for equipment ■ Improvement of manufacturing processes and efficiency, reduction of production costs and maintenance of market competitiveness ■ Introduction of new products; involvement in customers' new product design and assessment; feedback to customers the completed engineering analytics; and accomplishment of new production development and launch as scheduled according to development design and plans

Main Departments	Main Duties and Functions of Each Department
	■ Development of new technologies for manufacturing process and expansion of product ranges for contract manufacturing ■ Receipt of customer engineering change requests; and execution of such engineering changes at factories ■ Processing of production abnormalities, cause analysis and improvement, and control of production quality
Legal and Investment Office	■ Formulation of corporate investment strategy according to development plans; passive and active origination of investments, acquisitions and joint ventures domestic and overseas; planning, implementation and assessment of risks and benefits. ■ Post-deal management of assets invested, acquired and under joint ventures; development of invested projects and realization of exits ■ Post-deal management of assets invested, acquired and under joint ventures; development of invested projects and realization of exits ■ Establishment and maintenance of relationships with institutional investors; planning and organization of IR activities such as analyst meetings and capital market events. ■ Communication with the capital market about the Company's operational performance, strategy and long-term directions; collection and regular reports of external information such as market changes and industry dynamics for management's reference in decision-making. ■ Management of corporate image; establishment and maintenance of relationships with media and other stakeholders; public announcement of information. ■ Processing of operations related legal issues such as contracts, agreements, disputes, investments and intellectual property; management of operations related legal risks by providing compliance principles and risk control measures to support business decisions ■ Internal consultation and external liaison for legal matters, as well as internal legal training.
Corporate Quality Business Division	■ Building and maintenance of the Company Quality Management System (QMS) ■ Audit, monitoring and supervision for improvements of the Supplier Quality Management System (QMS) ■ Establishment of quality inspection specification ■ Product failure analysis and improvement ■ Product inspection traceability establishment and maintenance ■ Customer feedback analysis and improvement
Materials and Planning Division	■ Developing new suppliers and managing current suppliers ■ Procurement negotiations for all production related procurement ■ Responsible for the execution of the company's procurement requirement processes and handling of procurement irregularities ■ Arrange production plans according to the order requirements and material and production status control ■ Planning and control of material requirements ■ Procurement process planning and material development
Corporate HR and ADMIN Service Division	■ Information planning, series numbering, and information project planning and execution

Main Departments	Main Duties and Functions of Each Department
	■ Responsible for computer software/hardware equipment requirement evaluation and procurement request control ■ Assists in the hardware technology support and maintenance for information application system and telecommunications network technology ■ Assist in the setting up and maintenance of business group network process systems and anti-virus firewalls ■ Integration of data from various databases, development of connecting interface for different systems ■ Customs, transportation, and packaging processes for import-export goods in Taiwan or overseas ■ Related processes for the release and declaration of shipments from factories or other processes ■ Annual bonded customs inventory and settlement processing ■ Related air conditioning, water, and electricity management within the factory sites ■ Operation and maintenance of factory systems ■ Human resources planning and development, personnel charter establishment and amendments ■ Educational training cultivation plan and execution ■ Establishment and maintenance of company-wide organization structure ■ Group meals, onsite factory cleaning and security guards ■ Management of other general and administrative matters
Central Finance and Accounting Business Group	■ Preparation and filing of the annual and mid-year financial statements ■ Cooperate with various audit of accounts, filing, and taxation laws and their handling ■ Taxation planning ■ Accounts handling ■ Funds allocation ■ Bank credit limit control ■ Stock affairs related process ■ Related process for announcements and filling by listed companies ■ The Board and Shareholders' meetings processes ■ Business resources planning and allocation ■ Return on investments and benefits analysis ■ Cost expenses analysis and evaluation ■ Business resources planning and allocation ■ Annual and project budget planning ■ Return on investment evaluation

II. Information on Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and managers of all divisions and branches

(I) Information on directors and supervisors

(1) Basic data

March 29, 2024

Title (Note 1)	Nationality or location of registration	Name	Gender Age	Date of election (appointment)	Tenure	First election (appointment) date	Shareholding as of elected date		No. of shares held currently		No. of shares currently held by the spouse and children		No. of shares held under others' names		Education and experience	Other positions held concurrently with the Company and other companies	Spouse or relatives within two degrees serving as managers, directors or supervisors			Note
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
Chairman	Republic of China	Hyield Venture Capital Co., Ltd.	-	2023.5.30	Three years	2017.5.26	5,198,272	7.16	6,953,272	6.77	-	-	-	-	-	-	-	-	-	-
Chairman	Republic of China	Rep.: Young-Way Liu	Male 61~70 years old	2023.5.30	Three years	2019.2.27	-	-	-	-	-	-	-	-	Department of Electrophysics, National Chiao Tung University Master's degree, University of Southern California Chairman of Socle Technology Corp. Specialist of Chairman of Hon Hai Precision Industry Co., Ltd. President of Princeton Technology Corp. Founder of ADSL IC Design House , Integrated Telecom Express Inc. Founder of ITE Tech. Inc. Founder of Young Micro Systems	Chairman and President of Hon Hai Precision Industry Co., Ltd. Chairman of Foxtron Vehicle Technologies Co., Ltd. Chairman of Foxsemicon Integrated Technology Inc. Chairman of PowerX Semiconductor Corporation Chairman of MIH Consortium Director of Fu Tai International Investment Co., Ltd Director of SiliconAuto B.V. Director of Ceer National Automotive Company	-	-	-	-
Director	Republic of China	Kevin Chiu	Male 51~60 years old	2023.5.30	Three years	2019.5.29	133,254	0.14	133,254	0.13	4,000	0.00	-	-	BSc in Electronic Engineering, University of Nevada, Las Vegas Manager at Pude Technology Manager at Asyst/PST	Chairman and President of Foxsemicon Integrated Technology Inc. Chairman and President of Foxsemicon Integrated (Shanghai) Inc. Director of Fox Automation Technology Inc. Director of Mindtech Corp. (Samoa) Director of Success Praise Corporation Director of Foxsemicon Integrated TechnologyInc. (Samoa) Foxsemicon Innovations Holding Inc. Director Director of UniEQ Integrated Technology Co., Ltd Director of UniEQ Technology PTE. Ltd Director, ZAP Surgical Systems, Inc.	-	-	-	-

Title (Note 1)	Nationality or location of registration	Name	Gender Age	Date of election (appointment)	Tenure	First election (appointment) date	Shareholding as of elected date		No. of shares held currently		No. of shares currently held by the spouse and children		No. of shares held under others' names		Education and experience	Other positions held concurrently with the Company and other companies	Spouse or relatives within two degrees serving as managers, directors or supervisors			Note
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
Director	Republic of China	Jong-Khing Huang	Male 71~80 years old	2023.5.30	Three years	2014.6.25	-	-	-	-	-	-	-	-	PhD in Medicine, University of Hamburg MOE certified professor Superintendent of Kaohsiung Veterans General Hospital Adjunct Professor of Department of Urology, National Yang-Ming University Adjunct Professor of Department of Surgery, National Defense Medical Center	Doctor with Contract, St. Joseph Hospital Director of Foxsemicon Integrated Technology Inc. Director of Medical Foundation in Memory of Dr. Deh-Lin Cheng Director of ASE Charity Foundation	-	-	-	-
Independent Director	Republic of China	Kang-Chih Li	Male 71~80 years old	2023.5.30	Three years	2014.6.25	-	-	-	-	-	-	-	-	PhD, Materials Science and Engineering, University of Cincinnati, Ohio, U.S. Supervisor of China Development Industrial Bank	President and Chairman of PDMC Technology Independent Director of Foxsemicon Integrated Technology Inc. CEO of Photronics INC. Director of Photronics Singapore PTE. LTD. Director of Hefei Fengchuang Mask Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Hsi-Chih Chen	Male 41~50 years old	2023.5.30	Three years	2012.6.27	-	-	-	-	-	-	-	-	Master's degree, Graduate Institute of Accounting, Chinese Culture University Team Leader, Audit Department, Deloitte Taiwan Specialist, Listing Examination Department, Taipei Exchange CPA, Wisdom Professional Certified Public Accountants	Director, DA HUI Limited Independent Director, Foxsemicon Integrated Technology Inc. CPA, Zhi Ding Accounting Firm	-	-	-	-
Independent Director	Republic of China	Shu-Hui Wu	Female 61~70 years old	2023.5.30	Three years	2019.5.29	-	-	-	-	-	-	-	-	EMBA in Accounting, National Taiwan University Senior Assistant Manager of KPMG	Director of Axis Corp. Chief of Tacheng Accounting Firm, Taichung Branch Independent Director of Foxsemicon Integrated Technology Inc. Supervisor of Semisils Applied Materials Corp., Ltd. Supervisor of Bike e+ Co., Ltd.	-	-	-	-

Title (Note 1)	Nationality or location of registration	Name	Gender Age	Date of election (appointment)	Tenure	First election (appointment) date	Shareholding as of elected date		No. of shares held currently		No. of shares currently held by the spouse and children		No. of shares held under others' names		Education and experience	Other positions held concurrently with the Company and other companies	Spouse or relatives within two degrees serving as managers, directors or supervisors			Note
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
Independent Director	Republic of China	Ya-Hui Huang	Female 51~60 years old	2023.5.30	Two years	2021.7.26	-	-	-	-	-	-	-	-	EMBA and ster in Finance, National Taiwan University. Vice President and CLO of Taiwan Mobile Co., Ltd. Supervisor of Globalview Cable TV Co., Ltd.; Supervisor of Yeong Jia Leh Cable TV Co., Ltd.; Supervisor of Union Cable TV Co., Ltd. Supervisor of Phoenix Cable TV Co., Ltd.; Supervisor of Tai-Fu Cloud Technology Co., Ltd. Independent Director, Tynsolar Corporation Independent Director of Tyntek Corporation.	Independent Director of The Ambassador Hotel Co., Ltd. Independent Director of Advagene Biopharma Co., Ltd. Director of Hsinjing Holding Co., Ltd. Director of Taicon Corporation Responsible Person of Hwang, Lin & Partners Independent Director, Foxsemicon Integrated Technology Inc.	-	-	-	-

(2) Major shareholders of legal person shareholders

March 31, 2024

Name of the legal person shareholder	Major shareholders of legal person shareholders	Shareholding %
Hyield Venture Capital Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	97.95%
	Bao Xin International Investment Limited	2.05%

(3) Major shareholders of large legal person shareholders

April 2, 2023

Name of the legal person shareholder	Major shareholders of legal person shareholders	Shareholding %
Hon Hai Precision Industry Co., Ltd.	Terry Guo	12.56%
	Citibank custodian account for Government of Singapore Investment Corp.	2.78%
	Labor Pension Fund - New System	1.64%
	Standard Chartered's custodian account for LGT	1.20%
	JPMorgan Chase Bank's custodian account for Vanguard Emerging Markets Stock Index Fund	1.19%
	JPMorgan Chase Bank's custodian account for Starlight Capital's Advanced Aggregate International Stock Index	1.14%
	Citibank custodian account for Norges Bank	1.06%
	Citibank custodian account for Hon Hai Precision Industry Co., Ltd. depository receipts	1.06%
	Yuanta Taiwan Excellent 50 in the custody of CTBC Bank Co., Ltd.	0.89%
	iShares Emerging Market ETF investment accounts in the custody of Standard Chartered Bank	0.82%
Bao Xin International Investment Limited	Hon Hai Precision Industry Co., Ltd.	100.00%

(4) Professionalism and independence of directors and supervisors

Qualifications / Name	Professional qualifications and experiences	Independence status	Number of independent directors on the Company's board who also serves on the boards of other listed companies.
Representative of Hongyang Venture Capital Co., Ltd.: Liu, Young-Way	Masters, Department of Electrophysics, National Chiao Tung University and University of Southern California. Serving as Chairman and President of Hon Hai Precision Industry Co., Ltd., fully qualified as the Chairman of the company. There has been no occurrence of events as stated under Article 30 of the company Act.		0

<table>
<tr><th>Qualifications / Name</th><th>Professional qualifications and experiences</th><th>Independence status</th><th>Number of independent directors on the Company's board who also serves on the boards of other listed companies.</th></tr>
<tr><td>Kevin Chiu</td><td>Bachelor, Department of Electrical and Computer Engineering, University of Nevada, Las Vegas. Serving as Director and President of Foxsemicon Integrated Technology (Shanghai) Inc., a subsidiary of Foxsemicon Integrated Technology Inc., Director of FOX AUTOMATION TECHNOLOGY INC., Director of Mindtech Corp.(Samoa), Director of Success Praise Corporation, Director of Foxsemicon Integrated Technology Inc. (Samoa). Fully qualified as the Director of the company. There has been no occurrence of events as stated under Article 30 of the company Act.</td><td></td><td>0</td></tr>
<tr><td>Jong-Khing Huang</td><td>PhD, Medical School, University of Hamburg. Previously served as Superintendent of Kaohsiung Veterans General Hospital. Thus, the Director has an in-depth understanding of medical equipment, providing qualified support to the company’s medical equipment business department. Fully qualified as the company’s director. There has been no occurrence of events as stated under Article 30 of the company Act.</td><td></td><td>0</td></tr>
<tr><td>Kang-Chih Li</td><td>PhD, Materials Science and Engineering, University of Cincinnati, Ohio, U.S. Previously served as supervisor of China Development Industrial Bank and President of PHOTRONICS DNP MASK CORPORATION for years, with a wealth of experience in the semiconductor industry that benefits the company. Fully qualified as the Company’s director. Significant contributions to the Company. No circumstances as described in Article 30 of the Company Act.</td><td rowspan="3">Met the following conditions during the two years prior to the term and while serving the term:
(1) Not an employee of the company or its affiliates.
(2) Not a director or supervisor of the company or any of its affiliates.
(3) Holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.
(4) Not a manager as specified in (1) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the third degree of kinship under the Civil Code as specified in (2) and (3).
(5) Not a director, supervisor, or employee shareholder that directly holds 5% or more of the total number of issued shares of the company, or that designates its representative to serve as a director or supervisor of the company under Article 27,</td><td>0</td></tr>
<tr><td>Hsi-Chih Chen</td><td>Masters in Accounting, Chinese Culture University. Previously served as the specialist of the OTC Department, Taipei Exchange. A certified accountant possessing professional knowledge in accounting and various laws and regulations. Fully Qualified as the company’s director. There has been no occurrence of events as stated under Article 30 of the company Act.</td><td>0</td></tr>
<tr><td>Shu-Hui Wu</td><td>EMBA in Accounting, National Taiwan University. Currently also serving as supervisor of Axis Corporation. A certified accountant possessing professional knowledge in accounting and various laws and regulations. Fully qualified as the company’s director. No circumstances as described in Article 30 of the Company Act.</td><td>0</td></tr>
</table>

Qualifications / Name	Professional qualifications and experiences	Independence status	Number of independent directors on the Company's board who also serves on the boards of other listed companies.
Ya-Hui Huang	EMBA in Accounting and Master in Finance from National Taiwan University. Previously served as Taiwan High Court Judge. A licensed lawyer. Previously served as Vice President and Legal Head of Taiwan Mobile Co., Ltd.; Supervisor of Globalview Cable TV Co., Ltd.; Supervisor of Yeong Jia Leh Cable TV Co., Ltd.; Supervisor of Union Cable TV Co., Ltd.; Supervisor of Phoenix Cable TV Co., Ltd.; Supervisor of Tai-Fu Cloud Technology Co., Ltd.; Independent Director of Tynsolar Corporation; Independent Director of Tyntek Corporation. Currently serving as Independent Director of Ambassador Hotel Co., Ltd.; Supervisor of Taipei New Horizon Co., Ltd. (Songshan Cultural and Creative Park, BOT); Responsible Person of Hwang, Lin and Partners; Legal Counsel of Fubon Financial Holding Co., Ltd.; Legal Counsel of Taiwan Fixed Network Co., Ltd.; Legal Counsel of Taiwan Mobile Co., Ltd.; Legal Counsel, Shihlin Electric and Engineering Corporation; Legal Counsel of HCT Logistics Co., Ltd.; Legal Counsel of Yangde Management Consultant Co., Ltd.; and Legal Counsel of Taiwan Fertilizer Co., Ltd.. Fully qualified as the company's director. No circumstances described in Article 30 of the Company Act.	paragraph 1 or 2 of the company Act. (6) Not someone who controls more than half of a company's directors or voting shares in any other company. (7) Not the same person or spouse of the director, supervisor, manager or equivalent at another company or institution. (8) Not a director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual, nor an owner, partner, director, supervisor, nor officer of a sole proprietorship, partnership, company, nor institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT$500,000 in the past 2 years, nor a spouse thereof, provided this restriction does not apply to a compensation committee member, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations. (10) Not a spouse or a blood relative within the second degree of kinship under the Civil Code to any other director. (11) Not under any of the categories stated in Article 30 of the company Act. (12) Not being elected as a representative to the government or an institution under Article 27 of the company Act.	2

(II) Information on President, Vice Presidents, Assistant Vice Presidents, and managers of all divisions and branches

March 29, 2024

Title	Nationality	Name	Gender	Date of election (appointment)	No. of shares held		No. of shares held by the spouse and children		No. of shares held under others' names		Education and experience	Other positions held concurrently with other companies	Spouse or relatives within two degrees serving as managers			Note
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
President and CEO	Republic of China	Kevin Chiu	Male	2018.8..10	133,254	0.13	4,000	0.00	-	-	BSc in Electronic Engineering, University of Nevada, Las Vegas Manager at Pude Technology Manager at Asyst/PST	Chairman and President of Foxsemicon Integrated Technology Inc. Chairman and President of Foxsemicon Integrated (Shanghai) Inc. Director of Fox Automation Technology Inc. Director of Mindtech Corp. (Samoa) Director of Success Praise Corporation Director of Foxsemicon Integrated TechnologyInc. (Samoa) Chairman of Foxsemicon Innovations Holding Inc. Director of UniEQ Integrated Technology Co., Ltd Director of UniEQ Technology PTE. Ltd Director of UniEQ Equipment Manufacturing Private Limited Director, ZAP Surgical Systems, Inc.	-	-	-	-
Senior Vice President and Chief Strategy Officer of Fabrication and Service Business Group	Republic of China	Chi-Chih Huang	Male	2001.08.20	294,171	0.29	30,542	0.03	97,000	0.09	PhD, Department of Chemistry, University of Texas, U.S. Chairman and President of Pude Technology	Foxsemicon LLC Manager	-	-	-	-

Title	Nationality	Name	Gender	Date of election (appointment)	No. of shares held		No. of shares held by the spouse and children		No. of shares held under others' names		Education and experience	Other positions held concurrently with other companies	Spouse or relatives within two degrees serving as managers			Note
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
Chief Investment Officer and Vice President (Note 1)	Republic of China	Grace J.Y. Lee	Female	2022.10.03	-	-	-	-	-	-	Master's degree, Biochemistry and Biotechnology, Cornell University, U.S. JD, Golden Gate University, San Francisco, California, U.S. Attorney at Meritech Law, U.S. Director, UC Berkeley Accelerator Senior Director and Chief Strategy Officer, Stryker, U.S. Attorney at Thelen Reid Pries, U.S.	-	-	-	-	-
Vice President	Republic of China	Jack Chen	Male	2023.01.11	-	-	-	-	-	-	Master's degree, Industrial Engineering, Auburn University Bachelor of Science, Department of Industrial Engineering, Tunghai University. Executive Vice President, Operations, PANJIT International International Rectifier Backend General Manager Quality Assurance/Operation Director, Ardentec Technology Manager, Testing Department, Vanguard International Semiconductor Corporation Manufacturing Process Engineer, Texas Instruments Taiwan Ltd.	Chairman, Foxsemicon Technology, LLC	-	-	-	-

Title	Nationality	Name	Gender	Date of election (appointment)	No. of shares held		No. of shares held by the spouse and children		No. of shares held under others' names		Education and experience	Other positions held concurrently with other companies	Spouse or relatives within two degrees serving as managers			Note
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
CFO and Corporate Governance Officer	Republic of China	Yung-Fang Tsou	Male	2021.8.11	10,000	0.01	-	-	-	-	Master's degree, Finance, National Central University Bachelor of Science in Industrial Engineering and Management from National Chiao Tung University Vice President & CFO, Longchen Paper & Packaging Co., Ltd Assistant Vice President, Standard Chartered Bank CFO, Taiwan Leader Advanced Technology Corporation	Chairman, Frontier Integrated Global Solutions, Inc. Director of UniEQ Integrated Technology Co., Ltd Director of UniEQ Equipment Manufacturing Private Limited	-	-	-	-
Senior Manager, Accounting Department	Republic of China	Hsiao-Pei Chung	Female	2012.03.21	57,729	0.06	-	-	-	-	Department of Finance, Chung Hua University	Supervisor of Frontier Integrated Global Solutions, Inc. Supervisor, Kainova Technology Inc.	-	-	-	-
Audit Manager	Republic of China	Si-Ying Wu	Female	2012.09.30	6,000	0.01	-	-	-	-	Master's degree, Department of Accounting, National Chung Cheng University Team Leader, PwC Taiwan	-	-	-	-	-

III. Remuneration to Directors, Supervisors, President and Vice Presidents during the most recent fiscal year

(I) Remuneration to Directors and Independent Directors

December 31, 2023 Unit: NT$1,000

Title	Name	Remuneration to directors								(A+B+C+D) as % of net income		Compensations received as an employee								(A+B+C+D+E+F+G) as % of net income		Compensations received from investees (which are not subsidiaries) or from the parent
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Business performance expenses (D)				Salary, bonuses and special allowance (E)		Pension (B)		Remuneration received as an employee						
																The Company		All the companies included in financial statements				
		The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All the companies included in financial statements	
Director	Representative of Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu Kevin Chiu Jong-Khing Huang	-	-	-	-	4,873	4,873	254	254	0.26	0.26	7,249	7,249	108	108	12,249	0	12,249	0	1.24	1.24	-
Independent Director	Kang-Chih Li Hsi-Chih Chen Shu-Hui Wu Ya-Hui Huang	-	-	-	-	6,497	6,497	1,068	1,068	0.38	0.38	-	-	-	-	-	-	-	-	0.38	0.38	-

1. Please specify the policy, system, standard, and structure of director remuneration and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:

(1) Remuneration policy, system, standards, and structure:

A. Independent directors' remuneration includes board fees as stipulated in the company's articles of association and business execution fees, which comprise monthly fixed fees and attendance fees according to the board of directors' current regulations on various fees for directors.

B. Attendance fees are considered income earned from the performance of duties. They are calculated based on the number of times the independent director personally attends board meetings, audit committee meetings, and remuneration committee meetings.

(2) Relationship between responsibilities, risks, time commitment, and remuneration:

The remuneration of independent directors is listed according to the provisions of the company's articles of association. It is determined annually by the Remuneration and Remuneration Committee based on the responsibilities assumed by the independent director, their level of participation in operations, and their contributions to the company. The committee's recommendations are then submitted to the board of directors for resolution.

2. In addition to the disclosure listed in the table above, the remuneration received by the directors (such as acting as a consultant for the parent company/all companies in the financial report/reinvested enterprises that are not employees) for the services provided: None.

Table for Range of Remunerations

Numerical rangeof remuneration paid to individual directors	Name of director			
	A+B+C+D		A+B+C+D+E+F+G	
	The Company	All the companies included in financial statements H	The Company	All the companies included in financial statements I
> NT$1,000,000	-	-	-	-
NT$1,000,000 to less than NT$2,000,000	Representatives of Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu, Kevin Chiu, Jong-Khing Huang; Kang-Chih Li; Hsi-Chih Chen; Shu-Hui Wu; Ya-Hui Huang	Representatives of Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu, Kevin Chiu, Jong-Khing Huang; Kang-Chih Li; Hsi-Chih Chen; Shu-Hui Wu; Ya-Hui Huang	Representatives of Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu, Jong-Khing Huang; Kang-Chih Li; Hsi-Chih Chen; Shu-Hui Wu; Ya-Hui Huang	Representatives of Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu, Jong-Khing Huang; Kang-Chih Li; Hsi-Chih Chen; Shu-Hui Wu; Ya-Hui Huang
NT$2,000,000 to less than NT$3,500,000	-	-	-	-
NT$3,500,000 to less than NT$5,000,000	-	-	-	-
NT$5,000,000 to less than NT$10,000,000	-	-	-	-
NT$10,000,000 to less than NT$15,000,000	-	-	-	-
NT$15,000,000 to less than NT$30,000,000	-	-	Kevin Chiu	Kevin Chiu
NT$30,000,000 to less than NT$50,000,000	-	-	-	-
NT$50,000,000 to less than NT$100,000,000	-	-	-	-
>NT$100,000,000	-	-	-	-
Total	7	7	7	7

(II) Remuneration paid to supervisors during the most recent year: The Company established Audit Committee on June 25, 2014 and at that juncture, supervisors were removed as a matter of course.

(III) Remuneration to President and Vice Presidents during the most recent year

December 31, 2023 Unit: NT$1,000

Title	Name	Remuneration (A)		Pension (B)		Bonuses and special allowance (C)		Remuneration received as an employee (D)				(A+B+C+D) as % of net income		Compensations received from investees (which are not subsidiaries) or from the parent
		The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements	The Company		All the companies included in financial statements		The Company	All the companies included in financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President and CEO	Kevin Chiu	17,676	22,816	540	540	2,940	2,940	21,198	-	21,198	-	2.13%	2.39%	-
Senior Vice President and Chief Strategy Officer	Chi-Chih Huang													
Vice President and Corporate Governance Officer	Yung-Fang Tsou													
Vice President	Grace J.Y. Lee													
Vice President	Jack Chen													

Table for Range of Remunerations

Range of Remunerations to Each President and Vice President	Names of Presidents and Vice Presidents	
	The Company	All the companies included in financial statements E
> NT$1,000,000	-	-
NT$1,000,000 to less than NT$2,000,000	-	-
NT$2,000,000 to less than NT$3,500,000	-	-
NT$3,500,000 to less than NT$5,000,000	-	-
NT$5,000,000 to less than NT$10,000,000	Chi-Chih Huang; Yung-Fang Tsou; Grace J.Y. Lee; Jack Chen	Chi-Chih Huang; Yung-Fang Tsou; Grace J.Y. Lee; Jack Chen
NT$10,000,000 to less than NT$15,000,000	-	-
NT$15,000,000 to less than NT$30,000,000	Kevin Chiu	Kevin Chiu
NT$30,000,000 to less than NT$50,000,000	-	-
NT$50,000,000 to less than NT$100,000,000	-	-
>NT$100,000,000	-	-
Total	Five people	Five people

(IV) Remunerations paid to managers as employees during the most recent year, names of managers and amounts paid

December 31, 2023, Unit: NT$1,000, ％

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total amount as% of net income
Manager	President and CEO	Kevin Chiu	0	22,470	22,470	1.13
	Senior Vice President and Chief Strategy Officer	Chi-Chih Huang				
	Vice President and Corporate Governance Officer	Yung-Fang Tsou				
	Vice President	Grace J.Y. Lee				
	Accounting Director	Hsiao-Pei Chung				

(V) Analysis of the ratio of total remuneration paid to the Directors, Supervisors, President, and Vice Presidents in the most recent two years by the company and all companies in the consolidated financial statements to the net income in the standalone or individual financial report, and explanation of the remuneration policy, standard and combination, and procedures for determining remuneration, and their correlation with business performance and future risks.

(1) Analysis on the ratio taken by the gross total of compensation paid by the company and all firms disclosed in the consolidated financial statements to the directors, supervisor, president and vice presidents of this company to the net earnings after tax over the past two years.

Year / Item	2022		2023	
	The Company	All the companies included in financial statements	The Company	All the companies included in financial statements
Total remuneration to directors, supervisors, President and Vice Presidents	2.10%	2.10%	2.77%	3.02%

(2) Description of the policies, criteria and composition of compensation; the procedures to determine compensation, and their interrelationship with business performance and future risks.

The Company's director compensation consists of fixed compensation (execution and attendance fees) and within 0.5% of the current year profits for the year in accordance with Article 29 of the Articles of Incorporation. A reasonable compensation is given to directors by taking into account the Company's operational outcomes and the contributions from the board performance and the directors' individual performance during the year based on self-assessments. The remuneration to managers is based on the Company's relevant HR regulations, the industry-level salaries for the same positions, the responsibilities of the positions in the Company and the contribution to the Company's operational targets. Bonuses are provided according to the Company's annual business performance, financial status, operation and the individual's work performance. Meanwhile, Article 29 of the Articles of Incorporation stipulates that 3% to 8% of annual profits, if any, shall be allocated as remuneration to employees. The Company refers to results of managers' performance reviews conducted in accordance with Regulations Governing Performance Assessments of Managers as the basis of bonuses to managers. The metrics for managers' performance reviews on managers are determined according to the Company's target for revenues, profits and earnings per share during the year. A reasonable remuneration is provided also based on the achievement of personal performance and the contribution to the corporate performance. Relevant performance reviews and remuneration reasonableness are examined by Remuneration Committee and the Board of Directors. The remuneration system is evaluated on a timely basis according to operational status and relevant laws, in order to ensure the Company's sustainable operation and balance of risk control.

IV. Functioning of corporate governance

(I) Functioning of the Board:

The Board convened 8 meetings (A) during the most recent year (2023). Attendance by directors is shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) [B/A]	Note
Chairman	Representative of Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu	7	1	87.5	Term renewed on May 30, 2023
Director	Kevin Chiu	8	0	100.00	Term renewed on May 30, 2023
Director	Jong-Khing Huang	8	0	100.00	Term renewed on May 30, 2023
Independent Director	Kang-Chih Li	7	1	87.5	Term renewed on May 30, 2023
Independent Director	Hsi-Chih Chen	8	0	100.00	Term renewed on May 30, 2023
Independent Director	Shu-Hui Wu	8	0	100.00	Term renewed on May 30, 2023
Independent Director	Ya-Hui Huang	8	0	100.00	Term renewed on May 30, 2023

Other matters of note

I. In case of any of the following circumstances with the functioning of the Board of Directors, it is necessary to provide the board meeting dates, sessions, agendas, opinions from all Independent Directors and the ways the Company handles such opinions:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act

Important resolution dates	Contents of important proposals and subsequent actions	Decisions by independent directors and the Company's handling of opinions from independent directors
20th meeting of the 8th Board -2023.2.24	1. 2022 distribution of remuneration to employees and directors 2. 2022 review of the Company's internal control system effectiveness and Statement for Internal Control 3. Appointment, remuneration and independence assessment of external accountants 4. Amendment to the Company's Operational Procedures for Loans to Others 5. Amendment to the Company's Operational Procedures for Responding to Directors' Requests 6. Review of 2022 distribution of remuneration to managers	Approved by all independent directors

	7. Review of 2022 performance targets and bonus calculation methods for managers 8. 2022 list of employee stock options, share subscriptions by managers and non-managers and number of shares available for subscriptions	
24th meeting of the 8th Board -2023.5.10	1. Proposal for the Company to provide a guarantee to its 100% indirectly owned U.S. subsidiary, Foxsemicon Technology LLC. 2. Plan to amend the "Procedures for Handling Derivative Transactions by Foxsemicon Integrated Technology Inc. for its Subsidiaries."	Approved by all independent directors
2nd meeting of the 9th Board -2023.8.9	1. Appointment and independence assessment of external accountants 2. Amend the Company's "Policy for Impairment Assessment of Accounts Receivable." 3. Amend the Company's "Insider Trading Prevention Management Operating Procedures." 4. Review of 2023 adjustment to managers' remuneration	Approved by all independent directors
3rd meeting of the 9th Board -2023.11.10	1. 2024 audit plan 2. Proposal to investment in a Thai subsidiary. 3. Capital expenditure budget proposal for UniEQ Integrated Technology Co., Ltd., a Thai subsidiary wholly owned by the Company. 4. The company's 100% owned subsidiary, Foxsemicon Integrated Technology (Shanghai) Inc., plans to dispose of its interest in the Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership).	Approved by all independent directors

(II) Other than the aforesaid matters, board resolutions under objection or reservation, recorded or declared in writing by independent directors: None.

II. For any recusal by directors from proposals due to conflict of interest, it is necessary to provide the names of directors, proposal contents, reasons for the required recusal and participating in voting.

1. The proposal for the distribution of employee and director remuneration for 2022 was discussed at the February 24, 2023, Board of Directors meeting chaired by Director Kevin Chiu in the absence of Chairman Young-Way Liu. Due to a conflict of interest arising from the director remuneration allocation individual details, directors Young-Way Liu, Kevin Chiu, Jong-Khing Huang, Shu-Hui Wu, Kang-Chih Li, Hsi-Chih Chen, and Ya-Hui Huang recused themselves from the meeting. Each director recused themselves according to the law, and the remaining attending directors passed the proposal unanimously. When Director Kevin Chiu recused himself due to a conflict of interest, he appointed Director Kang-Chih Li to assume the chairmanship and temporarily preside over the meeting proceedings. This decision was passed with the unanimous consent of the remaining attending directors.
2. The Board of Directors meeting held on February 24, 2023 (with Chairman Young-Way Liu delegating the chairmanship to Director Kevin Chiu) discussed the company's 2022 annual management compensation distribution plan. Due to Director Kevin Chiu's personal interest in, Director Kang-Chih Li was appointed to assume the chairmanship and temporarily preside over the meeting. Except for Director Chiu, who recused himself according to the law, the remaining attending directors passed the proposal unanimously.
3. The Board of Directors meeting held on February 24, 2023 (with Chairman Young-Way Liu delegating the chairmanship to Director Kevin Chiu) discussed the matter of the Company's 2022 Employee Stock Option Certificates, the list of managers and non-managers eligible to exercise their stock options, and the number of shares they are eligible to purchase. Due to Director Kevin Chiu's personal interest in , Director Kang-Chih Li was appointed to assume the chairmanship and temporarily preside over the meeting. Except for Director Chiu, who recused himself according to the law, the remaining attending directors passed the proposal unanimously.
4. The Board of Directors meeting held on April 18, 2023, discussed lifting the non-compete restrictions for the newly appointed directors and their representatives. Chairman Young-Way Liu, Director Kevin Chiu, Director Jong-Khing Huang, Director Shu-Hui Wu, Director Kang-Chih Li, Director Hsi-Chih Chen, and Director Ya-Hui Huang recused themselves from the meeting due to their personal interest in the matter. Four independent directors, Director Shu-Hui Wu, Director Kang-Chih Li, Director Hsi-Chih Chen, and Director Ya-Hui Huang, recused themselves due to a conflict of interest. The remaining attending directors

unanimously passed the proposal. When the three general directors, Chairman Young-Way Liu, Director Kevin Chiu, and Director Jong-Khing Huang, recused themselves due to a conflict of interest, Director Shu-Hui Wu temporarily assumed the chairmanship and presided over the meeting. The proposal was then passed with the unanimous consent of the remaining attending directors.

5. The Board of Directors meeting on August 9, 2023, discussed adjusting the company's management salaries for 2023. Attending Director Kevin Chiu (being a manager himself) recused himself from the meeting due to a conflict of interest. The remaining attending directors passed the motion without objection.

III. A TWSE/TPEx listed company should disclose the cycles, periods, scopes, method and contents of self-assessments (or peer assessments) of the Board of Directors and implementation of Board assessments:

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Implemented once a year	January 1, 2023 to December 31, 2023	Performance review of the Board, individual directors and functional committees	Self-assessments by the Board and by individual directors	(1) The performance evaluation of the Board of Directors encompasses five key aspects: (1) degree of involvement in company operations, (2) enhancement of board decision quality, (3) board composition and structure, (4) director selection and continuous professional development, and (5) internal control. (2) The performance evaluation of individual board members encompasses 6 key aspects: (1) understanding of company goals and objectives, (2) awareness of director's responsibilities, (3) degree of involvement in company operations, (4) management of internal relationships and communication, (5) director's professionalism and continuous professional development, (6) internal control: (3) The performance evaluation of the Audit Committee and Remuneration Committee encompasses 5 key aspects: (1) degree of involvement in company operations, (2) understanding of functional committee responsibilities, (3) enhancement of functional committee decision quality, (4) functional committee composition and member selection (5) internal control.

IV. The goals for enhancing the functions of the Board of Directors of the year and the latest year (e.g. establishment of the Audit Committee, or improvement of transparency for information) and the assessment to the implementation.

(I) The company has on December 20, 2011 appointed the Remuneration Committee and on June 25, 2014, the Audit Committee, and has established the Remuneration Committee Charter and the Audit Committee Charter. The appointment of the committees is to exercise the powers of the Securities and Exchange Act and other laws in order to achieve the purpose of strengthening board functions and corporate governance. On the operation of the Audit Committee and Remuneration Committee, please refer to page 29-32 and page 48 of this annual report. (II) The company has appointed a corporate governance officer. The appointment was ratified by board resolution on August 11, 2021 for Mr. Yung-Fang Tsuo to act as the corporate governance officer. Mr. Tsuo has more than ten years of financial officer management work experience in listed companies. Responsible for the key tasks of corporate governance: (I) Process related matters for the meetings of the board of directors and shareholders. (II) Prepare meeting minutes for the board and shareholders' meetings. (III) Support directors in onboarding and continuous education. (IV) Provide directors the information required for performing business. (V) Support the directors in legal compliance. Continuing education in 2023 is as follows;

Training date	Organizer	Curriculum	No. of training hours
2023/06/07	Securities & Futures Institute	Technological Advancements and Business Opportunities in Electric Vehicles and Smart Cars	3 hours
2023/10/20	Securities & Futures Institute	Discussion on Corporate Governance Blueprint 3.0 and Directorial Responsibilities	3 hours
2023/11/23	Securities & Futures Institute	Corporate Governance Trends and Sustainable Corporate Development	3 hours
2023/12/08	Securities & Futures Institute	Challenges and Responsibilities of the Board of Directors under Corporate Governance Evaluation Indicators and Sustainable Action Plans	3 hours

(Appendix 1) Board meeting attendance by independent directors in 2023

◎: Attendance in person ☆: Attendance by proxy

Name	The 8th Board 21st meeting 2023.2.24	The 8th Board 22nd meeting 2023.3.14	The 8th Board 23rd meeting 2023.4.18	The 8th Board 24th meeting 2023.5.10	The 9th Board 1st meeting 2023.5.30	The 9th Board 2nd meeting 2023.8.9	The 9th Board 3rd meeting 2023.11.10	The 9th Board 4th meeting 2023.12.22
Hsi-Chih Chen	◎	◎	◎	◎	◎	◎	◎	◎
Kang-Chih Li	◎	◎	◎	◎	◎	◎	☆	◎
Shu-Hui Wu	◎	◎	◎	◎	◎	◎	◎	◎
Ya-Hui Huang	◎	◎	◎	◎	◎	◎	◎	◎

(II) State of operation of the Audit Committee:

1. Key work of the Audit Committee and operating status

The Company's 1st Audit Committee was officially established on June 25, 2014. The 2nd Audit Committee was fully re-elected on May 26, 2017. The 3rd Audit Committee was fully re-elected on May 28, 2020. The 4th Audit Committee was fully re-elected on May 30, 2023, and comprises four independent directors. Independent director Shu-Hui Wu was elected as the independent director convener, and the committee meets at least once per quarter. The Audit Committee aims to support the Board of

Directors in fulfilling its duties in monitoring the quality and integrity of the company by executing related accounting, audit, financial reporting procedures and financial controls.

Audit Committee held five meetings in 2023. The main issues reviewed include:

1. Financial statements audit and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Asset transactions or derivatives trading of a material nature
4. Lending funds and endorsements or guarantees of a material nature
5. The offering or issuance of equity-type securities
6. Legal compliance
7. Company risk management
8. Length of service and independence of CPAs
9. The hiring, discharge, or remuneration of an attesting CPA

Review of financial reports: The Board of Directors has prepared the Company's 2023 business report, financial statements and proposal for earnings distribution. The financial statements have been audited by PwC Taiwan and issued with an unqualified opinion. Audit Committee has reviewed the above-mentioned business report, financial statements, and earnings appropriation proposal without identifying any inconsistencies.

Evaluate the effectiveness of the internal control system: The Audit Committee evaluates the effectiveness of the policies and procedures of the company's internal control system, and reviews the company's audit department and CPAs, and the regular reports of management, which includes risk management and legal compliance. With reference to the Internal Control — Integrated Framework, published in 2013 by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee thinks that the company's risk management and internal control system is effective. The company has adopted the necessary control mechanisms for monitoring and corrections of violations.

Certified Public Accountant (CPA): The Audit Committee is responsible for monitoring the independence of CPAs to ensure the impartiality of the financial statements. In general, CPA firms shall not provide the company other services besides tax-related services or specially approved items. All of the services provided by the CPA firms shall be approved by the Audit Committee in prior. To ensure the independence of the CPA firm, the Audit Committee has developed an independence evaluation form based on Article 47 of the Certified Public Accountant Act and ROC Certified Public Accountants Code of Ethics No. 10: "Integrity, Fairness, Objectivity, and Independence." This form is used to evaluate the independence, professionalism, and competence of the auditors, considering factors such as whether the auditors have any relationships with the company and whether they have any business or financial interests with the Company. The 3rd meeting of the 4th Audit Committee on February 29, 2024 and the 5th meeting of the 9th Board on February 29, 2024 reviewed and approved that both CPA Sheng-Chung Hsu and CPA Jen-Chieh Wu with PwC Taiwan meet the assessment criteria for independence and are qualified to serve as the Company's external auditors of financials and accounts.

2. Audit Committee convened 5 meetings (A) during the most recent year. Attendance by independent directors is shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Note
Independent Director	Hsi-Chih Chen	5	0	100.00	Term renewed on May 30, 2023
Independent Director	Kang-Chih Li	3	2	60.00	Term renewed on May 30, 2023
Independent Director	Shu-Hui Wu	4	1	80.00	Term renewed on May 30, 2023
Independent Director	Ya-Hui Huang	5	0	100.00	Term renewed on May 30, 2023

Other matters of note

I. In any of the following circumstances with the functioning of Audit Committee, it is necessary to provide the board meeting dates, sessions, agendas, conclusions by Audit Committee and the ways the Company handles the opinions of Audit Committee:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act.

Important resolution dates	Contents of important proposals and subsequent actions	Decisions by independent directors and the Company's handling of opinions from independent directors
20th meeting of the 8th Board -2023.2.24	1. 2022 distribution of remuneration to employees and directors 2. 2022 review of the Company's internal control system effectiveness and Statement for Internal Control 3. Appointment, remuneration and independence assessment of external accountants 4. Amendment to the Company's Operational Procedures for Loans to Others 5. Amendment to the Company's Operational Procedures for Responding to Directors' Requests 6. Review of 2022 distribution of remuneration to managers 7. Review of 2022 performance targets and bonus calculation methods for managers 8. 2022 list of employee stock options, share subscriptions by managers and non-managers and number of shares available for subscriptions 9. The Company's 2022 business report, parent-only financial statements, consolidated financial statements and the earnings distribution proposal.	Approved by all independent directors
24th meeting of the 8th Board -2023.5.10	1. Proposal for the Company to provide a guarantee to its 100% indirectly owned U.S. subsidiary, Foxsemicon Technology LLC. 2. Plan to amend the "Procedures for Handling Derivative Transactions by Foxsemicon Integrated Technology Inc. for its Subsidiaries." 3. The Company's consolidated financial statements for the first quarter of 2023.	Approved by all independent directors
2nd meeting of the 9th Board -2023.8.9	1. Appointment, remuneration and independence assessment of external accountants. 2. Capital expenditure budget proposal for UniEQ Integrated Technology Co., Ltd., a Thai subsidiary wholly owned by the Company. 3. The company's 100% owned subsidiary, Foxsemicon Integrated Technology (Shanghai) Inc., plans to dispose of its	Approved by all independent directors

		interest in the Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership). 4. Review of 2022 adjustment to managers' remuneration 5. The Company's consolidated financial statements for the second quarter of 2023.	
	3rd meeting of the 9th Board -2023.11.10	1. 2024 audit plan 2. Proposal to investment in a Thai subsidiary. 3. Capital expenditure budget proposal for UniEQ Integrated Technology Co., Ltd., a Thai subsidiary wholly owned by the Company. 4. The company's 100% owned subsidiary, Foxsemicon Integrated Technology (Shanghai) Inc., plans to dispose of its interest in the Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership). 5. The Company's consolidated financial statements for the third quarter of 2023.	Approved by all independent directors

(II) Other than the aforesaid matters, any resolution approved by over two thirds of directors but not approved by Audit Committee: None.

II. For any recusal by independent directors from proposals due to conflict of interest, it is necessary to provide the names of independent directors, proposal contents, reasons for the required recusal and participating in voting: None.

III. Independent directors' communication with internal audit managers and external auditors (including major issues in financials and business, communication methods and outcomes)

(I) Independent directors have direct channels to communicate with internal audit managers and external auditors and maintain good communication.

(II) Audit Committee regularly convenes meetings by inviting external accountants and audit directors. Relevant supervisors are also invited when necessary.

(III) Internal audit directors present quarterly summary reports to Audit Committee according to annual audit plans.

(IV) Annual assessments on the independence of external auditors are conducted and reviewed by Audit Committee. The 2024 review on the independence of external auditors was approved by Audit Committee on February 29, 2024 and submitted to the Board of Directors.

(V) The Company's independent directors convene communication meetings with external auditors or internal auditors from time to time. Please refer to the corporate website for communication records.

(III) Supervisors' participation in board functioning

The shareholders' meeting on June 25, 2014 reelected the entire board of directors. Meanwhile, Audit Committee was established according to the Articles of Incorporation and comprised of all independent directors, to replace supervisors. As a matter of course, supervisors were removed on June 25, 2014.

(IV) Functioning of corporate governance and differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences:

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
I. Has the Company established and disclosed its practical guidelines on corporate governance, in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Board of Directors approved the Company's Practical Guidelines on Corporate Governance on December 24, 2014. This has been disclosed via Market Observation Post System and on the corporate website.	No difference
II. Ownership structure and shareholders' equity (I) Has the Company established internal procedures for handling of suggestions/concerns from and disputes/litigations with shareholders, and implemented such procedures accordingly? (II) Does the Company have the list of ultimate controlling shareholders and the ultimate controllers of major shareholders?	✓ ✓		(I) We have established a spokesperson system according to the Management Guidelines on Prevention of Insider Trading. Spokespersons or designated personnel are responsible for handling suggestions, questions, disputes and litigations in relation to shareholders. (II) In accordance with Article 25 of the Securities and Exchange Act, the Company files monthly reports on shareholding changes of insiders (including directors, managers and the shareholders with at least 10% stakes) via Market Observation Post System designated by the Securities and Futures Bureau.	No difference

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
(III) Has the Company established and implemented risk control and firewalls with affiliated enterprises?	✓		(III) In addition to the various risk control mechanisms in place, the Company has established relevant procedural guidelines (such as subsidiary operational management) on its operation, business and financial dealings with affiliated enterprises. On top of assistance to subsidiaries in documentation and the internal control system, we have also established the approval authorization by subsidiaries; management of related party transactions; operational procedures of transactions with specific companies, related parties and group companies and formulated the procedures for asset acquisitions or disposals; procedures for endorsements/guararantees and lending to others and procedures for trading of derivatives in a way similar with the parent company, in order to ensure risk control of subsidiaries. The subsidiaries have all established their own risk control mechanisms, as well as the risk control mechanisms and firewalls with affiliated enterprises according to the Company's relevant operational guidelines.	
(IV) Has the Company established internal regulations to prohibit	✓		(IV) The Company has put in place the Management Guidelines on	

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
insiders from trading marketable securities by using non-public information?			Prevention of Insider Trading and the Procedures in Handling of Whistleblowing About Illegal, Immoral or Unethical Behavior, to prohibit insiders from trading marketable securities by using nonpublic information.	
III. Composition and responsibility of Board of Directors (I) Has the Board of Directors established a diversity policy, management targets and implemented accordingly regarding the board composition?	✓		(I) On August 23, 2019, the Company's Board of Directors approved the amendment to Practical Guidelines on Corporate Governance. According to Section 1 of Chapter 3, board members should emphasize gender equality and possess the knowledge, skills and literacy required to perform duties. To achieve the ideal goals for corporate governance, the Board of Directors should possess the following competences in general: I. Business judgement II. Accounting and financial analysis III. Management skills IV. Crisis management capability V. Industrial knowledge VI. International market perspectives VII. Leadership VIII. Decision-making ability The Company's Board of Directors consist of seven directors, i.e., three non-executive directors, four	No difference

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			independent directors and one executive director (President Kevin Chiu). Members are equipped with extensive experience and professionalism in finance, economics, business, management, medicare and law. Meanwhile, the Company also pays attention to gender equality among board members. We target at least 28% of directors being female. Currently two out seven directors are female, or 28.56% of the total. Please refer to (Note 1)for relevant details.	
(II) In addition to Remuneration Committee and Audit Committee required by laws, has the Company voluntarily established other functional committees?	✓		(II) We have established Remuneration Committee and Audit Committee as required by laws but yet to establish other functional committees. Going forward, we will carefully assess the possibility based on our internal development requirements.	
(III) Has the Company established the Board performance assessment guidelines and methods, conducted performance reviews periodically and provided the assessment results to the Board, as a reference to remunerations and nominations for a renewed term of individual directors?	✓		(III) On February 25, 2022, the Board of Directors amended the Company's Guidelines on Board Performance Reviews and the assessment method. On February 29, 2024, the Board of Directors reported the 2023 board performance results and disclosed this at the corporate website. It was also used as a reference to remunerations and	

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			nominations for a renewed term of individual directors.	
(IV)Has the Company periodically assessed the independence of external accountants?	✓		(IV)The Company's Accounting Department conducts annual assessments on the CPAs with PwC Taiwan who serve as our external auditors. The independence was reviewed by Audit Committee's recent meeting on February 29, 2024 and approved by the Board of Directors. The Audit Quality Indicators (AQIS) evaluation criteria include: the CPA should not have any significant financial conflicts of interest with the company. The CPAs do not have any inappropriate interest with the Company. CPAs and assistants regularly participate in the assessments conducted by industry associations or other relevant organizations, to ensure honesty, fairness and independence. CPAs' names cannot be used by others. External accountants may not hold the Company's shares. Lending/borrowing with the Company is prohibited unless it is normal dealings with financial institutions. No co-investment or interest sharing with the Company is allowed. It is not allowed to concurrently undertake regular jobs with the	

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			Company and receive fixed remuneration. It is prohibited to receive any commissions related to the Company's business. No external auditors have served more than seven consecutive years or returned within less than two years. Whether external auditors have experience of audits in relevant industries The assessment indicates that both CPA Sheng-Chung Hsu and CPA Jen-Chieh Wu meet the independence requirements.	
IV. Has the TWSE/TPEx listed company allocated a suitable number of qualified corporate governance officers and appointed Corporate Governance Supervisor to take charge of corporate governance matters (including but not limited to provision of data required for functioning of Directors and Supervisors; assistance to Directors and Supervisors in compliance; organization of board meetings and shareholders' meeting according to laws; and production of minutes for board meetings and shareholders' meetings, etc.)?	✓		The Company's Board of Directors approved on August 11, 2021 the appointment of Mr. Yung-Fang Tsou as Corporate Governance Officer. With over ten years of experience as finance director with public companies, he is responsible for corporate governance matters. The primary duties and implementations are as follows: 1. Process matters related to board meetings and shareholders' meetings according to laws (1) A total of eight board meetings were convened in 2023. Directors shall be informed of the planned agenda seven days before the board meeting and the meeting materials shall be provided. Any recusal required due to conflicts of interest should be reminded in advance.	No difference

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			(2) One shareholders' meeting was convened in 2023. Registration was before the shareholders' date according to laws. The meeting notice, meeting handbook and annual report were produced before the statutory deadline. 2. Production of board meeting minutes and shareholders' meeting minutes within 20 days after board meetings and shareholders' meetings. 3. Assistance to directors in onboarding and continuing education by providing relevant training information to directors 4. Providing data required for directors to conduct business and periodic notifications to board members regarding most recent legislative amendments and development in company management and corporate governance. 5. Support to directors in compliance 6. Other matters according to Articles of Incorporation or contracts	
V. Has the Company established the communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), constructed a stakeholder section on the company website and appropriately responded to	✓		The Company's website has a section dedicated to investors' services and stakeholders. We have also established a spokesperson system as the channel for external communication. Material information is disclosed according to laws via Market Observation Post	No difference

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
corporate social responsibility issues pertinent to stakeholders?			System for reference to and rights protection of stakeholders.	
VI. Whether the Company has commissioned a shareholder service agency to handle shareholders' meetings?	✓		The Company's authorizes Grand Fortune Securities' Shareholders Service Department to handle shareholders' meeting matters.	No difference
VII. Information disclosure (I) Has the Company established a website to disclose financial and corporate governance information? (II) Has the Company adopted other information disclosure methods (such as English-language website; appointment of dedicated personnel for collection and disclosure of corporate information; spokesperson system; uploading capital market event presentations on the company website)? (III) Has the Company announced and filed its annual financial reports within two months after the end of a fiscal year and announced and filed its first, second and third quarterly financial reports and monthly	 ✓ ✓ ✓		 (I) The Company has established its website to disclose financial and business information. There is dedicated personnel responsible for data maintenance and updates. Please refer to the corporate website at (http://www.foxsemicon.com.tw/). (II) We have dedicated personnel responsible for collection of the Company's information in financials, business and corporate governance. This information is disclosed at the corporate website and via Market Observation Post System. Our spokesperson and deputy spokesperson handle issues related to stakeholders. (III) On February 29, 2024, the Company's Board of Directors approved the consolidated and the parent-only financial statements for 2023 and published and disclosed the	No difference

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
revenues before deadlines?			report before the deadline. All quarterly financial statements and monthly revenues were filed and reported before deadlines.	
VIII.Is there any other important information that helps to understand the Company's corporate governance functioning (including but not limited to employees' rights; employees' care; investor relations; supplier relations; stakeholders' rights; continuing education of Directors and Supervisors; risk management policies, measurements and implementations; execution of customer policies; and purchase of liability insurance for Directors and Supervisors)?	✓		(I) Employees' rights: The Company has established a good communication channel with employees, to maintain a good relation with employees and create productivity together for profit sharing. The Company also protects labor rights in accordance with the Labor Standards Act. (II) Employees' care: The Company has established Employee Welfare Committee for organization of employee benefits. We also strive to development talents by encouraging employees to participate in a range of training courses. Regular meetings are convened with laborers to understand each other and achieve win-wins for both the employer and the employees. (III) Investor relations: Annual shareholders' meetings are convened according to the Company Act and relevant laws and regulations. Shareholders are provided with ample opportunities to raise questions or proposals. The spokesperson system is established to handle	

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			suggestions, concerns and disputes related to shareholders. The Company also files reports and disclosure as required by competent authorities, in order to provide all information that may influence the decisions of investors on a timely basis. (IV) Supplier relations: The Company maintains smooth communication channels and good relationships with banks, employees and suppliers. (V) Stakeholders' rights: The Company's spokesperson and deputy spokesperson communicate directly with stakeholders, to respect and maintain their legal rights. (VI) Ongoing education of Directors and Supervisors: The Company's board composition is diverse. Each director has industry and professional specialization and management experience. We also provide training programs to directors in corporate governance from time to time. Please refer to Note 2 for directors' continuing education in 2023. (VII) Risk management policies, measurements and implementations: Internal regulations and systems are established according to laws for management and assessment of all risks.	

Assessment item	Functioning status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			(VIII) Execution of customer policies: We maintain smooth communication channels and good relationships with customers. (IX) The Company has purchased liability insurance for directors and independent directors and disclosed this via Market Observation Post System. The 2023 director liability insurance matters were reported to the board meeting on February 29, 2024, to strengthen the protection of shareholders' equity.	

IX. Please describe the improvements to date and the measures to address priority issues outstanding according to the corporate governance evaluation results for the most recent year published by TWSE Corporate Governance Center.

1. Matter to be improved: Less than half of the Company's directors attended the shareholders' meeting.
2. Matter improved: 2023 met the requirement for 6 hours of training per year for all directors.

Note 1:

Implementing diversity for board member composition

Name of director	Basic composition										The required abilities for the entire board							
	Nationality	Gender	Part-time employee of the company	Age				Years of service as an independent director			The ability to make judgments about operations	The ability of accounting and financial analysis	Business management ability	Crisis management ability	Industrial knowledge	International market perspective	Leadership ability	Decision- making ability
				41 to 50	51 to 60	61 to 70	71 to 80	Below 3 years	3 to 9 years	More than 9 years								
Representative of Hongyang Venture Capital Co., Ltd.: Liu, Young-Way	Republic of China	Male	-	-	-	☆	-	-	-	-	☆	-	☆	☆	☆	☆	☆	☆
Kevin Chiu	Republic of China	Male	☆	-	☆	-	-	-	-	-	☆	-	☆	☆	☆	☆	☆	☆
Jong-Khing Huang	Republic of China	Male	-	-	-	-	☆	-	-	-	☆	-	-	-	☆	☆	☆	☆
Hsi-Chih Chen	Republic of China	Male	-	☆	-	-	-	-	-	☆	☆	☆	-	-	☆	☆	☆	☆
Kang-Chih Li	Republic of China	Male	-	-	-	-	☆	-	☆	-	☆	-	☆	☆	☆	☆	☆	☆
Shu-Hui Wu	Republic of China	Female	-	-	-	☆	-	-	☆	-	☆	☆	-	-	☆	☆	☆	☆
Ya-Hui Huang	Republic of China	Female	-	-	☆	-	-	☆	-	-	☆	-	-	-	☆	☆	☆	☆

Note 2: Continuing education of directors in 2023:

Title	Name	Training date	Organizer	Curriculum	No. of training hours
Director	Young-Way Liu	April 20, 2023	Corporate Development Association	Corporate Governance and Securities Regulations - Awareness of Regulatory Oversight by Executives of Listed Companies	3 hours
		December 31, 2023	Corporate Development Association	Discussing Taiwanese Business Operations and M&A Strategies from the Global Political Perspective and Economic Status	3 hours
Director	Kevin Chiu	October 31, 2023	Taiwan Corporate Governance Association	Examining the Duties of Directors and Supervisors From the Standpoint of Management Rights and Shareholder Activism in International Thought Voting Procedures for Foreign Investments	3 hours
		December 19, 2023	Securities & Futures Institute	Discussion on Integration Issues After Corporate M&A And Establishing Management Wisdom	3 hours
Director	Jong-Khing Huang	October 18, 2023	Securities and Futures Institute	Talent Sustainability Challenges After the Epidemic	3 hours
		October 26, 2023	Securities and Futures Institute	Shareholders' Meeting Management Rights and Shareholder Strategies	3 hours
Independent Director	Hsi-Chih Chen	March 23, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3 hours
		May 9, 2023	Taiwan Corporate Governance Association	Important Details for Taiwan CFC Filing, Value Chain Configuration, and Tax and Response Considerations for Group Operations	3 hours
Independent Director	Kang-Chih Li	November 22, 2023	Corporate Operating and Sustainable Development Association	Legal norms and Risk Responsibilities all Directors, Supervisors, and Insiders Must Know Under Corporate Governance	3 hours
		November 29, 2023	Securities & Futures Institute	2023 Advocacy on Compliance Regarding Equity Transactions of Insiders	3 hours
Independent Director	Shu-Hui Wu	November 24, 2023	Securities & Futures Institute	Challenges and Responsibilities of the Board of Directors under Corporate Governance Evaluation Indicators and Sustainable Action Plans	3 hours
		December 31, 2023	Securities & Futures Institute	Concepts, Practices, and Tools of Group Tax Governance	3 hours
Independent Director	Ya-Hui Huang	December 8, 2023	Securities & Futures Institute	2023 Advocacy on Compliance Regarding Equity Transactions of Insiders	3 hours
		December 31, 2023	Corporate Operating and Sustainable Development Association	Discussing Taiwanese Business Operations and M&A Strategies from the Global Political Perspective and Economic Status	3 hours

(V) If the Company has established Remuneration Committee, it is necessary to disclose its composition, responsibility and functioning.

1. Data on Remuneration Committee members

<table>
<tr><th colspan="2">Qualifications
Identity
Name</th><th>Professional qualifications and experiences</th><th>Independence status</th><th>No. of other public companies with which Remunerate Committee membership is held concurrently</th></tr>
<tr><td>Convener</td><td>Hsi-Chih Chen</td><td>Masters's degree from Graduate Institute of Accounting, Chinese Culture University. Previously served as a specialist with Listing Examination Department of Taipei Exchange. A certified accountant with professional knowledge in accounting and various laws and regulations. Fully Qualified as the Company's director. Significant contributions during the eight-year service as the Company's independent director and Remuneration Committer member.No circumstances as described in Article 30 of the Company Act.</td><td rowspan="2">Met the following conditions during the two years prior to the term and while serving the term:
(1) Not an employee of the Company or any affiliated enterprise
(2) Not a director or supervisor of the company or any of its affiliates.
(3) Holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.
(4) Not a manager as specified in (1) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the third degree of kinship under the Civil Code as specified in (2) and (3).
(5) Not a director, supervisor, or employee shareholder that directly holds 5% or more of the total number of issued shares of the company, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the company Act.
(6) Not someone who controls more than half of a company's directors or voting shares in any other company.
(7) Not the same person or spouse of the director, supervisor, manager or equivalent at another company or institution.
(8) Not a director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) Not a professional individual, nor an owner, partner, director, supervisor, nor officer of a sole proprietorship, partnership, company, nor institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT$500,000 in the past 2 years, nor a spouse thereof, provided this restriction does not apply to a compensation committee member, public tender offer</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Kang-Chih Li</td><td>PhD, Materials Science and Engineering, University of Cincinnati, Ohio, U.S. Previously served as supervisor of China Development Industrial Bank and President of PHOTRONICS DNP MASK CORPORATION for years. Significant contribution during his seven years of service as a Remuneration Committee member. Qualified to serve as a member of Remuneration Committee. No circumstances as described in Article 30 of the Company Act.</td><td>0</td></tr>
</table>

Identity / Name		Professional qualifications and experiences	Independence status	No. of other public companies with which Remunerate Committee membership is held concurrently
Independent Director	Shu-Hui Wu	EMBA in Accounting from National Taiwan University. Currently also serving as a supervisor with Axis Corporation. A certified accountant with professional knowledge in accounting and various laws and regulations. Significant contributions during the two-year service as the Company's Remuneration Committer member. Qualified as the Company's Remuneration Committer member. No circumstances as described in Article 30 of the Company Act.	review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations. (10) Not a spouse or a blood relative within the second degree of kinship under the Civil Code to any other director. (11) Not under any of the categories stated in Article 30 of the company Act. (12) Not being elected as a representative to the government or an institution under Article 27 of the company Act.	0

Note 1: Convener Hsi-Chih Chen became a member of the first Remuneration Committee on October 29, 2012, a member of the second Remuneration Committee on June 25, 2014, a member of the third Remuneration Committee on May 26, 2017, a member of the fourth Remuneration Committee on July 10, 2020 and a member of the fifth Remuneration Committee on May 30, 2023.

Note 2: Kang-Chih Li became a member of the second Remuneration Committee on June 25, 2014, a member of the third Remuneration Committee on May 26, 2014, a member of the fourth Remuneration Committee on July 10, 2020 and a member of the fifth Remuneration Committee on May 30, 2023.

Note 3: Shu-Hui Wu became a member of the third Remuneration Committee on August 9, 2018, a member of the fourth Remuneration Committee on July 10, 2020 and a member of the fifth Remuneration Committee on May 30, 2023.

2. Responsibilities of the Remuneration Committee

The members shall have loyalty and shall exercise the due care of a good administrator in conducting the job responsibilities and submit opinions and suggestions to the board of directors for discussion.

(1) Review the Remuneration Committee Charter on a regular basis and make suggestions for amendments.

(2) Establish and regularly review the company's directors and managers' annual and long-term performance goals and remuneration policies, systems, standards, and structures.

(3) Regularly evaluate the performance goals achievements for the company's directors and managerial officers, and establish the contents and amount for individual's salaries and remuneration.

3. Functioning of Remuneration Committee

(1) The Company's Remuneration Committee consists of three members.

(2) Tenure of current members: from May 30. 2023 to May 29, 2028. Remuneration Committee convened three meetings (A) during the most recent year (from 2023 and as of the publication date of this annual report). Qualifications of members and attendance by members are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Note
Convener	Hsi-Chih Chen	3	0	100%	-
Committee member	Kang-Chih Li	3	0	100%	-
Committee member	Shu-Hui Wu	3	0	100%	-

Other matters of note

I. If the Board of Directors does not adopt or amend as suggested by Remuneration Committee, it is necessary to provide the board meeting dates, sessions, agendas, board decisions and the ways the Company handles Remuneration Committee's opinions (If the remuneration approved by the Board of Directors are superior to what is suggested by Remuneration Committee, it is necessary to describe the difference and the reason for such a difference): None.

II. In case of objection or reservation, recorded or declared in writing by members regarding the decisions by Remuneration Committee, it is necessary to provide the Remuneration Committee meeting dates, sessions, agendas, opinions from all members, and the ways such opinions are handled: None.

III. Discussions and decisions by Remuneration Committee and the ways the Company handled the opinions of committee members in 2023 and 2024 as of the publication date of this annual report are explained as follows:

Remuneration Committee	Proposal and subsequent process	Decision	The Company's handling of Remuneration Committee's opinions
4th Committee 10th meeting 2023.02.24	Review of 2022 distribution of remuneration to employees and directors. Review of the Company's 2022 distribution of remuneration to managers. Review of 2023 performance targets and bonus calculation methods for managers. Review of 2023 list of employees and managers for share subscriptions and the number of shares available for subscriptions.	Approved by all committee members	Approved by all attending directors
5th Committee 1st meeting 2023.08.09	Proposal to review the annual manager salary adjustment for 2023	Approved by all committee members	Approved by all attending directors
5th Committee 2nd meeting 2024.02.29	Review of 2023 distribution of remuneration to employees and directors. Proposal to review the actual payment of managers' remuneration in 2023 Review of 2024 performance targets and bonus calculation methods for managers	Approved by all committee members	Approved by all attending directors

(VI) Implementation of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the causes thereof:

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (or part-time) unit to promote sustainable development that is authorized by the board of directors to handle, and what is the supervision of the board of directors?	✓		Including finance, accounting, procurement, environmental safety, factory affairs, human resources administration, quality assurance, sales, intelligence and investment management, value engineering, audit office, manufacturing, innovative technology, information and other units assigned personnel. The committee sets the CSR development goals, and reviews the risk opportunities identified from corporate governance, environmental, and social aspects and manages them accordingly through annual management reviews.	No difference
II. Has the Company conducted risk assessments in environmental, social and corporate governance issues based on the materiality principle and formulated relevant risk management policies or strategies accordingly?	✓		The Company identifies preliminary material issues through various channels and stakeholder communication, summarizing the focus areas from all sectors. The company's sustainability committee evaluates the materiality of preliminary problems using the two axes of “impact on the organization” and “stakeholder concern” of the AA1000AS v3 Type 1 moderate-level standard, taking into account the context of sustainability, materiality, completeness, and stakeholder inclusiveness. The materiality ranking is analyzed, and a materiality issue matrix is created to identify the enterprise's risks and management opportunities, with corresponding management strategies developed to achieve sustainable development. Please refer to the Company's Report for details.	No difference
III. Environmental issues (I) Has the Company established an	✓		(I) Foxsemicon Integrated Technology	No difference

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
environmental management system specific to the industry characteristics?			adheres to the philosophy of integrity and honesty, customers orientation, innovation and R&D, commitment and accountability. We provide core products for high-end and advanced equipment (covering semiconductors, optoelectronics, displays, energy, medicare and environmental technology) by centering on innovative design and manufacturing in photonics, mechanics, electronics and software. We are competitive in highly vacuum, clean and vertically integrated manufacturing process control, R&D in automation equipment, system assembly and testing. We continue to develop next-generation nanometer manufacturing equipment in semiconductors and comprehensive services and solutions in medical imaging systems, smart automation equipment, inspection and testing systems. In Foxsemicon Group, quality and continuous improvement are the responsibility of everyone. We care about the quality of products, manufacturing processes and services and we listen to clients for the basis of ongoing improvement. With the efforts from all of our colleagues, we seek to meet and satisfy customers' needs. The Company plays its part in corporate social responsibility by continuing to provide quality products and	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			offer an assuring, friendly and zero-problem workplace to employees. We strive to avoid environmental pollutions, occupational hazards or quality abnormality. We continue to improve the management system to achieve co-prosperity with the natural environment. We adhere to the philosophy of sustainable development and hold ourselves accountable to the interest of stakeholders. Please refer to our company website for our declaration of the management system and policy.	
(II) Does the Company strive to enhance the efficiency of energy consumption and the use of recycled materials with a low environmental impact?	✓ ☐		(II) The Company has formulated its environmental policy and disclosed it at the corporate website. The measures taken include trash classifications. All wastes are collected by qualified vendors for processing. Electronic documents are now the standard practice. An electronic signature system has been introduced to reduce paper usage.	
(III) Has the Company assessed the potential risks and opportunities in climate change for now and the future and adopted responding measures in relation to climate change?	✓		(III) The Company keeps an eye on the impact of climate change on operating activities. We have conducted the quantity inspection of GHG inventory in 2015-2022 and obtained SGS certification in 2017. LED lighting is adopted at all of our manufacturing facilities. Starting in 2015, we have been structuring our energy efficiency target by 1% for every three years.	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			The analysis on our achievements in energy efficiency improvement since 2015 has been disclosed on the company website (average annual electricity efficiency rate). We pursue efficiency in water consumption and continue to review the electricity consumption at factories, to contribute to energy efficiency, carbon reduction and a sustainable environment.	
(IV) Has the Company calculated GHG emissions, water consumption and total waste weight during the past two years and formulated policies for energy efficiency, carbon and GHG emission reduction, lower water consumption and management of other wastes?	✓		(IV) We began to produce GHG inventory reports in 2015 and obtained third party verification reports from SGS in 2017-2022. In 2022, the direct emission (Scope 1) from Foxsemicon Integrated Technology Inc and Fox Automation Technology Inc. totaled 151.6125 tons of CO_2e, indirect emissions (Scope 2) 3,100.7145 tons of CO_2e, other emissions (Scope 3) 7,866.4107 tons of CO_2e. In 2021, the direct emission (Scope 1) from Foxsemicon Integrated Technology Inc and Fox Automation Technology Inc. totaled 143.8901 tons of CO_2e, indirect emissions (Scope 2) 2,966.4932 tons of CO_2e, other emissions (Scope 4) 9,033.8270 tons of CO_2e. The base year of the Company's GHG inventory is 2020. We continue to advocate day-to-day energy efficiency with measures such as switching lights and computers when finishing work;	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			regularly reviewing of contract capacities, air-conditioning zoning and lighting circuits; signing of equipment maintenance contracts to enhance energy utilization efficiency and reduce energy wastes. The Foxsemicon group continued in 2020 to analyze water resource impacts and business continuity planning. We implement water efficiency measures according to the government's indicator of reservoir levels and continue to plan for water recycle and reuse in the manufacturing process. We strive to achieve energy and water efficiency and reduce wastes throughout resource utilization and without increasing energy consumption. Water resource utilization at factories: With the water efficiency measures in place to protect the environment, the consumption of running water totaled 61,350 tons in 2022 and 63,060 tons in 2021. Our factories in Taiwan began to generate and distribute daily operation reports, with an effectiveness analysis of daily water consumption, in order to mitigate unreasonable use of water. We have started to collect the factory data on daily water usage and analyze water volumes, for cross learning, water efficiency and management purposes.	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			The wastes generated in 2022 totaled 887.10 tons, comprised of 20.95 tons of hazardous wastes and 866.15 tons of general wastes. The wastes generated in 2021 amounted to 622.38 tons, comprised of 7.77 tons of hazardous wastes and 614.61 tons of general wastes. All wastes were collected by qualified vendors for treatment. We conduct regular audits on the legality of vendors to ensure no exporting of hazardous industrial wastes for processing and to confirm all treatment is completed domestically. In case of any false operation or unlawful circumstances identified with the vendors, we will immediately terminate the cooperation and replace vendors for treatment.	
IV. Social issues (I) Has the Company formulated management policies and procedures according to relevant regulations and international human rights conventions? (II) Has the Company established and implemented reasonable employee benefits (including	✓ ✓		(I) All colleagues and job applicants are treated fairly and with respect regardless of race, religion, sex and nationality. We establish work rules and offer wages and benefits in adherence to relevant laws in labor and gender equality. Annual performance reviews are conducted so that employee remuneration and workload are reasonably allocated and employees remain on the job happily and with satisfaction. (II) We have established work rules in accordance with labor regulations and relevant requirements, in order	No difference

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
wages, holidays and other benefits) and reflected operating performance or results on employees' remuneration as appropriate?			to protect the legal rights of colleagues. Annual performance reviews are conducted so that employee remuneration and workload are reasonably allocated. Our special leave system operates on a predetermined basis so that employees can plan for holidays ahead with flexibility. A fixed percentage of our operating profits is distributed as employee remuneration so that our colleagues remain on the job happily and with satisfaction. Employee Welfare Committee plans for annual subsidies and events and formulate implementation details and subsidy programs for employees to refer to and follow. We provide employees with parking spaces, breastfeeding rooms with comprehensive amenities, healthcare centers, canteens and cafes. We also subsidize meals and beverages.	
(III) Does the Company provide employees with a safe and healthy work environment and regular education in safety and health?	✓		(III) We arrange health examinations for employees each health to take care of the health of our colleagues. We also organize training each year on how to use automated external defibrillators (AEDs) and administer cardiopulmonary resuscitation (CPR). AED equipment is available on the first floor. Workshops on health topics are also arranged from time to time each year. Meanwhile, fire safety classes are provided each year to instruct employees how to use fire extinguishers and escape in	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			case of fire. Office access is controlled to protect the safety of employees. We have obtained certification in workplace safety and smoke hazard control. We obtained the ISO45001 certification on November 3, 2023, valid until November 3, 2026. This has been disclosed at the company website. Number of fire incidents in the Company in 2023: None.	
(IV)Has the Company created an effective plans for career and competence development of employees?	✓		(IV)All employees are encouraged to enhance professional knowledge and work skills via training and education. The Company has put in place management guidelines on training and education. Our training programs are highlighted below: 1. New hire training & education: New joiners are guided so that they familiarize with the work environment and understand the corporate culture and organizational development. 2. Professional competence development: Internal and external training plans are structured according to job descriptions and skill requirements, to enhance the professionalism and skillsets of employees. 3. Management skill development: Management competence training is organized for managers at different levels. 4. General knowledge workshops: Workshops on health	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
(V) Does the Company comply with relevant laws, regulations and international standards regarding health and safety of customers for products and services, clients' privacy, marketing and labeling and put in place policies and procedures to protect consumers' rights? (VI) Has the Company formulated and implemented a supplier management policy to require suppliers to observe regulations on environmental protection, occupational health and safety and labor and human rights?	✓ ✓		and safety, healthy living and quality are arranged to provide employees a wide range of new knowledge. (V) The Company has purchased sufficient coverage of liability insurance for all products. The Company's main products are semiconductor equipment, components and automation equipment, sold to corporate users. Hence, there will be no physical harm to consumers. We have a customer care department handling complaints about products and relevant problems. (VI) We encourage suppliers to abide by the laws and regulations for all activities in the country/region they operate. In addition to compliance with laws, suppliers should embrace internationally recognized standards and assume more social and environmental responsibility. We work with suppliers from system perspectives and implementations to achieve the RBA behavior standards and offer a safe and green workplace with a human touch. We include the RBA items in our checklist for quality system audits on suppliers. The RBA ratings are also incorporated in our monthly scoring system of suppliers, to ensure our suppliers and supply chain towards sustainable business. Please refer to the RBA official website for	

Assessment item	Functioning status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences
	Yes	No	Summary explanation	
			detailed information.	
V. Does the Company prepare and produce corporate social responsibility reports by referring to internationally accepted reporting standards or guidelines to disclose non-financial information? Have the aforesaid reports obtained assurance or verification opinions issued by third party certification organizations?	✓		Our corporate social responsibility reports in 2017-2022were based onthe core option of the GRI Standards issued by Global Reporting Initiative on October 19, 2016. We authorized SGS Taiwan Ltd. for guarantee in adherence with Type 1, moderate level verification under the AA1000AS (AccountAbility 1000 Assurance Standard). This is disclosure required by the core option of the GRI Standards. We have prepared and produced corporate social responsibility reports and such reports have been verified by third parties and disclosed at our company website.	No difference
VI. if the Company has established its own practical guidelines on corporate social responsibility in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe its functioning and difference from the practical principles: no difference				
VII. Other important information that helps to understand the functioning of corporate social responsibility: None. Implementations in 2023: 1. A total of 44 people participated in the Foxsemicon Charity Club's parent-child hiking, beach cleaning, and anti-violence education challenge events. 2. Nurturing Hope for Young Sprouts Miaoli Home for Children's Winter Warmth Carnival. Phase 1: 2023-11-02 (Thu): The Charity Club held a charity sale within the company. During lunch, members set up stalls at the company restaurant to sell second-hand items, and all proceeds from the sale were donated to the Miaoli Home for Children. Phase 2: 2023-11-12 (Sun): The Charity Club participated in the “Winter Warmth Carnival” by Miaoli Home for Children. The club set up a booth to sell second-hand goods and bread and desserts made by the company's Bang Bang Tang Bakery. All proceeds from the sale were donated to the Miaoli Home for Children. A total of 70 people participated in the two phases of the event, raising a total of NT$23,610. 3. Collaboration with Global Views Monthly to Donate Special Issues of Future Children and Future Teenagers to 121 Classes in 12 Elementary Schools in Zhunan and Toufen for a Project Cost of NT$290,000.				

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Functioning status</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasonable for such differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td colspan="5">4. Blood Donation Campaign Held in the Plant: Thanks to the promotion and enthusiastic participation of employees, the first round of the campaign successfully donated 52 bags (13,000cc) of blood to the blood bank.
5. Donation of PX Mart gift vouchers worth NT$100,000 to Chunan Township Office in Miaoli County for sending warmth to disadvantaged families in cold winter
6. The Charity Club has long been committed to corporate social responsibility and is actively involved in public welfare activities. On the eve of Christmas, the club invited company employees to adopt Christmas wish cards for children in the Yuanli area of the Miaoli Home for Children. 100 Christmas gifts were donated, spreading warmth with everyone during the cold winter and allowing care and blessings to accompany the children through a warm and happy Christmas! A total of 85 people participated in this event, and the value of the donated gifts was approximately NT$100,000.
7. Donate one copy of Global Views Monthly to each of the 121 classes in 12 elementary and middle schools in Zhunan every month.
8. The Company assists employees in making monthly small donations totaling NT$168,300 to help orphanages and disadvantaged groups in Miaoli.
9. Donate NT$100,000 in Quanlian gift vouchers to Zhunan Township Office's Winter Warmth Campaign.
10. Donate firefighting equipment worth approximately NT$1,000,000 to the Miaoli County Government Fire Bureau in appreciation of the hard work of firefighters.</td></tr>
</table>

(VII) Implementation of business ethics

Assessment item	Functioning (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	Summary explanation	
I. Formulation of business ethics policies and measures (I) Has the Company formulated and the Board of Directors approved business ethics policies? Are business ethics policies and measures specified in regulations and documents to external parties? Are the Board of Directors and senior managers committed to the implementation of these business policies? (II) Has the Company established a mechanism to assess the risks of unethical behavior, regularly analyzed and examined, within the scope of business, the operating activities with high risks of unethical behavior and designed schemes to avoid unethical behavior by covering at least the preventive measures prescribed in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (III) Has the Company formulated, implemented and periodically reviewed the operating procedures, behavior guidelines, punitive measures and complaints	✓ ✓ ✓		(I) The Company's has established its Principles of Ethical Business on March 31, 2014, to regulate the matters of attention for the Board of Directors and management in conducting business. (II) The Company has established Ethical Operation Procedures and Behavior Guidelines and a disciplinary system to regulate directors, managers and employees in behavior and practice. To address the operating or other activities with high risks of unethical behavior as described in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, the Company has put in place relevant rules in Ethical Operation Procedures and Behavior Guidelines for compliance of personnel concerned. Any breach is subject to the Company's disciplinary scheme. (III) On March 31, 2014, the Company's Board of Directors approved Ethical Operation Procedures and Behavior Guidelines and established disciplinary	No difference

Assessment item	Functioning (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	Summary explanation	
system as part of the scheme to prevent unethical behavior?			measures for unethical behaviors.These operational procedures are reviewed and amended in alignment with relevant laws and regulations.	
II. Business ethics in practice (I) Does the Company assess the ethics record of counterparties in business dealings and specify business conduct in contractual clauses with counterparties? (II) Has the Company established a dedicated business ethics unit under the Board of Directors and reported regularly (at least once a year) to the Board of Directors the implementation of business conduct policies and prevention of unethical behavior?	✓ ✓		(I) Before establishing business relationships, the Company assesses the legality of code of business conduct of counterparties and examines whether there are records of unethical behavior. Clauses governing business ethics are included in contracts. (II) The Company has appointed HR units to advocate business ethics. Amendment, implementation and interpretations of the operational procedures and behavioral guidelines; consultation services; registration, filing and monitoring of reported contents; and periodic reports to the Board of Directors. This was reported to the Board of Directors on December 22, 2023 and disclosed at the company website. Implementations are detailed below: 1. Training & education (1) Training of a total of 105 new hires. (2) Training courses: Trade Secrets Act and Corporate Anti-Corruption Case Sharing Course: 72 supervisors attended this course. Workplace Illegal Violations - Workplace Bullying & Sexual Harassment Concept Promotion: 49 supervisors participated in this course. 2. Commitment (1) A total of 168 employees, or 100%,	No difference

Assessment item	Functioning (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	Summary explanation	
			have signed the agreement for ethics, integrity and intellectual property and commitment letters for project confidentiality when onboarding. (2) A total of 113 employees, or 100%, have signed commitment letters in 2023 with important customers for confidentiality of smart product projects with high intellectual property and confidentiality. 3. Propaganda (1) Through the internal training platform, new employees are notified to complete the "RBA Education Training" and "FITI GROUP Integrity and Ethics and Information Protection Policy" via videos. (2) Anti-corruption Reporting Mailbox fiti.speakup@foxsemicon.com.	
(III) Has the Company formulated policies to prevent conflict of interest and provided appropriate channels for voicing out and implementation?	✓		(III) The Company has established Ethical Operation Procedures and Behavior Guidelines to direct employees to matters of attention. The corporate website has set up an email for communication.	
(IV) Has the Company established an effective accounting and internal control system to implement business ethics? Does the	✓		(IV) The Company has established an effective accounting and internal control system. Constant reviews are conducted to ensure continued effectiveness of system design and	

Assessment item	Functioning (Note) Yes	No	Summary explanation	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
internal auditors formulate audit plans according to the risk assessment of unethical behavior, inspect the compliance and the preventive measures or authorize external accountants for such inspections? (V) Does the Company organize internal and external training and education on business ethics on a regular basis?	 ✓		implementation. Internal auditors conduct periodical inspections on the compliance of the aforesaid system and produce audit reports for submission to the Board of Directors. (V) According to the Company's Ethical Operation Procedures and Behavior Guidelines, two internal advocacy campaigns are organized each year for Chairman, President or senior managers to convey to directors, employees and authorized agents the importance of ethics.	
III. Functioning of whistleblowing system (I) Has the Company established a whistleblowing system accompanied with incentives and the channels to facilitate whistleblowing? Is appropriate personnel appointed to investigate the allegations? (II) Has the Company established the standard investigation procedure on allegations, the follow-up measures and the confidentiality mechanism post investigations?	 ✓ ✓		(I) The Company has formulated whistleblowing procedures and incentives in its Ethical Operation Procedures and Behavior Guidelines. "Anti-Corruption, Disciplinary Measures and Management Guidelines" and Anti-Corruption Whistleblowing Letterbox have also been in place. Relevant procedures and regulations are disclosed on the corporate website. (II) Investigations are conducted by the investigation taskforce by following the Company'sDisciplinary and Management Measures at Workplace to Advocate Integrity and Combat Corruption. Management units confirm whether the allegations are about corruption or law breaches after the	No difference

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Functioning (Note)</th><th rowspan="2">Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>(III) Has the Company adopted measures to protect whistleblowers from improper treatment?</td><td>✓</td><td></td><td>receipt of reports.
(III) Investigations are conducted by the investigation taskforce by following the Company’s Disciplinary and Management Measures at Workplace to Advocate Integrity and Combat Corruption. The Company handles whistleblowing with confidentiality and strives to protect whistleblowers by ensuring the confidentiality of whistleblowers’ identities. If the whistleblower is a colleague, the Company guarantees that the colleague will not be inappropriately treated for whistleblowing.</td><td></td></tr>
<tr><td>IV. Enhancement of information disclosure
Does the Company disclose its business ethics principles and implementation effectiveness via its own website and on Market Observation Post System (MOPS)?</td><td>✓</td><td></td><td>The contents of the Company’s Principles of Ethical Business have been disclosed on the corporate website, annual reports and via Market Observation Post System (MOPS). Training and education for employees are provided periodically. No unethical behavior has been found with the Company to date.</td><td>No difference</td></tr>
<tr><td colspan="5">V. If the Company has established its principles of business ethics by following Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe how its own principles are put into practice and whether there is deviation from the principles: The Company has established its Principles of Ethical Business and has been adhering to these principles.</td></tr>
<tr><td colspan="5">VI. Other important information that helps to understand the status of ethics policy implementation: (such as the review and amendment of business ethics principles)
On March 31, 2014, the Company’s Board of Directors formulated Ethical Operation Procedures and Behavior Guidelines. Amendments were made by the Board of Directors on March 3, 2015 and April 12, 2018, respectively.</td></tr>
</table>

(VIII) Ways to inquire the Company's corporate governance principles and relevant regulations in place:

The Company discloses all the relevant requirements via Market Observation Post System and the corporate website in accordance with the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(IX) Other important information that helps to understand the functioning of corporate governance: None.

(X) Implementation status of internal control system for disclosure:

1. Statement of internal control system:

Foxsemicon Integrated Technology Inc.

Statement of internal control system

Date: February 29, 2024

Based on the results of self-assessments, the Company declares the following regarding its internal control system in 2022:

I. The company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the board and managers and that such a system has been implemented within the company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc), reliable, timely and transparent financial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in circumstance may all affect the efficacy of the internal control system. However, the internal control system of the company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.

III. The company evaluates the design and execution of its internal control system based on the criteria specified in “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “The Governing Principles”) to determine whether or not the existing policies continue to be effective. Assessment criteria introduced by “The Governing Principles” consists of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to “The Governing Principles” for further detail.

IV. The company has adopted the above-mentioned criteria to validate the efficacy of its internal control system design and execution.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as of December 31, 2023. This system (including the supervision and management of subsidiaries) has provided reasonable assurance with regard to the operational results; target accomplishments; reliability, timeliness and transparency of reported financial information; and compliance with relevant laws.

VI. This declaration is part of the company’s annual report and prospectus, and must be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was passed by the Board of Directors on February 29, 2024. Out of the seven directors present at the board meeting, 0 held objection and all the remaining participants approved the content of this declaration.

Foxsemicon Integrated Technology Inc.

Chairman: Liu, Young-Way

President: Kevin Chiu

2. For appointment of CPAs to conduct special audits on the internal control system, the Independent Auditors' Report shall be disclosed: None.

(XI) In the most recent year and up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system, and the penalties which may have a significant impact on shareholders' equity or the price of securities, and list the content of penalties, principal deficiencies, and state any efforts to make improvements: None.

(XII) Important resolutions made by the general meeting of shareholders and Board of Directors in the most recent year and as of the date of annual report publication.

<table>
<tr><th>Important resolution dates</th><th>Contents of important proposals and subsequent actions</th></tr>
<tr><td>21st meeting of the 8th Board-2023.2.24</td><td>1. The Company's 2022 business report, parent-only financial statements, consolidated financial statements and the earnings distribution proposal
2. Proposal for distribution of cash dividends from 2022 earnings
3. 2022 distribution of remuneration to employees and directors
4. 2022 review of the Company's internal control system effectiveness and Statement for Internal Control
5. Appointment, remuneration and independence assessment of external accountants
6. Amendment to the Company's Operational Procedures for Loans to Others
7. Amendment to the Company's Operational Procedures for Responding to Directors' Requests
8. Determination of the record date for issuance of new shares under employee stock option scheme as part of capital increase
9. Plan to apply to financial institutions for short-term credit facilities and sign contracts in order to fund working capital and manage interest rate risks and exchange rate risks
10. Re-election of all directors on the board
11. Matters relevant to the convening of the 2023 shareholders' meeting
12. Review of 2022 distribution of remuneration to managers
13. Review of 2023 performance targets and bonus calculation methods for managers
14. 2022 list of employee stock options, share subscriptions by managers and non-managers and number of shares available for subscriptions</td></tr>
<tr><td>22nd meeting of the 8th Board-2023.3.14</td><td>1. Amendment to the proposal to re-elect all directors on the board</td></tr>
<tr><td>23rd meeting of the 8th Board-2023.4.18</td><td>1. Candidate nomination list for directors (including independent directors).
2. Releasing of the Prohibition on Directors and their Representatives from Non-competition Restrictions</td></tr>
<tr><td>24th meeting of the 8th Board-2023.5.10</td><td>1. The Company's consolidated financial statements for the first quarter of 2023.
2. Proposal for the Company to provide a guarantee to its 100% indirectly owned U.S. subsidiary, Foxsemicon Technology LLC.
3. Determination of the record date for issuance of new shares under employee stock option scheme as part of capital increase
4. Plan to amend the "Procedures for Handling Derivative Transactions by Foxsemicon Integrated Technology Inc. for its Subsidiaries.</td></tr>
<tr><td>2023 shareholders' meeting - May 30, 2022</td><td>1. Ratification of 2022 Business repot and financial statements
Outcome:resolved by 2023 shareholders' meeting
2. Ratification of 2022 earnings distribution
Outcome:Dividend record date on July 9, 2023 and issuance of cash dividends on July 31, 2023 (Payout ratio adjusted according to laws by amending the original decision to issue cash dividends at NT$13.8 per share, as a result of change in the number of shares outstanding due to the private placement Cash dividends per share adjusted to NT$13.78772822 as announced on June 3, 2023)
3. Elected new directors
Election outcome:
<table>
<tr><th>Tilte</th><th>Name</th><th>Votes received</th></tr>
<tr><td>Director</td><td>Hongyuan International Investment Co., Ltd.Rep.: Young-Way Liu</td><td>50,226,406</td></tr>
<tr><td>Director</td><td>Kevin Chiu</td><td>44,050,372</td></tr>
<tr><td>Director</td><td>Jong-Khing Huang</td><td>38,989,357</td></tr>
<tr><td>Independent Director</td><td>hu-Hui Wu</td><td>35,565,320</td></tr>
<tr><td>Independent Director</td><td>Kang-Chih Li</td><td>35,321,742</td></tr>
<tr><td>Independent Director</td><td>Hsi-Chih Chen</td><td>35,060,645</td></tr>
</table></td></tr>
</table>

Important resolution dates	Contents of important proposals and subsequent actions
	Independent Director | Ya-Hui Huang | 34,589,444
1st meeting of the 9th Board-2023.5.30	1.Chairman election proposal. 1. Proposal to hire a remuneration committee member.
2nd meeting of the 9th Board-2023.8.9	1. Appointment and independence assessment of external accountants 2. The Company's consolidated financial statements for the second quarter of 2023. 3. Plan to apply to financial institutions for short-term credit facilities and sign contracts in order to fund working capital and manage interest rate risks and exchange rate risks 4. Amend the Company's "Policy for Impairment Assessment of Accounts Receivable." 5. Amend the Company's "Insider Trading Prevention Management Operating Procedures." 6. Review of 2023 adjustment to managers' remuneration
3rd meeting of the 9th Board-2023.11.10	1. The Company's consolidated financial statements for the third quarter of 2023. 2. Plan to apply to financial institutions for short-term credit facilities and sign contracts in order to fund working capital and manage interest rate risks and exchange rate risks 3. Determination of the record date for issuance of new shares under employee stock option scheme as part of capital increase 4. Determination of the record date for issuance of new ordinary shares for conversion of the second domestic unsecured convertible corporate bonds 5. 2024 audit plan 6. Proposal to invest in a Thai subsidiary. 7. Capital expenditure budget proposal for UniEQ Integrated Technology Co., Ltd., a Thai subsidiary wholly owned by the Company. 8. The company's 100% owned subsidiary, Foxsemicon Integrated Technology (Shanghai) Inc., plans to dispose of its interest in Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership).
4th meeting of the 9th Board-2023.12.22	1. 2024 business plan
5th meeting of the 9th Board-2024.2.29	1. The Company's 2023 business report, parent-only financial statements, consolidated financial statements and the earnings distribution proposal. 2. Proposal for distribution of cash dividends from 2023 earnings. 3. 2023 distribution of remuneration to employees and directors. 4. 2023 review of the Company's internal control system effectiveness and Statement for Internal Control. 5. Proposal to amend the Company's internal control system "Fixed Asset Acquisition Operations." 6. Appointment, remuneration and independence assessment of external accountants. 7. Determination of the record date for issuance of new shares under employee stock option scheme as part of capital increase 8. Determination of the record date for issuance of new ordinary shares for conversion of the second domestic unsecured convertible corporate bonds 9. Releasing of the Prohibition on Directors from Non-competition Restrictions 10. Matters relevant to the convening of the 2024 shareholders' meeting. 11. Proposal to review the managers' remuneration payment for 2023. 12. Review of 2024 performance targets and bonus calculation methods for managers.

(XIII) Contents of the objections for the records or with written statements of Directors or Supervisors to important Board of Directors resolutions in the most recent year and as of the date of the annual report publication: None.

(XIV) In the most recent year and as of the publication date of the annual report, the resignation and dismissal status of the company's chairperson, president, accounting officer, financial officer, internal chief auditor, corporate governance officer and R&D officer: None.

V. External accountants' fees

(I) If the non-audit fees paid to external auditors, the accounting firm and the enterprises related to the accounting firm reach 25% or higher of the audit fees, it is necessary to disclose the details of audit services and non-audit services：

Unit: NT$1,000

Name of the accounting firm	Names of certified public accountants	Audit period	Auditing fees	Non-auditing fees	Total	Note
PwC Taiwan	Sheng-Chung Hsu	2023	3,113	3,684	6,797	(1) Shareholders' meeting annual report: NT$70,000. (2) Salary verification table for full-time employees not in managerial positions: NT$42,000. (3) Income tax audit and certification: NT$350,000. (4) Audit of retained earnings in real investment: NT$80,000. (5) Translation of English financial statements: NT$450,000. (6) Transfer pricing report: NT$1,440,000. (7) Business income tax audit for diversified businesses: NT$110,000.
	Jen-Chieh Wu	2023				

(II) If the audit fee of the year is less than that of the previous years after changing CPA firm, then the fees before and after the change, the ratio, and the reason for change shall be disclosed: None.

(III) If the audit fee of the year is lesser by 10% or more than that of the previous year, then the fees before and after the change, the ratio, and the reason for change must be disclosed: None.

VI. Information on change of accountant: None.

VII. Anyone among the company's chairperson, president, or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the accounting firm of the attesting CPA or an affiliate of the accounting firm, their names, position and the CPA firm, or its affiliates during the period shall be disclosed: None.

VIII. In recent years and until the publication date of the annual report, the directors, supervisors, managerial officers and shareholders with more than 10% share equity transferred and changes in pledge of stock rights

(I) Net change in shareholding by directors, management, and major shareholders

Unit: shares

Title	Name	2023		As of March 29, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Hyield Venture Capital Co., Ltd.	-	-	-	-
	Rep.: Young-Way Liu	-	-	-	-
Director	Kevin Chiu	-	-	-	-
Director	Jong-Khing Huang	-	-	-	-
Independent Director	Hsi-Chih Chen	-	-	-	-

Title	Name	2023		As of March 29, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Independent Director	Kang-Chih Li	-	-	-	-
Independent Director	Shu-Hui Wu	-	-	-	-
Independent Director	Ya-Hui Huang	-	-		
Vice President	Kevin Chiu	-	-	-	-
Senior Vice President	Chi-Chih Huang	(38,000)	-	(3,000)	
Vice President	Grace J.Y. Lee	-	-	-	-
Vice President	Jack Chen		-	-	-
CFO and Corporate Governance Officer	Yung-Fang Tsou	-	-	(6,000)	-
Senior Manager, Accounting Department	Hsiao-Pei Chung	-	-	-	

(II) Changes in pledge on shares held by directors, supervisors, managers and major shareholders: None.

(III) Related parties as the counterparty for transfer of shares: None.

(IV) Related parties as the counterparty of pledge on shares: None.

IX. Relationship among the Company's 10 largest shareholders who are spouses or relatives within two degrees to each other

March 29, 2024; unit: shares

Name	No. of shares held		No. of shares held by the spouse and children		No. of shares held under others' names		Names and relationships among the Company's ten largest shareholders, who are spouses or relatives within two degrees of kinship to each other		Note
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relation	
Taiwan Applied Materials, Inc.	8,117,258	7.91%							
Hyield Venture Capital Co., Ltd.	6,953,272	6.77%	-	-	-	-	Hon Chi International Investment Hon Yuan International Investment Bao Xin International Investment Limited	These are all investees recognized by Hon Hai Precision Industry Co., Ltd. under the equity method	-
Representative:Te-Tsai Huang	-	-	-	-	-	-	-	-	-
Standard Chartered's custodian account for LGT	3,673,500	3.58%	-	-	-	-	-	-	-

Name	No. of shares held		No. of shares held by the spouse and children		No. of shares held under others' names		Names and relationships among the Company's ten largest shareholders, who are spouses or relatives within two degrees of kinship to each other		Note
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relation	
Bao Xin International Investment Limited	2,678,541	2.61%	-	-	-	-	Hyield Venture Capital Co., Ltd. Hon Chi International Investment Hon Yuan International Investment	These are all investees recognized by Hon Hai Precision Industry Co., Ltd. under the equity method	-
Representative:Te-Tsai Huang	-	-	-	-	-	-	-	-	-
Hon Yuan International Investment	2,627,239	2.56%	-	-	-	-	Hyield Venture Capital Co., Ltd. Hon Chi International Investment Bao Xin International Investment Limited	These are all investees recognized by Hon Hai Precision Industry Co., Ltd. under the equity method	-
Representative:Te-Tsai Huang	-	-	-	-	-	-	-	-	-
Hon Chi International Investment	2,298,036	2.24%	-	-	-	-	Hyield Venture Capital Co., Ltd. Hon Yuan International Investment Bao Xin International Investment Limited	These are all investees recognized by Hon Hai Precision Industry Co., Ltd. under the equity method	-
Representative:Te-Tsai Huang	-	-	-	-	-	-	-	-	-
Labor Pension Fund - New System	2,255,800	2.20%	-	-	-	-	-	-	-
HSBC Bank (Taiwan) Limited's custodian account for Banque de l'Indochine's Singaporean branch investment	2,184,000	2.13%							
TransGlobe Life Insurance Inc.	1,405,000	1.37%	-	-	-	-	-	-	-
Citibank custodian account for Norges Bank	1,390,000	1.35%	-	-	-	-	-	-	-

X. Company, company's Directors, Supervisors, managers, and businesses in direct or indirect control by the company, their number of shares of the reinvestment businesses with shareholding disclosed in aggregate of the said parties:

December 31, 2023 (unless otherwise specified) unit: 1,000 shares; %

Transfer investment businesses	The Company's investments		Investments from directors, supervisors managers and entities directly or indirectly controlled		Comprehensive investment	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
FOXSEMICON INTEGRATED TECHNOLOGY INC.	40,475	100	—	—	40,475	100
FOXSEMICON LLC.	(Note 2)	100	—	—	(Note 2)	100
Fox Automation Technology Inc.	20,000	100	—	—	20,000	100
Frontier Integrated Global Solutions, Inc.	500	100	—	—	500	100
Kainova Technology Inc.	5,500	100	—	—	5,500	100
FOXSEMICON INNOVATIONS HOLDING INC.	15,000	100	—	—	15,000	100
UniEQ Integrated Technology Co., Ltd.(Thailand)	16,000	100	—	—	16,000	100
FOXSEMICON TECHNOLOGY LLC.	(Note 1)	100	—	—	(Note 1)	100
MINDTECH CORP.(MINDTECH)	34,978	100	—	—	34,978	100
SUCCESS PRAISE CORP. (SUCCESS PRAISE)	3,800	100	—	—	3,800	100
Foxsemicon Integrated (Shanghai) Inc.	(Note 1)	100	—	—	(Note 1)	100
Foxconn Fuyao Precision Component (Kunshan) Co., Ltd.	(Note 1)	100	—	—	(Note 1)	100
Shanghai EnvoFox Environment Integrated Technology Limited Inc.	(Note 1)	100	—	—	(Note 1)	100
Kaihuakang Semiconductor Equipment Nanjing Co., Ltd.	(Note 1)	100	—	—	(Note 1)	100

Note 1: No share issued by the limited company

Four. Fundraising

I.Capital and Shares

(I) Source of capital

March 31, 2024; Unit: Thousand Shares; NT$1,000

Year/ Month	Issue price (NT$)	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Subscriptions paid with property other than cash	Other
2001.04	10	100	1,000	100	1,000	Establishment	None	Note 1
2001.06	10	79,000	790,000	20,000	200,000	Cash capital increase at 199,000	None	Note 2
2002.08	10	79,000	790,000	50,000	500,000	Cash capital increase at 300,000	None	Note 3
2002.11	10	79,000	790,000	57,000	570,000	Cash capital increase at 70,000	None	Note 4
2003.11	11	120,000	1,200,000	85,000	850,000	Cash capital increase at 280,000	None	Note 5
2004.05	—	150,000	1,500,000	85,000	850,000	—	None	Note 6
2004.11	10	150,000	1,500,000	100,000	1,000,000	Cash capital increase at 150,000	None	Note 7
2005.04	40	150,000	1,500,000	103,000	1,030,000	Cash capital increase at 30,000	None	Note 8
2009.08	—	150,000	1,500,000	63,000	630,000	Capital reduction at 400,000	—	Note 9
2009.11	10	150,000	1,500,000	108,000	1,080,000	Cash capital increase at 450,000	None	Note 10
2013.08	—	150,000	1,500,000	21,600	216,000	Capital reduction at 864,000	—	Note 11
2013.11	14	150,000	1,500,000	60,000	600,000	Cash capital increase at 384,000	None	Note 12
2015.08	60	150,000	1,500,000	68,000	680,000	Cash capital increase at 80,000	None	Note 13
2016.08	60	150,000	1,500,000	75,000	750,000	Cash capital increase at 70,000	None	Note 14
2017.08	—	150,000	1,500,000	78,750	787,500	Capitalization of retained earnings at 37,500	None	Note 15
2018.08	—	150,000	1,500,000	82,688	826,875	Capitalization of retained earnings at 39,375	None	Note 16
2020.04	172.2	150,000	1,500,000	82,710	827,099	2017 Capitalization of employee stock options at 224	None	Note 17
2020.09	172.2	150,000	1,500,000	82,712	827,119	2017 Capitalization of employee stock options at 20	None	Note 18
2020.12	168.3	150,000	1,500,000	82,770.3	827,703	2017 Capitalization of employee stock options at 584	None	Note 19
2021.03	168.3 213.6	150,000	1,500,000	87,469.055	874,690.55	2017 Capitalization of employee stock options at 214 Capitalization of convertible bonds for the first time in Taiwan at 46,773.55	None	Note 20
2021.06	168.3 196.9	150,000	1,500,000	87,671.414	876,714.14	2017 Capitalizing on employee stock options at 1,856 Capitalization of convertible bonds for the first time in Taiwan at 167.59	None	Note 21
2021.09	168.3	150,000	1,500,000	87,692.214	876,922.14	2017 Capitalization of employee stock options at 208	None	Note 22
2021.12	168.3 163.3 196.9	150,000	1,500,000	87,800.826	878,008.26	2017 Capitalization of employee stock options at 238 Capitalization of convertible	None	Note 23

Year/ Month	Issue price (NT$)	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Subscriptions paid with property other than cash	Other
						bonds for the second time in Taiwan at 848.12		
2022.03	163.3 109.5	150,000	1,500,000	87,906.426	879,064.26	2017 Capitalization of employee stock options at 354 2018 Capitalization of employee stock options at 702	None	Note 24
2022.05	210.22	150,000	1,500,000	96,023.684	960,236.84	Private placement of common shares at 811,725.8	None	Note 25
2022.06.	163.3 109.5 191.05	150,000	1,500,000	96,647.546	966,475.46	2017 Capitalization of employee stock options at 2,210 2018 Capitalization of employee stock options at 260 Capitalization of convertible bonds for the second time in Taiwan at 3,768.62	None	Note 26
2022.12.	156.8 105.1	150,000	1,500,000	96,792.146	967,921.46	2017 Capitalization of employee stock options at 1,252 2018 Capitalization of employee stock options at 194	None	Note 27
2023.03	156.8 105.1 161.2	150,000	1,500,000	97,050.946	970,509.46	2017 Capitalization of employee stock options at 866 2018 Capitalization of employee stock options at 1,514 2019 Capitalization of employee stock options at 208	None	Note 28
2023.06	105.1 161.2	150,000	1,500,000	97,159.546	971,595.46	2018 Capitalization of employee stock options at 776 2019 Capitalization of employee stock options at 310	None	Note 29
2023.12	97.7 149.9 171	150,000	1,500,000	97,186.13	971,861.3	2018 Capitalization of employee stock options at 198 2019 Capitalization of employee stock options at 62 Capitalization of convertible bonds for the second time in Taiwan at 5.84	None	Note 30
2024.	97.7 149.9 197.5 171	150,000	1,500,000	97,439.289	974,392.89	2018 Capitalization of employee stock options at 1,356 2019 Capitalization of employee stock options at 900 2020 Capitalization of employee stock options at 30 Capitalization of convertible bonds for the second time in Taiwan at 245.59	None	Note 31

Note 1: Established on April 26, 2001: Approval Letter No. 90275409 by Ministry of Economic Affairs.

Note 2: June 19, 2001: Approval Letter Ching (090) Shang-Tzu No. 09001221650 by Department of Commerce, Ministry of Economic Affairs.

Note 3: August 14, 2002: Approval Letter Yuan-Shang-Tzu No. 20084 by Hsinchu Science Park.

Note 4: November 6, 2002: Approval Letter Yuan-Shang-Tzu No. 27745 by Hsinchu Science Park.

Note 5: November 26, 2003: Approval Letter Yuan-Shang-Tzu No. 33555 by Hsinchu Science Park.

Note 6: May 31, 2004: Approval Letter Yuan-Shang-Tzu No. 14333 by Hsinchu Science Park.

Note 7: November 2, 2004: Approval Letter Yuan-Shang-Tzu No. 29787 by Hsinchu Science Park.

Note 8: April 19, 2004: Approval Letter Yuan-Shang-Tzu No. 09004 by Hsinchu Science Park.

Note 9: August 10, 2009: Approval Letter Yuan-Shang-Tzu No. 21393 by Hsinchu Science Park.

Note 10: November 5, 2009: Approval Letter Yuan-Shang-Tzu No. 31423 by Hsinchu Science Park.

Note 11: August 26, 2013: Approval Letter Yuan-Shang-Tzu No. 1020025675 by Hsinchu Science Park.

Note 12: November 28, 2013: Approval Letter Yuan-Shang-Tzu No. 1020036332 by Hsinchu Science Park.

Note 13: August 11, 2015: Approval Letter Chu-Shang-Tzu No. 1040022866 by Hsinchu Science Park.

Note 14: August 16, 2016: Approval Letter Chu-Shang-Tzu No. 1050022713 by Hsinchu Science Park.

Note 15: August 4, 2017: Approval Letter Chu-Shang-Tzu No. 1060021239 by Hsinchu Science Park.

Note 16: August 10, 2018: Approval Letter Chu-Shang-Tzu No. 1070023396 by Hsinchu Science Park.

Note 17: April 6, 2020: Approval Letter Chu-Shang-Tzu No. 1090009041 by Hsinchu Science Park.

Note 18: September 3, 2020: Approval Letter Chu-Shang-Tzu No. 1090024984 by Hsinchu Science Park.

Note 19: December 4, 2020: Approval Letter Chu-Shang-Tzu No. 1090034178 by Hsinchu Science Park.

Note 20: March 23, 2021: Approval Letter Chu-Shang-Tzu No. 1100007696 by Hsinchu Science Park.

Note 21: June 7, 2021: Approval Letter Chu-Shang-Tzu No. 1100016011 by Hsinchu Science Park.

Note 22: September 3, 2021: Approval Letter Chu-Shang-Tzu No. 1100024969 by Hsinchu Science Park.

Note 23: December 3, 2021: Approval Letter Chu-Shang-Tzu No. 1100035733 by Hsinchu Science Park.

Note 24: March 23, 2022: Approval Letter Chu-Shang-Tzu No. 1110008615 by Hsinchu Science Park.

Note 25: May 17, 2022: Approval Letter Chu-Shang-Tzu No. 1110015012 by Hsinchu Science Park.

Note 26: June 6, 2022: Approval Letter Chu-Shang-Tzu No. 1110017118 by Hsinchu Science Park.

Note 27: December 1, 2022: Approval Letter Chu-Shang-Tzu No. 1110038551 by Hsinchu Science Park.

Note 28: March 22, 2023: Approval Letter Chu-Shang-Tzu No. 1120008758.

Note 29: June 5, 2023: Approval Letter Chu-Shang-Tzu No. 1120017727.

Note 30: December 5, 2023: Approval Letter Chu-Shang-Tzu No. 1120039840.

Note 31: March 26, 2024: Approval Letter Chu-Shang-Tzu No. 1130008811.

March 29, 2024 Unit: 1,000 shares

Type of Shares	Authorized capital			Note
	Shares outstanding	Unissued Shares	Total	
Ordinary shares	102,670.603	47,329.397	150,000	Listed shares: 94,553.345 Private placement: 8,117.258

(II) Shareholder structure

March 29, 2024

Shareholder structure / Number	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
No. of persons	5	29	108	245	17,502	17,889
No. of shares held	3,853,000	6,651,556	26,733,987	33,284,335	32,147,725	102,670,603
Shareholding %	3.75%	6.48%	26.04%	32.42%	31.31%	100.00%

(III) Ownership dispersion Face value of NT$10 per share)

March 29, 2024

Range of shareholdings	No. of shareholders	No. of shares held	Shareholding %
1-999	8,960	881,045	0.86%
1,000-5,000	7,683	13,000,676	12.66%
5,001-10,000	565	4,355,312	4.24%
10,001-15,000	188	2,409,619	2.35%
15,001-20,000	91	1,670,866	1.63%
20,001-30,000	105	2,612,140	2.54%
30,001-40,000	45	1,599,319	1.56%
40,001-50,000	40	1,850,471	1.80%
50,001-100,000	96	7,029,104	6.85%
100,001-200,000	42	5,923,327	5.77%
200,001-400,000	36	10,130,567	9.87%
400,001-600,000	15	6,992,276	6.81%
600,001-800,000	9	6,244,205	6.08%
800,001-1,000,000	1	855,257	0.83%
>1,000,001	13	37,116,419	36.15%
Total	17,889	102,670,603	100.00%

(IV) List of major shareholders

March 29, 2024; unit: shares; %

Shares / Name of major shareholder	No. of shares held	Shareholding %
Taiwan Applied Materials, Inc.	8,117,258	7.91%
Hyield Venture Capital Co., Ltd.	6,953,272	6.77%
Standard Chartered’s custodian account for LGT	3,673,500	3.58%
Bao Xin International Investment Limited	2,678,541	2.61%
Hon Yuan International Investment	2,627,239	2.56%
Hon Chi International Investment	2,298,036	2.24%
Labor Pension Fund - New System	2,255,800	2.20%
HSBC Bank (Taiwan) Limited’s custodian account for Banque de l'Indochine’s Singaporean branch investment	2,184,000	2.13%
TransGlobe Life Insurance Inc.	1,405,000	1.37%
Citibank custodian account for Norges Bank	1,390,000	1.35%

Note: Major shareholders are those with at least 5% stakes or with top ten largest shareholdings.

(V) Share price, net worth, earnings, dividends in the last 2 years, and relevant information on price per share, net worth, earnings, and dividend

Unit: NT$

Item		Year: 2022	2023	As of March 31, 2024
Market price per share	Highest	264.50	213.00	320.50
	Lowest	160.50	171.50	202.00
	Average	204.41	191.41	256.92
Book value per share	Before distribution	115.05	119.37	(Note 5)
	After distribution	100.82	-	-
Earnings per share	Weighted average No. of shares (1,000 shares)	94,141	97,192	(Note 5)
	Earnings per share	24.64	20.48	(Note 5)
Dividends per share	Cash dividends	13.80	12.00	-
	Bonus shares -	-	-	-
	Bonus shares -	-	-	-
	Cumulative unpaid dividends	-	-	-
Return on investment	Price to earnings ratio (Note 2)	8.30	9.35	(Note 5)
	Price to dividends ratio (Note 3)	14.81	15.95	-
	Cash dividend yield (Note 4)	6.75%	6.27%	-

Note 1: Distribution of 2023 earnings yet to be approved by the shareholders' meeting

Note 2: Price to earnings ratio (P/E)＝ Average closing price per share during the year／earnings per share

Note 3: Price to dividends ratio＝Average closing price per share during the year／cash dividends per share

Note 4: Cash dividend yield＝Cash dividends per share /average closing price per share during the year

Note 5: No data reviewed or audited by external auditors as of the publication date of this annual report

(VI) Dividends policy and implementation

1. Dividends policy

According to the company charter, if the company makes profits for the year, it shall set aside 3% to 8% as employee remuneration and less than 0.5% as the director remuneration. This shall be resolved by the Board and reported at the shareholders' meeting. However, when the company has accumulated losses, it shall reserve the amount to make up the losses, then allocate the employee and director remuneration from the remainder according to the ratio mentioned in the preceding paragraph.

Employee remuneration can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment.

If there are earnings from the company's end of year settlement, it shall first be allocated for tax payments and to make up any accumulated losses, followed by setting aside 10% as legal reserve to the extent of the amount of the company's paid-in capital. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority. The remainder is combined with the unappropriated surplus profits from previous year, the Board of Directors shall formulate the distribution proposal of surplus profits for submission to the shareholders' meeting for approval by resolution. The shareholders' stock dividends are distributed after the approval.

The company policy for dividends distribution depends on several factors, such as, the current and future investment environment, funds requirements, domestic and overseas competition, and the capital budget of the company, balancing the rights and interests of the shareholders' and the company's long-term financial planning. The shareholders' dividends are allocated based on the accumulated distributable earnings, which shall be more than 15% of the distributable earnings for the year. When allocating the shareholders' dividends, it may be in the form of cash or stock, which the cash dividends shall be more than 10% of the total shareholders' dividends.

Any cash distribution of dividends, profit, legal reserve, or capital reserve, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholders' meeting.

2. The Company intends to distribute cash dividends as follows: On February 29, 2024, the Board of Directors approved the distribution of 2023 earnings by issuing cash dividends of NT$1,173,259,680 in total or NT$12 per share. Chairman is authorized to determine the dividend record date. Chairman is authorized with full discretion to proceed according to the Company Act or relevant laws if the payout ratio is changed due to change in the Company's share capital and number of shares outstanding after the distribution of dividends.

(VII) Impacts of the stock grants proposed by the current Annual General Meeting (AGM) of shareholders on the company's operations and earnings per share: Not applicable.

(VIII) Remuneration for employees, directors and supervisors

1. The amount or range of remuneration for employees and directors as indicated in the Charter: Please refer to the Annual Report, Chapter I. (VI) 1. Explanation of dividends policy.

2. The basis for estimating the cash rewards for employees, directors, and supervisors of the current period, as well as the basis for calculating rewards for employees in stock and the accounting procedures in cases when the actual allocated amounts are at variance with the estimated amounts:

The distribution of remuneration for employees, directors, and supervisors is conducted according to the laws and regulations and the company's dividends policy. Its allocation amount is recognized in current operating expenses. If the actual distribution amount based on subsequent board resolution differs from the estimated amount, the difference is treated as changes in accounting estimates and the change will adjust the provision for expenses for the following year.

3. Distribution of remuneration passed by the Board of Directors:

(1) The amount of remuneration for employees, directors, and supervisors distributed in cash or in stock. In case of discrepancy between the recognized expenses and the estimated amount for the year, it is necessary to disclose the amount in difference, the reason for the discrepancy and subsequent procedures: On February 29, 2024,the Board of Directors approved the distribution of remuneration to employees and directors at an amount consistent to the annual estimate. The amount to be distributed is as follows:

A. Planned distribution of cash remuneration to employees: NT$139,500,326.

B. Planned distribution of remuneration to directors: NT$11,369,868.

(2) The proportion of amount equivalent to the stock distributed as rewards for employees to the sum of the current net income and the total amount of compensation for employees: Not applicable.

4. Reporting to the shareholders' meeting regarding the remuneration distribution and the outcome: As of the publication date of this annual report, the Company has not reported to the shareholders' meeting its remuneration distribution proposal for 2023.

5. When there is a difference in the actual status of reward (including number of shares, amount, and stock price) distributed to employees, directors, and supervisors in the previous year, state the amount, causes, and treatment of such difference.

The 2023 shareholders' meeting approved the distribution of remuneration to employees and directors for 2022 as follows. All distribution was in cash and without difference to the estimated amount.

Unit: NT$

2022	Amount approved by the shareholders' meeting	Amount recognized in financial statements	Difference
Remuneration to directors	12,251,283	12,251,283	None
Bonuses to employees	125,238,501	125,238,501	None

(IX) Buyback of common stock: None.

II. Issuance of Corporate Bonds:

(I) Issuance of Corporate Bonds

Types of Corporate Bonds	First domestic unsecured convertible corporate bonds	Second domestic unsecured convertible corporate bonds
Date of Issuance	January 23, 2018	November 16, 2020
Face value	NT$100,000	NT$100,000
Place of issue and trading	Taipei Exchange (TPEx)	Taipei Exchange (TPEx)
Issuance price	Issued at par value	Issued at par value
Total amount	NT$1 billion	NT$2 billion
Interest rate	Coupon rate of 0%	Coupon rate of 0%
Terms	Maturity date of 3-year bond: Issued on January 23, 2018, matured on January 23, 2021	Maturity date of 5-year bond: Issued on November 16, 2020, mature on November 16, 2025
Guarantee Institution	Not applicable	Not applicable
Trustee	BANK SINOPAC company LIMITED	BANK SINOPAC company LIMITED
Underwriting Agency	Grand Fortune Securities Co., Ltd.	Grand Fortune Securities Co., Ltd.
Certification Attorney	Yung Heng Law Firm: Kang-Jung Chan, lawyer	Kang-Jung Chan Law Firm: Kang-Jung Chan, lawyer
External auditors	CPA Sheng-Chung Hsu of PwC Taiwan CPA Yung-Chien Hsu	Yung-Chien Hsu of PwC Taiwan CPA Han-Chi Wu

Repayment Method		The bondholder shall choose for conversion to the company's common shares based on Article 11 of the regulations, or for the company to buy back the cancelled bonds through a securities dealer. The company shall make a one time cash repayment for the bonds held by the bondholder based on the face value of the bonds when the bonds reach maturity.	The bondholders shall choose for conversion to the company's common shares, for the company's call right, or redemption right of bondholders according to Article 11, Article 18, and Article 19 of this Regulations, respectively, or for the company to buy back the cancelled bonds through a securities dealer. The company shall make a one time cash repayment for the bonds held by the bondholder based on the face value of the bonds when the bonds reach maturity.
Outstanding principal		NT$0 thousand	NT$1,046,700 thousand
Terms of redemption or advance repayment		Not applicable	Not applicable
Restriction clauses		None	None
Names of credit rating agency, rating date, rating of corporate bonds		Not applicable	Not applicable
Other rights attached	By the publication date of the annual report, the amount converted (exchanged or subscribed) to common shares, global depository receipts, or other securities	As of March 31, 2021, the face value of the converted common shares was NT$999,100,000. Price of conversion per share was NT$213.6. The total number of converted common shares was 4,677,355 shares.	As of March 31, 2024, the face value of the converted common shares was NT$953,300,000. Price of conversion per share was NT$171. The total number of converted common shares was 5,515,190 shares.
	Issuance and conversion (exchange or subscription) method	As the below Appendix I	As the below Appendix II
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, effects on the rights and interests of the current shareholders		If all of the convertible bonds are converted to common stocks, the possible equity dilution rate is 4.81%. In view of the possible effects to current shareholders' equity, the funds are raised through borrowing methods such as borrowing from the bank and issuance of ordinary corporate bonds. These only increase the company debts and its net worth cannot be increased, which has limited benefits to sustainable operations. The issuance of convertible bonds (after conversion) can raise the company net worth per share. Although the company debts will be increased before the conversion of the convertible corporate bonds, as the creditors gradually convert its convertible corporate bonds to common shares, it will lower debts and increase the shareholders' rights and interests, and increase the new worth per share. Therefore, in the long-term, there is a stronger guarantee of current shareholders' rights.	If all of the convertible bonds are converted as common stocks, the possible equity dilution rate is 10.94%. In view of the possible effects on current shareholders' equity, the funds are raised through borrowing methods such as borrowing from the bank and issuance of ordinary corporate bonds. These only increase the company debts and the net worth is not able to be heightened, which has limited benefits on sustainable operations. The issuance of convertible bonds (after conversion) can raise the company net worth per share. Although the company debts will be increased before the conversion of the convertible corporate bonds, as the creditors gradually convert its convertible corporate bonds to common shares, it will lower the debts and increase the shareholders' rights and interests, and increase the new worth per share. Therefore, in the long-term, there is a stronger guarantee of current shareholders' rights.
Name of the transfer agent		Not applicable	Not applicable

(II) Data on convertible corporate bonds

Types of Corporate Bonds		First domestic unsecured convertible corporate bonds				Second domestic unsecured convertible corporate bonds			
Items / Year		2018	2019	2020	2021	2021	2022	2023	As of March 31, 2024
Market price of the convertible corporate bonds (NT$)	Highest	120.00	109.8	109.5	118.7	141.00	139.00	125.00	186.00
	Lowest	99.00	99.5	99.3	100.90	12.40	105.10	109.00	120.00
	Average	112.47	104.5	105.31	104.90	25.94	121.79	114.16	143.57
Conversion price (New Taiwan Dollar NTD)		251.2	231.0	218.3	213.6	196.90	183.50	171.00	171.00
Issue date and conversion price at issuance		Issued on January 23, 2018, NT$251.20.				Issued on November 16, 2020, NT$196.90.			
Fulfilling the conversion obligation		Issuance of new shares				Issuance of new shares			

III.Issuance of preference shares: None.

IV.Issuance of GDRs (global depository receipts): None.

V.Issuance of employee stock options

(I) Impact of outstanding employee stock options on shareholders' equity as of the publication date of this annual report

December 31, 2023

Employee stock options	2018 1st issuance of employee stock options	2019 1st issuance of employee stock options	2020 1st issuance of employee stock options	021 1st issuance of employee stock options	022 1st issuance of employee stock options
e of approval by competent authorities	December 11, 2018	December 16, 2019	October 14, 2020	ecember 10, 2021	December 9, 2022
e of Issuance	September 27, 2019	October 30, 2020	August 9, 2021	July 8, 2022	Unissued
ance unit	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000
centage of subscription shares issued to total outstanding shares (%)	1.14%	1.14%	1.71%	1.71%	1.55%
scription period	5 years	5 years	5 years	5 years	5 years
rcise	suance of new shares	suance of new shares	suance of new shares	uance of new shares	uance of new shares
ting schedule and quota (%)	second anniversary of the grant date 20% he third anniversary of the grant date 60% e fourth anniversary of the grant date 100%	second anniversary of the grant date 20% he third anniversary of the grant date 60% e fourth anniversary of the grant date 100%	second anniversary of the grant date 20% he third anniversary of the grant date 60% e fourth anniversary of the grant date 100%	e second anniversary of the grant date 20% third anniversary of the grant date 60% e fourth anniversary of the grant date 100%	e second anniversary of the grant date 20% third anniversary of the grant date 60% e fourth anniversary of the grant date 100%
ts exercised (shares)	500,000	148,000	3,000	—	—
ount exercised (NT$)	51,823,320	22,770,540	592,500	—	—
ts unexercised (shares)	270,000	647,000	1,246,000	1,312,900	1,500,000
rcise price for unexercised units	NT$97.7	NT$149.9	NT$197.50	NT$165.50	Unissued
Units unexercised to total outstanding shares (%)	0.26298.	0.63017	1.21359	1.27875	1.46098
act on shareholders' equity	ution towards shareholders' equity gradually each year. Thus, the effects of dilution remains limited.				

(II) Names of managers and top ten employees by the number of granted employee stock options, numbers of employee stock options granted and numbers of shares available for subscription

December 31, 2023

	Title	Name	No. of shares obtained (1,000 shares)	No. of shares obtained as % of total shares issued	Exercised				Not exercised			
					No. of shares subscribed (1,000 shares)	Subscription price (NT$)	Subscription amount (NTD Thousand)	No. of shares subscribed as % of total shares issued	No. of shares subscribed (1,000 shares)	Subscription price (NT$)	Subscription amount (NT$1,000)	No. of shares subscribed as % of total shares issued
Manager	Vice President	Kevin Chiu	481.2	0.469 (481.2/ 102670.603)	9.4(a)	109.5(a1)	1,029.3(a)	0.009	77.6(a) 85(b) 117(c) 192.2(d)	97.7(a) 149.9(b) 197.5(c) 165.5(d)	7,581.52(a) 12,741.5(b) 23,107.5(c) 31,809.1(d)	0.460
	Senior Vice President	Chi-Chih Huang										
	Vice President	Yung-Fang Tsou										
	Vice President	Jack Chen										
	Senior Manager, Accounting Department	Hsiao-Pei Chung										
Employee	Head of Equipment Fabrication Business Group	Sheng-Chang Wang	799.7	0.779 (799.7/ 102670.603)	89(a) 54(b)	109.5(a1) 105.1(a2) 97.7(a3) 161.2(b1) 149.9(b2)	9,197.66(a) 8,252.8(b)	0.139	92(a) 124(b) 226(c) 214.7(d)	97.7(a3) 149.9(b2) 197.5(c) 165.5(d)	8,988(a) 18,587.6(b) 44,635(c) 33,532.85(d)	0.640
	Head of Automation Equipment Division	Chun-Kai Huang										
	Head of Integrated Service Business Division	Kwang-Hsiung Chang										
	Head of Machinery & Processing Department II	Chin-Chu Chen										
	Head of Components Manufacturing Division	Yung-Tai Chen										
	Head of Product Engineering Development Department II	Yun-Li Song										
	Head of Flexible Manufacturing Division	Chao-Fa Peng										
	Head of Production Equipment Maintenance	Shang-Yi Chou										
	Head of Equipment Manufacturing Division	Ching-Te Wang										
	Information Technology Manager	Shou-Hung Weng										

Note a: 2018 employee stock options

Note b: 2019 employee stock options

Note c: 2020 employee stock options

Note d: 2021 employee stock options

Note e: 2022 employee stock options

XI. Issuance of new restricted employee shares: None.

XII. Mergers or issuance of new shares in connection with the acquisition of shares of another company: None.

XIII. Implementation status for plan of utilization of capital:

(I) The company increased capital in October 2013, July 2015, and July 2016, and completed the offering. It was invested into the operating funds at the end of 2013 and in Q3 2015, and in Q3 2016. It was used to pay back bank loans, and invested into the operating funds for utilization.

(II) Issuance of first domestic unsecured convertible corporate bonds in January 2018: the first offering of domestic unsecured convertible corporate bonds was completed in January 2018. The funds gained from the offering are NT$1,005,000 thousand which is used to provide sufficient operating funds. Its execution was completed in Q1 2018.

(III) Issuance of Second domestic unsecured convertible corporate bonds in November 2020: The offering of the company's second domestic unsecured convertible corporate bonds was completed in November 2020. The funds gained from the offering was NT$2,010,000 thousand. The funds were used for supporting the company operations and purchasing of goods in Q4 2020 and Q1 2021. The remainder of NT$800,000thousand was used to provide sufficient operating funds in Q2 2021. For Q1 2021 and as of Q1 2021, the company had made the execution progress at 34.83% and 60.20%, respectively, and the execution was completed in Q2 2021.

(IV) All proceeds from privately placed shares have been collected on April 25, 2022 and used as working capital in the second quarter of 2022.

Appendix 1

Foxsemicon Integrated Technology Inc.

First domestic unsecured convertible corporate bonds issuance and conversion method

I. Name of bond

Foxsemicon Integrated Technology Inc. (hereinafter referred to as “the company”), the first domestic unsecured convertible corporate bonds (hereinafter referred to as “the convertible corporate bonds”).

II. Date of Issuance

January 23, 2018 (hereinafter referred to as “the Issuance Date”).

III. Par value of bond

Par value each is NT$100,000, issued based on 100.5% of the par value for a total of 10,000 bonds.

IV. Total Issued Amount

The par value of the convertible corporate bonds is NT$100,000, issued based on the par value amount of 100.5% for a total of 10,000 bonds. The total issued amount is NT$1,005,000 thousand.

V. Issue term

During the three year issue term, issuance began from January 23, 2018 until the maturity date on January 23, 2021 (hereinafter referred to as “the Maturity Date”).

VI. Coupon rate of the Bonds

The coupon rate of the convertible corporate bonds is 0%.

VII. Date and repayment of principal

The coupon rate is 0% based on Article 6 of the regulations. Thus, it is not necessary to establish the interest payment date and method. Holders of convertible corporate bonds (hereinafter referred to as “bondholder”) shall choose for conversion to the company’s common shares based on Article 11 of the regulations, or for the company to buyback the cancelled bonds through securities dealer. The company shall make one time cash repayment for the convertible corporate bonds held by the bondholder based on the bond par value when the bonds reach maturity.

VIII. Types of collateral

The convertible corporate bonds are unsecured bonds. However, after the issuance of convertible corporate bonds, the company will separately issue or make private placement of other secured corporate bonds with warrants or secured convertible corporate bonds. The same level of creditor’s rights or same class of collateral will be set up for the convertible corporate bonds according to the corporate bonds with warrants or secured convertible corporate bonds.

IX. Underlying convertible stock

On the company’s common shares, the obligation for conversion shall be fulfilled by issuing new stocks. The issuance of new shares are delivered by book-entry transfer instead of in print.

X. Conversion period

Besides (i) the period for suspension of transfer registration of common stock required by laws, (ii) 15 business days prior to the date for the suspension of transfer registration of allocated dividends requested by the company, the date for the suspension of transfer registration of cash dividends or the date for the suspension of transfer registration of capital increase until the record date for allocation of rights, and (iii) from the date of capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may request the company convert the Bond into the company's common shares pursuant to the Regulations and Articles 11, 12, 16, and 17 at any time three months after the issuance and throughout the duration of the bond by the maturity date (April 24, 2018 to January 23, 2021).

XI. Procedures for Requesting Conversion

(I) Bondholders shall fill out application with the original securities firm for "Application form for convertible bonds to be delivered by book-entry transfer for conversion/redemption/reverse repurchase," indicating conversion. The securities firm will submit the application to the Taiwan Depository & Clearing Corporation (TDCC). After acceptance of the application by TDCC, a notice will be sent to the professional shareholder services agency. The notice will state the conversion to be effective upon delivery and that revocation may not be applied for and that the conversion process has to be completed within five working days. The common shares of the company will be directly transferred to the TDCC account of the bondholder.

(II) When applications for conversion of convertible bonds to the company's common shares are made by overseas Chinese and foreign nationals, all distribution will be delivered via book-entry transfer by TDCC.

XII. Conversion price and adjustments

(I) Establishment method of conversion price

The base date for the establishment of the conversion price is on January 15, 2018. The base price is calculated by finding the simple arithmetic average of closing prices of the company's common shares on one, three, or five working days before the base date (not inclusive). Subsequently, multiply the base price by 110% of the premium rate on convertible bonds. The result is the basis for the conversion price (to be calculated and rounded off to the nearest one NT$) of the convertible corporate bonds. Where there is ex-right or ex-dividend before the pricing base date, the closing price is sampled to calculate the conversion price. The price shall be taken as the price after ex-right or ex-dividend first. The conversion price shall be adjusted based on the adjustment formula where there is ex-right or ex-dividend during the period after the confirmation of the conversion price till the date of actual issuance. Calculated based on the above method, the price of the convertible bonds is NT$251.2.

(II) Conversion price adjustment

1. After the issuance of the convertible bonds, in the event where the common shares issued by (or are of private placement by) the company increase (included but not restricted to capital increase through offering, issuance, or private placement, through earnings, paid-in capital, mergers or issuance of new shares in connection with the acquisition of shares of another company, stock split, and capital increase for issuance of global depositary receipts), the company shall use the following formula to adjust the conversion price (to be calculated and

rounded down to the nearest NT$), and submit a written request to Taipei Exchange (TPEx) for public announcement. The conversion price is to be adjusted on the ex-right base date (note 1) for the issuance of new shares (where there is actual payment made, it would be adjusted on the stock capital payment date). The above is with exception to the issuance or private placement of various types of marketable securities conversions to common shares that possess a common shares conversion right or subscription right or due to issuance of new shares as an employee bonus.

Conversion price after adjustment = Conversion price before adjustment X [(Number of issued shares (Note 2) + (Payment amount for each share (Note 3) X number of newly issued shares or private placement shares) / Market price per share (Note 4) / (Number of issued shares + number of newly issued shares or private placement shares)]

Note 1: If it is the splitting of shares, it would be the ex-dividend date. If it is mergers or acquisitions for capital increase, it is adjusted on the mergers or acquisitions base date. If capital increases by book building or for issuance of global depositary receipts, and that there is no ex-right date, it would be adjusted on the stock capital payment date. If capital increases by private placement, it would be adjusted on the delivery date of the privately placed securities. If the issued price of the newly issued shares changes after the ex-right date of the issuance of new shares for capital increases, re-adjustment will be made based on the updated new share issuance price. If the adjusted conversion price is lower than the adjusted conversion price announced before the original base date, a written request is to be submitted to TPEx for re-announcement of the adjustment.

Note 2: The number of issued shares refers to the total number of issued common shares (including private placement issuance and privately placed shares), minus the number of treasury stock that the company has bought back but has not yet cancelled or transferred.

Note 3: If the payment amount for each share is for stock grant or splits, the payment amount shall be zero. If it is for issuance of new shares from capital increase by mergers, the payment amount for each share shall be the net worth per share based on the latest financial statements, audited and verified or reviewed by the CPAs, of the dissolved company before the merger base date multiplied by the share conversion ratio. If it is for issuance of new shares in connection with the acquisition of shares of another company, the payment amount for each share shall be the net worth per share based on the latest financial statements, audited and verified or reviewed by the CPAs, of the acquired company multiplied by the share conversion ratio.

Note 4: The establishment of the market price shall be calculated by finding the simple arithmetic average of closing prices of the common shares on one, three, or five working days before the ex-right date, pricing base date, stock split base date or privately placed securities delivery date.

2. After the issuance of the convertible bonds, in the event that the ratio of the company's allocated common stock cash dividends to the market price is more than 1.5%, it shall adjust the conversion price (to be calculated and rounded down to the nearest NT$) downwards on the ex-dividend base date based on the market price ratio. A written request is to be sent to TPEx for making announcement of the conversion price after downward adjustment. The regulations for this downward adjustment of the conversion price is not applicable on conversions proposed before the ex-dividend base date (this date is not inclusive). The adjusted formulas are as follows:

Conversion price after adjustment = Conversion price before adjustment = (1 - ratio of issued common stock cash dividends to market price (note 5))

Note 5: The establishment of the market price shall be calculated by finding the simple arithmetic average of closing prices of the company's common shares on one, three, or five working days before the cash dividends book closure ex-dividend announcement date.

3. After the issuance of the convertible bonds, in the event where the company makes issuance or private placement of securities with rights of conversion or subscription at a price below the then market price per share (note 6), the company shall adjust the conversion price based on the following formulas (to be calculated and rounded down to the nearest NT$). A written request is to be sent to TPEx for making announcement on the adjustments on the aforementioned issuance date of marketable securities or subscription right or privately placed securities delivery date:

Conversion price after adjustment = Conversion price before adjustment X (Number of issued shares (note 7) + (the price of issuance or private placement of securities with rights of conversion or subscription X number of shares for conversion or subscription from the issuance or private placement of securities with rights of conversion or subscription) / market share (note 6) / (Number of issued shares + number of shares for conversion or subscription from the issuance or private placement of securities with rights of conversion or subscription)

Note 6: The market price shall be calculated by finding the simple arithmetic average of closing prices of the company's common shares on one, three or five working days before the pricing base date of the issuance or private placement of securities with rights of conversion or subscription. Where there is ex-right or ex-dividend before the pricing base date, the closing price is sampled to calculate the conversion price. The price shall be taken as the price after ex-right or ex-dividend first.

Note 7: The number of issued shares refers to common shares that are of private placement issuance and privately placed shares, minus the number of treasury stock that the company has bought back but has not yet been cancelled or transferred. Issuance or private placement of securities with rights of conversion or subscription, such as, treasury stock support. After that, find out the number of shares for conversion or subscription using the number of issued shares from the adjustment formula minus newly-issued or privately placed securities.

4. After the issuance of the convertible bonds, in the event that the company's common shares have reduced due to capital reduction and not due to treasury shares cancellation, the company adjusts the conversion price based on the following formula (to be calculated and rounded down to the nearest NT$). A written request is to be sent to TPEx for announcing the adjustment on the capital reduction base date.

(1) Capital reduction to write off an accumulated loss

Conversion price after adjustment = Conversion price before adjustment X (Number of common shares issued before capital reduction (note 8) / number of common shares issued after capital reduction)

(2) Capital reduction:

Conversion price after adjustment = (Conversion price before adjustment - amount of cash returned per share) X (Number of common shares issued before capital reduction (Note 8) / number of common shares issued after capital reduction)

Note 8: The number of issued common shares includes those that are issued and privately placed, and minus the number of treasury stock that the company has bought back but not yet cancelled or transferred.

XIII. Listing and delisting of convertible corporate bonds

Submit applications to TPEx to list the convertible bonds for trading before the issuance day. The listing will continue until all of the bonds are converted to common shares or when all of the bonds are bought back by the company or when repayment is made. Public announcement will be made for the above after agreed by TPEx.

XIV. Attribution of the cash dividends and stock dividends during the conversion year

(I) Cash dividends

1. Bondholders who request for conversion between January 1 of the year till 15 working days (not inclusive) before the book closure date for the company's cash dividends in the current year, the common shares obtained from the conversion may be submitted along with the cash dividends of the previous year to the current year shareholder meeting for resolution on the distribution.
2. Starting from 15 working days (inclusive) before the book closure date of the company's cash dividends for the current year til the cash dividend ex-dividend base date (inclusive), conversion for convertible bonds is suspended.
3. Bondholders who request for conversion between the current year cash dividends ex-dividend base date till December 31, inclusive, of the current year, shall not be entitled to the cash dividends from previous year as resolved by the shareholder meeting on the distribution. However, the bondholder may be included in the following year's shareholder meeting resolution on the distribution of the cash dividends for the current year.

(II) Stock dividends

1. For Bondholders who request for conversion between January 1 of the year till 15 working days (not inclusive) before the book closure date for the company's stock grant in the current year, the common shares obtained from the conversion may be submitted along with the stock dividends of the previous year to the current year shareholder meeting for resolution on the distribution.

2. Starting from 15 working days (inclusive) before the book closure date of the company's stock grant for the current year til the stock grant ex-right base date (inclusive), conversion for convertible bonds is suspended.

3. Bondholders who request for conversion between the current year stock grant ex-right base date till December 31, inclusive, of the current year, shall not be entitled to the stock dividends from previous year as resolved by the shareholder meeting on distribution. However, the bondholder may be included in the following year's shareholder meeting resolution on the distribution of the stock dividends for the current year.

XV. Capital change registration process

The company shall within 15 days after the end of each quarter, make public announcement of the stock amount delivered from the conversion of convertible bonds in the previous quarter. The capital change registration shall be filed at least once a quarter with the competent authority.

XVI. Treatment of the balance of one share that is non-convertible

When converting to the company's common stock, fractional shares that are insufficient for one share shall be used to offset the transfer fees for Taiwan Depository & Clearing Corporation (TDCC), and the company will make payment in cash (calculated and rounded off to the nearest NT$).

XVII. New shares to be listed after conversion

The common shares gained from the conversion of convertible bonds are listed on the Taiwan Stock Exchange (TWSE) starting from the delivery date. The company is to contact TWSE for approval of the listing before the public announcement. The company adopts dematerialized common shares for issuance. The converted dematerialized common shares are listed on TWSE for trading starting from the delivery date.

XVIII. Rights and obligations after conversion

Unless otherwise provided by law or regulation, the rights and obligations of the converted new shares are the same to the originally issued common shares by the company.

XIX. All convertible bonds that the company have recovered, paid, or converted shall be cancelled and they shall not be re-sold or issued. The conversion rights attached shall be eliminated too.

XX. The convertible bonds and conversion to common shares are registered. Their transfer, change registration, pledge, and loss are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and related regulations to the company Act. Taxation matters are processed according to the taxation laws and regulations at that time.

XXI. The convertible bonds are handled by the Trust Department of Bank Sinopac Co., Ltd. as the trustee of the creditors, representing the interests of the bondholders in exercising audit and supervision authority and responsibility related to matter of the company fulfilling convertible bonds issuance For bondholders of the convertible bonds, whether the bonds are subscribed to during issuance or purchased midway, the bondholders agreed to give full authority to the trustee for handling of related matters abiding to the regulations of the consignment contract, the rights and obligations of the trustee, and the regulations on issuance and conversion. This authorization may not be revoked midway. On the contents of this consignment contract, the bondholder may inquire at the company or the trustee operation location during operation hours.

XXII. Entrusted a professional shareholder services agency to process payment of principal and conversions on the convertible bonds.

XXIII. The issuance of convertible bonds are delivered by book-entry transfer in paperless form under Article 8 of the Securities and Exchange Act.

XXIV. On the regulations for the issuance and conversion of convertible bonds, any other matters not set forth herein, shall be governed by applicable laws, rules, and regulations.

Appendix 2

Foxsemicon Integrated Technology Inc.

Second domestic unsecured convertible corporate bonds issuance and conversion method

I. Name of bond

Foxsemicon Integrated Technology Inc. (hereinafter referred to as "the company"), the second domestic unsecured convertible corporate bonds (hereinafter referred to as "the convertible corporate bonds").

II. Date of Issuance

November 16, 2020 (hereinafter referred to as "the Issuance Date").

III. Total amount issued and par value

The par value of the convertible corporate bonds is NT$100,000, issued based on the par value amount of 100.5% for a total of 20,000 bonds issued. The issued par value is NT$2,000,000 thousand, with a total raising funds of NT$2,010,000 thousand.

IV. Issuance period

During the five year issuance period, issuing began from November 16, 2020 until the maturity date on November 16, 2025 (hereinafter referred to as "the Maturity Date").

V. Annual interest rate of the Bonds

The par value annual interest of the convertible corporate bonds is 0%.

VI. Date and method of principal and interest payment

The par value interest of the bond is 0% based on Article 5 of the regulations. Thus, it is not necessary to establish the interest payment date and method. The bondholders shall choose for conversion to the company's common shares, for reverse repurchase, or early redemption according to Article 10, Article 19, and Article 18 of these Regulations, respectively, or for the company to buyback the cancelled bonds through a securities dealer. The company shall make a one time cash repayment based on the bond par value when the convertible bonds reach maturity.

VII. Types of collateral

The convertible corporate bonds are unsecured bonds. However, after the issuance of convertible corporate bonds, the company will separately issue or make private placement of other secured corporate bonds with warrants or secured convertible corporate bonds. The same level of creditor's rights or same class of collateral will be set up for the convertible corporate bonds according to the corporate bonds with warrants or secured convertible corporate bonds.

VIII. Underlying convertible stock

The company fulfills its conversion obligations based on the method for issuance of new shares. Bondholders are to make request to the company for conversion of bonds to common shares of the company based on the par value and conversion price at the time of conversion in accordance with the conversion regulations.

IX. Conversion period

(I) Starting from the next day, February 17, 2021, three months from the issuance date of the convertible bonds, up till the expiration date on November 16, 2025, the bondholder may make request to the company at any time to convert the convertible bonds to common shares of the company in accordance with the regulations and processed according to Articles 10, 11, 13, and 15 of the regulations. During this period, transfer of the common shares is suspended temporarily, according to laws, and it is subject to Paragraph (II) of the regulations.

(II) Conversion is suspended during the following period: From 15 working days before the ex-dividend date for dividend distribution, ex-dividend date for cash dividends, ex-dividend date for cash issue subscription, up till the ex-rights date; the capital reduction base date up till one day before trading begins for the converted stocks for capital reduction; the starting date for suspension of conversion for processing stock par value change up till one day before the trading begins for the converted new stocks.

X. Procedures for Requesting Conversion

(I) Bondholders shall fill out the “Application form for convertible bonds to be delivered by book-entry transfer for conversion/redemption/reverse repurchase” with the original securities form to begin conversion process. The securities firm will submit the application to the Taiwan Depository & Clearing Corporation (TDCC). After acceptance of the application by TDCC, a notice will be sent to the professional shareholder services agency via electronic means. The notice will state the conversion to be effective upon delivery, that revocation may not be applied for and that the conversion process has to be completed within five working days. The common shares of the company will be directly transferred to the TDCC account of the bondholder.

(II) When applications for conversion of convertible bonds to the company’s common shares are made by overseas Chinese and foreign nationals, all distribution will be delivered via book-entry transfer by TDCC.

XI. Conversion price and adjustments

(I) Establishment method of conversion price

The base date for the establishment of the conversion price is on November 6, 2020. The base price is calculated by finding the simple arithmetic average of closing prices of the company’s common shares on one, three, or five working days before the base date (not inclusive). Subsequently, multiply by 110% of the premium rate on convertible bonds. The result is the basis for the calculation of the conversion price (to be calculated and rounded off to the nearest one NT$). Where there is ex-right or ex-dividend before the base date, the closing price is sampled to calculate the conversion price. The price shall be taken as the price after ex-right or ex-dividend first. The conversion price shall be adjusted based on the adjustment formula as stated in Paragraph (II) of this Article where there is ex-right or ex-dividend during the period after the confirmation of the conversion price till the date of actual issuance. Calculated based on the above method, the price of the convertible bonds is NT$196.9.

(II) Conversion price adjustment

1. After the issuance of the convertible bonds, in the event where the common shares issued by (or are of private placement by) the company increase (included but not restricted to capital increase through offering, issuance, or private placement, through earnings, paid-in capital, mergers or issuance of new shares in connection with the acquisition of shares of another company, splits, and cash capital increases for the issuance of global depositary receipts, and increases of issued common shares due to change to face value), the company shall use the following formula to adjust the conversion price of the convertible bonds (to be calculated and rounded down to the nearest NT$), and submit a written request to Taipei Exchange (TPEx)

for public announcement. It shall be adjusted on the ex-right date (note 1) of the new share issuance. If there is an increase of issued common shares due to change in face value, adjustments are to be made on the base date for issuance of new shares. The conversion price is to be adjusted on the ex-right base date (note 1) for the issuance of new shares (where there is actual payment made, it would be adjusted on the stock capital payment date). The above is with exception to the issuance or private placement of various types of marketable securities conversion to common shares that possess common shares conversion rights or subscription rights or due to issuance of new shares as employee remuneration.

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \dfrac{\text{Payment amount for each share (Note 3) X number of newly issued shares or private placement shares}}{\text{Market price (Note 4)}}}{\text{Number of issued shares (Note 2) + Number of newly issued shares or private placement shares}}$$

Note 1: If it is the splitting of shares, it would be the ex-dividend date. If it is mergers or acquisitions for capital increase, it is adjusted on the mergers or acquisitions base date. If capital increases by book building or for the issuance of global depository receipts, and that there is no ex-right date, it would be adjusted on the stock capital payment date. If capital increase by private placement, it would be adjusted on the delivery date of the privately placed securities. If the issued price of the newly issued shares changes after the ex-right date of the issuance of new shares for capital increase, re-adjustment will be made based on the updated new share issuance price. If the adjusted conversion price is lower than the adjusted conversion price announced before the original base date, a written request is to be submitted to TPEx to re-announce the adjustment.

Note 2: The number of issued shares refers to the total number of issued common shares (including private placement issuance and privately placed shares), minus the number of treasury stock that the company has bought back but has not yet cancelled or transferred.

Note 3: If the payment amount for each share is for stock grant or splits, the payment amount shall be zero. If it is for issuance of new shares from capital increase by mergers, the payment amount for each share shall be the net worth per share based on the latest financial statements, audited and verified or reviewed by the CPAs, of the dissolved company before the merger base date multiplied by the share conversion ratio. If it is for issuance of new shares in connection with the acquisition of shares of another company, the payment amount for each share shall be the net worth per share before the acquisition date based on the latest financial statements, audited and verified or reviewed by the CPAs, of the acquired company multiplied by the share conversion ratio.

Note 4: The establishment of the market price shall be calculated by finding the simple arithmetic average of closing prices of the common shares on one, three, or five working days before the ex-right date, pricing base date, stock split base date, or privately placed securities delivery date.

When there is change to par value:

Conversion price after adjustment = Conversion price before adjustment X (Number of common shares issued before change to par value / number of common shares issued after change to par value)

2. After the issuance of the convertible bonds, in the event that the company allocates common stock cash dividends, it shall adjust the conversion price (to be calculated and rounded down to the nearest NT$ cent) downwards on the ex-dividend base date based on the market price ratio. A written request shall be sent to TPEx for making announcement of the conversion price after adjustment. The regulations for this downward adjustment of the conversion price is not applicable on conversions proposed before the ex-dividend base date (this date is not inclusive). The adjusted formulas are as follows:

Conversion price after adjustment = Conversion price before adjustment X (1 - ratio of issued common stock cash dividends to market price (note))

Note: The market price shall be calculated by finding the simple arithmetic average of closing prices of the company’s common shares on one, three, or five working days before the cash dividends book closure ex-dividend announcement date.

3. After the issuance of the convertible bonds, in the event where the company makes issuance or private placement of securities with rights of conversion or subscription at a price below the then market price per share (note 1), the company shall adjust the conversion price of the convertible bonds based on the following formulas (to be calculated and rounded down to the nearest NT$ cent). A written request is to be sent to TPEx for making announcement on the adjustments of the aforementioned issuance date of marketable securities or subscription right or privately placed securities delivery date:

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \dfrac{\text{The price of newly issued or privately placed common shares with rights of conversion or subscription} \times \text{The number of securities for conversion or subscription which are newly issued or privately placed common shares with right of conversion or subscription.}}{\text{Market price (Note 1)}}}{\text{Number of issued shares (note 2)} + \text{the number of securities for conversion or subscription which are newly issued or privately placed common shares with right of conversion or subscription.}}$$

Note 1: The market price shall be calculated by finding the simple arithmetic average of closing prices of the company’s common shares on one, three, or five working days before the pricing base date of the issuance or private placement of securities with rights of conversion or subscription or before the delivery date of the privately placed securities. Where there is ex-right or ex-dividend before the pricing base date, the closing price is sampled to calculate the conversion price. The price shall be taken as the price after ex-right or ex-dividend first.

Note 2: The number of issued shares refers to the total number of issued common shares (including private placement issuance and privately placed shares), minus the number of treasury stock that the company has bought back but has not yet cancelled or transferred. Issuance or private placement of securities with rights of conversion or subscription, such as, treasury stock support. After that, the number of shares for conversion or subscription is determined using the number of issued shares from the adjustment formula minus newly-issued or privately placed securities.

4. After the issuance of the convertible bonds, in the event that the company's common shares have reduced due to capital reduction and not due to treasury shares cancellation, the company shall adjust the conversion price based on the following formula. A written request is to be sent to TPEx for announcing the adjustment on the capital reduction base date. If the reduction in common shares is a result of change to par value, adjustment is to be made on the base date for conversion of new shares:

(1) Capital reduction to write off an accumulated loss

Conversion price after adjustment = Conversion price before adjustment X (Number of common shares issued before capital reduction (note) / number of common shares issued after capital reduction)

(2) Capital reduction:

Conversion price after adjustment = (Conversion price before adjustment - amount of cash returned per share) X (Number of common shares issued before capital reduction (Note) / number of common shares issued after capital reduction)

(3) When there is change to par value:

Conversion price after adjustment = Conversion price before adjustment X (Number of common shares issued before change to par value (note) / number of common shares issued after change to par value)

Note: The number of issued common shares refers to the total number of issued common shares (including private placement issuance and privately placed shares), and minus the number of treasury stock that the company has bought back but has not yet cancelled or transferred.

XII. Listing and delisting of convertible corporate bonds

Submit applications to TPEx to list the convertible bonds for trading before the issuance day. The listing will continue until all of the bonds are converted to common shares or when all of the bonds are bought back by the company or when repayment is made. Public announcement will be made for the above after agreed by TPEx.

XIII. Listing of new shares after conversion

The common shares gained from the conversion of convertible bonds are listed on the stock exchange starting from the delivery date. The company is to contact the stock exchange for approval of the listing before the public announcement.

XIV. Capital change registration process

The company shall within 15 days after the end of each quarter, make public announcement of the stock amount delivered from exercising conversion of convertible bonds in the previous quarter. The capital change registration shall be filed at least once a quarter with the competent authority.

XV. Treatment of balance of one share that is non-convertible

When converting to the company's common stock, fractional shares that are insufficient for one share shall be used to offset the transfer fees for Taiwan Depository & Clearing Corporation (TDCC), and the company will make payment in cash (calculated and rounded off to the nearest NT$).

XVI. Attribution of the cash dividends and stock dividends during the conversion year

(I) Cash dividends

1. Bondholders who request for conversion to the stock exchange between January 1 of the year till 15 working days (not inclusive) before the book closure date for the company's cash dividends in current year, may be included in the current year shareholder meeting resolution on the distribution of previous year's cash dividends.
2. Starting from 15 working days (inclusive) before the book closure date of the company requesting the stock exchange on processing cash dividends for the current year till the cash dividend ex-dividend base date (inclusive), conversion for convertible bonds is suspended.
3. Bondholders who request for conversion between the current year cash dividends ex-dividend base date till December 31, inclusive, shall not be entitled to the cash dividends from previous year as resolved by the shareholder meeting on the distribution. However, the bondholder may be included in the following year's shareholder meeting resolution on the distribution of the cash dividends for the current year.

(II) Stock dividends

1. Bondholders who request for conversion between January 1 of the year till 15 working days (not inclusive) before the book closure date of the company requesting to the stock exchange on processing stock grant in current year, the common shares obtained from the conversion may be submitted with the stock dividends of the previous year to the current year shareholder meeting for resolution on distribution.
2. Starting from 15 working days (inclusive) before the book closure date of the company making request to the stock exchange on processing stock grants for the current year till the stock grant ex-right base date (inclusive), conversion for convertible bonds is suspended.
3. Bondholders who request for conversion between the current year stock grant ex-right base date till December 31, inclusive, shall not be entitled to the stock dividends from previous year as resolved by the shareholder meeting on distribution. However, the bondholder may be included in the following year's shareholder meeting resolution on the distribution of the stock dividends for the current year.

XVII. Rights and obligations after conversion

The rights and obligations of the converted new shares are the same as the originally issued common shares by the company.

XVIII. Redemption right of the company

(I) From the next day (February 17, 2021) and onwards of three full months after the issuance date of convertible bonds up till forty days before the issuance expiration date (October 6, 2025), when the closing price of the company's common shares exceeds 30% or more of the conversion price at that time for thirty consecutive working days at the stock exchange, the company shall send the "Bond Redemption Notice" with a one month expiry date (the aforementioned period is counted starting from the mailing date, and its expiration date is the bond redemption base date. This period shall not overlap with the conversion suspension period as stated under Article 9 of the Regulations) by registered mail within the next thirty working days to the bondholders (mainly the bondholders as recorded in the name list as of five working days before mailing out the notice. Investors who obtain the convertible bonds after that due to trading or other reasons would be noticed via public announcement). A written request is to be sent to the stock exchange to announce the company exercising its redemption right. All outstanding convertible bonds shall be redeemed by cash based on the bond par value within five working days after the bond redemption base date.

(II) From the next day (February 17, 2021) and onwards of three full months after the issuance date of convertible bonds up till forty days before the issuance expiration date (October 6, 2025), when the balance of the outstanding convertible bonds is lower by 10% of the total of the original issuance, the company shall send the "Bond Redemption Notice" with a one month expiry date (the aforementioned period is counted starting from the mailing date, and its expiration date is the bond redemption base date. This period shall not overlap with the conversion suspension period as stated under Article 9 of the Regulations) by registered mail at any time after to the bondholders (mainly the bondholders as recorded in the name list as of five working days before mailing out the notice. Investors who obtain the convertible bonds after that due to trading or other reasons would be noticed via public announcement). A written request is to be sent to the stock exchange to announce the company exercising its redemption right. All outstanding convertible bonds shall be redeemed by cash based on the bond par value within five working days after the bond redemption base date.

(III) Should the bondholder not make any written reply to the company's professional shareholder services agency before the bond redemption base date as stated in the "Bond Redemption Notice" (effective upon delivery based on the postmark date), the company shall redeem the outstanding convertible bonds with cash based on the bond par value within five working days after the bond redemption base date.

XIX. Put option of bondholders

The reverse repurchase base date is the day (November 16, 2023) three full years from the issuance of the convertible bonds by which the bondholder has to make reverse repurchase of the bonds in advance. The company shall before forty days (October 6, 2023) of the reverse repurchase base date, send registered mail to the bondholders for a copy of the "Notice for Exercising Put Option" (the mailing recipients are based on the bondholder name list as of the fifth working day before the mailing date. Bondholders who obtain these bonds after that due to trading or other reasons would be noticed via public announcement). A written request is to be sent to the stock exchange to announce the exercising of this bond put option. The bondholder may within thirty days before the reverse repurchase base date, send a written notice to the company's professional shareholder services agency (effective upon delivery based on the postmark date) to request the company to make cash redemption of all of the bonds held using the bond par value. When the company accepts and processes the redemption request, it shall redeem the bonds using cash within five working days from the reverse repurchase base date. If the aforementioned dates fall on the closing day of the Taiwan Stock Exchange Corporation (the “TWSE”), the dates shall be postponed to the next business day.

XX. All convertible bonds that the company have recovered, paid, or converted shall be cancelled and they shall not be re-sold or issued. The conversion rights attached shall be eliminated too.

XXI. The convertible bonds and conversion to common shares are registered. Their transfer, change in registration, pledge, and loss are handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” and related regulations to the company Act. Taxation matters are processed according to the taxation laws and regulations at that time.

XXII. The convertible bonds are handled by the Trust Department of Bank Sinopac Co., Ltd. as the trustee of the bondholder, representing the interests of the bondholders in exercising audit and supervision authority and responsibility on the matters relating to company fulfillment of convertible bonds issuance. For bondholders of the convertible bonds, whether the bonds are subscribed to during issuance or purchased midway, the bondholders agreed to give full authority to the trustee for handling of related matters abiding to the regulations of the consignment contract, the rights and obligations of the trustee, and the Regulations. This authorization may not be revoked midway. The service period of the trustee is up till the day of complete repayment of the company’s debts. On the contents of this consignment contract, the bondholder may request a document review at the company or the trustee operating location during operating hours.

XXIII. Entrusted a professional shareholder services agency to process payment of principal and interests, and conversions on the convertible bonds.

XXIV. The issuance of convertible bonds are delivered by book-entry transfer in paperless form under Article 8 of the Securities and Exchange Act.

XXV. On the regulations for the issuance and conversion of convertible bonds, any other matters not set forth herein, shall be governed by applicable laws, rules, and regulations.

Five. Operations

I. Business

(I) Scope of business

1. The company engages in the businesses as shown on the left:

I.	CB01010	Mechanical Equipment Manufacturing
II.	CC01080	Electronics Components Manufacturing
III.	F401010	International Trade
IV.	CF01011	Medical Devices Manufacturing
V.	F108031	Wholesale of Medical Devices
VI.	F208031	Retail Sale of Medical Apparatus
VII.	I301010	Information Software Services (limited to business outside of the region)
VIII.	F119010	Wholesale of Electronic Materials (limited to business outside of the region)
IX.	F118010	Wholesale of Computer Software (limited to business outside of the region)
X.	ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval (limited to business outside of the region)

Research, development, design, manufacturing and sales of the following products:

1. Semiconductor equipment subsystem and system integration
2. Flat panel display equipment subsystem and system integration
3. Nano equipment R&D
4. LED lighting, LED display products and other application product
5. In Vitro Diagnostic Device (IVD) and related application product
6. Concurrently operating the import-export trading business relating to the Company’s business.

2. Percentage of operation

Unit: NT$1,000; %

Item	2023	
	Amount	%
Semiconductor equipment and system assembly	6,551,795	50.20%
Key components	6,096,881	46.71%
Other	402,681	3.09%
Subtotal	13,051,357	100.00%

3. Current products and service items

The company is currently engaged in advance equipment design and manufacturing. The principal application of the products are in industries spanning from semiconductors to panels, optoelectronics, energy, factory automation and the research, development, design, manufacturing and sales of the equipment, modules, and components used in health care. Services are further provided in the integrated planning for fully automated factories of high-tech industries.

4. New products (services) development plan

   A. Active-type micro-pollution prevention total solution plan series products

   B. EUV mask automation equipment

   C. Semiconductor wafer automation equipment and automated testing/packaging equipment

   D. Medical Material Automation and Medical IoT Equipment

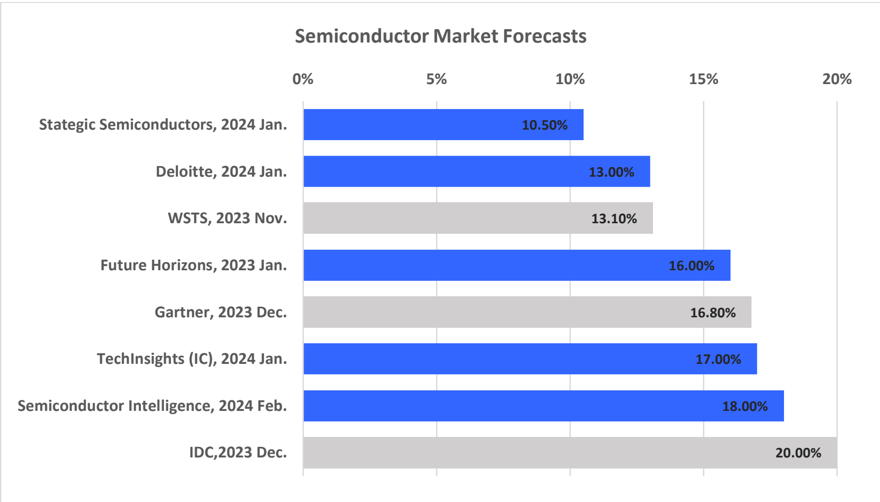
   E. Industrial Internet-of-Things integrated planning

(II) Industry Overview

1. Current status and industry development

   A. Semiconductor industry

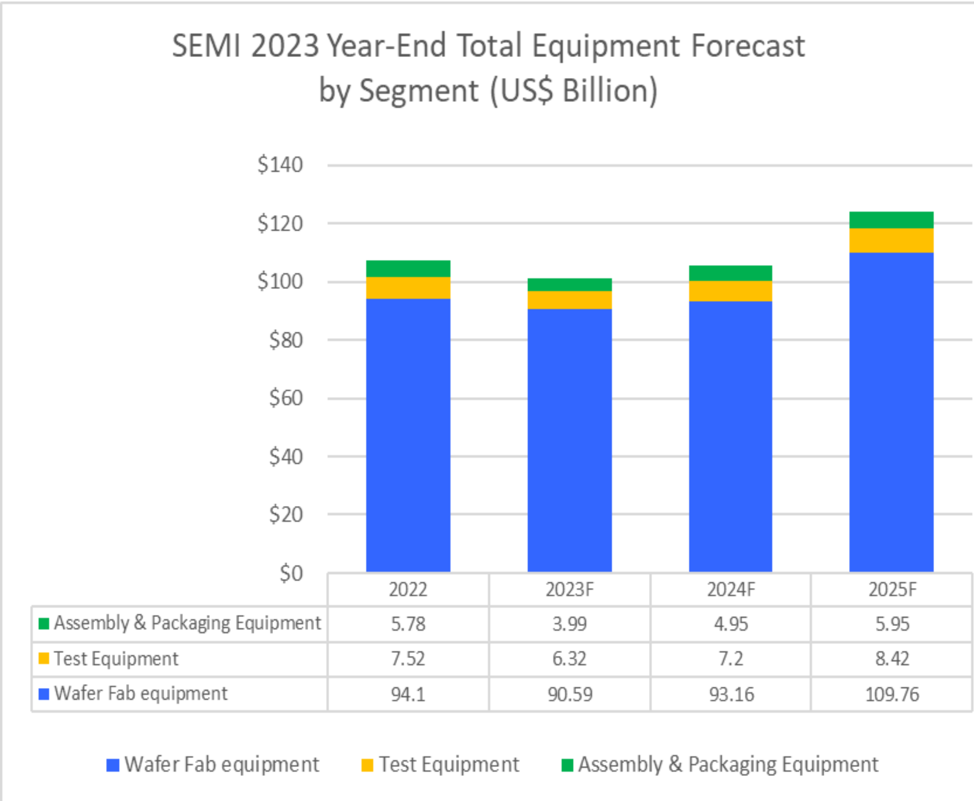
As the 2023 semiconductor cycle contraction ends and generative AI develops rapidly, the semiconductor industry continues to advance steadily amidst the wave of change. Faced with growing demand from various fields such as artificial intelligence, the Internet of Things, autonomous driving, and high-performance computing, the semiconductor market in 2024 is undoubtedly the focus of attention from all sides. Against this backdrop, several major institutions have expressed optimism about the semiconductor market in 2024. The World Semiconductor Trade Statistics Organization (WSTS) predicts that with the widespread adoption of generative AI driving a surge in demand for related semiconductor products and with storage demand expected to rebound significantly, global semiconductor sales revenue will reach $588 billion in 2024, growing at a rate of 13.1%. In contrast, IDC's forecast is more optimistic, predicting that sales will climb to $632.8 billion, an annual increase of 20.20%. Similarly, Gartner also foresees that 2024 will be a year of growth in semiconductor sales revenue, predicting a growth rate of 16.80% and a total of $632.8 billion.



Source: Semiconductor Intelligence

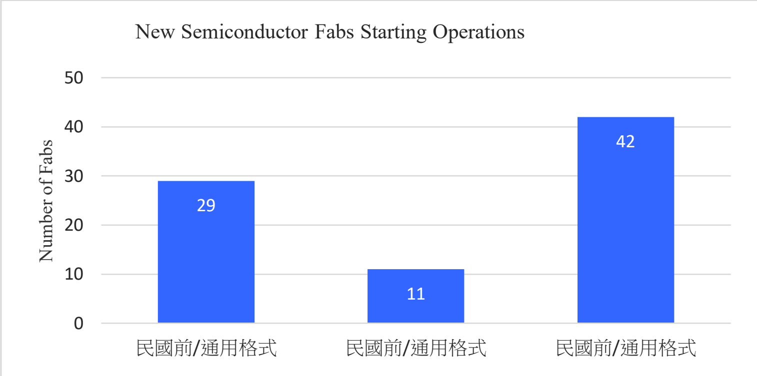
B. Semiconductor equipment industry

The latest Global Semiconductor Equipment (SEMI) forecast indicated that the global semiconductor manufacturing equipment market experienced a cyclical adjustment in 2023, and sales are expected to decline by 6.1% from US$107.4 billion in 2022 to US$100 billion. This adjustment reflects the industry's short-term challenges, including global economic uncertainty and market demand volatility. However, the market is expected to recover gradually in 2024, although the slowdown in memory and mature process capacity expansion may limit the extent of the market rebound. By 2025, driven by new wafer fab construction, capacity expansion, and demand for advanced technologies, the market is expected to rebound strongly, reaching a new high of $124 billion in sales, highlighting the strong growth potential of the semiconductor manufacturing equipment industry for the future.



Source: SEMI

SEMI's latest quarterly global wafer fab forecast report indicates that 82 new wafer fabs are expected to be added globally between 2022 and 2024, with 11 and 42 new fabs scheduled to come online in 2023 and 2024, respectively, covering production lines from 4 inches to 12 inches. SEMI mentioned that the recovery of global market demand, incentive measures from various governments, and the increasing impact of semiconductor strategies on the international political and economic landscape are key factors driving the significant growth in wafer fab construction and equipment investment in major chip manufacturing regions.



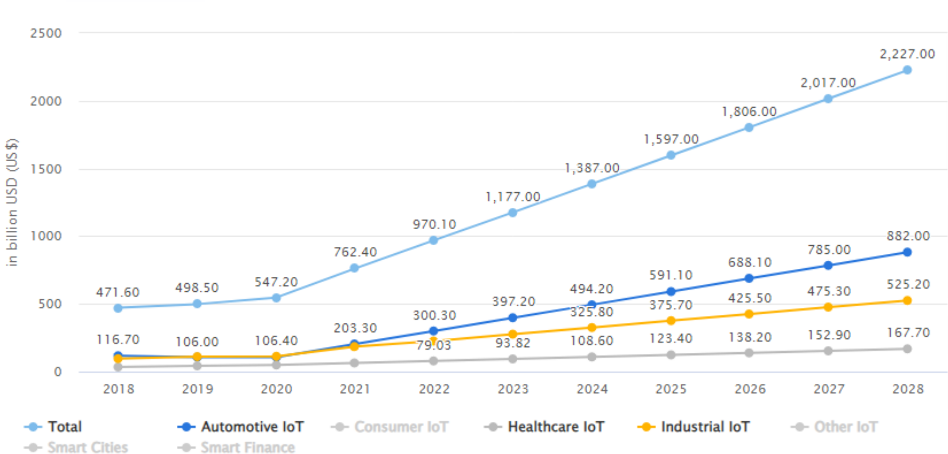
Source: SEMI

C. Industrial IoT and smart manufacturing

Industry 4.0 and smart manufacturing are about connectivity, data, integration, innovation and transformation. All the governments in the world are striving the development and transformation of manufacturing industries. Smart factories, companies offering solutions to manufacturing industries and technology suppliers will enjoy unlimited opportunities driven by the global trends.

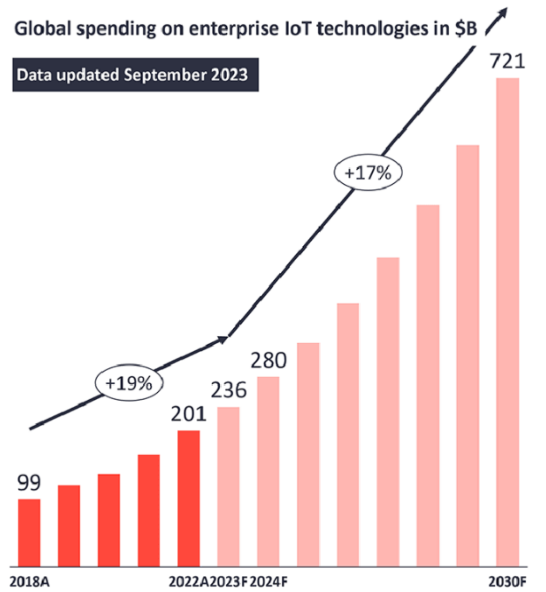
Internet of Things (IoT) are the interactions between people and machines and across software and hardware through physical equipment and home appliances via networks embedded with software, sensors, executors, electronics and connectivity.

According to Statista, the global IoT market reached US$1.2 trillion in 2023, of which automotive, industrial, and healthcare IoT accounted for US$397.2 billion, US$276 billion, and US$93.8 billion, respectively. It is expected to reach US$2.2 trillion by 2028.



Source: statista (2023.09)

In addition, according to the "State of IoT Spring 2024" report released by market research firm IoT Analytics, the number of IoT devices connected to the network worldwide will reach 14.3 billion endpoints by the end of 2022, an increase of 18%. In 2023, the number of IoT devices worldwide will grow by another 16% to reach 167 billion active endpoints. It predicts global enterprise IoT spending will grow at a CAGR of 17% to US$721 billion between 2023 and 2030.

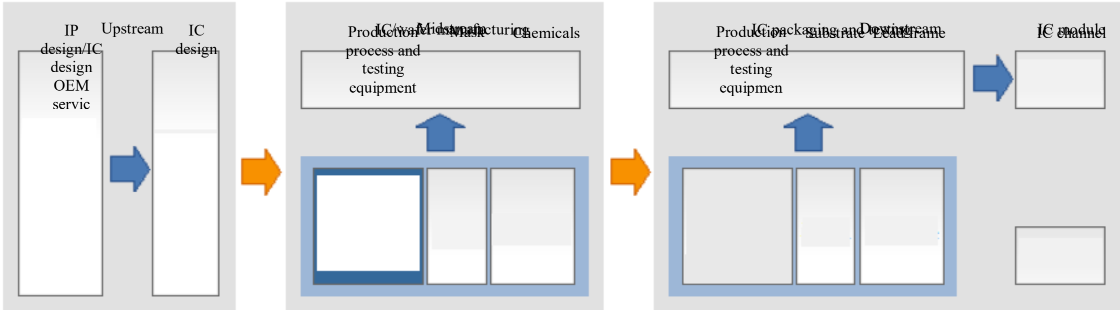


Source: IoT Analytics (2023/09)

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

The semiconductor industry development mainly starts from the upstream IC design companies. The product specifications and functions, either by customers or self-developed, are demonstrated through circuit design by IC. In other words, the function of the chips is defined by logic and circuit design processes. Subsequently, the division of work and cooperation is among the midstream manufacturers in IC, wafer, and related manufacturing and testing equipment. The basic circuit pattern is printed onto the wafers made by the wafer fabs using a photomask. Followed by using each section of the manufacturing equipment, such as oxidation, diffusion, etching, deposition, ion implantation and so on, to produce the circuit and circuit components on wafers. Of which, the key in manufacturing is the development of advanced manufacturing technology and equipment. The company belongs to this group of midstream manufacturers in advanced manufacturing equipment. Lastly, IC packaging is conducted by the downstream manufacturers. After cutting the wafers, the resulting dies are coated with plastic, ceramic, or metal to protect the dies from collision and contamination. They are easy for assembly and can achieve the effects of electrically connecting the chips and electronic system, and for heat dissipation. Correlation among the upstream, midstream and downstream aspects of the industry:

Figure. Semiconductor industry chain



Source of information: OTC industry value chain information platform

A. Upstream of the semiconductor industry:

The upstream of the semiconductor industry mainly consists of the IP and IC design companies. The intellectual property rights of IP for the IC design and the IP development procedures consist of IP design and IP verification. In IC design, IP core reuse can effectively shorten the product cycle and lower costs. The current IC design has increased many functions greatly. Therefore, it is necessary to utilize existing verified and effective IP components in order to satisfy the requirements for the lead time for go-to-market. However, due to the variances between the function requirements and process technology, each company has to provided too many types of IP. Hence, the birth of companies specializing in IP design. Assistance tools such as CAD is used in IC design. The product specifications and functions, either by customers or self-developed, are demonstrated through circuit design by IC. That is, how to define the function of the chips by logic and circuit design processes. Currently, the major domestic companies are, MediaTek, ITE Tech., Sunplus Technology, Winbond, ELAN Microelectronics, and Sitronix Technology.

B. Midstream of the semiconductor industry:

Main products are semiconductor manufacturing equipment, chips, and integrated circuit. The process for IC manufacturing is that the basic circuit pattern is printed onto the wafers made by the wafer fabs using photomask. Followed by using oxidation, diffusion, etching, deposition, ion implantation and so on to produce the circuit and circuit components on wafers related manufacturing equipment. The circuit design on the IC is layer structure. Hence, there is needed a lot of repetitive procedures in photomask input, pattern manufacturing, and circuit and components formation before the completion of the main product wafer and integrated circuit for this phase. At the moment, the major domestic semiconductor processing equipment manufacturers include Hermes Microvision, Marketech International, Topco Scientific, ChenFull, Foxsemicon, Grand Process, and Gongin. The foundry and IC processing manufacturers are United Microelectronics, TSMC, Inotera, Nanya Technology, and Delta.

C. Downstream of the semiconductor industry:

The downstream of the semiconductor industry primarily engages in IC packaging and testing. IC packaging is to take the wafers that have been processed and cut them into dies, which are then coated with plastic, ceramic, or metal, protecting the dies from contamination. They are easy for assembly and can achieve the effects of electrically connecting the chips and electronic system, and for heat dissipation. IC testing can be divided into two phases. One is the wafer testing before packaging, mainly for testing of the electrical properties. The other phase is IC quality testing. Mainly for testing of the IC functions, electrical properties, and heat dissipation to see if they are working properly, ensuring quality. Currently, the major domestic packaging manufacturers include ASE, King Yuan Electronics, Orient Semiconductor Electronics, Tong Hsing Electronics, Greatek Electronics, and Ardentec Technology.

3. Various development trends and competition for the products

Broad derivative applications relating to semiconductors and automated equipment. Semiconductor equipment encompasses equipment, modules, and critical components used in various industries, including semiconductors, solar energy, panels, 3C electronics, and medical applications. The demand for semiconductor equipment is driven by the increasing demand for semiconductors across various fields, such as artificial intelligence, the Internet of Things, autonomous driving, and high-performance computing. This has led to a sustained growth in capital expenditures for semiconductor equipment. Additionally, the trend of supply chains shifting from globalization to localization in response to geopolitics has resulted in major industrialized countries establishing their own IC industry chains. This continued market expansion presents promising opportunities for the semiconductor equipment industry.

Automation equipment encompasses products applied in smart manufacturing automation, unmanned systems, micro-pollution prevention, mobile phone production, panel production, and medical device production. The common goal in the industrial control and automation market is to fully automate production, inspection, and process monitoring lines. Automation offers several advantages, including reducing labor costs, improving product quality, enhancing production efficiency, and boosting enterprise competitiveness. As a result, the future trend of the automation industry is to connect various process sections to design a fully automated production line. The ultimate goal is to maximize enterprises' benefits through a highly efficient production model. This indicates that automation equipment has vast growth potential, and demand will continue to be strong.

The semiconductor product applications of Foxsemicon is for semiconductor processing equipment and high-end automated equipment. Foxsemicon aims to continue to develop various corresponding semiconductor processing and advanced packaging technology. Foxsemicon, a renowned semiconductor equipment and solutions provider, has established itself as a leader in innovation, successfully addressing the stringent requirements of top semiconductor manufacturers for advanced processes beyond 2nm. The company has pioneered the development of high-clean automation technology, extending its expertise to provide a comprehensive solution for micro-pollution prevention in semiconductor manufacturing processes. Foxsemicon's proactive engagement in global customer expansion plans ensures that customers in Taiwan, mainland China, North America, and Southeast Asia receive prompt and localized support.

(III) Technology and R&D overview

1. R&D expenses during the most recent year and as of the publication date of this annual report

Unit: NT$1,000; %

Item	2023	As of March 31, 2024
R&D expense	508,787	126,475
Net revenue	13,051,357	3,322,218
As % of net revenue	3.90%	3.81%

2. Technologies or products successfully developed during the most recent year and as of the publication date of this annual report

Year	R&D results
2018	Development of new micro-pollution control models for 5nm advanced node
	Development of automation equipment for semiconductor packaging
	Successful conclusion of the special project sponsored by Department of Industrial Technology, Ministry of Economic Affairs
	“Development of 3DIC LED Double Side Mask Aligner and System”
2019	Successful development and mass production of new micro-pollution control models for 5nm advanced node
	Development of active micro-pollution control solutions for 3nm advanced node
	Successful development of two automated semiconductor packaging devices for advanced nodes
	Industrial IoT and smart manufacturing solutions
	Expansion of the central intelligent monitoring system for all factories
2020	Expansion and mass production of new micro-pollution control models for 5nm advanced node
	Successful development of active micro-pollution control solutions for 3nm advanced node
	Successful development of seven automated semiconductor packaging devices for advanced nodes
	Successful development of twocarriers for semiconductor packaging on advanced nodes
	Development and validation of two functional water devices
2021	Successful development and mass production of new micro-pollution control models for 5nm advanced node
	Completion and customer’s certification of new micro-pollution control models for 3nm advanced node
	Successful development and mass production of wafer sorters
	Successful development and mass production of wafer warpage inspection equipment

Year	R&D results
2022	Successful development of packing/unpacking and sorting equipment for wafer stack boxes
	Mass production and customer's certification of new micro-pollution control models for 3nm advanced node
	Full-auto pellicle mounter for EUV mask has completed development, obtained verification from customers and entered mass-production
	Reticle pod exchanger for EUV mask has completed development, obtained verification from customers and entered mass-production
	IC test handler has completed development and started verification at customer-end.
2023	Successful development of the second generation storage unpacking and sorting equipment for wafer stack boxes
	Entered into strategic alliance with major Japanese robot factories for the development of semi-automation solution - equipment front-end module (EFEM).
	Developed real-time monitoring technology equipment for carbon emissions and successfully introduced to wafer sorting equipment
	Developed the temperature and humidity calibration instrument for micro-pollution control equipment
	Developed the ammonia hydroxide generation equipment that comply with the UL safety requirements and passed the UL certification

(IV) Long and short term business development plans

1. Short term development plan

(1) Precision instrument

Expand product line, crossing into different industries to enhance our own processing capability.

(2) Selection of collaborative partners

We will actively collaborate with leading companies in the industry for future partnerships. Selecting customers and next phase suppliers for collaboration. Leaders of various industries will be our first choice of selection for collaboration.

(3) Strategic alliances

We will raise the economy of scale and scope economy for individual customers through fostering a close strategic relationship and the introduction of new projects.

(4) Customer service

We will be service-oriented for existing products and new projects, responding quickly to handle and satisfying customer demands, and taking an active approach in enhancing customer satisfaction.

2. Long-term development plan

(1) Actively seeking for collaboration with major companies

We will aggressively seek for more collaboration opportunities with precision instrument companies. The future collaborative companies are not limited to semiconductor companies. The company will actively seek to cross into non-semiconductor industries, such as: medical equipment, solar power equipment, and environmental protection equipment. The aim is to become a world renowned semiconductor and equipment manufacturing service provider through technical collaboration opportunities with domestic and internationally well-known equipment companies.

(2) Expand overseas production bases to enhance the company's competitiveness.

A. Use overseas production bases to reduce production costs.

B. Strengthen existing supply chain management capability to increase capacity and to shorten the production deadline.

C. Accelerate the promotion of the Business Continuity Plan to reduce epidemic and geopolitical risks.

(3) Provide a complete equipment manufacturing and related requirement platform for customers through vertical integration and strengthening international competitiveness of local suppliers.

II. Markets, production and sales

(I) Market analysis

1. Geographic market of main products

Unit: NT$1,000; %

Region \ Year		2023(IFRSs)		2022(IFRSs)	
		Amount	%	Amount	%
Exports	Asia	905,494	6.94	1,140,228	7.68
	Americas	11,051,122	84.67	12,506,351	84.26
	Europe	7,338	0.06	12,340	0.08
Domestic sales		1,087,403	8.33	1,184,302	7.98
Total		13,051,357	100.00	14,843,221	100.00

2. Market shares

The Company’s net consolidated revenues were NT$7,305,825 thousand in 2019, NT$9,942,056 thousand in 2020, NT$12,246,437 thousand in 2021 and NT$14,843,221 thousand in 2022 and NT$13,051,357 thousand in 2023, respectively.As the Company engages in the production and distribution of semiconductor manufacturing equipment, key components, automation equipment and system integration, most products are highly customized without a uniform qualitative measurement. In addition, there is no peer equipment maker involved in the same or similar business with the Company. Given the wide variance in content and nature and a lack of statistics covering all business lines, it is not possible to compare market shares on a consistent basis.

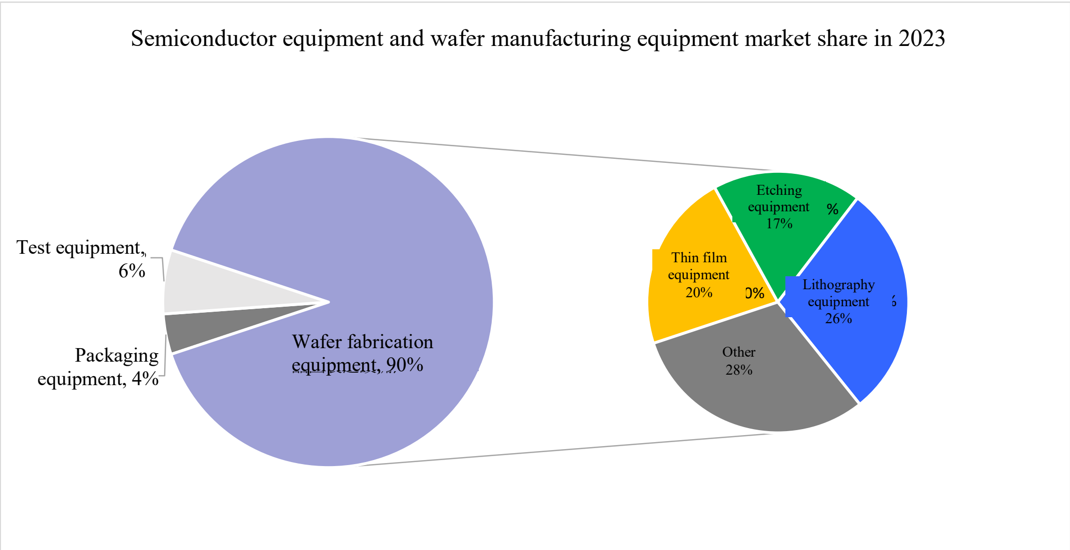
We have established a strategic alliance in 2002 with the world's largest semiconductor equipment maker. We are currently ranked at the top of its global suppliers in terms of quality and timely delivery according to the assessment on our technology, certification on our quality, meeting of delivery schedules and financial stability. The sharing of prosperity by both parties under this cooperation has become an entry barrier. We continue to develop markets by leveraging this technical capability and operational model and expect steady growth in business and market shares going forward.

3. Demand, supply and growth outlook

(1) Semiconductor equipment industry

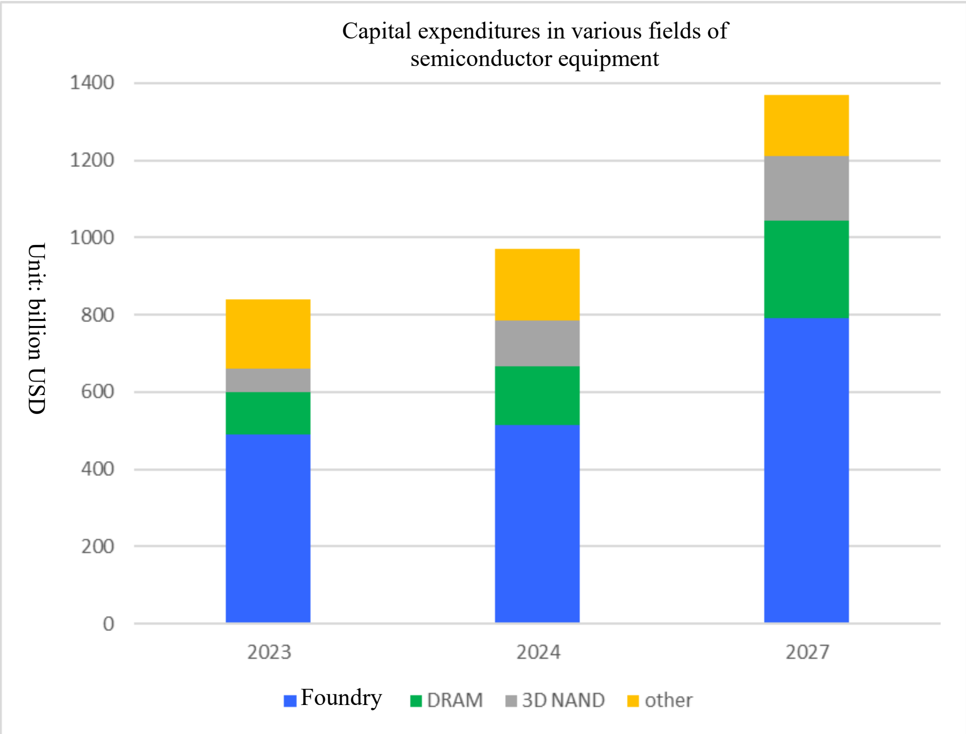
Demand for thin film and etching equipment is high in today's market due to constant semiconductor evolution with the development of 3D NAND and advanced process technology. As a manufacturer whose main products are thin film and etching equipment, we are in a favorable position to expand market demand. Thin film deposition equipment and etching equipment account for 20% and 17% of the global wafer manufacturing equipment market, demonstrating the importance of these core components in wafer manufacturing.

With the advancement of semiconductor technology, 3D NAND and advanced processes have increased the demand for thin film and etching equipment. 3D NAND increases storage capacity by stacking more layers, necessitating etching technology to create deep and narrow holes in a limited amount of space. Meanwhile, etching technology needs to be precise and consistent to achieve designs with finer lines and more complex structures to manufacture smaller and faster wafers. As semiconductor products improve in performance and density, etching and thin film equipment have become essential components of the manufacturing process, and their performance directly impacts the quality and performance of the final product. Under this scenario, the company is expected to experience long-term, sustainable growth.



Source: SEMI, Gartner

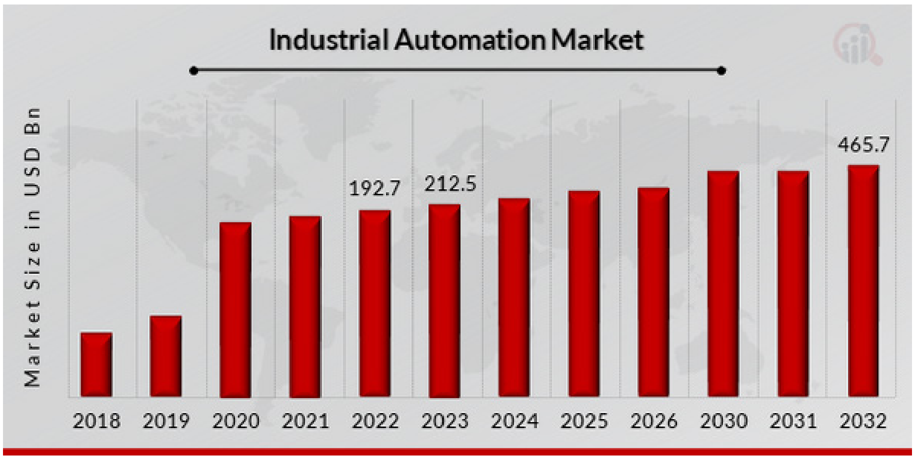
Looking forward, SMEI anticipates that equipment spending in the wafer foundry field will reach US$79.1 billion by 2027, representing a compound annual growth rate of 7.6% from 2023. Moreover, investment in the memory field is increasing, with DRAM and 3D NAND investments expected to grow at compound annual rates of 17.4% and 29%, reaching US$25.2 billion and US$16.8 billion, respectively. The company focuses on its expertise in thin film equipment and etching. Long-term efforts in the equipment field are expected to result in sustained growth over time.



Source: SEMI

(2) IIoT and smart manufacturing

According to market research firm Market Research Future, the global industrial automation market size is projected to expand from USD 2,125 billion in 2023 to USD 4,657 billion by 2032, at a CAGR of 10.3% from 2023 to 2032. The rising demand for high-quality and reliable automated manufacturing and government initiatives promoting industrial automation are the key drivers propelling this market growth.



Source: Market Research Future (2023.04)

Built on the foundation in manufacturing and integration of automation equipment, Foxsemicon starts with hardware by connecting the equipment pieces in different manufacturing procedures and then combining cloud computing, big data and analytics to construct an information integration platform. At the end of 2017, we completed the demo platform for centralized and intelligent monitoring of factory sites. We embarked on smart factory projects at each campus in 2018 and deployed the first phase of smart manufacturing for components and machinery processing in 2019, to boost personnel and equipment utilization and strengthen the components manufacturing competitiveness. We will continue to extend the scope of smart services and use cases on the basis of these platforms. This will be introduced into the production lines in the production lines at the new Chunan Second Plant, to create value with higher production efficiency.

4. Competitive niche

(1) Producing manufacturing equipment with high stability

The semiconductor is a high precision industry. The key is whether a company can sustain the product quality and hand over the order volumes to the downstream manufacturers and end customers as scheduled. Every manufacturer places great attention to the quality of the processing equipment used in the product line. Based on such industry characteristics, all of the processing equipment manufacturers needs to be certified by the end user manufacturers. The certification process includes testing the operation stability of the processing equipment, and the quality defective rate and related spare parts depletion rate of the equipment. After passing the testing, the company will then receive formal orders from the downstream manufacturers. Since the establishment of the company, the R&D team has actively sought to improve semiconductor production technology. By sustaining a high production yield rate and stable quality of the products along with the wealth of experiences of the R&D and production personnel, the company was able to become a leading manufacturer in the semiconductor frontend materials and components equipment technology.

(2) Strengthening diversified terminal application field

The Company primarily conducts research, development, manufacturing, and sales of semiconductor and automation equipment and system integration. Semiconductor and automation equipment are widely used in various industries. Specifically, semiconductor equipment-related products are applied to equipment, modules, and critical components in the semiconductor, solar energy, panel, and medical fields. On the other hand, automation equipment-related products are applied to connectors (including cables and connectors) and semiconductor manufacturing processes. In the future, we will actively expand our business to related equipment in the energy and medical fields.

(3) Form strategic alliances with internationally well-known manufacturers, increasing market competition

The semiconductor processing technology is high-precision integrated technology. Every manufacturer places great attention to its quality. As the end customers are mainly well-known international brands, the company is in a stable state of customer operation built upon a solid foundation. Its sales regions spread across the globe. Thus, it will not undergo major fluctuations easily due to changes in an individual market or economy. With stable growth, the company aims to provide key components of semiconductor equipment and systems to international companies with its advantages in better quality and competitive prices. The company accommodates the customer requirements for joint development in research and innovations. This can create greater advantages for the company's competitiveness.

(4) Vertical integration capability for technology and processing

The professional division of work model is used by the semiconductor industry in Taiwan. The upstream and downstream supply chain is complete with advantages in outstanding quality and competitive prices. The company possesses vertical integration capability for each work section, including having 43 surface treatment technology certifications. We are a leading company in Asia with relatively the most comprehensive surface treatment technology compared to other companies. Such advantages enable flexibility and self-control of the materials, quality, production arrangements, personnel adjustments aspects. With competitive advantages in excellent cost control, production technology and production flexibility, and logistics efficiency capability, we can provide customers services in design modules or machine equipment. We can understand the pulse and demands of the market amidst the rapidly changing climate of the industry with such vertical integration capability and help customers to win market opportunities, sustaining our competitive position.

(5) Possess a complete R&D and management team

The company's R&D team has rich and solid experience. During their efforts in high-tech automation manufacturing and integrated system services, the R&D team regularly communicates work progress and requirements with the customers in addition to a complete division of work and smooth coordination platform. There are expectations to provide sound service to the customers and to achieve the goal of high production efficiency through gradual accumulation of professional experience and wisdom, taking in the industry technology of every customer to understand their needs, providing the customers next-level satisfaction towards the company's products. This enables the company to fully comprehend the market trends and to respond to the market with new products R&D and design.

The core knowledge and experience accrued from special disciplines cannot be easily imitated by other competitors. Under the effects of accrued experiences, it can reduce the learning curve costs, and the professional position established in the niche market could not be easily replaceable. Thus, it creates a barrier for new comers to this business.

5. Advantages and disadvantages and their countermeasures

(1) Advantages

A. Continuous growth in the semiconductor industry

Driven by the explosive growth of mobile smart devices in China and emerging markets and influenced by the advantages of high product integration, short development cycles, significant performance advantages, and shortened product update cycles, the semiconductor industry's upstream, midstream, and downstream supply chains have continuously increased their requirements for process technology. Regarding wafer manufacturing technology, the growth momentum of advanced process orders remains strong. In addition, in terms of memory, the oversupply of DRAM has improved, leading to higher product prices. Manufacturers are gradually expanding their capacity or introducing advanced processes. In the future, it is estimated that the specifications of consumer electronics products will continue to improve due to the continuous innovation of smart mobile devices and wearable technology products, leading to an increase in the requirements for wafer and DRAM process technology. Therefore, as humans pursue higher levels of smart functions and convenience in technological products, it will create bigger opportunities in technological aspects for the semiconductor equipment industry. Performance growth will be significant.

B. Barrier for entry is high, not easily replaceable

Semiconductor is a high precision industry. The key is whether a company can sustain the product quality and hand over the order volumes to the downstream manufacturers and end customers as scheduled. Every manufacturer places great attention to the quality of the processing equipment used in the product line. Based on such industry characteristics, all of the processing equipment manufacturers need to be certified by the end user manufacturers first before receiving formal orders from the downstream manufacturers. Hence, once a processing equipment manufacturer obtains the certification, it is advisable to stay put as it is not easy for competitors to enter the market. Since the establishment of the company, the R&D team have actively sought to improve semiconductor production technology. With an excellent brand image, it continues to become a leading company in the semiconductor frontend material and components equipment technology. The company maintains its competitive advantages by collaborative developments through working with well-known international brands for semiconductor equipment and passing the certifications for the company’s processing and products. In 2013, the company was announced as the most outstanding global supplier in quality and delivery by the number one leading global semiconductor equipment manufacturer. Thus, it is not easy for the company to be replaced in the semiconductor equipment manufacturing industry.

C. Steady business growth with many internationally well-known companies as end customers

The semiconductor processing technology is high-precision integrated technology. Every manufacturer places great attention to its quality. The high barrier for entry is shaped by the difficulty in obtaining the certification. As the major sales customers of the company are mainly well-known international brands of various application fields, the company is in a stable state of customer operation built upon a solid foundation. Its sales regions spread across the globe. Thus, it will not undergo major fluctuations easily due to changes in an individual market or economy. The company maintains good communications with its customers in order to fully understand their product requirements. The products are well-received and acknowledged by the major international brands. The company aims to provide key components of semiconductor equipment and systems to international manufacturing companies with its advantages in quality and competitive prices. Further collaborative models are planned for gradual joint development in research and innovations, accommodating industry demands. This can create greater advantages for the company's competitiveness leading to steady growth in revenues.

(2) Disadvantages

A. Sales Concentration

Due to the nature of the industry, the company's sales are mainly concentrated on large international manufacturers of semiconductor equipment or wafer fabs. This concentration of sales is also due to the limited number of sales targets.

Countermeasures:

In response to the concentration of sales and maintaining close transactions and cooperation with existing customers to maintain a good relationship, the company is also actively developing new customers and transferring its production capacity and technical resources to develop other niche products to disperse the risks brought by sales concentration.

B. Risks associated with high competition faced by the industry

Amidst the semiconductor industry, overseas competitors from China and Korea are fast-growing. With Mainland China gaining the advantages of its domestic market, there has been active support for its local high tech industry in recent years. With the support of such policy, the local operators in Mainland China continue to bring competitive pressure for semiconductor businesses of Taiwan. Under such threats for domestic semiconductor, there would be risks in losing existing orders and price war.

Countermeasures:

The production characteristics of the semiconductor industry in Taiwan adopts a professional division of work. Of which, the semiconductor equipment processing technology is considered a high-precision integrated technology. The main aspects of consideration by the major wafer manufacturers when making procurement of equipment are that the production technology fits the current stage of the mainstream market, the reliability of the equipment, flexibility in processing, level of cooperation in the capacity and delivery, and after-sales services, in addition, to equipment sales factor. The end customers of the company are major wafer manufacturers in Taiwan and overseas. The below measures can help to lower risks in price wars with overseas competitors from further eroding the company's orders:

(a) Forming strategic alliances with major semiconductor equipment manufacturers

The company has already been establishing strategic partnerships with the global leading semiconductor manufacturers since 2002. Our technology and quality certification, level of cooperation for delivery, stable financial position, etc., have been evaluated by the customer as a leading global supplier for quality and on-time delivery rate. Through such type of collaboration, both parties have a shared future raising the entry bar higher for companies in the same industry. The company expects to continue market expansion with its advantages in such technological capability and operation model. Market share and international visibility can be increased as a result, strengthening its own technologies and competitiveness.

(b) Actively develop application fields beyond semiconductor processing

Leveraging our existing technologies, we are actively developing our proprietary technologies to expand their applications beyond semiconductor manufacturing processes. These applications include medical (such as radiation therapy equipment modules and critical components, medical imaging diagnostic equipment components) and environmental protection (such as wastewater monitoring and treatment equipment). We have already begun production and sales of these products. We aim to enhance our competitive edge by expanding into new product areas with high-added value and unique characteristics.

C. Risk in currency exchange fluctuations

The United States Dollar (USD) is the main pricing currency used in the company's sales transactions. For goods procurement, it is mainly in USD and supplemented by Chinese Yuan (CNY). There are risks associated to exchange losses due to exchange rates fluctuations.

Countermeasures:

The company's exchange rate risk is lowered using a natural hedging method for the purchase and sale of goods. There are also dedicated personnel who pay close attention to information on exchange rates and the international economy. Prudent study and judgement is made for the exchange rate trends in order to effectively lower the related risks. Thus, fluctuations in exchange rate risk do not have major impacts to the company's revenue and operations are not under significant threats.

(II) Production process of main products:

The main products of the company are advanced processing and automated equipment for industries, such as, semiconductors and factory automation. An overview of their purpose is as below:

1. On the semiconductor industry:

(1) The equipment and key components required for the processing of thin-film, etching, and chemical mechanical polishing (CMP) of the semiconductor frontend wafer processing: The equipment manufacturing process includes machine manufacturing, integration, adjustment, and testing. The product integrity has to reach the level of immediate operation for production upon direct entry to the semiconductor fabrication plant. The components are mainly the vacuum process reaction chamber, equipment body, vacuum process components, precision machinery elements, and various parts that form the main structure of the equipment.

(2) Automated equipment for wafer-transferring: Connecting the main processing equipment of the wafer fabs, open, align, and transfer the wafer pod which is delivered from the automated overhead hoist transport system of the factory to the interior of the main processing equipment.

(3) Micro-pollution control and inert gas chargers: control and prevention of micro pollutions in the high-precision wafer fabrication process and environment, so that cleanness of wafers are protected throughout the manufacturing process during transportation and storage, to achieve higher yields and productivity.

(4) Automatic inspection equipment for wafer exterior: Conduct inspection on defects, scratch marks, and micro-cleaving of the water exterior using automatic equipment and precise optical instrument. This is to prevent damages and losses to wafers during manual transfer and loading of wafers by personnel. The visual recognition software algorithm is used to conduct detection and judgement in order to lower any misjudgment of defects by the personnel.

2. On factory automation industry:

(1) Smart factory and robot applications: Utilize robots to replace manpower for the basic work, performing highly repetitive, high labor input, and high risks processes. It further combines with sensor probes, artificial vision, network technology, and utilizes robots to carry out smart production.

(2) Precision processing and assembly: In response to mass production in 3C industry and the rapidly increasing needs of capacity, design customized automated production line to enhance production efficiency and yield.

The effectiveness of the equipment will influence the yield rate of the electric components of semiconductor wafer and panel. The layers of manufacturing technology involved are diverse. Starting from manufacturing the components with simpler technology, and gradually moving into more complex modules and systems to integrated testing. The products are of lesser quantity but are wider-ranging, so their functions vary but are sufficient. The production process can by categorized as follows:

A. Product development and engineering analysis

(a) Product specification establishment

(b) Design R&D

(c) Manufacturing engineering development

(d) Establishment of manufacturing standard

(e) Establishment of testing standard

B. Parts manufacturing and small module production

(a) Metal component manufacturing

(b) Polymeric material component manufacturing

(c) Precision welding manufacturing

(d) Surface treatment manufacturing

(e) Circuit element manufacturing

C. Subsystem module integrated manufacturing

(a) Main wiring and piping

(b) Rack assembly

(c) Core manufacturing assembly

(d) Standard components assembly

(e) Manufacturing core test/Vacuum leak detection

D. Machine system integration

(a) System planning

(b) Standard procedures establishment

(c) Subsystem module integration

(d) Machine system integration

(e) Exterior and surrounding facilities integration

E. System final testing and calibration

(a) Testing standard procedures planning

(b) Setting up standard testing devices and environment

(c) System testing

(d) Manufacturing testing

(e) Exterior inspection

(III) Supply of major raw materials

Name of raw materials	Supply status
I/O motion controller	Stable
PCB ASSEMBLY	Stable
Aluminum	Stable

(IV) Names of suppliers/customers accounting for at least 10% of purchases/sales in either of the past two years, amounts purchased (sold) and percentages

1. Major suppliers during the past two years

Unit: NT$ thousands

	2023 (IFRSs)				2022 (IFRSs)			
Item	Name	Amount	% of net purchase during the year	Relation with the issuer	Name	Amount	% of net purchase during the year	Relation with the issuer
1	Company A	0	0	Subsidiary	Company A	0	0	Subsidiary
2	Company D	0	0	—	Company D	0	0	—
3	Other	5,490,474	100	—	Other	7,673,584	100	—
	Net purchase	5,490,474	100	—	Net purchase	7,673,584	100	—

2. Major customers during the past two years

Unit: NT$ thousands

	2023 (IFRSs)				2022 (IFRSs)			
Item	Name	Amount	% of net sales during the year	Relation with the issuer	Name	Amount	% of net sales during the year	Relation with the issuer
1	Company A (Note 2)	10,931,597	83.76%	None	Company A (Note 2)	12,316,536	82.98%	None
2	Hon Hai Group	28,865	0.22%	(Note 1)	Hon Hai Group	134,784	0.91%	(Note 1)
3	Other	2,090,895	16.02%	-	Other	2,391,901	16.11%	—
	Net sales	13,051,357	100.00%	-	Net sales	14,843,221	100.00%	—

Note 1: With significant influence on our group

Note 2: Confidentiality agreements with customers

(V) Production volume and values during the past two years

Unit：unit/NT$1,000

Year / Production volume/value / Main products	2023			2022		
	Capacity	Output	Production value	Capacity	Output	Production value
Semiconductor equipment	10,644	7,024	4,777,255	6,214	5,220	4,983,475
Key components	809,933	534,475	3,938,142	1,481,786	1,244,700	6,170,600
Total	820,577	541,499	8,715,397	1,488,000	1,249,920	11,154,075

(VI) Sales volumes and values during the past two years

Unit: unit/NT$1,000

Sales value / Year / Main products	2023				2022			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Semiconductor equipment	1,335	213,637	5,295	6,338,158	1,589	337,504	3,365	6,416,617
Key components	20,093	855,820	780,540	5,241,061	21,895	834,848	1,111,469	6,987,100
Other	3,893	17,946	27,213	384,735	1,004	11,950	45,886	255,202
Total	25,321	1,087,403	813,048	11,963,954	24,488	1,184,302	1,160,720	13,658,919

III. Employee statistics during the past two years and as of the publication date of this annual report

March 31, 2024 Unit: person/year

Year		2022	2023	As of March 31, 2024
No. of employees	Managers	75	63	61
	R&D personnel	253	290	293
	Direct employees	1564	1334	1397
	Indirect employees	993	994	1008
	Total	2885	2681	2759
Average age		33.74	34.77	34.88
Average years of service		4.82	5.58	5.52
Distribution of education levels	PhD	0.35%	0.34%	0.29%
	Master	4.23%	5.04%	4.75%
	College	44.68%	48.96%	49.07%
	High School	42.5%	24.88%	25.19%
	Below High School	8.25%	20.78%	20.70%

IV. Spending on environmental protection

1. According to laws, it is necessary to apply for permits regarding polluting facilities or pollution emissions, pay for pollution control charges, or appoint unit/personnel dedicated to environmental protection. Please explain the status with permit applications, fee payments or personnel allocation.

(1) Required permits for polluting facilities or pollution emissions

Item	Entity	Factory	Certificate No.
Emission of polluted water to the industrial sewage system of Chunan Science Park	Foxsemicon	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No. 1090024005
		Chunan Factory on Keyan Road	Zhu-Huan-Tzu No.1120007772
	Fox Automation Technology Inc.	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No. 1090024569
		Chunan Factory on Keyan Road	Zhu-Huan-Tzu No. 1110005647
	Kainova Technology	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No. 1110004901
Water pollution control plan and permit	Fox Automation Technology Inc.	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No.1120011960
		Chunan Factory on Keyan Road	Zhu-Huan-Tzu No.1120022685
Stationary pollution source operating license	Fox Automation Technology Inc.	Chunan Factory on Keyan Road	Zhu-Huan-Tzu No.1120035283
Waste removal plan	Foxsemicon	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No.1120025574
		Chunan Factory on Keyan Road	Zhu-Huan-Tzu No.1120032635
	Fox Automation Technology Inc.	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No.1120029200
		Chunan Factory on Keyan Road	Zhu-Huan-Tzu No.1120032631
	Kainova Technology	Hsinchu Science Park Phase IV Chunan Plant	Zhu-Huan-Tzu No.1120027777

Item	Entity	Factory	Certificate No.
Focus on chemical substance approval documents	Fox Automation Technology Inc.	Hsinchu Science Park Phase IV Chunan Plant	Fu-Huan-Wei-Zi No. 1120032195
Reporting of inspection results on soil and underground water	Foxsemicon	Hsinchu Science Park Phase IV Chunan Plant	Fu-Huan-Shui-Tzu No. 110004844
	Fox Automation Technology Inc.	Chunan Factory on Keyan Road	Fu-Huan-Shui-Tzu No. 1110019071

(2) Required payments for pollution control charges

Item	Entity	Factory	Payment amount
First to fourth quarter of 2023 Land pollution remediation fees	Foxsemicon	Hsinchu Science Park Phase IV Chunan Plant	NT$0
		Chunan Factory on Keyan Road	NT$0
	Fox Automation Technology Inc.	Hsinchu Science Park Phase IV Chunan Plant	NT$4,463
		Chunan Factory on Keyan Road	NT$2,479
	Kainova Technology	Hsinchu Science Park Phase IV Chunan Plant	NT$0
First to fourth quarter of 2023 Air pollution charges for stationary sources	Foxsemicon	Hsinchu Science Park Phase IV Chunan Plant	NT$0
		Chunan Factory on Keyan Road	NT$0
	Fox Automation Technology Inc.	Hsinchu Science Park Phase IV Chunan Plant	NT$28,640
		Chunan Factory on Keyan Road	NT$0
	Kainova Technology	Hsinchu Science Park Phase IV Chunan Plant	NT$0

(3) Required unit/personnel dedicated to environmental protection

The Company is not required to establish a unit or personnel dedicated to environmental protection.

2. Investment in main pollution control equipment, purposes and potential benefits

March 31, 2024 Unit: NT$1,000

Equipment	Number	Acquisition date	Entity	Investment	Balance not yet depreciated	Purposes and potential benefits
Installation of rainwater discharge points	1	2020.09.10	Foxsemicon	320	96	Prevention of waste liquid leakage
Waste gas treatment equipment	1	2020.12.15	Fox Automation Technology Inc.	54	18	Treatment of waste gas from manufacturing process to achieve waste gas emission standards
Waste water treatment system	1	2020.12.15	Fox Automation Technology Inc.	76	25	Treatment of waste water from manufacturing process to achieve waste water emission standards
General exhaust equipment	1	2020.12.15	Fox Automation Technology Inc.	88	29	Treatment of waste gas from manufacturing process to achieve waste gas emission standards
Oil skimming and separation	1	2020.12.15	Fox Automation Technology Inc.	203	68	Treatment of waste gas from manufacturing process to achieve waste gas emission standards
Waste water improvement	1	2020.12.15	Fox Automation Technology Inc.	132	44	Treatment of waste gas from manufacturing process to achieve waste gas emission standards
Gas collectors and filter hoods	9	2020.12.15	Fox Automation Technology Inc.	1,602	534	Treatment of waste dusts from manufacturing process to achieve emission standards
Exhaust and dust collection pipes	1	2020.12.15	Fox Automation Technology Inc.	498	166	Collection of waste dusts from manufacturing process to achieve emission standards
Sewage pipes	1	2021.12.07	Fox Automation Technology Inc.	192	106	Sewage collection for treatment facilities

3. Processes and situations of the company working on environmental pollution improvements in the two previous years up until the report publication date, if there are any pollution disputes cases, an explanation and handling of the matter should be provided: Not applicable.

4. In the two previous years and as of the annual report publication date, the losses incurred, including compensation, and the total amount of fines due to environmental pollution by the company shall be disclosed along with the future countermeasures, which include the improvement measures, and the possible expenditures. The possible expenditures shall cover the estimated amounts of the possible losses incurring from countermeasures not taken, punishments, and compensation. If unable to make reasonable estimation, shall explain the facts being unable to make the estimation: Not applicable.

5. Impact of current pollutions and improvements on the company’s profits, competitive position and capital expenditure; and major environmental capital expenditures anticipated over the next two years: Not applicable.

V. Labor relations

1. The company’s various employee welfare measures, further education, training, pension, and their implementation status, the agreements between labor and management, and labor rights protection measures:

(1) Employee welfare measures and their implementation:

(a) Subsidies for weddings, funerals, births, employee travels. Vouchers for three festivals and birthday cash gift. Organize family day, mid-autumn festival BBQ, and occasionally hold other fun events throughout the year.

(b) The company purchases the labor insurance, national health insurance, and allocate the labor pension according to related government laws and regulations to raise the safety and protection for employees. Employees are also provided with group insurance and work travel safety insurance to protect employees.

(c) Employee share ownership by capital increase and employee remuneration system:

a. Share ownership: The company processes cash capital increases according to the law retaining 10%-15% for employee stock options.

b. Employee remuneration: Process according to the company’s Articles of Incorporation.

(2) Employee further education and training: Educational training is part of the company’s welfare benefits. The company encourages employees to enhance personal qualities and capabilities through the training courses, improving work skills. Major training content is as follow:

(a) New hire educational training: Help the new hires to familiarize with the company culture, organization development, milestones, work environment, and various system operations through educational trainings.

(b) Talent management training: The company provides employees to take part in talent management development courses that are suitable for themselves based on the needs of different management levels.

(c) Professional educational training: Employees can choose professional training courses held by internal unit or external units based on the nature of their individual work and the needs of different professional disciplines, obtaining the latest knowledge and technologies stimulating such exchanges.

(d) General educational training: The company provides various safety, sanitation, health and so forth general trainings depending on the needs of the employee or occupational safety requirements. Apart from the courses to increase the skills and knowledge at work, courses in employee health and growth are also provided.

(3) Retirement system and implementation:

(a) In accordance with the Labor Standards Act, the company have a defined benefit pension plan that applies to all regular employees' years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subjected to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. The company deposits a monthly pension amount of 2% of salaries and wages to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of the Labor Retirement Reserve (originally the Central Trust of China).

(b) Effective July 1, 2005, the company has a defined contribution pension plan under the Labor Pension Act, which is applicable to the company's domestic employees. The company makes monthly contributions of 6% of salary to the employees' personal accounts at the Bureau of Labor Insurance for the employees who choose to be subjected to the labor pension scheme under the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.

(4) Agreements between labor and management and policies for safeguarding employees' rights and interests:

1. For smooth communication between labor and management, the company regularly holds labor-management meetings and irregularly organizes a mobilization month to exchange opinions with the employees.

The company sets up the employee opinion box and complaint mailbox communications channels, and announces the related complaint system implementation rules on the internal website. Employees may raise any suggestions or complaints through these channels.

2. The company's losses due to disputes between labor and management in the two previous years and by the date of annual report publication, are disclosed with the estimated amount that might incur currently and in the future, and the countermeasures. If unable to make reasonable estimation, shall explain the facts for not able to make the estimation:

The Company and its subsidiaries have incurred and expects possibly to incur approximately NT$462 thousand (i.e, economic compensations) due to labor disputes during the most recent year and as of the publication date of this annual report. The actual amount will be determined by court decisions because these are individual litigation cases. However, the amount in contention is not significant and does not have material influence on the Company's financials or business.

Below is the list of determined and imposed fines for labor disputes.

Company fined	Date of decision	Official document number	Regulation breached	Details of violation	Details of punishment
Foxsemicon Integrated Technology Inc.	2023/1/6	Zhu-Huan-Tzu No.1120001037	Article 24 of the Labor Standards Act	Wage not paid according to regulations for extended work hours	A fine of NT$50,000
Fox Automation Technology Inc.	2023/1/10	Zhu-Huan-Tzu No.1120001732	Article 32-2 of the Labor Standards Act	Over 46 hours of extended work hours during one month	A fine of NT$50,000
	2023/1/10	Zhu-Huan-Tzu No.1120001695	Article 24 of the Labor Standards Act	Wage not paid according to regulations for extended work hours	A fine of NT$50,000

VI. Information and Communication Security Management

1. Please describe the risk management structure, policies, management measures and resources invested for information and communication security:

   (1) IT office and Quality Assurance Department are responsible for planning, execution, audit, communication and coordination of information security management, as well as relevant training, education and advocacy, to ensure personnel’s familiarity of security responsibility in the course of business.

   (2) Information and communication security policy

   (a) Information security policy on graphs and files

   a. Introduction of a document encryption system to encrypt documents to contractors and limit accessibility by the number of times and the length of the period.

   b. All picture files to suppliers are encrypted.

   (b) Information security policy on emails

   a. Virus scanning of inbound and outbound emails, detection and prevention of junk mail and malicious mail

   b. Automatic backup of emails sent and received and recordkeeping for ten years

   (c) Information security policy on servers and networks

   a. Server policy

   a-1 Periodic backups and remote backups of files

   a-2 Periodic and automated virus codes updating and virus scans

   a-3 Periodic and automated updates (patches) of operating systems

   a-4 The server uses endpoint protection software to monitor the server status 24 hours a day.

   b. Internet policy:

   b-1 Connectivity to internal networks shall be reviewed in advance for all external computers and electronic devices.

   b-2 Blacklists are established for proxy servers to block and restrict suspicious websites.

   b-3 Firewalls are only open to specific network ports for specific services.

   c. User-end policy

   c-1 Automatic patches of the newest version once computers are switched on

   c-2 Restriction on personal installations of unauthorized software

   c-3 Files within the factory cannot be read or written using USB drives. Users need to apply for file transfer on specific devices.

   c-4 Users must regularly update their account passwords and ensure password complexity.

(3) Network security risk management

All documents and drawings within the factory are encrypted using encryption software. The document management center must review drawings for authorization before others can view them. Access to high-end manufacturing process graphs is limited to the retrieval room on independent networks. The access to retrieval room is controlled 24/7 and the surveillance system records all the contents accessed by colleagues. File sharing within factories was previously via network drives. However, this function was disabled due to the prevalence of ransomware. File sharing is now via hyperlinks. Anti-virus software and Windows Server Update Services (WSUS) are enabled throughout factories. Updating and monitoring are conducted regularly to ensure the newest version in use. Backups are performed for all files each day and the files are stored offline. Data recovery drills and validations are carried out each quarter. Critical network equipment is located in the data center. Access requires two-factor authentication and record-keeping. The company will implement the ISO 27001 Information Security Management System in 2024 and manage it according to international information security standards to enhance information security awareness and management.

2. Any significant losses due to information and communication safety issues during the most recent two years and as of the publication date of this annual report, possible impacts and countermeasures. If a reasonable estimate cannot be reached, it is necessary to provide the fact why a reasonable estimate cannot be reached:

In 2024, the company was attacked by hackers. After forensic analysis and evaluation, no financial losses were incurred. To strengthen the group's information security defense network, the company will implement the standards introduced by ISO 27001 and conduct annual audits to prevent security incidents from happening again.

VII. Important contracts

Nature of the contract	Contract party	Contract start date and end date	Main contents	Restriction clauses
Land lease contract	Hsinchu Science Park Bureau, Ministry of Science and Technology	2019/08/01-2027/12/31	Land leasing for manufacturing facilities	None
Sales contract	Company A	Valid from May 31, 2012	Product sale	None
Sales contract	Company B	Valid from May 12, 2004	Product sale	None
Contract for processing	Company A	From July 14, 2012 to July 14, 2017, automatic renewal	Contract manufacturing	None
Loan contract	Company A	2022/05/10-2025/05/10	Loan	None
Loan contract	Company A	2022/08/10-2026/12/31	Loan	None
Loan contract	Company A	From July 21, 2017	Loan	None
Loan contract	Company A	From September 18, 2017	Loan	None
Loan contract	Company A	From August 5, 2019	Loan	None
Loan contract	Company A	From August 10, 2022	Loan	None

Nature of the contract	Contract party	Contract start date and end date	Main contents	Restriction clauses
Loan contract	Company A	From July 5, 2022	Loan	None
Investment contract	Company C	From June 8, 2020	Investment	None
Investment contract	Company D	From June 8, 2020	Investment	None
Investment contract	Company E	From June 8, 2020	Investment	None
Investment contract	Company F	From April 30, 2020	Investment	None
Investment contract	Jinan Fu Jie Fund	From December 1, 2018	Investment	None
Land lease contract	Hsinchu Science Park Bureau, Ministry of Science and Technology	2019/12/01~2038/12/31	Lease	None
Land lease contract	Hsinchu Science Park Bureau, Ministry of Science and Technology	2022/04/01~2041/12/31	Lease	None
Investment contract	Company H	2023/12/20-2029/06/30	Investment	None

Six. Financials

I. Summary comprehensive income statements and balance sheets during the most recent five years

(I) Summary balance sheet

1. IFRS (consolidated)

December 31, 2023Unit: NT$1,000

Item \ Year		Financial data for the most recent five years (Note)				
		2019	2020	2021	2022	2023
Current assets		5,806,334	9,073,626	11,358,862	14,806,706	14,324,538
Property, plant and equipment		1,631,372	1,511,892	2,028,587	3,540,849	3,780,898
Intangible assets		-	-	-	-	-
Other assets		828,442	912,004	792,185	1,342,637	1,264,287
Total assets		8,266,148	11,497,522	14,179,634	19,690,192	19,369,723
Current liabilities	Before distribution	2,797,182	3,876,591	3,977,429	6,700,378	3,536,309
	After distribution	3,127,932	4,489,604	4,817,450	8,039,987	Note
Non-current liabilities		1,164,701	2,102,745	2,678,316	2,158,657	4,231,174
Total liabilities	Before distribution	3,961,883	5,979,336	6,655,745	8,859,035	7,767,483
	After distribution	4,292,633	6,592,349	7,495,766	10,198,644	Note
Equity attributable to owners of parent		4,276,586	5,481,515	7,456,638	10,831,157	11,602,240
Share capital		826,875	829,073	879,064	970,509	974,393
Capital surplus		872,016	1,053,163	2,093,841	3,939,329	4,051,311
Retained earnings	Before distribution	2,584,031	3,490,528	4,427,769	5,886,326	6,536,260
	After distribution	2,253,281	2,877,515	3,587,748	4,546,717	Note
Other equity		(6,336)	108,751	55,964	34,993	40,276
Treasury shares		-	-	-	-	-
Non-controlling interest		27,679.00	36,671.00	67,251.00	-	-
Total equity	Before distribution	4,304,265	5,518,186	7,523,889	10,831,157	11,602,240
	After distribution	3,973,515	4,905,173	6,683,868	9,491,548	Note

Note: As of March 31, 2024, the proposal for 2023 earnings distribution has not been submitted to the shareholders' meeting for resolution. Hence, the post-distribution amount is not yet available.

2. IFRS (Parent-only)

December 31, 2023Unit: NT$1,000

Item	Year	Financial data for the most recent five years (Note)				
		2019	2020	2021	2022	2023
Current assets		5,221,639	7,268,764	8,659,598	10,679,946	8,468,865
Property, plant and equipment		284,911	143,595	133,365	122,723	122,508
Intangible assets		-	-	-	-	-
Other assets		2,164,436	3,478,615	4,022,990	5,478,916	7,830,421
Total assets		7,670,986	10,890,974	12,815,953	16,281,585	16,421,794
Current liabilities	Before distribution	2,328,994	3,429,530	3,139,913	5,033,473	2,740,922
	After distribution	2,659,744	4,042,543	3,979,934	6,373,082	Note
Non-current liabilities		1,065,406	1,979,929	2,219,402	416,955	2,078,632
Total liabilities	Before distribution	3,394,400	5,409,459	5,359,315	5,450,428	4,819,554
	After distribution	3,725,150	6,022,472	6,199,336	6,790,037	Note
Equity attributable to owners of parent		4,276,586	5,481,515	7,456,638	10,831,157	11,602,240
Share capital		826,875	829,073	879,064	970,509	974,393
Capital surplus		872,016	1,053,163	2,093,841	3,939,329	4,051,311
Retained earnings	Before distribution	2,584,031	3,490,528	4,427,769	5,886,326	6,536,260
	After distribution	2,253,281	2,877,515	3,587,748	4,546,717	Note
Other equity		(6,336)	108,751	55,964	34,993	40,276
Treasury shares		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	4,276,586	5,481,515	7,456,638	10,831,157	11,602,240
	After distribution	3,945,836	4,868,502	6,616,617	9,491,548	Note

Note: As of March 31, 2024, the proposal for 2023 earnings distribution has not be submitted to the shareholders' meeting for resolution. Hence, the post-distribution amount is not listed.

(II) Summary income statement

1. Summary income statement —IFRS (consolidated)

December 31, 2023Unit: NT$1,000 except NT$ for earnings per share

Item \ Year	Financial data for the most recent five years (Note)				
	2019	2020	2021	2022	2023
Revenue	7,305,825	9,942,056	12,246,437	14,843,221	13,051,357
Gross profit	1,684,854	2,548,102	3,092,667	4,443,534	3,414,567
Operating profit (loss)	883,801	1,635,235	1,988,339	2,951,060	2,030,033
Non-operating income and expense	(85,942)	(117,798)	(73,724)	(60,358)	482,396
Profit before tax	797,859	1,517,437	1,914,615	2,890,702	2,512,429
Income from continuing operations	647,266	1,242,002	1,518,523	2,344,363	1,990,468
Income from discontinued operations	0	0	0	0	0
Net income (loss) for the period	647,266	1,242,002	1,518,523	2,344,363	1,990,468
Other comprehensive income (net of tax)	(62,436)	118,765	8,577	(12,615)	4,358
Total comprehensive income	584,830	1,360,767	1,527,100	2,331,748	1,994,826
Profit attributable to owners of parent	649,322	1,233,569	1,489,079	2,319,754	1,990,468
Profit attributable to non-controlling interest	(2,056)	8,433	29,444	24,609	0
Total comprehensive income attributable to owners of parent	586,886	1,352,334	1,497,656	2,307,139	1,994,826
Total comprehensive income attributable to non-controlling interest	(2,056)	8,433	29,444	24,609	0
Earnings per share	7.85	14.91	17.01	24.64	20.48

Note: All the annual financials were audited. Adoption of IFRS since in 2013.

2. Summary income statement —IFRS (Parent-only)

December 31, 2023Unit: NT$1,000 except NT$ for earnings per share

Item \ Year	Financial data for the most recent five years (Note)				
	2019	2020	2021	2022	2023
Revenue	6,056,163	8,552,763	9,888,272	12,055,139	10,089,159
Gross profit	983,413	1,329,135	1,640,662	2,435,856	1,847,294
Operating profit (loss)	577,966	853,972	1,139,408	1,754,334	1,245,942
Non-operating income and expense	202,655	568,501	632,786	961,626	1,089,467
Profit before tax	780,621	1,422,473	1,772,194	2,715,960	2,335,409
Income from continuing operations	649,322	1,233,569	1,489,079	2,319,754	1,990,468
Income from discontinued operations	0	0	0	0	0
Net income (loss) for the period	649,322	1,233,569	1,489,079	2,319,754	1,990,468
Other comprehensive income (net of tax)	(62,436)	118,765	8,577	(12,615)	4,358
Total comprehensive income	586,886	1,352,334	1,497,656	2,307,139	1,994,826
Profit attributable to owners of parent	649,322	1,233,569	1,489,079	2,319,754	1,990,468
Profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributable to owners of parent	586,886	1,352,334	1,497,656	2,307,139	1,994,826
Total comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share	7.85	14.91	17.01	24.64	20.48

Note: All the annual financials were audited. Adoption of IFRS since in 2013.

(III) Names of external auditors and audit opinions during the most recent five years

Year	External auditors	Firm name	Audit opinion
2019	CPA Yung-Chien Hsu, CPA Han-Chi Wu	PwC Taiwan	Unqualified opinion
2020	CPA Yung-Chien Hsu, CPA Han-Chi Wu	PwC Taiwan	Unqualified opinion
2021	CPA Sheng-Chung Hsu and CPA Min-Chuan Feng	PwC Taiwan	Unqualified opinion
2022	CPA Sheng-Chung Hsu and CPA Min-Chuan Feng	PwC Taiwan	Unqualified opinion
2023	CPA Sheng-Chung Hsu and CPA Jen-Chieh Wu	PwC Taiwan	Unqualified opinion

II. Financial analysis on the most recent five years

(I) IFRS (consolidated)

Item		Financial data for the most recent five years (Year)				
		2019	2020	2021	2022	2023
Financial structure (%)	Liabilities to assets ratio	47.93	52.01	46.94	44.99	40.10
	Long-term capital to property, plant and equipment ratio	335.24	504.07	502.92	366.86	418.77
Liquidity Analysis (%)	Current ratio	207.58	234.06	285.58	220.98	405.07
	Quick ratio	154.21	186.74	209.60	161.20	324.85
	Times interest earned	3,456.02	24,209.94	40,256.65	15,054.87	12,028.28
Operating Performance	Receivables turnover (times)	6.68	9.11	9.24	11.06	14.80
	Days sales outstanding	55	40	40	33	25
	Inventory turnover (times)	3.68	4.58	3.90	3.06	2.93
	Payables turnover (times)	4.58	4.75	5.03	5.96	8.10
	Days sales of inventory	99	80	94	119	125
	Property, plant and equipment turnover (times)	4.50	6.33	6.92	5.33	3.57
	Asset turnover (times)	0.90	1.01	0.95	0.88	0.67
Profitability	Return on assets (%)	8.35	12.68	11.76	13.89	10.36
	Return on equity (%)	15.17	25.12	23.02	25.37	17.75
	Ratio of profit before tax to paid-in capital (%)	96.49	183.33	218.06	298.65	258.52
	Net margin (%)	8.89	12.41	12.16	15.63	15.25
	Earnings per share (NT$)	7.85	14.91	17.01	24.64	20.48
Cash flows	Cash flows ratio (%)	44.03	49.92	21.13	42.66	74.69
	Cash flow adequacy ratio (%)	107.85	121.09	97.57	96.00	108.19
	Cash flow reinvestment ratio (%)	10.62	18.96	2.01	13.97	7.35
Leverage	Operating leverage	1.31	1.17	1.13	1.11	1.20
	Financial leverage	1.05	1.02	1.01	1.01	1.02

Please explain the reasons for changes to each financial ratio during the most recent two years (For changes at less than 20%, an analysis is exempted)

1. Current Ratio: The increase in the current ratio is primarily due to the reclassification of the second domestic unsecured convertible corporate bonds issued as non-current liabilities, as well as the decrease in accounts payable due to a reduction in inventory and outsourcing.
2. Quick Ratio: The increase in the quick ratio is primarily due to the reclassification of the second domestic unsecured convertible corporate bonds issued as non-current liabilities, as well as the decrease in accounts payable due to a reduction in inventory and outsourcing.

3. Interest Coverage Ratio: The decrease in the interest coverage ratio is primarily due to a decline in pre-tax income for this period due to a downturn in the semiconductor market and a decrease in operating revenue.
4. Accounts Receivable Turnover Rate (times): The increase in the accounts receivable turnover rate is primarily due to a slowdown in global semiconductor industry growth, a decrease in equipment demand, and a decrease in overall accounts receivable.
5. Average Days Sales Outstanding (DSO): The decrease in DSO is primarily due to a slowdown in global semiconductor industry growth, a decrease in equipment demand,
6. Accounts Payable Turnover Rate (times): The increase in the accounts payable turnover rate is primarily due to the continuous inventory reduction and decreased inventory demand in 2023, resulting in decreased accounts payable.
7. Property, Plant, and Equipment (PP&E) Turnover Rate (times): The decrease in the PP&E turnover rate is primarily due to the construction of new factories and the purchase of new equipment to expand production capacity, resulting in an increase in average PP&E and a decrease in the turnover rate.
8. Total Asset Turnover Rate: The total asset turnover rate decreased primarily due to reduced operating revenue.
9. Return on Assets (ROA): The decrease in ROA is primarily due to a decrease in profit in 2023 due to a decrease in operating revenue.
10. Return on Equity (ROE): The decrease in ROE is primarily due to reduced profit in 2023 as a result of a decrease in operating revenue.
11. Cash Flow Ratio: The increase in the cash flow ratio is primarily due to the reclassification of the second domestic unsecured convertible corporate bonds issued as non-current liabilities, as well as the decrease in accounts payable due to a reduction in inventory and outsourcing.
12. Cash Conversion Cycle: The decrease in the cash conversion cycle is primarily due to the reclassification of the second domestic unsecured convertible corporate bonds issued as non-current liabilities and the decrease in accounts payable, resulting in an increase in working capital.

Note:The calculation formulas for the financial analysis:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities / total assets.

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

2. Liquidity Analysis

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

(2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses.

3. Operating Performance

(1) Receivables turnover (including accounts receivable and notes receivable from operating activities) = net sales / average balance of receivables (including accounts receivable and notes receivable from operating activities).

(2) Days sales outstanding = 365 / receivables turnover.

(3) Inventory turnover = cost of sales / average inventory.

(4) Payables turnover (including accounts payable and notes payable from operating activities) = net sales / average balance of receivables (including accounts payable and notes payable from operating activities).

(5) Days sales of inventory = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = Net Sales / Average Total Assets.

4. Profitability Analysis

(1) Return on assets = (net income + interest expenses * (1 - tax rate)) / average total assets.

(2) Return on Equity = Net Income / Average Equity

(3) Net profit margin = net profit / net sales.

(4) Earnings per share = (net profit attributable to shareholders of the Parent - preferred stock dividend) / weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities.

(2) Cash flow adequacy ratio = five-year sum of cash flow from operations / five-year sum of capital expenditures, inventory additions, and cash dividend.

(3) Cash flow reinvestment ratio = (cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital).

6. Leverage:

(1) Operating leverage = (net sales - variable cost) / operating income.

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

(II) IFRS (Parent-only)

Item	Year	Financial analysis on the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Liabilities to assets ratio	44.25	49.67	41.82	33.48	29.35
	Long-term capital to property, plant and equipment ratio	1,501.03	5,196.17	7,255.31	9,165.45	11,167.33
Liquidity Analysis (%)	Current ratio	224.20	211.95	275.79	212.18	308.98
	Quick ratio	210.53	197.02	258.26	200.89	288.52
	Times interest earned	42,450.13	82,263.89	127,210.63	170,147.98	147,240.04
Operating Performance	Receivables turnover (times)	6.27	9.02	8.25	10.54	14.84
	Days sales outstanding	58	40	44	35	25
	Inventory turnover (times)	13.89	17.84	16.14	17.91	15.17
	Payables turnover (times)	4.44	5.57	5.09	4.85	4.87
	Days sales of inventory	26	20	23	20	24
	Property, plant and equipment turnover (times)	20.32	39.92	71.41	94.15	82.28
	Asset turnover (times)	0.81	0.92	0.83	0.83	0.62
Profitability	Return on assets (%)	8.81	13.46	12.72	16.06	12.28
	Return on equity (%)	15.22	25.28	23.02	25.37	17.75
	Ratio of profit before tax to paid-in capital (%)	94.40	171.57	201.84	280.59	240.30
	Net margin (%)	10.72	14.42	15.06	19.24	19.73
	Earnings per share (NT$)	7.85	14.91	17.01	24.64	20.48
Cash flows	Cash flows ratio (%)	27.22	21.90	38.75	48.69	Note
	Cash flow adequacy ratio (%)	138.32	111.95	134.46	149.09	73.70
	Cash flow reinvestment ratio (%)	0.98	5.51	6.09	14.03	Note
Leverage	Operating leverage	1.12	1.08	1.03	1.02	1.03
	Financial leverage	1.03	1.02	1.02	1.01	1.02

Note:not shown due to net cash outflows from operating activities

Please explain the reasons for changes to each financial ratio during the most recent two years (For changes at less than 20%, an analysis is exempted)

1. The ratio of long-term capital to property, plant, and equipment: The increase in this ratio is primarily due to the reclassification of the second domestic unsecured convertible corporate bonds issued as non-current liabilities.
2. Current ratio: increase primarily due to the reclassification of the second domestic unsecured convertible corporate bonds into a non-current liability.
3. Quick ratio: increase primarily due to the reclassification of the second domestic unsecured convertible corporate bonds into a non-current liability.

4. Accounts Receivable Turnover Rate (times): The increase in the accounts receivable turnover rate is primarily due to a slowdown in global semiconductor industry growth, a decrease in equipment demand,
5. Average Days Sales Outstanding (DSO): The decrease in DSO is primarily due to a slowdown in global semiconductor industry growth, a reduction in equipment demand, and a decrease in overall accounts receivable.
6. Average Inventory Days: The increase in average inventory days is primarily due to decreased operating revenue and operating costs.
7. Total Asset Turnover Rate (times): The decrease in the total asset turnover rate is primarily due to a decrease in operating revenue.
8. Return on Assets (ROA): The decrease in ROA is primarily due to a decrease in profit in 2023 as a result of a reduction in operating revenue.
9. Accounts Receivable Turnover Rate (times): The 2023 decrease in the accounts receivable turnover rate is primarily due to a slowdown in global semiconductor industry growth, a decrease in equipment demand,
10. Average Days Sales Outstanding (DSO): The decrease in DSO is primarily due to a slowdown in global semiconductor industry growth, a reduction in equipment demand, and a decrease in overall accounts receivable.

Note:The calculation formulas for the financial analysis:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities / total assets.

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

2. Liquidity Analysis

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

(2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses.

3. Operating Performance

(1) Receivables turnover (including accounts receivable and notes receivable from operating activities) = net sales / average balance of receivables (including accounts receivable and notes receivable from operating activities).

(2) Days sales outstanding = 365 / receivables turnover.

(3) Inventory turnover = cost of sales / average inventory.

(4) Payables turnover (including accounts payable and notes payable from operating activities) = net sales / average balance of receivables (including accounts payable and notes payable from operating activities).

(5) Days sales of inventory = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = Net Sales / Average Total Assets.

4. Profitability Analysis

(1) Return on assets = (net income + interest expenses * (1 - tax rate)) / average total assets.

(2) Return on Equity = Net Income / Average Equity

(3) Net profit margin = net profit / net sales.

(4) Earnings per share = (net profit attributable to shareholders of the Parent - preferred stock dividend) / weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities.

(2) Cash flow adequacy ratio = five-year sum of cash flow from operations / five-year sum of capital expenditures, inventory additions, and cash dividend.

(3) Cash flow reinvestment ratio = (cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital).

6. Leverage:

(1) Operating leverage = (net sales - variable cost) / operating income.

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

III. Audit Committee’s report on the review for the most recent year financial statements

Audit Committee’s Report on Financial Statements

The company’s 2023 business report, financial statements, and earnings appropriation proposal are prepared by the board of directors. The financial statements have been audited and verified by CPAs Sheng-Chung Hsu and Jen-Chieh Wu of PwC Taiwan, to which the firm has issued an independent auditor’s report. We have reviewed the above business report, financial statements, and earnings appropriation proposal without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the company Act.

Please proceed to review it.

Submitted to

2024 Shareholders’ Meeting of Foxsemicon Integrated Technology Inc.

Foxsemicon Integrated Technology Inc.

Audit Committee

Convener Shui-Hui Wu

February 29, 2024

IV.Financial Statements of the most recent year

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Foxsemicon Integrated Technology Inc.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Sales revenue cut-off

Description

Please refer to Note 4(31) for accounting policy on revenue recognition, Note 5(1) for critical judgement on revenue recognition, and Note 6(19) for details of revenue. For the year ended December 31, 2023, the balance of revenue amounted to NT$13,051,357 thousand.

Among the Group's transaction types, warehouse sales revenue is recognized when customers accept the goods (when control of the product is transferred). Since all of the Group's warehouses are located in the United States or Singapore, the controls of those are more difficult than the direct shipment. Therefore, sale revenue is recognized based on the report provided by warehouse custodians. The process of revenue recognition contains numerous manual procedures, and it would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the warehouses and quantities in accounting records. Since there are numerous daily revenue from warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of sales revenue from distribution warehouse has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the appropriateness of internal controls over the cut-off of hub sales revenue for a specific period prior to and after the balance sheet date, and performing cut-off testing, including agreeing to respective supporting documents provided by hub custodians, and validated the proper timing of recognizing movements of inventories and respective transfer of cost of goods sold.
2. Confirmed the inventory quantities with warehouse custodians and agreed the results to accounting records.

Evaluation of inventories

Description

Please refer to Note 4(14) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of inventories. As of December 31, 2023, the balances of inventories and allowance for valuation loss on inventories amounted to NT$2,708,768 thousand and NT$88,639 thousand respectively.

The Group is primarily engaged in manufacture and sales of semiconductors and automation equipment and components. As technology changes rapidly, the life cycles of electronic products are short, prices are easily influenced by fluctuation in market price, there is higher risk of incurring inventory valuation losses or obsolescence. The Group measures inventories sold at the lower of cost and net realizable value. For inventories that are over a certain age and individually identified obsolete or ruined inventory, losses are recognized at net realizable value.

The Group's allowance for inventory valuation losses mainly arises from individually identified obsolete or ruined inventory, and since the value of inventories is significant, inventory types are various, the individual identification of inventory usually involves human judgement and the valuation contains uncertainty. Thus, we identified the valuation of allowance for valuation loss on inventories as one of key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Ascertained whether the policies and procedures on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed the information in the reports is consistent with the relevant policies.
3. Assessed the reasonableness of separately identified obsolete and damaged inventories and verified against information obtained during the stock count.
4. For net realizable value of inventories over normal age and those individually identified obsolete and damaged inventory, we discussed with the management, obtained supporting documents and reviewed the calculation of inventory loss.

Other matter – Parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Hsu, Sheng-Chung　　　　　　　　　　Wu, Jen-Chieh

For and on Behalf of PricewaterhouseCoopers, Taiwan

Feburary 29, 2024

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

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,956,133	36	$ 8,543,988	43
1136	Current financial assets at amortized cost	6(1)	3,627,151	19	1,268,520	7
1170	Accounts receivable	6(4) and 7	782,640	4	977,844	5
1200	Other receivables	7	121,882	1	10,624	-
130X	Inventory	6(5)	2,620,129	13	3,807,053	19
1410	Prepayments		216,603	1	198,677	1
11XX	**Total current assets**		14,324,538	74	14,806,706	75
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	27,550	-	232,097	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	292,437	1	194,076	1
1550	Investments accounted for using equity method		96,705	-	76,383	-
1600	Property, plant and equipment	6(6) and 8	3,780,898	20	3,540,849	18
1755	Right-of-use assets	6(7) and 7	318,207	2	294,244	2
1760	Investment property	6(8)	28,913	-	35,874	-
1840	Deferred income tax assets	6(24)	9,516	-	9,956	-
1900	Other non-current assets	6(1) and 8	490,959	3	500,007	3
15XX	**Total non-current assets**		5,045,185	26	4,883,486	25
1XXX	**Total assets**		$ 19,369,723	100	$ 19,690,192	100

(Continued)

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(9)	$ 35,000	-	$ 417,640	2
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	1,336	-
2130	Current contract liabilities		339,282	2	15,935	-
2170	Accounts payable		941,407	5	1,438,868	7
2200	Other payables	6(10)	1,464,158	8	1,891,429	10
2230	Current tax liabilities		251,149	1	425,627	2
2280	Current lease liabilities	7	47,235	-	32,782	-
2320	Long-term liabilities, current portion	6(13)(14)	64,715	-	1,879,870	10
2399	Other current liabilities, others	6(11)	393,363	2	596,891	3
21XX	**Total current liabilities**		3,536,309	18	6,700,378	34
	Non-current liabilities					
2530	Bonds payable	6(13)	1,865,038	10	-	-
2540	Long-term loans	6(14)	1,571,780	8	1,506,039	8
2570	Deferred income tax liabilities	6(24)	47,413	-	38,837	-
2580	Non-current lease liabilities	7	285,457	2	269,089	1
2600	Other non-current liabilities	6(11)	461,486	2	344,692	2
25XX	**Total non-current liabilities**		4,231,174	22	2,158,657	11
2XXX	**Total Liabilities**		7,767,483	40	8,859,035	45
	Equity					
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(15)	971,861	5	967,921	5
3130	Certificate of entitlement to new shares from convertible bond		246	-	-	-
3140	Advance receipts for share capital		2,286	-	2,588	-
	Capital surplus	6(17)				
3200	Capital surplus		4,051,311	21	3,939,329	20
	Retained earnings	6(18)				
3310	Legal reserve		943,255	5	713,397	4
3320	Special reserve		6,336	-	6,336	-
3350	Unappropriated retained earnings		5,586,669	29	5,166,593	26
	Other equity interest					
3400	Other equity interest		40,276	-	34,993	-
31XX	**Equity attributable to owners of the parent**		11,602,240	60	10,831,157	55
36XX	**Non-controlling interests**		-	-	-	-
3XXX	**Total equity**		11,602,240	60	10,831,157	55
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 19,369,723	100	$ 19,690,192	100

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

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	$ 13,051,357	100	$ 14,843,221	100
5000	Operating costs	6(5)	(9,636,790)	(74)	(10,399,687)	(70)
5900	Gross profit from operations		3,414,567	26	4,443,534	30
	Operating expenses	6(22)				
6100	Selling expenses		(368,097)	(3)	(438,636)	(3)
6200	Administrative expenses		(510,639)	(4)	(505,059)	(3)
6300	Research and development expenses		(508,787)	(4)	(547,100)	(4)
6450	Impairment gain (loss)	12(2)	2,989	-	(1,679)	-
6000	Total operating expenses		(1,384,534)	(11)	(1,492,474)	(10)
6900	Net operating income		2,030,033	15	2,951,060	20
	Non-operating income and expenses					
7100	Interest income		239,953	2	87,779	-
7010	Other income	6(20)	161,015	1	90,103	1
7020	Other gains and losses	6(21)	131,791	1	(191,997)	(1)
7050	Finance costs		(41,535)	-	(39,577)	-
7060	Share of loss of associates and joint ventures accounted for using equity method		(8,828)	-	(6,666)	-
7000	Total non-operating revenue and expenses		482,396	4	(60,358)	-
7900	**Profit (loss) before income tax**		2,512,429	19	2,890,702	20
7950	Income tax expense	6(24)	(521,961)	(4)	(546,339)	(4)
8200	**Profit for the period**		$ 1,990,468	15	$ 2,344,363	16

(Continued)

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(12)	($ 925)	-	$ 8,356	-
8316	Unrealized gain on valuation of financial assets at fair value through the comprehensive	6(3)	78,482	1	(95,549)	(1)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		77,557	1	(87,193)	(1)
	Components of other comprehensive income that will not be reclassified to profit or loss					
8361	Financial statements translation difference of foreign operations		(71,890)	(1)	73,589	1
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(1,309)	-	989	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(73,199)	(1)	74,578	1
8300	**Other comprehensive income for the year**		$ 4,358	-	($ 12,615)	-
8500	**Total comprehensive income for the year**		$ 1,994,826	15	$ 2,331,748	16
	Profit attributable to:					
8610	Owners of the parent		$ 1,990,468	15	$ 2,319,754	16
8620	Non controlling interest		-	-	24,609	-
			$ 1,990,468	15	$ 2,344,363	16
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 1,994,826	15	$ 2,307,139	16
8720	Non controlling interest		-	-	24,609	-
			$ 1,994,826	15	$ 2,331,748	16
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		$ 20.48		$ 24.64	
9850	Diluted earnings per share		$ 18.22		$ 21.96	

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

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital				Retained Earnings			Other equity interest				
	Notes	Common stock	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
2022													
Balance at January 1, 2022		$ 878,008	$ -	$ 1,056	$ 2,093,841	$ 558,372	$ 6,336	$ 3,863,061	($ 59,831)	$ 115,795	$ 7,456,638	$ 67,251	$ 7,523,889
Profit for the year		-	-	-	-	-	-	2,319,754	-	-	2,319,754	24,609	2,344,363
Other comprehensive income (loss) for the year		-	-	-	-	-	-	8,356	74,578	(95,549)	(12,615)	-	(12,615)
Total comprehensive income		-	-	-	-	-	-	2,328,110	74,578	(95,549)	2,307,139	24,609	2,331,748
Appropriations of 2021 earnings	6(18)												
Legal reserve		-	-	-	-	155,025	-	(155,025)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(840,021)	-	-	(840,021)	-	(840,021)
Inssuance of shares		81,172	-	-	1,625,238	-	-	-	-	-	1,706,410	-	1,706,410
Conversion of convertible bonds	6(17)	3,769	-	-	64,847	-	-	-	-	-	68,616	-	68,616
Executive employee stock options	6(17)	4,972	-	1,532	86,947	-	-	-	-	-	93,451	-	93,451
Change in non controlling interest		-	-	-	696	-	-	(29,532)	-	-	(28,836)	(92,612)	(121,448)
Share-based payment	6(16)(17)	-	-	-	67,760	-	-	-	-	-	67,760	752	68,512
Balance at December 31, 2022		$ 967,921	$ -	$ 2,588	$ 3,939,329	$ 713,397	$ 6,336	$ 5,166,593	$ 14,747	$ 20,246	$ 10,831,157	$ -	$ 10,831,157
2023													
Balance at January 1, 2023		$ 967,921	$ -	$ 2,588	$ 3,939,329	$ 713,397	$ 6,336	$ 5,166,593	$ 14,747	$ 20,246	$ 10,831,157	$ -	$ 10,831,157
Profit for the year		-	-	-	-	-	-	1,990,468	-	-	1,990,468	-	1,990,468
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(925)	(73,199)	78,482	4,358	-	4,358
Total comprehensive income		-	-	-	-	-	-	1,989,543	(73,199)	78,482	1,994,826	-	1,994,826
Appropriations of 2022 earnings	6(18)												
Legal reserve		-	-	-	-	229,858	-	(229,858)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,339,609)	-	-	(1,339,609)	-	(1,339,609)
Conversion of convertible bonds	6(17)	6	246	-	3,853	-	-	-	-	-	4,105	-	4,105
Executive employee stock options	6(17)	3,934	-	(302)	39,814	-	-	-	-	-	43,446	-	43,446
Share-based payment	6(16)(17)	-	-	-	68,086	-	-	-	-	-	68,086	-	68,086
Change in equity of associates and joint ventures accounted for using equity method	6(17)	-	-	-	229	-	-	-	-	-	229	-	229
Balance at December 31, 2023		$ 971,861	$ 246	$ 2,286	$ 4,051,311	$ 943,255	$ 6,336	$ 5,586,669	($ 58,452)	$ 98,728	$ 11,602,240	$ -	$ 11,602,240

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

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,512,429	$ 2,890,702
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(8)(22)	399,683	301,206
Amortization expense	6(22)	10,199	12,478
Gain on reversal of payable		(3,880)	(2,617)
Share-based payments	6(16)	68,086	68,512
Additional provision recognized	6(11)	38,784	28,073
Share of loss of associates and joint ventures accounted for using equity method		8,828	6,666
Expected credit (gains) losses recognized	12(2)	(2,989)	1,679
(Gain) Loss on financial assets at fair value through profit or less	6(21)	(175,518)	69,611
Loss on disposal of property, plant and equipment	6(21)	3,109	1,680
Interest income		(239,953)	(87,779)
Interest expense		41,535	39,577
Dividend income		(4,023)	(8,499)
Realized profit of deferred income		(62,927)	(2,894)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss, mandatorily		411	(351)
Accounts receivable net		172,110	708,115
Accounts receivable related parties		-	181,946
Other receivable		(2,437)	(3,559)
Inventories		1,150,890	(912,892)
Prepayment		(20,889)	(39,314)
Changes in operating liabilities			
Accounts payable		(486,783)	(775,061)
Other payable		(412,015)	846,711
Contract liabilities		323,347	(29,064)
Other current liabilities		(21,198)	(9,236)
Defined benefit plans asset/Accrued pension liabilities		853	(837)
Cash inflow generated from operations		3,297,652	3,284,853
Income taxes paid		(656,353)	(426,266)
Net cash flows from operating activities		2,641,299	2,858,587

(Continued)

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets at amortized cost		($ 2,358,631)	$ 292,120
Acquisition of financial assets at fair value through profit or loss	12(3)	(14,404)	(6,843)
Disposal of financial assets at fair value through profit or loss		256,545	-
Acquisition of financial assets at fair value through other comprehensive income		-	(49,170)
Acquisition of Investments accounted for using equity method		(30,230)	(82,060)
Acquisition of property, plant and equipment	6(27)	(544,808)	(2,114,229)
Dividends received		4,023	8,499
Proceeds from disposal of property, plant and equipment		375	163
Interest received		239,953	87,779
Increase in other non-current assets		(73,935)	(529)
Net cash flows used in investing activities		(2,521,112)	(1,864,270)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(21,233)	(19,464)
Inssuance of common stock	6(15)	-	1,706,410
Increase in short-term loans	6(28)	923,540	193,341
Decrease in short-term loans	6(28)	(1,305,172)	-
Payments of lease liabilities	6(28)	(46,816)	(28,961)
Acquisition of supplemental loan		-	419,016
Repayments of supplemental loan		(44,150)	(71,359)
Proceeds from long-term debt	6(28)	141,208	1,112,146
Repayments of long-term debt		(30,932)	-
Payment of cash dividends	6(18)	(1,339,609)	(840,021)
Change for non controlling interest	6(27)	-	(121,448)
Executive employee stock options		43,446	93,451
Net cash flows (used in) from financing activities		(1,679,718)	2,443,111
Effect of changes in foreign currency exchange rates on cash		(28,324)	38,583
Net (decrease) increase in cash and cash equivalents		(1,587,855)	3,476,011
Cash and cash equivalents at beginning of year		8,543,988	5,067,977
Cash and cash equivalents at end of year		$ 6,956,133	$ 8,543,988

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

FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Foxsemicon Integrated Technology Inc. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 26, 2001, and in accordance with the "Act for Establishment and Administration of Science Parks", the investment in the science park was approved in April 2003. The company was listed on the Taiwan Stock Exchange Corporation (the "TSEC") in July 28, 2015.

(2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in research, development, design, manufacturing and sales of subsystems and system integration of semiconductor equipment, subsystems and system integration of TFT-LCD, nano equipment, LED lighting, LED display product and other application product, photoelectric, communication wafer materials and medical devices.

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and financial asset at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022	Remark
Foxsemicon Integrated Technology Inc.	FOXSEMICON INTEGRATED TECHNOLOGY INC. (SAMOA)	Holding company of overseas reinvestment business	100	100	
Foxsemicon Integrated Technology Inc.	FOXSEMICON LLC. (LLC)	A company engaged in import and export freight forwarding business	100	100	
Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Manufacture of machinery, equipment and electronic components	100	100	(2)
Foxsemicon Integrated Technology Inc.	Frontier Integrated Global Solutions, Inc.	Manufacture of machinery, equipment and electronic components	100	100	
Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Manufacture of machinery, equipment and electronic components	100	100	
Foxsemicon Integrated Technology Inc.	FOXSEMICON INNOVATIONS HOLDING INC.	Holding company of overseas reinvestment business	100	100	
Foxsemicon Integrated Technology Inc.	UNIEQ TECHNOLOGY PTE.LTD	Holding company of overseas reinvestment business	100	-	(3)
Foxsemicon Integrated Technology Inc.	UniEQ Integrated Technology CO., Ltd.	Manufacture of machinery, equipment and electronic components	100	-	(4)
FOXSEMICON INNOVATIONS HOLDING INC.	FOXSEMICON TECHNOLOGY, LLC	Research and development and manufacture of machinery, equipment and	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2023	December 31, 2022	Remark
Kainova Technology Inc.	Kaivaco Technology Nanjing Inc.	Manufacture of machinery, equipment and electronic components	100	100	(5)
FOXSEMICON INTEGRATED TECHNOLOGY INC.	MINDTECH CORPPORATION (MINDTECH)	Holding company of overseas reinvestment business	100	100	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SUCCESS PRAISE CORPORATION (SUCCESS PRAISE)	A location for overseas trading for some companies in Mainland China	100	100	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SMART ADVANCE CORPORATION (SMART ADVANCE)	A location for overseas trading for some companies in Mainland China	100	100	(1)
FOXSEMICON INTEGRATED TECHNOLOGY INC.	EVER DYNAMIC CORP	A location for overseas trading for some companies in Mainland China	100	100	(1)
FOXSEMICON INTEGRATED TECHNOLOGY INC.	LOYAL NEWS INTERNATIONAL LIMITED (LOYAL NEWS)	A location for overseas trading for some companies in Mainland China	100	100	(1)
MINDTECH CORPORATION	Foxsemicon Integrated Technology (Shanghai) Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	100	100	(5)
Foxsemicon Integrated Technology (Shanghai) Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Develop and produce new alloy materials and electronic special equipment for production and sales	100	100	
Foxsemicon Integrated Technology (Shanghai) Inc.	Shanghai EnvoFox Integrated Technology Limit Inc.	Operation of environmental protection automatic control system and environmental engineering production and sales business	100	100	

(1) The Company’s shareholding ratio in EVER DYNAMIC CORP, LOYAL NEWS INTERNATIONAL LIMITED and SMART ADVANCE CORPORATION was 100%. However, all the companies mentioned above ceased operation in 2014.

(2) For the year ended December 31, 2022, the company purchased the equity of the subsidiary FOX AUTOMATION TECHNOLOGY INC. from non-controlling interests, and the shareholding ratio was increased to 99.88% and 100% in September 30,2022 and December 31,2022, respectively. Please refer to Note 6(26).

(3) The company invested in the establishment of UNIEQ TECHNOLOGY PTE. LTD. in September 2023, and it was included in the consolidated financial statement preparation entity from the investment date.

(4) The company invested in the establishment of UniEQ Integrated Technology CO., Ltd. in November 2023, and it was included in the consolidated financial statement preparation entity from the investment date.

(5) The disclosure of the subsidiary mentioned above reinvesting in Mainland China, please refer to Note 13.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

i. Assets and liabilities presented in each balance sheet are converted at the exchange rates prevailing at the date of that balance sheet;

ii. Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period; and

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

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or jointly controlled entities after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entities, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(5) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Assets held mainly for trading purposes;

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

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

(6) <u>Cash equivalents</u>

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

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

(10) Accounts and notes receivable

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

B. The Group initially measures accounts and notes receivable at fair value and subsequently recognizes the amortized interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognized in profit or loss.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)－operating leases

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

(14) Inventories

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

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost, including goodwill recognized at the time of acquisition, and less any accumulated impairment loss arising from subsequent evaluations.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) <u>Property, plant and equipment</u>

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

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

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

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

Buildings and structures: 25~35 year(s)

Machinery and equipment: 5~10 year(s)

Other equipment: 3~8 year(s)

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental loan interest rate. Lease payments are comprised of the Fixed payments. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 35 years.

(19) Impairment of non-financial assets

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

(20) Loans

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

(21) Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities. The Group initially measures notes and accounts payable at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(23) Convertible bonds payable

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

A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds is initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

(24) <u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(25) <u>Offsetting financial instruments</u>

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

(26) <u>Provisions</u>

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

(27) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized as expenses in the period in which the employees render service.

B. Pension

(a)Defined contribution plan

For defined contribution plans, the Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plan

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

ii.Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Share-based payment - employees' bonus and compensation

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

(29) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.

F. Tax incentives arising from research and development expenditures were accounted for using income tax credits.

(30) Dividends

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

(31) Revenue recognition

A. The Group manufactures and sells related products of semi-conductor equipment. Sales are recognized when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products.

B. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or when the product is delivered to the shipping warehouse and the product is pulled in by the customer, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

C. The Group is engaged in environmental automation, environmental engineering and other related services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent relative to the total expected labor hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

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

(32) Government grants

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

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group’s chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

Revenue recognition

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

A. The Group is primarily responsible for the provision of goods or services;
B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, information on the carrying amount of inventories is provided in Note6(5).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 1,718	$ 431
Checking accounts and demand deposits	2,666,817	2,550,965
Cash equivalents		
Time deposits	4,287,598	5,992,592
	$ 6,956,133	$ 8,543,988

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

B. The time deposits above mature within three months and subject to an insignificant risk of changes in value. Additionally, as of December 31, 2023 and 2022, time deposits maturing in excess of three months were not in conformity with cash and cash equivalents as defined, amounting to $3,627,151 and $1,268,520, respectively, and which were reclassified to "financial assets carried at amortized cost - current". Interest income recognized in profit or loss amounted to $123,281 and $54,714.

C. Information about cash and cash equivalents that were pledged to others as collateral were classified as other non-current assets by the liquidity, please refer to Note 8.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 27,360	$ 232,097
Derivative instruments	190	-
	$ 27,550	$ 232,097

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	$ -	$ 1,336

A. Financial assets at fair value through profit or loss is as follows:

(a) Beneficiary certificate: Private fund investment.

(b) Derivative instruments: Unsecured convertible bonds under repurchase and resale agreement.

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

	Years ended December 31,	
	2023	2022
Derivative instruments	$ 1,938	($ 12,753)
Beneficiary certificates	174,873	(56,858)
	$ 176,811	($ 69,611)

C. The Group entered into an agreement of retirement of partner and disposed of the Partnership of Jinan Fujie Industrial Investment Fund Partnership (limited partnership) on December 12, 2023. Disposal price is RMB 89,012 thousands, acquired cash RMB 84,699 thousands and 18% equity of MEM'S CORE CO., Ltd.. As of December 31, 2023, the amount of cash RMB 25,410 thousands has not been received, shown as "Other receivables".

D. The Group did not have financial assets measured at fair value through other comprehensive income pledged to others.

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

	December 31, 2023	December 31, 2022
Non-current items：		
Equity instruments		
Listed stocks	$ 189,524	$ 117,291
Unlisted stocks	102,913	76,785
	$ 292,437	$ 194,076

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. The Group recognized net gain and loss in other comprehensive income for fair value change for the years ended December 31, 2023 and 2022, amounting to gain $78,482 and loss $95,549, respectively. Dividend income from equity instruments recognized in profit or loss held at end of period, amounting to $4,023 and $4,361, respectively. The Group did not derecognize dividend income from equity instruments during the year.

C. The Group doesn't have financial assets measured at fair value through other comprehensive income pledged to others.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 144	$ 981,065
Accounts receivable	782,728	2,550,965
Less: Allowance for uncollectible accounts	(232)	(3,221)
	$ 782,640	$ 2,547,744

A. The Group did not hold any collateral on its accounts.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,702,545.

C. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 681,344	($ 21,442)	$ 659,902
Work in progress	767,215	(6,338)	760,877
Finished goods	1,260,209	(60,859)	1,199,350
	$ 2,708,768	($ 88,639)	$ 2,620,129

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,017,760	($ 9,096)	$ 1,008,664
Work in progress	1,345,883	(7,922)	1,337,961
Finished goods	1,504,242	(43,814)	1,460,428
	$ 3,867,885	($ 60,832)	$ 3,807,053

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 9,648,364	$ 10,529,144
Loss on decline in market value	39,710	25,308
Sales of scraps	(91,387)	(188,572)
Others	40,103	33,807
	$ 9,636,790	$ 10,399,687

(6) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2023					
Cost	$ 576,627	$ 2,513,392	$ 659,977	$ 1,685,949	$ 5,435,945
Accumulated depreciation	(335,717)	(1,104,468)	(454,911)	-	(1,895,096)
	$ 240,910	$ 1,408,924	$ 205,066	$ 1,685,949	$ 3,540,849
2023					
Opening net book amount as at January 1	$ 240,910	$ 1,408,924	$ 205,066	$ 1,685,949	$ 3,540,849
Additions	39,462	260,253	104,815	213,888	618,418
Disposals	-	(2,572)	(912)	-	(3,484)
Transfers	10,344	425,260	5,268	(436,018)	4,854
Depreciation charge	(20,181)	(255,302)	(68,449)	-	(343,932)
Net exchange differences	(2,995)	(28,392)	(2,713)	(1,707)	(35,807)
Closing net book amount as at December 31	$ 267,540	$ 1,808,171	$ 243,075	$ 1,462,112	$ 3,780,898
At December 31					
Cost	$ 624,660	$ 3,141,027	$ 756,666	$ 1,462,112	$ 5,984,465
Accumulated depreciation	(357,120)	(1,332,856)	(513,591)	-	(2,203,567)
	$ 267,540	$ 1,808,171	$ 243,075	$ 1,462,112	$ 3,780,898

	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2022					
Cost	$ 570,324	$ 1,951,737	$ 614,272	$ 531,679	$ 3,668,012
Accumulated depreciation	(313,232)	(928,940)	(397,253)	-	(1,639,425)
	$ 257,092	$ 1,022,797	$ 217,019	$ 531,679	$ 2,028,587
2022					
Opening net book amount as at January 1	$ 257,092	$ 1,022,797	$ 217,019	$ 531,679	$ 2,028,587
Additions	1,100	209,451	34,455	1,509,706	1,754,712
Disposals	-	(1,525)	(318)	-	(1,843)
Transfers	(158)	344,662	13,266	(357,928)	(158)
Depreciation charge	(19,475)	(179,507)	(61,728)	-	(260,710)
Net exchange differences	2,351	13,046	2,372	2,492	20,261
Closing net book amount as at December 31	$ 240,910	$ 1,408,924	$ 205,066	$ 1,685,949	$ 3,540,849
At December 31					
Cost	$ 576,627	$ 2,513,392	$ 659,977	$ 1,685,949	$ 5,435,945
Accumulated depreciation	(335,717)	(1,104,468)	(454,911)	-	(1,895,096)
	$ 240,910	$ 1,408,924	$ 205,066	$ 1,685,949	$ 3,540,849

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

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and structures. Rental contracts are typically made for periods of 5 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for loan purposes.

B. Short-term leases with a lease term of 12 months, include dormitories and transportation equipment.

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

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Land	$	95,415	$	101,476
Buildings and structures		222,792		192,768
	$	318,207	$	294,244

	Years ended December 31,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Land	$	5,869	$	7,075
Buildings and structures		47,775		31,292
	$	53,644	$	38,367

D. For the years ended December 31, 2023 and 2022, the additions to right- of-use assets was $81,918 and $216,655. Information relating to acquire right-of-use assets from related parties is provided in Note 7.

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

	Years ended December 31,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	11,224	$	5,585
Expense on short-term lease contracts		47,034		31,834
	$	58,258	$	37,419

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $105,074 and $66,380, respectively.

(8) Investment property

	Buildings and structures 2023	Buildings and structures 2022
At January 1		
Cost	$ 74,156	$ 73,842
Accumulated depreciation	(38,282)	(35,997)
	$ 35,874	$ 37,845
Opening net book amount as at January 1	$ 35,874	$ 37,845
Transfer (out) in	(4,854)	158
Depreciation charge	(2,107)	(2,129)
Closing net book amount as at December 31	$ 28,913	$ 35,874
At December 31		
Cost	$ 63,544	$ 74,156
Accumulated depreciation	(34,631)	(38,282)
	$ 28,913	$ 35,874

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31, 2023	Years ended December 31, 2022
Rental income from investment property	$ 15,540	$ 16,070
Direct operating expenses arising from the investment property that generated rental income during the year	$ 2,107	$ 2,129

B. The fair value of the investment property held by the Group as December 31, 2023 and 2022 were $95,184 and $111,080, respectively, which were based on the valuation of market prices estimated using comparison approach which is categorized within Level 3 in the fair value hierarchy.

(9) Short-term loans

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	$ 35,000	0.50%~2.00%	None.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	$ 417,640	1.90%~3.7%	None.

(10) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	585,867	723,487
Processing fees payable	269,113	541,328
Employees' compensation payable	262,448	209,416
Others	346,730	417,198
	$ 1,464,158	$ 1,891,429

(11) Other current liabilities

	December 31, 2023	December 31, 2022
Provisions	$ 288,324	$ 511,931
Supplemental loan	52,919	56,772
Others	52,120	28,188
	$ 393,363	$ 596,891

A. Information of contract liabilities is provided in Note 6(19).

B. The Group entered into supplemental capacity addendum contracts with its customers. The Group received the supplemental loans in advanced and reserves certain capacity to the customers. The deposits would be returned in accordance with the contracts, except the parts on December 31, 2023 and 2022 amounting to $104,235 and $327,172 due more than one year are classified as "other non-current liabilities". Besides, the amount of estimated volume discounts in the contracts has been recognized as refund liabilities.

C. The information of provisions is as follows:

	Provisions for warranty
	2023
Balance at January 1	$ 56,772
Additional provisions recognized	451,548
Reversed during the year	(412,764)
Used during the year	(42,452)
Net exchange differences	(185)
Balance At December 31	$ 52,919

The provisions of the Group are related to the sales of the semi-conductor and automatic equipment. Provisions are estimated based on the information of the historical warranty data of the products.

(12) Pension

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

(b) The amounts recognized in the balance sheet are as follows: (shown as " Other non-current (assets)liabilities")

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 36,976	$ 36,122
Fair value of plan assets	(41,226)	(41,017)
Net defined benefit asset	($ 4,250)	($ 4,895)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
2023			
At January 1	$ 36,122	$ 41,017	($ 4,895)
Interest cost	470	-	470
Interest income	-	533	(533)
	36,592	41,550	(4,958)
Remeasurements:			
Return on plan assets	-	156	(156)
Change in financial assumptions	307	-	307
Experience adjustments	774	-	774
	1,081	156	925
Pension fund contribution	-	217	(217)
Paid pension	(697)	(697)	-
At December 31	$ 36,976	$ 41,226	($ 4,250)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
2022			
At January 1	$ 41,358	$ 37,061	$ 4,297
Current service cost	78	-	78
Interest cost	290	-	290
Interest income	-	259	(259)
	41,726	37,320	4,406
Remeasurements:			
Return on plan assets	-	2,752	(2,752)
Change in financial assumptions	(2,026)	-	(2,026)
Experience adjustments	(3,578)	-	(3,578)
	(5,604)	2,752	(8,356)
Pension fund contribution	-	945	(945)
At December 31	$ 36,122	$ 41,017	($ 4,895)

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

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

	Years ended December 31	
	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.30%
Future salary increases	3.50%	3.50%

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

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 760)	$ 783	$ 672	($ 658)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 801)	$ 826	$ 717	($ 701)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $63.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 9 years.

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

(b) The Group's subsidiary in Mainland China contributes monthly pension insurance premiums at 16% of local employees' total salaries in accordance with the pension regulations in the People's Republic of China (PRC). Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were $125,065 and $102,759, respectively.

(13) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 1,903,700	$ 1,908,000
Less: Discount on bonds payable	(38,662)	(59,062)
	$ 1,865,038	$ 1,848,938
Less: Long-term liabilities,current portion	-	(1,848,938)
	$ 1,865,038	$ -

A. The issuance of domestic convertible bonds by the Company

The terms of the second unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $2,000,000, which the amount of fundraising is $2,010,000 and the par rate is 0%, second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature five years from the issue date November 16, 2020 to November 16, 2025 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 16, 2020.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price was NTD 196.9 per share upon issuance. The Company adjusted the conversion price to NTD 171 per share as the terms of the bonds on July 9, 2023.

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

v. The bondholders may request the Company to repurchase the convertible bonds at face value when the bonds are issued for three years.

vi. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $158,325 were separated from the liability component and were recognized in ‘capital surplus—share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognized in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation ranged between 1.1122% and 1.5518%.

C. The conversion of domestic convertible bonds by the Company:

For the years ended December 31, 2023 and 2022, the $100 and $72,000 of the Company’s second unsecured domestic convertible bonds had been converted into 1 and 377 thousands shares of common stocks, and have been completed the registered. And as of December 31, 2023, holders of convertible bonds with a face value of $4,200 exercised the conversion right and obtained 24,559 units of certificate of entitlement to new shares from convertible bond (each unit can be exchanged for one outstanding share of the Company.) The registration has not been completed up till December 31, 2023.

(14) Long-term loans

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 1,233,339	0.76%~1.395%	Property, plant and equipment
Bank unsecured borrowings	403,156	0.76%~0.90%	None
	1,636,495		
Less: Long-term liabilities, current portion	(64,715)		
	$ 1,571,780		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 1,217,659	0.635%~1.27%	Property, plant and equipment
Bank unsecured borrowings	319,312	0.635%~0.775%	None
	1,536,971		
Less: Long-term liabilities, current portion	(30,932)		
	$ 1,506,039		

A. The credit contracts that the subsidiary of the Company signed with the banks are provided the joint guarantee line by the parent company, please refer to Note 13.

B. Please refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(15) Share capital

A. As of December 31, 2023, the Company's authorised capital was $1,500,000, consisting of 150,000 thousand shares of ordinary share (including 8,500 thousand shares reserved for employee share options), and the paid-in capital was $971,861 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2023	2022
At January 1	96,792	87,801
Executive employee stock options	393	497
Issuance of shares - Private placement	-	8,117
Conversion of convertible bonds	1	377
At December 31	97,186	96,792

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on December 30, 2021 adopted a resolution to raise additional cash through private placement with the effective date set on April 26, 2022. The number of shares to be issued through the private placement is 8,117 thousand shares at a subscription price of $210.22 (in dollars) per share. The amount of capital raised through the private placement was $$1,706,410 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(16) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Employee share options	2017.12.27	1,000	5 years	Description (1)
Employee share options	2019.09.27	1,000	5 years	Description (1)
Employee share options	2020.10.30	1,000	5 years	Description (1)
Employee share options	2021.08.09	1,500	5 years	Description (1)
Employee share options	2022.07.08	1,500	5 years	Description (1)

Employees receive 20% after 2 years of service, 60% after 3 years of service, and 100% after 4 years of service.

B. Details of the share-based payment arrangements are as follows:

	2023		2022	
	No. of options (thousand shares)	Weighted-average exercise price (in dollars)	No. of options (thousand shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	4,910	$ 179.5	4,060	$ 178.3
Options exercised	(363)	119.4	(650)	168.3
Options given	1,100	167.4	1,500	178.0
Options overdue	(197)	156.8	-	-
Options outstanding at December 31	5,450	182.0	4,910	179.5
Options exercisable at December 31	1,249	163.0	710	131.7

Note: Some of the exercised stock options have not been registered, so those are shown as "Advance receipts for share capital".

C. The Company issued common stock for years ended December 31, 2023 and 2022 amounting to 134,600 and 391,600 shares because employees exercised their stock options under the stock option plan. The registration for the shares mentioned. The registration for the shares mentioned 228,600 and 258,800 shares have not been completed in December 31, 2023 and 2022.

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date shares)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividends (%)	Risk-free interest rate (%)	Fair value per unit
Employee share options	2017.12.27	$ 198.5	198.5	47.84%	3.5~4.5 year(s)	-	0.58~ 0.64%	69.9~ 78.8
Employee share options	2019.09.27	115.5	115.5	44.51~ 46.91%	3.5~4.5 year(s)	-	0.57~ 0.60%	38.07~ 45
Employee share options	2020.10.30	173	173	46.48~ 49.21%	3.5~4.5 year(s)	-	0.22~ 0.23%	61.8~ 65.95
Employee share options	2021.08.09	229	229	45.82~ 47.45%	3.5~4.5 year(s)	-	0.23~ 0.29%	79.12~ 90.95
Employee share options	2022.07.08	178	178	44.45~ 45.87%	3.5~4.5 year(s)	-	0.96~ 1.02%	59.43~ 69.03

E. The Group's compensation cost and capital surplus arising from share-based payment transaction amounted to $68,086 and $68,512, For the years ended December 31, 2023 and 2022, respectively.

(17) Capital surplus

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

	2023				
	Share premium	Options	Employee stock options	Others	Total
At January 1	$3,693,366	$ 107,541	$128,200	$10,222	$ 3,939,329
Share-based payment transactions	-	-	68,086	-	68,086
Employee stock options exercised	54,161	-	(14,347)	-	39,814
Employee stock options overdue	-	-	(12,798)	12,798	-
Conversion of convertible bonds	4,097	(244)	-	-	3,853
Changes in equity of associates and joint ventures accounted	-	-	-	229	229
At December 31	$3,751,624	$ 107,297	$169,141	$23,249	$ 4,051,311

	2022				
	Share premium	Options	Employee stock options	Others	Total
At January 1	$1,877,491	$ 111,630	$ 95,194	$ 9,526	$ 2,093,841
Inssuance of common stock	1,625,238	-	-	-	1,625,238
Share-based payment transactions	-	-	67,760	-	67,760
Employee stock options exercised	121,701	-	(34,754)	-	86,947
Change for non - controlling interest	-	-	-	696	696
Conversion of convertible bonds	68,936	(4,089)	-	-	64,847
At December 31	$3,693,366	$ 107,541	$128,200	$10,222	$ 3,939,329

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses (including adjusted undistributed earnings), and then the 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. At least, special reserve shall be appropriated or reversed according to the relevant regulations. The remainder, along with the accumulated unappropriated earnings in the prior year, shall be appropriated to shareholders as dividends, proposed the distribution plan by the Board of Directors and resolved by the shareholders at their meeting.

B. In accordance with the Company Act, the resolution, for all or part of distributable dividends and bonus, capital surplus or legal reserve distributed in cash, will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present agree to the resolution. This will then be reported to the shareholders' meeting. The regulation which requires approval by the shareholders is not applicable for the above.

C. The Company's dividend policy shall takes into account current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests and the long-term financial plans. The accumulated distributable earnings are appropriated as dividends or bonuses to shareholders, of which the distributable earnings during the current year shall account for at least 15% The dividends and bonuses can be distributed in the form of cash or shares and cash dividend shall account for at least 10% of the total dividends and bonuses distributed.

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

E. The appropriation of earnings for 2022 and 2021 have been resolved by the shareholders' meeting on May 30, 2023 and May 27, 2022, respectively, as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 229,858		$ 155,025	
Cash dividends	1,339,609	$ 13.8	840,021	$ 8.7
	$ 1,569,467		$ 995,046	

The appropriation of 2022 and 2021 earnings mentioned above is not difference to the propose from the Board of Directors in February 2023 and 2022.

F. The appropriation of 2023 earnings as proposed by the Board of Directors on February 29, 2024 is as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 198,954	
Cash dividends	1,173,260	$ 12.0
	$ 1,372,214	

The appropriation mentioned above of 2023 earnings has not been resolved by the shareholders as of February 29, 2024.

Information about the appropriations of earnings as proposed by the Board of Directors and resolved by the shareholders can be demanded in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 13,051,357	$ 14,843,221

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time. Disaggregation of revenue for the years ended December 31, 2023 and 2022 is as follows:

Years ended December 31, 2023	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	$ 11,051,122	$ 401,383	$ 1,087,403	$ 511,449	$ 13,051,357

Years ended December 31, 2022	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	$ 12,506,351	$ 536,341	$ 1,184,302	$ 616,227	$ 14,843,221

B. Contract assets and liabilities

(a) Contract liabilities were advance sales receipts. As of December 31, 2023 and 2022, contract liabilities were all from contracts with customers. And as of January 1, 2022, the balance of contract liabilities amounted to $44,999, respectively. Please refer to Note 7 for details of information on related parties.

(b) Revenue recognized that was included in the contract liability balance at the beginning of years ended December 31, 2023 and 2022 were $15,935 and $28,823 respectively.

(20) Other income

	Years ended December 31,	
	2023	2022
Grants income	$ 101,444	$ 16,964
Rent income	15,540	16,070
Dividends income	4,023	8,499
Other income, others	40,008	48,570
	$ 161,015	$ 90,103

The grants mentioned above were related to property, plant, and equipment, and were recognized on a systematic basis over the depreciation periods.

(21) Other gains and losses

	Years ended December 31,	
	2023	2022
Gain and losses on financial assets at fair value through profit or loss	$ 176,811	($ 69,611)
Losses on disposals of property, plant and equipment	(3,109)	(1,680)
Net foreign exchange loss	(38,608)	(117,417)
Other gains and losses	(3,303)	(3,289)
	$ 131,791	($ 191,997)

(22) Expenses by nature

Additional disclosures related to operating costs and operating expenses are as follows:

	Years ended December 31,	
	2023	2022
Employee benefit expense	$ 2,625,137	$ 2,724,668
Depreciation expense (Note)	397,576	299,077
Amortisation expense	10,199	12,478
	$ 3,032,912	$ 3,036,223

Note: Depreciation expense includes provision for property, plant and equipment and right-of-use assets.

(23) Employee benefit expense

Nature	Years ended December 31, 2023	2022
Wages and salaries	$ 2,130,012	$ 2,322,446
Employee stock options	68,086	68,512
Labour and health insurance fees	136,769	123,186
Pension costs	125,002	102,868
Other personnel expenses	165,268	107,656
	$ 2,625,137	$ 2,724,668

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, shall be distributed as employees' compensation and directors' remuneration after it is resolved by the Board of Directors and reported to the shareholders. The ratio shall be 3%~8% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees compensation was accrued at $139,500 and $125,239, respectively; while directors' remuneration was accrued at $11,370 and $12,251, respectively.

C. Employees' compensation and directors' and supervisors' remuneration of 2023 and 2022 as resolved by the Board of Directors on February 29, 2024 and February 24, 2023 were agreed with those amounts recognized in the 2023 and 2022 financial statements and will be distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors can be demanded in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax expense

A. Components of income tax expense:

	Years ended December 31, 2023	2022
Current tax:		
Current tax on profits for the year	$ 496,290	$ 565,774
Tax on undistributed surplus earnings	53,620	36,521
Effect from research and development tax credits	(73,513)	(64,292)
Prior year income tax underestimation	36,698	4,978
Total current tax	513,095	542,981
Deferred tax:		
Origination and reversal of temporary differences	8,866	3,358
Income tax expense	$ 521,961	$ 546,339

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (note)	$ 676,854	$ 726,210
Effect from items disallowed by tax regulation	(168,907)	(145,021)
Effect from research and development tax credits	(73,513)	(64,292)
Additional 5% tax on undistributed surplus earnings	53,620	36,521
Prior year income tax underestimation	36,698	4,978
Temporary differences not recognised as deferred tax assets	(2,791)	(12,057)
Income tax expense	$ 521,961	$ 546,339

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognised in profit or loss	Net exchange differences	December 31
Temporary differences:				
－Deferred tax assets:				
Allowance for inventory valuation loss	$ 409	$ 88	$ -	$ 497
Salaries accrued at end of year	6,527	-	(120)	6,407
Government grants	2,044	(378)	(30)	1,636
Impairment loss on investments accounted for using the equity method	976	-	-	976
	$ 9,956	($ 290)	($ 150)	$ 9,516
－Deferred tax liabilities:				
Recognised investment profit or loss which is adopting equity method	(36,663)	(9,208)	-	(45,871)
Unrealized exchange gain	(2,174)	632	-	(1,542)
	($ 38,774)	($ 8,576)	$ -	($ 47,413)

	2022			
	January 1	Recognised in profit or loss	Net exchange differences	December 31
Temporary differences:				
－Deferred tax assets:				
Allowance for inventory valuation loss	$ 287	$ 122	$ -	$ 409
Unrealized exchange loss	3,116	(3,116)	-	-
Salaries accrued at end of year	6,567	133	(173)	6,527
Government grants	2,305	(434)	173	2,044
Impairment loss on investments accounted for using the equity method	976	-	-	976
	$ 13,251	($ 3,295)	$ -	$ 9,956
－Deferred tax liabilities:				
Recognised investment profit or loss which is adopting equity method	(38,774)	2,111	-	(36,663)
Unrealized exchange gain	-	(2,174)	-	(2,174)
	($ 38,774)	($ 63)	$ -	($ 38,837)

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	Years ended December 31,	
	2023	2022
Amount of allowance for bad debts in excess of the limit for tax purpose	$ 55,105	$ 36,889
Allowance for inventory valuation loss	62,880	48,162
Loss on investments accounted for using the equity method	4,115	31,849
Others	42,183	42,392
	$ 164,283	$ 159,292

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

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,990,468	97,192	$ 20.48
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,990,468	97,192	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	16,251	11,158	
Employee stock options	-	1,036	
Employees' compensation	-	755	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,006,719	110,141	$ 18.22

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,319,754	94,141	$ 24.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,319,754	94,141	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	16,090	10,408	
Employee stock options	-	1,053	
Employees' compensation	-	761	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,335,844	106,363	$ 21.96

(26) Transactions with non-controlling interest

For the years ended December 31, 2022, the company paid the cash $121,448 to purchase 15.12% equity of the subsidiary FOX AUTOMATION TECHNOLOGY INC. The non-controlling interests decreased in $92,612, the equity attributable to owners of the parent decreased in $28,836.

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 618,418	$ 1,754,712
Add: Opening balance of payable on equipment	61,902	28,292
Add: Ending balance of prepaid on equipment	374,349	448,149
Less: Ending balance of payable on equipment	(61,712)	(61,902)
Less: Opening balance of prepaid on equipment	(448,149)	(55,022)
Cash paid during the period	$ 544,808	$ 2,114,229

(28) Changes in liabilities from financing activities

	Lease liabilities	Short-term borrowings	Long-term borrowings (Including current portion)	Bonds payable (Including current portion)	Liabilities from financing activities-gross
At January 1, 2023	$ 301,871	$ 417,640	$ 1,536,971	$ 1,848,938	$ 4,105,420
Changes in cash flow from financing activities	(46,816)	(381,632)	110,276	-	(318,172)
Impact of changes in foreign exchange rate	(4,281)	-	-	-	(4,281)
Changes in other non-cash items	81,918	(1,008)	(10,752)	16,100	86,258
At December 31, 2023	$ 332,692	$ 35,000	$ 1,636,495	$ 1,865,038	$ 3,869,225

	Lease liabilities	Short-term borrowings	Long-term borrowings (Including current portion)	Bonds payable (Including current portion)	Liabilities from financing activities-gross
At January 1, 2022	$ 105,057	$ 221,440	$ 424,825	$ 1,897,858	$ 2,649,180
Changes in cash flow from financing activities	(34,546)	193,341	1,112,146	-	1,270,941
Impact of changes in foreign exchange rate	5,868	2,859	-	-	8,727
Changes in other non-cash items	225,492	-	-	(48,920)	176,572
At December 31, 2022	$ 301,871	$ 417,640	$ 1,536,971	$ 1,848,938	$ 4,105,420

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and subsidiaries)	Group with significant influence over the Group
Foxconn Technology Co., Ltd and its subsidiaries (Foxconn Technology and subsidiaries)	Other related parties
General Interface Solution (GIS) Holding Limited and its subsidiaries (GIS and subsidiaries)	Other related parties

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2023	2022
Sales of goods:		
Group with significant influence over the Group - Hon Hai and subsidiaries	$ 28,865	$ 134,784

There are no similar transactions for reference for the price of the Group's sales of goods to related parties. The collection term to related parties is 30~45 days after the invoice date.

B. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable:		
Group with significant influence over the Group - Hon Hai and subsidiaries	$ 644	$ 36,675
Allowance for uncollectible accounts	-	(11)
	$ 644	$ 36,664

The receivables from related parties arise mainly from sale transactions. The receivables are due 30~45 days after the date of sales.

C. Other receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables from related parties:		
Group with significant influence over the Group - Hon Hai and subsidiaries	$ 1,983	$ 1,194
Other related parties		
- GIS and subsidiaries	1,806	2,030
- Others	1,603	1,633
	$ 5,392	$ 4,857

Other receivables from related parties mainly refer to payments on behalf of others.

D. Lease transactions - lessee

(a) The Group leases buildings from Hon Hai and its subsidiaries. Rental contracts are typically made for periods from years 2023 to 2027. Rents are paid quarterly.

(b) Additions to right-of-use assets:

	Years ended December 31, 2023	Years ended December 31, 2022
Group with significant influence over the Group - Hon Hai and subsidiaries	$ 81,918	$ 8,544

(c) Lease liabilities

i. Outstanding balance:

	December 31, 2023	December 31, 2022
Group with significant influence over the Group - Hon Hai and subsidiaries	$ 71,355	$ 7,502

ii. Interest expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Group with significant influence over the Group - Hon Hai and subsidiaries	$ 4,854	$ 1,225

E. Key management compensation

	Years ended December 31, 2023	Years ended December 31, 2022
Short-term employee benefits	$ 64,266	$ 43,591
Post-employment benefits	540	472
	$ 64,806	$ 44,063

8. Pledged Assets

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

Pledged asset	Purpose	Book value December 31, 2023	Book value December 31, 2022
Unfinished construction (shown as property, plant and equipment)	Long-term borrowings	$ 1,402,087	$ 1,388,506
Time deposits (shown as other non-current assets)	Guarantee of Science Park Bureau	8,915	4,988
Time deposits (shown as other non-current assets)	Customs guarantee	1,902	1,894
		$ 1,412,904	$ 1,395,388

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

Except for the recognized provision, the Group was not expected any material liabilities that could arise from the contingent liabilities.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 344,336	$ 426,161
Investments accounted for using equity method	-	30,710
	$ 344,336	$ 456,871

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Board of Directors have approved the proposal for the appropriation of earnings in 2023 on February 29, 2024, as described in Note6(18).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide the maximum returns for shareholders and to positively reduce the gearing ratio and the cost of capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair valuethrough profit or loss	$ 27,550	$ 232,097
Financial assets at fair value through other comprehensive income	292,437	194,076
Financial assets at amortized cost (Note)	11,487,806	10,800,976
	$ 11,807,793	$ 11,227,149
Financial liabilities		
Financial liabilities at fair value through profit or loss	$ -	$ 1,336
Financial liabilities atamortized cost (Note)	40,077,060	7,133,846
Lease liability	332,692	301,871
	$ 40,409,752	$ 7,437,053

Note: Financial assets at amortized cost included cash and cash equivalents, current financial assets at amortized cost, accounts receivable and other receivables; and financial liabilities at amortized cost included long-term and short-term loans, accounts payable, other payables, long-term liabilities-current portion and bonds payable.

B. Financial risk management policies

(a) Categories of risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Objectives of management

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Nature

The Group operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from recognized assets and liabilities.

ii. Management

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. Degree

The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 158,933	30.71	$ 4,880,832	1%	$ 48,808
USD:RMB	47,071	7.10	$ 1,445,550	1%	14,456
Financial liabilities					
Monetary items					
USD:NTD	76,034	30.71	2,335,004	1%	23,350
USD:RMB	34,991	7.10	1,074,574	1%	10,746

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 226,276	30.71	$ 6,948,936	1%	$ 69,489
USD:RMB	81,937	6.97	2,516,285	1%	25,163
Financial liabilities					
Monetary items					
USD:NTD	78,301	30.71	2,404,624	1%	24,046
USD:RMB	61,682	6.97	1,894,254	1%	18,943

iv. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $38,608 and $117,417, respectively.

<u>Price risk</u>

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group’s investments in equity securities comprise shares issued by the domestic and foreign companies which are classified as investments in financial assets at fair value through other comprehensive income. The prices of equity securities would change due to the change of the future value of investee companies. However, the fluctuation in prices are not expected to have significant influence over the value of investee companies.

Cash flow and fair value interest rate risk

i. The Group’s main interest rate risk arises from long-term and short-term loans. Loans issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 0.5%~2% of its loans at fixed rate. The Group has no significant interest rate based on the assessment.

ii. The Group's interest rate risk arises from long-term loans. Long-term loans calculated by floating rates expose the Group to cash flow interest rate risk, but most of this risk is offset by cash and cash equivalents held at floating rates.

If the long-term borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net profit after tax from January 1 to December 31, 2023 and 2022 will decrease or increase by $12,839 and $7,558 respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

ii. The Group adopts industrial characteristics and past experience, the default occurs when the contract payments are past due over 90 days.

iii. Under IFRS 9 which the Group adopts, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

v. The ageing analysis of receivables (including related parties) is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 874,453	$ 873,867
Up to 90 days	9,480	84,697
91 to 180 days	20,306	29,618
181 to 270 days	-	3,507
271 to 360 days	241	-
Over 360 days	274	-
	$ 904,754	$ 991,689

vi. The Group classifies customers' accounts receivable in accordance with credit rating. The Group applies the modified approach using the loss rate methodology or provision matrix to estimate the expected credit loss. The Group used the market forecastability of SEMI and The Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2023 and 2022, loss allowance estimated by the provision matrix or loss rate methodology is as follows:

December 31, 2023	Group 1	Group 2	Total
Expected loss rate	0.03%	0.03%	
Total book value	$ 776,794	$ 127,960	$ 904,754
Loss allowance	($ 231)	($ 1)	($ 232)

December 31, 2022	Group 1	Group 2	Total
Expected loss rate	0.03%	0.03%~100%	
Total book value	$ 906,770	$ 84,919	$ 991,689
Loss allowance	($ 271)	($ 2,950)	($ 3,221)

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit rating for those that do not have external credit ratings.

Group 2: Rated as other than A in accordance with the Group's credit rating for those that have no external credit ratings.

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for receivables (including related parties) are as follows:

	December 31, 2023	December 31, 2022
At January 1	$ 3,221	$ 1,523
Reversal of impairment loss	(2,989)	1,679
Effect of foreign exchange	-	19
At December 31	$ 232	$ 3,221

viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

(c) Liquidity risk

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

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

Except for those whose maturity date were less than 360 days as of December 31, 2023 and 2022, the remaining non-derivative financial liabilities (including long-term and short-term loans, accounts payable, other payables, current portion of long-term liabilities and guarantee deposits received) are listed below:

December 31, 2023	Less than 1 year	Between 1 and 3 years	Over 3 years
Non-derivative financial liabilities:			
Bonds payable (Note)	$ -	$ 1,903,700	$ -
Long-term borrowings	79,038	605,412	1,047,194
Lease liability	55,293	113,592	212,267
Deposits received	288,324	104,235	-

December 31, 2022	Less than 1 year	Between 1 and 3 years	Over 3 years
Non-derivative financial liabilities:			
Bonds payable (Note)	$ 1,908,000	$ -	$ -
Long-term borrowings	41,616	513,151	1,055,593
Lease liability	39,327	76,467	232,345
Deposits received	511,931	327,172	-

Note：The reason of transfer of bonds payable to current liabilities is the bondholders can request the company to buy the bonds back after three years of issuance. Please refer to Note 6 (13).

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

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

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including due from related parties), other receivables (including due from related parties), long-term and short-term loans, accounts payable, other payables and bonds payable (including current portion)) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31,2023 and 2022 are as follows:

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ -	$ -	$ 27,360	$ 27,360
Derivative instruments	-	190	-	190
Financial assets at fair value through other comprehensive income				
Equity securities	189,524	-	102,913	292,437
	$ 189,524	$ 190	$ 130,273	$ 319,987

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ -	$ -	$ 232,097	$ 232,097
Financial assets at fair value through other comprehensive income				
Equity securities	117,291	-	76,785	194,076
	$ 117,291	$ -	$ 308,882	$ 426,173
Liability				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 1,336	$ -	$ 1,336

(b) The Group's financial assets at fair value through other comprehensive income on December 31, 2023 and 2022 are financial assets included in Level 1, in order to obtain listed stocks, the Group uses closing price as their fair values.

(c) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

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

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

	2023	2022
At January 1	$ 308,882	$ 413,893
Acquired in the period	35,105	6,843
Gains and losses recognised in profit or loss	174,873	(56,858)
Gains and losses recognised in other comprehensive income	7,953	(61,752)
Disposal in the period	(395,532)	-
Effect of exchange rate changes	(1,008)	6,756
At December 31	$ 130,273	$ 308,882

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	$ 27,360	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	102,913	Market comparable companies/Net asset value	Liquidity discount	32%~35%	The higher the discount rate, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	$ 232,097	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	76,785	Market comparable companies/Net asset value	Liquidity discount	32%	The higher the discount rate, the lower the fair value.

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

			December 31, 2023	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Liquidity discount	±5%	$ 7,757	($ 7,757)

			December 31, 2022	
			Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Liquidity discount	±5%	$ 5,674	($ 5,674)

(4) Other matters

The Group's information systems were attacked by cyber hackers on January, 2024. The information department has actived the relevant defense mechanism and recovery operations, and cooperated with technical experts from external information security companies to test and ensure information security. There is no significant impact to the Group’s financial and business based on the Group’s assessment.

13. Supplementary Disclosures

The disclosures on investee companies were based on financial statements audited by Certified Public Accountants and the following transactions with subsidiaries were eliminated when preparing consolidated financial statements. The following disclosure information is for reference only.

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The Company provided purchases and sales to an investee company in the Mainland Area, Foxsemicon Integrated Technology (Shanghai) Inc., through SUCCESS PRAISE CORPORATION. The transactions have been fully written-off in the consolidated financial statements. Please refer to Note 13(1) for the significant transactions of purchases, sales, receivables and payables between the Company and investee companies in the Mainland Area.

(4) Major shareholders information

Major shareholders information: Please refer to Note 9.

14. Operating Segment Information

(1) General information

The Group is primarily engaged in the production and sales of semiconductor equipment subsystems and system integration. The chief operating decision-maker allocates resources and assesses performance based on the overall financial statements. It is identified that the Group is a single operating segment and there is only one reportable operating segment.

The Group's operating segment information is prepared in accordance with the Group's accounting policies. The chief operating decision-maker allocates resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax of individual operating segment.

(2) Information on products and services

Revenue from external customers is mainly from the sales business of abovementioned single reportable segments. Therefore products revenue is the reportable segment revenue.

(3) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023	December 31, 2023	Year ended December 31, 2022	December 31, 2022
	Revenue	Non-current assets	Revenue	Non-current assets
America	$ 11,051,122	$ 382,804	$ 12,506,351	$ 310,677
Taiwan	1,087,403	2,080,059	1,184,302	1,998,979
China	401,383	2,091,193	536,341	2,061,318
Others	511,449	64,921	616,227	-
	$ 13,051,357	$ 4,618,977	$ 14,843,221	$ 4,370,974

(4) Major customer information

For the years ended December 31, 2023 and 2022, details of revenue from which customers accounted for at least 10% of operating revenues in the consolidated statement of comprehensive income are as follows:

	Years ended December 31,	
	2023	2022
	Sales revenue	Sales revenue
Customer - Group A	$ 10,931,597	$ 12,316,536

Foxsemicon Integrated Technology Inc. and subsidiaries

Loans to others

Years ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine month period ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Other receivables due from related parties	Y	$ 767,750	$ 552,780	$ 580,860	2.80%	Business transactions	$ 2,263,002	-	$ -	-	$ -	$ 2,320,448	$ 6,961,344	Notes 1 and 2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Other receivables due from related parties	Y	307,217	-	-	2.70%	Short-term financing	-	Business operation	-	-	-	$ 4,060,784	$ 4,640,896	Notes 4

Note 1: For the companies who have business relationship with the Company, ceiling on total loans to others shall not exceed 60% of the net assets value of the Company.

Note 2: For the companies who have business relationship with the Company, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.
The amount of business transactions means the higher between the actual sales and the actual purchases in the last year or in the following year and shall not exceed 20% of the net assets value of the Company.

Note 3: The total loans between the foreign companies which the parent company holds 100% of the voting rights directly or indirectly should not exceed 100% of the parent company's net assets;
the loans to a singal party shall not exceed 50% of the parent company's net assets.

Note 4: The total loans which the companies who have short-term financing with the parent company should not exceed 40% of the parent company's net assets;
the loans to a singal party shall not exceed 35% of the parent company's net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

Foxsemicon Integrated Technology Inc. and subsidiaries

Provision of endorsements and guarantees to others

Years ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the endorser/guarantor	Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Technology, LLC.	Note 1	$ 5,801,120	$ 192,859	$ 192,859	$ 176,736	-	1.66	$ 11,602,240	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Note 1	5,801,120	1,360,000	-	1,233,339	-	11.72	11,602,240	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Note 1	5,801,120	456,000	-	264,517	-	3.93	11,602,240	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Note 1	5,801,120	100,000	-	-	-	0.86	$ 11,602,240	Y	N	N	Note 2

Note 1: A subsidiary that the Company and subsidiaries directly or indirectly held more than 50% equity interets of common shares.

Note 2: The ceiling on total amount of endorsements/guarantees provided to others by the Company is the Company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Limit on total endorsements/guarantees provided for a single party is 50% of the Company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Note 3: Limit on endorsements and guarantees to a company of which the Company directly or indirectly holds 100%, should not exceed 10% of the company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Limit on endorsements and guarantees to a single party shall not exceed 80% of the company's net assets.

Foxsemicon Integrated Technology Inc. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Years ended December 31, 2023

Table 3

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

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Foxsemicon Integrated Technology Inc.	Common stock of Advanced Optoelectronic Technology, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	3,672,000	$ 108,691	2.54	$ 108,691	
Foxsemicon Integrated Technology Inc.	Common stock of ChenFull Precision Co. Ltd	None.	Financial asset measured at fair value through other comprehensive income-non-current	745,000	80,833	1.26	80,833	
Foxsemicon Integrated Technology Inc.	Partnership of AVITIC FUND	None.	Financial assets at fair value through profit or loss - non-current	-	27,360	8.00	27,360	
MINDTECH CORPORATION	Common stock of SuperbVue Solutions Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	12,250,000	11,131	10.03	11,131	Note
MINDTECH CORPORATION	Common stock of Pollux Technologies, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	7,350,000	49,296	11.60	49,296	Note
MINDTECH CORPORATION	Common stock of Linyange Semiconductor, Inc.	None.	Financial asset measured at fair value through other comprehensive	4,900,000	26,503	10.03	26,503	Note
Foxsemicon Integrated Technology (Shanghai) Inc.	MEMS CORE Co., Ltd.	None.	Financial assets at fair value through profit or loss - non-current	137,754	15,983	18.00	15,983	

Note:The shareholding ratio above is agreed upon in the investment contract and the article of association of those companies. However, it is still in the period of capital injection.

Foxsemicon Integrated Technology Inc. and subsidiaries

Securities acquired or sold at costs, or prices at least NT$300 million or 20% of the paid-in capital during this period

Years ended December 31, 2023

Table 4

單位：仟元

(除特別註明者外)

		General		Relationship		Balance as at December 31, 2023		Buy		Disposal				As of December 31, 2023	
Investor	Marketable securities	ledger account	Counterparty	with the investor	Transaction currency	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value (Note 5)	Gain (loss) on disposal	Number of shares	Amount
Foxsemicon Integrated Technology Inc.	UniEQ Integrated Technology Co., Ltd.	Note 1	UniEQ Integrated Technology Co., Ltd.	Note 2	USD	-	$ -	16,000,000	USD 45,768 thousand	-	$ -	$ -	$ -	16,000,000	USD 45,768 thousand
Foxsemicon Integrated Technology (Shanghai) Inc.	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)"	Note 3	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)"	-	RMB	Note 4	RMB 49,714 thousand			Note 4	RMB 89,012 thousand	RMB 89,012 thousand	-		

Note 1: Code of general ledger account is "investments accounted for under equity method".
Note 2: A subsidiary directly owned by the Company with 100% ownership.
Note 3: Code of general ledger account is "financial assets at fair value through profit or loss".
Note 4: The Company is a limited company and has no shares.
Note 5: The book value of financial assets at fair value through profit or loss is the amount evaluated at fair value, including the gain and loss of fair value evaluation.

Foxsemicon Integrated Technology Inc. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Years ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	Subsidiaries	Purchases	$ 5,366,113	68	60 days from the invoice date	Note 1	No significant difference	($ 853,469)	(62)	
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Subsidiaries	Purchases	2,263,002	29	60 days from the invoice date	Note 1	No significant difference	(345,106)	(25)	
Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	Affiliated company	Sale	5,855,383	92	45 days from the invoice date	Note 1	No significant difference	1,013,151	80	
Foxsemicon Integrated Technology (Shanghai) Inc.	Frontier Integrated Global Solutions, Inc.	Affiliated company	Sale	177,838	3	45 days from the invoice date	Note 1	No significant difference	56,533	4	
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Affiliated company	Sale	790,960	25	45 days from the invoice date	Note 1	No significant difference	178,154	33	
SUCCESS PRAISE CORPORATION	Frontier Integrated Global Solutions, Inc.	Affiliated company	Sale	409,444	7	45 days from the invoice date	Note 1	No significant difference	77,236	8	

Note 1: If there are no similar transactions, the prices and terms were determined in accordance with mutual agreements. Otherwise, the transaction terms were similar to general transaction terms.
Note 2: Opposite related party transaction is not disclosed.

Foxsemicon Integrated Technology Inc. and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Years ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023			Turnover rate	Overdue receivables			Amount collected subsequent to the balance sheet date		Creditor Counterparty doubtful	
							Amount		Action taken				
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology	Subsidiaries	$	549,919	Note	Not applicable	$	75,609	Positive	$	71,004	$	-
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology	Subsidiaries		641,219	Note	Not applicable		425	Positive		120		-
SUCCESS PRAISE CORPORATION	Foxsemicon Integrated Technology Inc.	Ultimate parent		853,469		5.2		-	-		-		-
Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	Affiliated company		1,013,151		5.6		137,428	Subsequent collection		137,428		-
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology Inc.	Ultimate parent		345,106		5.4		91,960	Subsequent collection		56,762		-
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Parent company		178,154		3.6		160	Subsequent collection		160		-

Note: Receivables arose from purchasing materials on behalf of others and financing inter-related party. Financing inter-related please refer to Note 13(1).

Foxsemicon Integrated Technology Inc. and subsidiaries

Significant inter-company transactions during the reporting periods

Years ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction (Note 4)			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	(1)	Purchases	$ 5,366,113	45 days from the invoice date	41
0	Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	(1)	Accounts payable	853,469	45 days from the invoice date	4
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(1)	Other receivable	549,919	45 days from the invoice date	3
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Purchases	2,263,002	45 days from the invoice date	17
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Accounts payable	345,106	45 days from the invoice date	2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Other receivable	641,219	45 days from the invoice date	3
1	Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	(3)	Sales	5,855,383	45 days from the invoice date	45
1	Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	(3)	Accounts receivable	1,013,151	45 days from the invoice date	5
1	Foxsemicon Integrated Technology (Shanghai) Inc.	Frontier Integrated Global Solutions, Inc.	(3)	Sales	177,838	45 days from the invoice date	1
2	Foxsemicon Intgrated Technology(Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(2)	Sales	790,960	45 days from the invoice date	6
2	Foxsemicon Intgrated Technology(Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(2)	Accounts receivable	178,154	45 days from the invoice date	1
3	SUCCESS PRAISE CORPORATION	Frontier Integrated Global Solutions, Inc.	(3)	Sales	409,444	45 days from the invoice date	3

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: The disclosures are related parties reaching $100 million or 20% of paid-in capital or more only, otherwise are not disclosed.

Note 4: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense. However, the transactions were eliminated when preparing the consolidated financial statements.

Foxsemicon Integrated Technology Inc. and subsidiaries

Information on investees

Years ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2023	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net income of investee as of December 31, 2023	recognised by the Company for the nine month period ended	Footnote
Foxsemicon Integrated Technology Inc.	FOXSEMICON INTEGRATED TECHNOLOGY INC.	Samoa	Reinvestment and holding company	$ 1,253,890	$ 1,253,890	40,474,913	100	$ 4,443,184	$ 724,260	$ 724,260	
Foxsemicon Integrated Technology Inc.	Foxsemicon Innovations Holding Inc.	US	Reinvestment and holding company	451,191	451,191	15,000,000	100	341,317	(86,746)	(86,746)	
Foxsemicon Integrated Technology	FOXSEMICON LLC.	US	Exports/Imports Logistics	1,751	1,751	50,000	100	32,322	(48)	(48)	
Foxsemicon Integrated Technology Inc.	UNIEQ TECHOLOGY PTE.LTD	Singapore	Reinvestment and holding company	1	-	1	100	-	-	-	Note 1
Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Taiwan	Manufacturing of machinery and equipment and electronic parts	312,573	312,573	20,000,000	100	1,022,053	206,870	206,870	
Foxsemicon Integrated Technology Inc.	Frontier Integrated Global Solutions, Inc.	Taiwan	Manufacturing of machinery and equipment and electronic parts	5,000	5,000	500,000	100	50,072	28,399	28,399	
Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Taiwan	Manufacturing of machinery and equipment and electronic parts	55,000	55,000	5,500,000	100	69,492	27,851	27,851	
Foxsemicon Integrated Technology Inc.	Lydus Medical Ltd.	Israel	Research, design and sale of medical machinery	89,790	59,560	416,310	16.21	77,818	(41,305)	(6,364)	Note 1
Foxsemicon Integrated Technology Inc.	SMART BREAST CORPORATION	US	Manufacturing of medical machinery	17,643	17,643	7,890,640	17.62	-	(21,595)	-	
Foxsemicon Integrated Technology Inc.	Corporate Venture Capital Alliance Innovation Fund	Taiwan	Reinvestment and holding company	22,500	22,500	2,250,000	25	18,887	(9,854)	(2,464)	
Foxsemicon Integrated Technology Inc.	UniEQ Integrated Technology Co., Ltd.	Thiland	Manufacturing of machinery and equipment and electronic parts	1,447,108	-	16,000,000	100	1,427,688	(23,393)	(23,393)	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	MINDTECH CORPORATION	Samoa	Reinvestment and holding company	2,395,380	2,395,380	34,977,541	100	4,341,933	711,513	711,513	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SUCCESS PRISE CORPORATION	Samoa	Reinvestment and holding company	116,698	116,698	3,800,000	100	101,242	12,747	12,747	
Foxsemicon Innovations Holding Inc.	Foxsemicon Technology, LLC	US	Research and Development and manufacturing of machinery and equipment and electronic parts	459,115	459,115	Note 2	100	340,788	(85,724)	(84,724)	

Note 1:The Company started to recognize gain or loss of associates and joint ventures accounted for using equity method in the month of acquisition

Note 2: The company is a limited company and has no shares issued.

Foxsemicon Integrated Technology Inc. and subsidiaries

Information on investments in Mainland China

Years ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the years ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the years ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Foxsemicon Integrated Technology (Shanghai) Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	$ 2,395,380	2	$ 2,395,380	$ -	$ -	$ 2,395,380	$ 707,175	100	$ 707,175	$ 4,269,248	$ -	
Kaivaco Technology Nanjing Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	6,117	1	6,117	-	-	6,117	117	100	117	6,541	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Foxsemicon Integrated Technology Inc.	2,395,380	3,346,513	Note 4
Kainova Technology Inc.	6,117	6,603	80,000

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Invested in Mainland China thorugh the thrid party, FOXSEMICON INTERGRATED TECHNOLOGY INC.

(3)Others

Note 3:Investment income (loss) recognition is based on financial statements that are audited or reviewed by R.O.C. parent company's CPA.

Note 4: Pursuant to the amended ‘Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area’ dated on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 5:The Company reinvested in Mainland China investees, Foxsemicon Integrated Technology (Kunshan) Inc. and Shanghai EnvoFox integrated technology limit inc. through the investing business in Mainland China investee, which were not required to file an application to the Investment Commission of Ministry of Economic Affairs (MOEA).However, the investing business in Mainland China is a controlling company and shall apply the reinvestment to the Investment Commission of Ministry of Economic Affairs (MOEA).

Foxsemicon Integrated Technology Inc. and subsidiaries

Major shareholders information

December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held (shares)	Ownership (%)
Applied Materials Taiwan	8,117,258	8.33
Hyield Venture Capital Co.,Ltd.	6,953,272	7.13

Note: The major shareholders' information was derived from the data using the Company issued common shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

V.The CPA audited the parent company’s financial statements of the most recent year.

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Foxsemicon Integrated Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Foxsemicon Integrated Technology Inc. and subsidiaries (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Foxsemicon Integrated Technology Inc. as of December 31, 2023 and 2022, and its parent company only financial performance and parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

Key audit matters

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

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

Sales revenue cut-off

Description

Please refer to Note 4(30) for accounting policy on revenue recognition, Note 5(1) for critical judgement on revenue recognition, and Note 6(17) for details of revenue. For the year ended December 31, 2023, the balance of revenue amounted to NT$ 10,089,159 thousand.

Among the Company's transaction types, warehouse sales revenue is recognized when customers accept the goods (when control of the product is transferred). Since all of the Company's warehouses are located in the United States or Singapore, the controls of those are more difficult than the direct shipment. Therefore, sale revenue is recognized based on the report provided by warehouse custodians. The process of revenue recognition contains numerous manual procedures, and it would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the warehouses and quantities in accounting records. Since there are numerous daily revenue from warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of sales revenue from distribution warehouse has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the appropriateness of internal controls over cut-off of hub sales revenue for a specific period prior to and after the balance sheet date, and performing cut-off testing, by verifying supporting documents provided by hub custodians, inventory movement records, and checked that costs of goods sold was recognized in the correct reporting periods.
2. Confirmed the inventory quantities with warehouse custodians and agreed the results to accounting records.

Evaluation of inventories

Description

Please refer to Note 4(13) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2023, the balances of inventories and allowance for valuation loss on inventories amounted to NT$540,169 thousand and NT$2,492 thousand respectively.

The Company is primarily engaged in manufacture and sales of semiconductors and automation equipment and components. As technology changes rapidly, the life cycles of electronic products are short, prices are easily influenced by fluctuation in market price, there is higher risk of incurring inventory valuation losses or obsolescence. The Company measures inventories sold at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified obsolete or ruined inventory, losses are recognized at net realisable value.

The Company's allowance for inventory valuation losses mainly arises from individually identified obsolete or ruined inventory, and since the value of inventories is significant, inventory types are various, the individual identification of inventory usually involves human judgement and the valuation contains uncertainty. Thus, we identified the valuation of allowance for valuation loss on inventories as one of key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Ascertained whether the policies and procedures on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed the information in the reports is consistent with the relevant policies.
3. Assessed the reasonableness of separately identified obsolete and damaged inventories and verified against information obtained during the stock count.
4. For net realizable value of inventories over normal age and those individually identified obsolete and damaged inventory, we discussed with the management, obtained supporting documents and reviewed the calculation of inventory loss.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Hsu, Sheng-Chung Wu, Jen-Chieh

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,521,365	22	$ 6,758,751	42
1136	Current financial assets at amortised cost	6(1)	2,570,000	16	900,000	6
1170	Accounts receivable	6(3)	561,344	3	798,251	5
1200	Other receivables	7	1,255,507	8	1,654,905	10
130X	Inventory	6(4)	537,677	3	544,535	3
1410	Prepayments		22,972	-	23,504	-
11XX	**Current Assets**		8,468,865	52	10,679,946	66
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss		27,550	-	12,956	-
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	189,524	1	117,291	1
1550	Investments accounted for using equity method	6(5)	7,482,833	46	5,212,538	32
1600	Property, plant and equipment	6(6)	122,508	1	122,723	1
1755	Right-of-use assets	6(7)	54,904	-	58,393	-
1760	Investment property	6(8)	49,389	-	57,643	-
1840	Deferred income tax assets	6(22)	1,473	-	1,385	-
1900	Other non-current assets	6(11) and 8	24,748	-	18,710	-
15XX	**Non-current assets**		7,952,929	48	5,601,639	34
1XXX	**Total assets**		$ 16,421,794	100	$ 16,281,585	100

(Continued)

FOXSEMICON INTEGRATED TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2120	Current financial liabilities at fair value through profit or loss	12(3)	$ -	-	$ 1,336	-
2130	Current contract liabilities		304,003	2	176	-
2170	Accounts payable		139,059	1	282,558	2
2180	Accounts payable - related parties	7	1,226,548	7	1,738,354	11
2200	Other payables	6(9) and 7	637,229	4	774,924	5
2230	Current tax liabilities		126,976	1	294,272	2
2280	Current lease liabilities		3,468	-	3,387	-
2320	Long-term liabilities, current portion	6(12)	-	-	1,848,938	11
2399	Other current liabilities, others	6(10)	303,639	2	89,528	-
21XX	**Total current Liabilities**		2,740,922	17	5,033,473	31
	Non-current liabilities					
2530	Bonds payable	6(12)	1,865,038	11	-	-
2570	Deferred income tax liabilities	6(22)	47,413	-	38,837	-
2580	Non-current lease liabilities		61,144	-	64,611	-
2600	Other non-current liabilities	6(5)(10)(11)	105,037	1	313,507	2
25XX	**Non-current liabilities**		2,078,632	12	416,955	2
2XXX	**Total Liabilities**		4,819,554	29	5,450,428	33
	Equity					
	Share capital	6(13)				
3110	Common stock		971,861	6	967,921	6
3130	Certificate of entitlement to new shares from convertible bond		246	-	-	-
3140	Advance receipts for share capital		2,286	-	2,588	-
	Capital surplus	6(15)				
3200	Capital surplus		4,051,311	25	3,939,329	25
	Retained earnings	6(16)				
3310	Legal reserve		943,255	6	713,397	4
3320	Special reserve		6,336	-	6,336	-
3350	Unappropriated retained earnings		5,586,669	34	5,166,593	32
	Other equity interest					
3400	Other equity interest		40,276	-	34,993	-
3XXX	**Total equity**		11,602,240	71	10,831,157	67
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 16,421,794	100	$ 16,281,585	100

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars except for earning per share amounts)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(17) and 7	$ 10,089,159	100	$ 12,055,139	100
5000	Operating costs	6(4) and 7	(8,241,865)	(82)	(9,619,283)	(80)
5900	Gross profit from operations		1,847,294	18	2,435,856	20
	Operating expenses	6(20) and 7				
6100	Selling expenses		(228,899)	(2)	(286,784)	(2)
6200	Administrative expenses		(309,206)	(3)	(332,482)	(3)
6300	Research and development expenses		(63,295)	(1)	(62,463)	(1)
6450	Impairment (loss) gain		48	-	207	-
6000	Total operating expenses		(601,352)	(6)	(681,522)	(6)
6900	Net operating income		1,245,942	12	1,754,334	14
	Non-operating income and expenses					
7100	Interest income		183,729	2	81,320	1
7010	Other income	6(18) and 7	61,047	-	85,209	1
7020	Other gains and losses	6(19)	(1,770)	-	18,810	-
7050	Finance costs		(21,904)	-	(21,721)	-
7070	Share of profitof associates and joint ventures accounted for using equity method	6(5)	868,365	9	798,008	6
7000	Total non-operating revenue and expenses		1,089,467	11	961,626	8
7900	**Profit (loss) before income tax**		2,335,409	23	2,715,960	22
7950	Income tax benefit	6(22)	(344,941)	(3)	(396,206)	(3)
8200	**Profit for the year**		$ 1,990,468	20	$ 2,319,754	19
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(11)	($ 925)	-	$ 8,356	-
8316	Unrealised loss on valuation of financial assets at fair value through other comprehensive income	6(2)	72,233	1	(26,250)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		6,249	-	(69,299)	(1)
8310	Other comprehensive income that will not be reclassified to profit or loss		77,557	1	(87,193)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation difference of foreign		(71,890)	(1)	74,492	1
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(1,309)	-	86	-
8360	Other comprehensive loss that will be reclassified to		(73,199)	(1)	74,578	1
8300	**Other comprehensive income for the year**		$ 4,358	-	($ 12,615)	-
8500	**Total comprehensive income for the year**		$ 1,994,826	20	$ 2,307,139	19
	Basic earnings per share	6(23)				
9750	Total basic earnings per share		$	20.48	$	24.64
9850	Total diluted earnings per share		$	18.22	$	21.96

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Capital				Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2022											
Balance at January 1, 2022		$ 878,008	$ -	$ 1,056	$ 2,093,841	$ 558,372	$ 6,336	$ 3,863,061	($ 59,831)	$ 115,795	$ 7,456,638
Profit for the year		-	-	-	-	-	-	2,319,754	-	-	2,319,754
Other comprehensive income for the year		-	-	-	-	-	-	8,356	74,578	(95,549)	(12,615)
Total comprehensive income		-	-	-	-	-	-	2,328,110	74,578	(95,549)	2,307,139
Appropriations of 2021 earnings	6(16)										
Legal reserve		-	-	-	-	155,025	-	(155,025)	-	-	-
Cash dividends		-	-	-	-	-	-	(840,021)	-	-	(840,021)
Issuance of shares	6(13)	81,172	-	-	1,625,238	-	-	-	-	-	1,706,410
Conversion of convertible bonds	6(15)	3,769	-	-	64,847	-	-	-	-	-	68,616
Executive employee stock options	6(15)	4,972	-	1,532	86,947	-	-	-	-	-	93,451
Share-based payment (includ subsidiaries)	6(15)	-	-	-	67,760	-	-	-	-	-	67,760
Difference between consideration and carrying amount of subsidiaries acquired		-	-	-	696	-	-	(29,532)	-	-	(28,836)
Balance at December 31, 2022		$ 967,921	$ -	$ 2,588	$ 3,939,329	$ 713,397	$ 6,336	$ 5,166,593	$ 14,747	$ 20,246	$ 10,831,157
2023											
Balance at January 1,2023		$ 967,921	$ -	$ 2,588	$ 3,939,329	$ 713,397	$ 6,336	$ 5,166,593	$ 14,747	$ 20,246	$ 10,831,157
Profit for the year		-	-	-	-	-	-	1,990,468	-	-	1,990,468
Other comprehensive income for the year		-	-	-	-	-	-	(925)	(73,199)	78,482	4,358
Total comprehensive income		-	-	-	-	-	-	1,989,543	(73,199)	78,482	1,994,826
Appropriations of 2022 earnings											
Legal reserve		-	-	-	-	229,858	-	(229,858)	-	-	-
Cash dividends		-	-	-	-	-	-	(1,339,609)	-	-	(1,339,609)
Conversion of convertible bonds		6	246	-	3,853	-	-	-	-	-	4,105
Executive employee stock options		3,934	-	(302)	39,814	-	-	-	-	-	43,446
Share-based payment (includ subsidiaries)		-	-	-	68,086	-	-	-	-	-	68,086
Changes in equity of associates and joint ventures accounted for		-	-	-	229	-	-	-	-	-	229
Balance at December 31,2022		$ 971,861	$ 246	$ 2,286	$ 4,051,311	$ 943,255	$ 6,336	$ 5,586,669	($ 58,452)	$ 98,728	$ 11,602,240

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,335,409	$ 2,715,960
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(6)(7)(8)	31,920	36,225
Additional provision recognized (reversal)	6(10)	2,560	7,243
Interest expense		21,904	21,721
Amortization expense	6(20)	1,397	883
(Gain) Loss on financial assets at fair value through profit or less	6(19)	(1,527)	12,753
Expected credit losses recognized		(48)	(207)
Share-based payments	6(14)	48,774	49,221
Share of gain of subsidiaries associates and joint ventures accounted	6(5)	(868,366)	(798,008)
Reversal of payables benefit	6(18)	(3,880)	(1,120)
Interest income		(183,729)	(81,320)
Dividends income	6(18)	(4,023)	(8,499)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair		(315)	(351)
Accounts receivable net		235,677	690,568
Other receivable		(965,402)	(60,963)
Inventories		6,858	(18,497)
Prepayment		532	767
Changes in operating liabilities			
Accounts payable		(651,425)	76,233
Other payable		(23,407)	139,803
Other current liabilities		306,909	(26,754)
Accrued pension liabilities		(925)	(837)
Cash inflow generated from operations		288,893	2,754,821
Income taxes paid		(503,749)	(304,109)
Net cash flows (used in) from operating activities		(214,856)	2,450,712
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		183,729	81,320
Proceeds from disposal of property, plan and equipment	6(6)	70	1,514
Increase in other non-current assets		(6,349)	(6,366)
Increase receivables arose from purchasing materials on behalf of others		722,793	(381,366)
Acquisition of property, plant and equipment	6(24)	(19,841)	(16,653)
Acquisition of Investments accounted for using equity method		(1,477,338)	(670,699)
Receivables from other related parties decrease		527,938	-
Dividends received		32,023	35,499
Acquisition of financial assets at amortized cost		(1,670,000)	660,640
Acquisition of financial assets at fair value		(14,404)	(6,843)
Acquisition of financial assets at fair value through other comprehensive		-	(49,170)
Net cash flows used in investing activities		(1,721,379)	(352,124)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	6(16)	(1,339,609)	(840,021)
Payments of lease liabilities		(3,387)	(3,138)
Interest paid		(1,601)	(1,609)
Inssuance of common stock	6(13)	-	1,706,410
Repayments of supplemental loan		-	(58,949)
Executive employee stock options		43,446	93,451
Net cash flows (used in) from financing activities		(1,301,151)	896,144
Net (decrease) increase in cash and cash equivalents		(3,237,386)	2,994,732
Cash and cash equivalents at beginning of year		6,758,751	3,764,019
Cash and cash equivalents at end of year		$ 3,521,365	$ 6,758,751

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Foxsemicon Integrated Technology Inc. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 26, 2001, and in accordance with the "Act for Establishment and Administration of Science Parks", the investment in the science park was approved in April 2003. The company was listed on the Taiwan Stock Exchange Corporation (the "TSEC") in July 28, 2015.

(2) The Company is primarily engaged in research, development, design, manufacturing and sales of subsystems and system integration of semiconductor equipment, subsystems and system integration of TFT-LCD, nano equipment, LED lighting, LED display product and other application product, photoelectric, communication wafer materials and medical devices.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 29, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) <u>Basis of preparation</u>

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and financial asset at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) <u>Foreign currency translation</u>

A. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

B. Foreign currency transactions and balances

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

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

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

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

(4) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Assets held mainly for trading purposes;

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

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

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:
   (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

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

(9) Accounts and notes receivable

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

B. The Company initially measures accounts and notes receivable at fair value and subsequently recognizes the amortized interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognized in profit or loss.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor)－operating leases

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.

B. Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.

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

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

G. The Company's share of its investments' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. The Company accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

O. According to "Rules Governing the Preparations of Financial Statements by Securities Issuers", 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to the equity attributable to owners of parent reported in that entity's financial statements.

(15) Property, plant and equipment

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

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

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

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

Buildings and structures: 25~35 year(s)

Machinery and equipment: 5~10 year(s)

Other equipment: 3~8 year(s)

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental loan interest rate. Lease payments are comprised of the Fixed payments. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 35 years.

(18) Impairment of non-financial assets

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

(19) Loans

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

(20) Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities. The Company initially measures notes and accounts payable at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Convertible bonds payable

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

A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or losses. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or losses.'

B. The host contracts of bonds is initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

(25) Provisions

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

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized as expenses in the period in which the employees render service.

B. Pension

(a)Defined contribution plan

For defined contribution plans, the Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plan

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

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Share-based payment - employees' bonus and compensation

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

(28) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.

F. Tax incentives arising from research and development expenditures were accounted for using income tax credits.

(29) Dividends

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

(30) Revenue recognition

A. The Company manufactures and sells related products of semi-conductor equipment. Sales are recognized when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

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

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

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

(1) Critical judgements in applying the Company's accounting policies

Revenue recognition

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

A. The Company is primarily responsible for the provision of goods or services;

B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, information on the carrying amount of inventories is provided in Note6(4).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 1,190	$ 202
Checking accounts and demand deposits	1,067,395	1,900,696
Cash equivalents		
Time deposits	2,452,780	4,857,853
	$ 3,521,365	$ 6,758,751

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

B. The time deposits above mature within three months and subject to an insignificant risk of changes in value. Additionally, as of December 31, 2023 and 2022, time deposits maturing in excess of three months were not in conformity with cash and cash equivalents as defined, amounting to $2,570,000 and $900,000, respectively, and which were reclassified to "financial assets carried at amortized cost - current". Recognizes the profit or loss in interest amounting to $110,990 and $52,747.

C. Information about cash and cash equivalents that were pledged to others as collateral were classified as other non-current assets by the liquidity, please refer to Note 8.

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

	December 31, 2023	December 31, 2022
Non-current items：		
Equity instruments		
Listed stocks	$ 189,524	$ 117,291

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. The Company recognized other comprehensive profit of $72,233 and loss $26,250 for fair value change for the years ended December 31, 2023 and 2022, respectively. Dividend income from equity instruments recognized in profit or loss and still held at the end of the period were $4,023 and $4,361, respectively; the Company had no dividend income from equity instruments excluded during the period

C. The Company doesn't have financial assets measured at fair value through other comprehensive income pledged to others.

(3) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 561,511	$ 798,466
Less: Allowance for uncollectible accounts	(167)	(215)
	$ 561,344	$ 798,251

A. The Company did not hold any collateral on its accounts.

B. As of December 31, 2023, December 31 2022 and January 1,2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,489,034.

C. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 105,007	($ 71)	$ 104,936
Work in progress	86,534	(130)	86,404
Finished goods	348,628	(2,291)	346,337
	$ 540,169	($ 2,492)	$ 537,677

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 133,767	($ 1,576)	$ 132,191
Work in progress	55,700	(16)	55,684
Finished goods	357,115	(455)	356,660
	$ 546,582	($ 2,047)	$ 544,535

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 8,242,918	$ 9,615,033
Loss on decline in market value	577	616
Sales of scraps	(4,189)	(7,801)
Others	2,559	11,435
	$ 8,241,865	$ 9,619,283

(5) Investments accounted for using equity method

1. The investment details for using equity method:

	December 31, 2023		December 31, 2022	
Subsidiary：				
FOXSEMICON INTEGRATED TECHNOLOGY INC.	$	4,443,184	$	3,789,642
UniEQ Integrated Technology Co., Ltd.		1,427,688		-
FOX AUTOMATION TECHNOLOGY INC.		1,022,053		804,238
Foxsemicon Innovations Holding Inc.		341,317		426,837
Kainova Technology Inc.		69,492		34,222
Frontier Integrated Global Solutions, Inc.		50,072		48,846
FOXSEMICON LLC.		32,322		32,370
Associates：				
Lydus Medical Ltd.		77,818		55,032
Corporate Venture Capital Alliance Innovation Fund		18,887		21,351
	$	7,482,833	$	5,212,538

(a) The Board of Directors approved the establishment of subsidiary UniEQ Integrated Technology CO., Ltd., on November 10, 2023. The investment amount was THB 1.6 billion, and the effective date was November 13, 2023.

(b) The Company's subsidiary Frontier Integrated Global Solutions, Inc. allocated cash dividends $28,000 and $27,000 respectively in 2023 and 2022.

2. Share of profit (loss) for using equity method：

	Years ended December 31,			
Investee	2023		2022	
Subsidiary：				
FOXSEMICON INTEGRATED TECHNOLOGY INC.		724,260		454,086
FOX AUTOMATION TECHNOLOGY INC.		206,870		324,017
Frontier Integrated Global Solutions, Inc.		28,399		30,860
Kainova Technology Inc.		27,851		28,493
FOXSEMICON LLC.	(	48)		28
UniEQ Integrated Technology Co., Ltd	(	23,393)		-
Foxsemicon Innovations Holding Inc.	(	86,746)	(	32,811)
Associates:				
Corporate Venture Capital Alliance Innovation Fund	(	2,464)	(	1,149)
Lydus Medical Ltd.	(	6,364)	(	5,516)
	$	868,365	$	798,008

3. Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s consolidated financial statements as of and for the year ended December 31, 2023.

(6) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2023					
Cost	$ 151,654	$ 120,635	$ 264,011	$ 5,490	$ 541,790
Accumulated depreciation	(77,722)	(118,759)	(222,586)	-	(419,067)
	$ 73,932	$ 1,876	$ 41,425	$ 5,490	$ 122,723
2023					
January 1	$ 73,932	$ 1,876	$ 41,425	$ 5,490	$ 122,723
Additions	610	-	9,329	10,093	20,032
Disposals	-	-	(70)	-	(70)
Transfers	10,344	-	5,268	(10,758)	4,854
Depreciation	(4,565)	(512)	(19,954)	-	(25,031)
December 31	$ 80,321	$ 1,364	$ 35,998	$ 4,825	$ 122,508
December 31					
Cost	$ 168,366	$ 120,635	$ 278,098	$ 4,825	$ 571,924
Accumulated depreciation	(88,045)	(119,271)	(242,100)	-	(449,416)
	$ 80,321	$ 1,364	$ 35,998	$ 4,825	$ 122,508

	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2022					
Cost	$ 150,868	$ 120,471	$ 246,229	$ 11,120	$ 528,688
Accumulated depreciation	(73,547)	(119,491)	(202,285)	-	(395,323)
	$ 77,321	$ 980	$ 43,944	$ 11,120	$ 133,365
2022					
January 1	$ 77,321	$ 980	$ 43,944	$ 11,120	$ 133,365
Additions	1,100	1,748	10,075	7,636	20,559
Disposals	-	(519)	(995)	-	(1,514)
Transfers	(158)	-	13,266	(13,266)	(158)
Depreciation	(4,331)	(333)	(24,865)	-	(29,529)
December 31	$ 73,932	$ 1,876	$ 41,425	$ 5,490	$ 122,723
December 31					
Cost	$ 151,654	$ 120,635	$ 264,011	$ 5,490	$ 541,790
Accumulated depreciation	(77,722)	(118,759)	(222,586)	-	(419,067)
	$ 73,932	$ 1,876	$ 41,425	$ 5,490	$ 122,723

(7) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings and structures. Rental contracts are typically made for periods of 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for loan purposes.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 54,904	$ 58,393

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 3,489	$ 3,274

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets was $0 and $16,942.

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

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,601	$ 1,585
Expense on short-term lease contracts	1,783	1,892

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $6,771 and $6,615, respectively.

(8) Investment property

	Buildings and structures	
	2023	2022
At January 1		
Cost	$ 119,156	$ 118,842
Accumulated depreciation	(61,513)	(57,935)
	$ 57,643	$ 60,907
January 1	$ 57,643	$ 60,907
Transfer (out) in	(4,854)	158
Depreciation	(3,400)	(3,422)
December 31	$ 49,389	$ 57,643
At December 31		
Cost	$ 108,544	$ 119,156
Accumulated depreciation	(59,155)	(61,513)
	$ 49,389	$ 57,643

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2023	2022
Rental income from investment property	$ 23,381	$ 23,911
Direct operating expenses arising from the investment property that generated rental income during the year	$ 3,400	$ 3,422

B. The fair value of the investment property held by the Company as December 31, 2023 and 2022 were $162,590 and $178,486, respectively, which were based on the valuation of market prices estimated using comparison approach which is categorized within Level 3 in the fair value hierarchy.

(9) Other payables

	December 31, 2023	December 31, 2022
Payable for purchased materials on behalf	169,169	282,180
Employee benefit payable	234,102	180,743
Salary and bonus payable	77,261	103,273
Processing fees payable	38,608	73,497
Others	118,089	135,231
	$ 637,229	$ 774,924

(10) Other current liabilities

	December 31, 2023	December 31, 2022
Supplemental loan	$ 260,588	$ 52,118
Provisions	15,100	12,540
Others	27,951	24,870
	$ 303,639	$ 89,528

A. Information of contract liabilities is provided in Note 6(17).

B. The Company entered into supplemental capacity addendum contracts with its customers. The Company received the deposits in advanced and reserves certain capacity to the customers. The loan would be wrote-off in accordance with the contracts, except the parts on December 31 2023 and 2022 amounting to $104,235 and $312,705 due more than one year are classified as “other non-current liabilities”. Besides, the amount of estimated volume discounts in the contracts has been recognized as refund liabilities.

C. The information of provisions is as follows:

	Provisions for warranty
	2023
Balance at January 1	$ 12,540
Additional provisions recognized	2,788
Reversed during the year	(228)
Balance at December 31	$ 15,100

The provisions of the Company is related to the sales of the semi-conductor and automatic equipment. Provisions are estimated based on the information of the historical warranty data of the products.

(11) Pension

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

(b) The amounts recognized in the balance sheet are as follows: (shown as " Other non-current (assets)liabilities")

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 36,976	$ 36,122
Fair value of plan assets	(41,226)	(41,017)
Net defined benefit assets	($ 4,250)	($ 4,895)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
At January 1	$ 36,122	$ 41,017	($ 4,895)
Interest cost	470	-	470
Interest income	-	533	(533)
	36,592	41,550	(4,958)
Remeasurements:			
Return on plan assets	-	156	(156)
Change in financial assumptions	307	-	307
Experience adjustments	774	-	774
	1,081	156	925
Pension fund contribution	-	217	(217)
Pension paid	(697)	(697)	-
At December 31	$ 36,976	$ 41,226	($ 4,250)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	$ 41,358	$ 37,061	$ 4,297
Current service cost	78	-	78
Interest cost	290	-	290
Interest income	-	259	(259)
	41,726	37,320	4,406
Remeasurements:			
Return on plan assets	-	2,752	(2,752)
Change in financial assumptions	(2,026)	-	(2,026)
Experience adjustments	(3,578)	-	(3,578)
	(5,604)	2,752	(8,356)
Pension fund contribution	-	945	(945)
At December 31	$ 36,122	$ 41,017	($ 4,895)

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

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

	Years ended December 31	
	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.30%
Future salary increases	3.50%	3.50%

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

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 760)	$ 783	$ 672	($ 658)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 801)	$ 826	$ 717	($ 701)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $63.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 9 years.

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

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were $11,379 and $10,413, respectively.

(12) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 1,903,700	$ 1,908,000
Less: Discount on bonds payable	(38,662)	(59,062)
	$ 1,865,038	$ 1,848,938
Less: One year or current portion of long-term liabilities	-	(1,848,938)
	$ 1,865,038	$ -

A. The issuance of domestic convertible bonds by the Company

(a) The terms of the second unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $2,000,000, which the amount of fundraising is $2,010,000 and the par rate is 0%, second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature five years from the issue date November 16, 2020 to November 16, 2025 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 16, 2020.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price was NTD 196.9 per share upon issuance. The Company adjusted the conversion price to NTD 171 per share as the terms of the bonds on July 9, 2023.

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

v. The bondholders may request the Company to repurchase the convertible bonds at face value when the bonds are issued for three years.

vi. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $158,325 were separated from the liability component and were recognized in 'capital surplus-share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation ranged between 1.1122% and1.5518%.

C. The conversion of domestic convertible bonds by the Company:

For the years ended December 31, 2023 and 2022, the $100 and $72,000 of the Company's second unsecured domestic convertible bonds had been converted into 1 and 377 thousands shares of common stocks, and have been completed the registered. And as of December 31, 2023, holders of convertible bonds with a face value of $4,200 exercised the conversion right and obtained 24,559 units of certificate of entitlement to new shares from convertible bond (each unit can be exchanged for one outstanding share of the Company.) The registration has not been completed up till December 31, 2023.

(13) Share capital

A. As of December 31, 2023, the Company's authorized capital was $1,500,000, consisting of 150,000 thousand shares of ordinary share (including 8,500 thousand shares reserved for employee share options), and the paid-in capital was $971,861 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2023	2022
At January 1	96,792	87,801
Executive employee stock options	393	497
Inssuance of shares - Private placement	-	8,117
Conversion of convertible bonds	1	377
At December 31	97,186	96,792

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on December 30, 2021 adopted a resolution to raise additional cash through private placement with the effective date set on April 26, 2022. The number of shares to be issued through the private placement is 8,117 thousand shares at a subscription price of $210.22 (in dollars) per share. The amount of capital raised through the private placement was $1,706,410 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(14) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Employee share options	2017.12.27	1,000	5 years	Description (1)
Employee share options	2019.09.27	1,000	5 years	Description (1)
Employee share options	2020.10.30	1,000	5 years	Description (1)
Employee share options	2021.08.09	1,500	5 years	Description (1)
Employee share options	2022.07.08	1,500	5 years	Description (1)

Employees receive 20% after 2 years of service, 60% after 3 years of service, and 100% after 4 years of service.

B. Details of the share-based payment arrangements are as follows:

	2023		2022	
	No. of options (thousand shares)	Weighted-average exercise price (in dollars)	No. of options (thousand shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	4,910	$ 179.5	4,060	$ 178.3
Options exercised	(363)	119.4	(650)	168.3
Options given	1,100	104.5	1,500	178.0
Options overdue	(197)	156.8	-	-
Options outstanding at December 31	5,450	184.3	4,910	179.5
Options exercisable at December 31	1,249	107.0	710	131.7

Note: Some of the exercised stock options have not been registered, so those are shown as "Advance receipts for share capital".

C. The Company issued common stock for years ended December 31, 2023 and 2022 amounting to 134,600 and 391,600 shares because employees exercised their stock options under the stock option plan. The registration for the shares mentioned. The registration for the shares mentioned 228,600 and 258,800 shares have not been completed in December 31, 2023 and 2022.

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in shares)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividends (%)	Risk-free interest rate (%)	Fair value per unit
Employee share options	2017.12.27	$ 198.5	198.5	47.84%	3.5~4.5 year(s)	-	0.58~ 0.64%	69.9~ 78.8
Employee share options	2019.09.27	115.5	115.5	44.51~ 46.91%	3.5~4.5 year(s)	-	0.57~ 0.60%	38.07~ 45
Employee share options	2020.10.30	173	173	46.48~ 49.21%	3.5~4.5 year(s)	-	0.22~ 0.23%	61.8~ 65.95
Employee share options	2021.08.09	229	229	45.82~ 47.45%	3.5~4.5 year(s)	-	0.23~ 0.29%	79.12~ 90.95
Employee share options	2022.07.08	178	178	44.45~ 45.87%	3.5~4.5 year(s)	-	0.96~ 1.02%	59.43~ 69.03

E. The Company's compensation cost and capital surplus arising from share-based payment transaction amounted to $48,774and $49,221, For the years ended December 31, 2023 and 2022, respectively.

(15) Capital surplus

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

	2023				
	Share premium	Options	Employee stock options	Others	Total
At January 1	$3,693,366	$ 107,541	$ 128,200	$10,222	$ 3,939,329
Share-based payment transactions	-	-	48,774	-	48,774
Share-based payment transactions-subsidiary	-	-	19,312	-	19,312
Employee stock options exercised	54,161	-	(14,347)	-	39,814
Conversion of convertible bonds	4,097	(244)	-	-	3,853
Difference between consideration and carring amount of subsidiaries acquired	-	-	-	229	229
Employee stock options overdue	-	-	(12,798)	12,798	-
At December 31	$3,751,624	$ 107,297	$ 169,141	$23,249	$ 4,051,311

	2022				
	Share premium	Options	Employee stock options	Others	Total
At January 1	$1,877,491	$ 111,630	$ 95,194	$ 9,526	$ 2,093,841
Issuance of common stock	1,625,238	-	-	-	1,625,238
Share-based payment transactions	-	-	49,221	-	49,221
Share-based payment transactions-subsidiary	-	-	18,539	-	18,539
Employee stock options exercised	121,701	-	(34,754)	-	86,947
Conversion of convertible bonds	68,936	(4,089)	-	-	64,847
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	696	696
At December 31	$3,693,366	$ 107,541	$ 128,200	$10,222	$ 3,939,329

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses (including adjusted undistributed earnings), and then the 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. At least, special reserve shall be appropriated or reversed according to the relevant regulations. The remainder, along with the accumulated unappropriated earnings in the prior year, shall be appropriated to shareholders as dividends, proposed the distribution plan by the Board of Directors and resolved by the shareholders at their meeting.

B. In accordance with the Company Act, the resolution, for all or part of distributable dividends and bonus, capital surplus or legal reserve distributed in cash, will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present agree to the resolution. This will then be reported to the shareholders' meeting. The regulation which requires approval by the shareholders is not applicable for the above.

C. The Company's dividend policy shall takes into account current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests and the long-term financial plans. The accumulated distributable earnings are appropriated as dividends or bonuses to shareholders, of which the distributable earnings during the current year shall account for at least 15% The dividends and bonuses can be distributed in the form of cash or shares and cash dividend shall account for at least 10% of the total dividends and bonuses distributed.

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

E. The appropriations of 2022 earnings as proposed by the Board of Directors on May 30, 2023 and the appropriation of 2021 earnings as resolved by the shareholders' meetings on May 27, 2022 are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 229,858		$ 155,025	
Cash dividends	1,339,609	$ 13.8	840,021	$ 8.7
	$ 1,569,467		$ 995,046	

F. The appropriation of 2023 earnings as proposed by the Board of Directors on February 29, 2024 is as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 198,954	
Cash dividends	1,173,260	$ 12.0
	$ 1,372,214	

The appropriation mentioned above of 2023 earnings has not been resolved by the shareholders as of February 29, 2024.

Information about the appropriations of earnings as proposed by the Board of Directors and resolved by the shareholders can be demanded in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 10,089,159	$ 12,055,139

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods over time and at a point in time. Disaggregation of revenue for the years ended December 31, 2023 and 2022 is as follows:

Years ended December 31, 2023	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	$ 9,291,541	$246,260	$203,385	$347,973	$ 10,089,159

Years ended December 31, 2022	America	China	Taiwan	Others	Total
Revenue from external customer contracts recognized at a point in time	$10,892,241	$279,840	$508,971	$374,087	$ 12,055,139

B. Contract assets and liabilities

(a) Contract liabilities were advance sales receipts. As of December 31, 2023 and 2022, contract liabilities were all from contracts with customers. And as of January 1, 2022, the balance of contract liabilities amounted to $44,999, respectively. Please refer to Note 7 for details of information on related parties.

(b) Revenue recognized that was included in the contract liability balance at the beginning of years ended December 31, 2023 and 2022 were $176 and $24,061 respectively.

(18) Other income

	Years ended December 31, 2023	Years ended December 31, 2022
Rent income	23,381	23,911
Dividends income	4,023	8,499
Gains on write-off of payable	3,880	1,120
Other income, others	29,763	51,679
	$ 61,047	$ 85,209

(19) Other gains and losses

	Years ended December 31, 2023	Years ended December 31, 2022
Profit (losses) on financial assets at fair value through profit or loss (Note)	$ 1,842	($ 12,753)
Net foreign exchange (loss) gain	(625)	34,986
Other gains and losses	(2,987)	(3,423)
	($ 1,770)	$ 18,810

Note: The credit risk of financial assets at fair value through profit or loss is adjusted for the valuation of operating options and convertible bond redemption rights and resale rights. Please refer to Note 12 (2).

(20) Expenses by nature

Additional disclosures related to operating costs and operating expenses are as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Employee benefit expense	$ 534,968	$ 511,933
Depreciation expense (Note)	28,520	32,803
Amortisation expense	1,397	883
	$ 564,885	$ 545,619

Note: Depreciation expense includes provision for property, plant and equipment and right-of-use assets.

(21) Employee benefit expense

Nature	Years ended December 31, 2023	Years ended December 31, 2022
Wages and salaries	$ 425,299	$ 401,847
Employee stock options	48,774	49,221
Labour and health insurance fees	26,452	23,943
Pension costs	11,316	10,522
Director's emolument	12,674	13,582
Other personnel expenses	10,453	12,818
	$ 534,968	$ 511,933

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, shall be distributed as employees' compensation and directors' remuneration after it is resolved by the Board of Directors and reported to the shareholders. The ratio shall be 3%~8% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees compensation was accrued at $139,500 and $125,239, respectively; while directors' remuneration was accrued at $11,370 and $12,251, respectively.

C. Employees' compensation and directors' and supervisors' remuneration of 2023 and 2022 as resolved by the Board of Directors on February 29, 2024 and February 24, 2023 were agreed with those amounts recognized in the 2023 and 2022 financial statements and will be distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors can be demanded in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax expense

A. Components of income tax expense:

	Years ended December 31, 2023		Years ended December 31, 2022	
Current tax:				
Current tax on profits for the year	$	297,039	$	383,887
Tax on undistributed surplus earnings		37,932		27,760
Prior year income tax (overestimation) underestimation		1,482	(	18,497)
Total current tax		336,453		393,150
Deferred tax:				
Origination and reversal of temporary differences		8,488		3,056
Income tax expense	$	344,941	$	396,206

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2023		Years ended December 31, 2022	
Tax calculated based on profit before tax and statutory tax rate	$	467,082	$	543,193
Effect from items disallowed by tax regulation	(	155,966)	(	150,485)
Tax on undistributed surplus earnings		37,932		27,760
Prior year income tax underestimation		1,482	(	18,497)
Temporary differences not recognized as deferred tax assets	(	5,589)	(	5,765)
Income tax expense	$	344,941	$	396,206

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023					
	January 1		Recognized in profit or loss		December 31	
Temporary differences:						
－Deferred tax assets:						
Allowance for inventory valuation	$	409	$	88	$	497
Impairment loss on investments accounted for using the equity method		976		-		976
	$	1,385	$	88	$	1,473
－Deferred tax liabilities:						
Unrealized exchange gain	(	2,174)		632	(	1,542)
Recognized investment profit or loss which is adopting equity method	(	36,663)	(	9,208)	(	45,871)
	($	38,837)	($	8,576)	($	47,413)

	2022		
	January 1	Recognized in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Unrealized exchange loss	3,115	(3,115)	-
Allowance for inventory valuation	$ 287	$ 122	$ 409
Impairment loss on investments accounted for using the equity method	976	-	976
	$ 4,378	($ 2,993)	$ 1,385
－Deferred tax liabilities:			
Unrealized exchange gain	-	(2,174)	(2,174)
Recognized investment profit or loss which is adopting equity method	(38,774)	2,111	(36,663)
	($ 38,774)	($ 63)	($ 38,837)

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	Years ended December 31,	
	2023	2022
Amount of allowance for bad debts in excess of the limit for tax purpose	$ 55,105	$ 36,889
Loss on investments accounted for using the equity method	4,115	31,849
Others	42,183	42,392
	$ 101,403	$ 111,130

E. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(23) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,990,468	97,192	$ 20.48
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,990,468	97,192	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	16,251	11,158	
Employee stock options	-	1,036	
Employees' compensation	-	755	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,006,719	110,141	$ 18.22

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,319,754	94,141	$ 24.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,319,754	94,141	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	16,090	10,408	
Employee stock options	-	1,053	
Employees' compensation	-	761	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,335,844	106,363	$ 21.96

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 20,032	$ 20,559
Add: Opening balance of payable on equipment	7,133	2,439
Add: Ending balance of prepaid on equipment	1,874	788
Less: Ending balance of payable on equipment	(8,410)	(7,133)
Less: Opening balance of prepaid on equipment	(788)	-
Cash paid during the period	$ 19,841	$ 16,653

(25) Changes in liabilities from financing activities

	Lease liabilities	Bonds payable (Including current portion)	Liabilities from financing activities-gross
At January 1, 2023	$ 67,998	$ 1,848,938	$ 1,916,936
Changes in cash flow from financing activities	(3,387)	-	(3,387)
Changes in other non-cash items	-	16,100	16,100
At December 31, 2023	$ 64,611	$ 1,865,038	$ 1,929,649

	Lease liabilities	Bonds payable (Including current portion)	Liabilities from financing activities-gross
At January 1, 2022	$ 54,194	$ 1,897,858	$ 1,952,052
Changes in cash flow from financing activities	(4,723)	-	(4,723)
Changes in other non-cash items	18,527	(48,920)	(30,393)
At December 31, 2022	$ 67,998	$ 1,848,938	$ 1,916,936

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and subsidiaries)	Company with significant influence over the Company
Foxconn Technology Co., Ltd and its subsidiaries (Foxconn Technology and subsidiaries)	Other related parties
General Interface Solution (GIS) Holding Limited and its subsidiaries (GIS and subsidiaries)	Other related parties
FOX AUTOMATION TECHNOLOGY INC.(FATI)	Subsidiaries of the Company
Frontier Integrated Global Solutions, Inc.	Subsidiaries of the Company
Kainova Technology Inc. (Kainova)	Subsidiaries of the Company
FOXSEMICON INTEGRATED TECHNOLOGY INC.	Subsidiaries of the Company
Foxsemicon LLC.	Subsidiaries of the Company
Success Praise Corporation (Success)	Subsidiaries of the Company
Foxsemicon Integrated Technology (Shanghai) Inc.(FSM)	Subsidiaries of the Company
Foxsemicon Integrated Technology (Kunshan) Inc.(FUYAO)	Subsidiaries of the Company
Shanghai EnvoFox Integrated Technology Limit Inc.	Subsidiaries of the Company
Foxsemicon Innovations Holding Inc.	Subsidiaries of the Company
Foxsemicon Technology, LLC(FTL)	Subsidiaries of the Company
UniEQ Integrated Technology Co., Ltd.	Subsidiaries of the Company

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2023	2022
Sales of goods:		
-Subsidiaries	$ 4,217	$ 323,602

There are no similar transactions for reference for the price of the Company's sales of goods to related parties. The collection term to related parties is 30~45 days after the invoice date.

B. Purchases

	Years ended December 31,	
	December 31, 2023	December 31, 2022
Purchases of goods and services:		
–Subsidiaries		
Success	$ 5,366,113	$ 6,631,493
FUYAO	2,263,002	2,503,488
Othres	37,469	9,631
	$ 7,666,584	$ 9,144,612

There are no similar transactions for reference for the purchases. The transaction terms were determined in accordance with mutual agreements. The payment term to related parties is 30~45 days after the invoice date.

C. Manufacturing expenses

	Years ended December 31,	
	2023	2022
Subsidiaries	$ 2,308	$ 17,383

Some portions of product of the Company were entrusted to produce to FATI and Kainova. Manufacturing expenses arise mainly from the professional service fees which are calculated based on the salaries and personnel costs of the manufacturing services provided by subsidiaries.

D. Operating expenses

	Years ended December 31,	
	2023	2022
Foxsemicon LLC.	$ 145,495	$ 129,401

The Company entrusted FOXSEMICON LLC to execute its logistics operations. Warehouse management expanse is calculated based on rental and management service happened actually, executived on behalf by FOXSEMICON LLC.

E. Accounts receivable

	December 31, 2023	December 31, 2022
Subsidiaries	$ 4,133	$ 82,811

The receivables from related parties arise mainly from sale transactions. The receivables are due 30~45 days after the date of sales.

F. Other receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables from related parties:		
– Subsidiaries		
FUYAO	$ 641,219	$ 854,356
FSM	549,919	595,221
Others	61,441	201,277
– The group that has significant influence over the Company	2,641	3,224
	$ 1,255,220	$ 1,654,078

The other receivables abovementioned from subsidiaries arise mainly from accrued receivables for raw materials purchased on behalf and loans of the subsidiaries. As of December 31, 2023 and 2022, the amount of purchases on behalf of the subsidiaries amounted to $615,230 and $1,449,034 respectively.

G. Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable:		
– Subsidiaries		
Success	$ 853,469	$ 1,228,792
FUYAO	345,106	506,302
Others	27,973	3,260
	$ 1,226,548	$ 1,738,354

The payables to related parties arise mainly from purchase and are due 30 to 45 days after the date of purchase.

H. Other payables

	December 31, 2023	December 31, 2022
Others payable:		
Subsidiaries	$ 16,052	$ 10,077
Others	34	-
	$ 16,086	$ 10,077

Other payables arise mainly from professional service fees, and the expense happended which executed logistics operations on behalf such as rental and management service.

I. Disposal of property, plant and equipment

	Year ended December 31, 2023		Year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Subsidiaries	$ 70	$ -	$ 68	$ -
Others	-	-	1,446	-
	$ 70	$ -	$ 1,514	$ -

J. Acquisition of financial assets

	Accounts	No. of sharess (share in thousands)	Year ended December 31, 2022 Consideration
FATI	Investments accounted for using equity method	3,025	$ 121,448

K. Lease transactions－lessee

For the years ended December 31, 2023 and 2022, the Company recognized related parties' rent income based on the operating lease agreement, which does not include variable lease payments. Details of rent income are as follows:

	Years ended December 31,	
	2023	2022
Rent income:		
– Subsidiaries	$ 7,841	$ 7,841
– The group that has significant influence over the Company	4,164	4,139
– Other related parties	11,376	11,931
	$ 23,381	$ 23,911

The rental which the Company leased plants to related parties were determined based on the mutual agreement. The Company collected rents monthly based on the agreement.

L. Endorsements and guarantees provided to related parties

(a) Loans to related parties:

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
FUYAO	$ 552,780	$ 767,750
FSM	-	312,968
	$ 552,780	$ 1,080,718

(ii) Interest expense

	Year ended December 31, 2023	Year ended December 31, 2022
FUYAO	$ 19,000	$ 10,562
FSM	4,558	-
	$ 23,558	$ 10,562

The conditions for lending to affiliated enterprises are that the funds must be repaid monthly within 2 years after the loan is made, and the interest in 2023 and 2022 shall be charged at an annual interest rate of 2.70%~2.80%.

M. Endorsements and guarantees provided to related parties

	Years ended December 31,			
	2023		2022	
Provision of endorsements and guarantees:				
– Subsidiaries				
FTL	$	192,859	$	-
FATI		-		1,816,000
Kainova		-		100,000
	$	192,859	$	1,916,000

N. Key management compensation

	Years ended December 31,			
	2023		2022	
Salaries and other short-term employee benefits	$	64,266	$	43,591
Post-employment benefits		540		472
	$	64,806	$	44,063

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

		Book value			
Pledged asset	Purpose	December 31, 2023		December 31, 2022	
Time deposits (Shown as Other non-current assets)	Customs guarantee	$	8,915	$	4,988
Time deposits (Shown as Other non-current assets)	Guarantee of Science Park Bureau		1,902		1,894
		$	10,817	$	6,882

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

Except for the recognized provision, the Company was not expected any material liabilities that could arise from the contingent liabilities.

(2) Commitments

i.Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023		December 31, 2022	
Property, plant and equipment	$	38,330	$	7,357
Investments accounted for using equity method		-		30,710
	$	38,330	$	38,067

ii.Details of the endorsements and guarantees provided by the Company for assisting related parties to apply for bank credit lines are provided in Note13(1).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Board of Directors have approved the proposal for the appropriation of earnings in 2023 on February 29, 2024, as described in Note6(16).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide the maximum returns for shareholders and to positively reduce the gearing ratio and the cost of capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair valuethrough profit or loss	$ 27,550	$ 12,956
Financial assets at fair value through other comprehensive income	189,524	117,291
Financial assets at amortized cost (Note)	7,908,216	10,111,907
	$ 8,125,290	$ 10,242,154
Financial liabilities		
Financial liabilities atamortized cost (Note)	$ 3,867,874	$ 2,795,836
Lease liability	64,612	67,998
	$ 3,932,486	$ 2,863,834

Note: Financial assets at amortized cost included cash and cash equivalents, current financial assets at amortized cost, accounts receivable and other receivables; and financial liabilities at amortized cost included long-term and short-term loans, accounts payable, other payables, long-term liabilities-current portion and bonds payable.

B. Financial risk management policies

(a) Categories of risk

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Objectives of management

Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Nature

The Company operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the USD. Foreign exchange rate risk arises from recognized assets and liabilities.

ii. Management

Management has set up a policy to require Company companies to manage their foreign exchange risk against their functional currency. The Company companies are required to hedge their entire foreign exchange risk exposure with the Company treasury.

iii. Degree

The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 122,270	30.71	$ 3,754,912	1%	$ 37,549
Non-monetary items					
USD:NTD	156,218	30.71	$ 4,797,455		
Financial liabilities					
Monetary items					
USD:NTD	63,815	30.71	1,959,759	1%	19,598

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 194,861	30.71	$ 5,984,181	1%	$ 59,842
Non-monetary items					
USD:NTD	138,775	30.71	$ 4,261,780		
Financial liabilities					
Monetary items					
USD:NTD	71,132	30.71	2,184,464	1%	21,845

iv. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to ($ 625) and $34,986, respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise domestic listed stocks which are classified as investments in financial assets at fair value through other comprehensive income. The prices of equity securities would change due to the change of the future value of investee companies. However, the fluctuation in prices is not expected to have significant influence over the value of investee companies.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from short-term loans. Loans issued at fixed rates expose the Company to fair value interest rate risk. The Company has no significant interest rate based on the assessment.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

ii. The Company adopts industrial characteristics and past experience, the default occurs when the contract payments are past due over 90 days.

iii. Under IFRS 9 which the Company adopts, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

v. The ageing analysis of receivables (including related parties) is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 554,246	$ 688,065
Up to 90 days	1,658	110,401
91 to 180 days	5,085	-
181 to 270 days	522	-
	$ 561,511	$ 798,466

The above ageing analysis was based on past due date.

vi.The Company's accounts receivable from related parties mainly arise from sales to the Company's subsidiaries, which are included in the Company's financial statements, and there is no doubtful of perform or repayment. Therefore, the allowance for loss is measured based on the 12-month expected credit losses amount, and as of December 31, 2023 and 2022, there were no allowances for uncollectible accounts held against receivables from related parties.

vii.Other receivables (including related parties):

The Company's other receivables mainly arise from accrued receivables for raw materials purchased on behalf of subsidiaries, loans and overdue receivables, and there is no doubtful of perform or repayment. Therefore, the allowance for loss is measured based on the 12-month expected credit losses amount. As of December 31, 2023 and 2022, there is no relevant allowance loss for other receivables.

viii.The Company classifies customers' accounts receivable in accordance with credit rating. The Company applies the modified approach using the loss rate methodology or provision matrix to estimate the expected credit loss. The Company used the market forecastability of SEMI and The Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2023 and 2022, loss allowance estimated by the provision matrix or loss rate methodology is as follows:

December 31, 2023	Group 1	Group 2	Total
Expected loss rate	0.03%	0.03%	
Total book value	$ 554,616	$ 6,895	$ 561,511
Loss allowance	($ 166)	($ 1)	($ 167)

December 31, 2022	Group 1	Group 2	Total
Expected loss rate	0.03%	0.03%	
Total book value	$ 702,769	$ 95,697	$ 798,466
Loss allowance	($ 211)	($ 4)	($ 215)

Company 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Company's credit rating for those that do not have external credit ratings.

Company 2: Rated as other than A in accordance with the Company's credit rating for those that have no external credit ratings.

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for receivables (including related parties) are as follows:

	December 31, 2023	December 31, 2022
At January 1	$ 215	$ 422
Reversal of impairment loss	(48)	(207)
At December 31	$ 167	$ 215

x. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

(c) Liquidity risk

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

ii. The Company's non-derivative financial liabilities are analysed into relevant maturity Companyings based on the remaining period at the balance sheet date to the contractual maturity date.

Except for those listed in the table below, as of December 31, 2021 and 2020, the maturity date of the Company's non-derivative financial liabilities (including accounts payable, other payables and guarantees of production capacity) were less than 360 days:

December 31, 2023	Less than 1 year	Between 1 and 3 years	Over 3 years
Non-derivative financial liabilities:			
Bonds payable (Note)	$ -	$ 1,903,700	$ -
Lease liability	4,988	9,977	63,047
Capacity guarantee	260,588	104,235	-

December 31, 2022	Less than 1 year	Between 1 and 3 years	Over 3 years
Non-derivative financial liabilities:			
Bonds payable (Note)	$ 1,908,000	$ -	$ -
Lease liability	4,988	9,977	68,035
Capacity guarantee	52,118	312,705	-

Note：The reason of transfer of bonds payable to current liabilities is the bondholders can request the company to buy the bonds back after three years of issuance. Please refer to Note 6 (12).

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3:Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and investment property is included in Level 3.

B. Fair value information of investment property evaluated at cost is provided in Note 6(8)

C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including due from related parties), other receivables (including due from related parties), accounts payable, other payables and bonds payable (including current portion)) are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ -	$ -	$ 27,360	$ 27,360
Derivative instruments	-	190	-	190
Financial assets at fair value through other comprehensive income				
Equity securities	189,524	-	-	189,524
	$ 189,524	$ 190	$ 27,360	$ 217,074

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ -	$ -	$ 12,956	$ 12,956
Financial assets at fair value through other comprehensive income				
Equity securities	117,291	-	-	117,291
	$ 117,291	$ -	$ 12,956	$ 130,247
Liability				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 1,336	$ -	$ 1,336

(b) The Company's financial assets at fair value through other comprehensive income on December 31, 2023 and 2022 are financial assets included in Level 1, in order to obtain listed stocks, the Company uses closing price as their fair values.

(c) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

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

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

	2023	2022
At January 1	$ 12,956	$ 6,113
Acquired in the period	14,404	6,843
At December 31	$ 27,360	$ 12,956

G. For the year ended December 31, 2023, there was no transfer into or out from Level 3.

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Private equity fund investment	$ 27,360	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Private equity fund investment	$ 12,956	Net asset value	Not applicable	Not applicable	Not applicable

(4) Other matters

The Company's information systems were attacked by cyber hackers on January, 2024. The information department has actived the relevant defense mechanism and recovery operations, and cooperated with technical experts from external information security companies to test and ensure information security. There is no significant impact to the Company’s financial and business based on the Company’s assessment.

13. Supplementary Disclosures

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

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

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

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

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(19).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The Company provided purchases and sales to an investee company in the Mainland Area, Foxsemicon Integrated Technology (Shanghai) Inc., through SUCCESS PRAISE CORPORATION. The transactions have been fully written-off in the financial statements. Please refer to Note 13 for the significant transactions of purchases, sales, receivables and payables between the Company and investee companies in the Mainland Area.

(4) Major shareholders information

Major shareholders information: Please refer to Note 9.

Foxsemicon Integrated Technology Inc.

Loans to others

Years ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine month period ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Other receivables due from related parties	Y	$ 767,750	$ 552,780	$ 580,860	2.80%	Business transactions	$ 2,263,002	-	$ -	-	$ -	$ 2,320,448	$ 6,961,344	Notes 1 and 2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Other receivables due from related parties	Y	307,217	-	-	2.70%	Short-term financing	-	Business operation	-	-	-	$ 4,060,784	$ 4,640,896	Notes 4

Note 1: For the companies who have business relationship with the Company, ceiling on total loans to others shall not exceed 60% of the net assets value of the Company.

Note 2: For the companies who have business relationship with the Company, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower. The amount of business transactions means the higher between the actual sales and the actual purchases in the last year or in the following year and shall not exceed 20% of the net assets value of the Company.

Note 3: The total loans between the foreign companies which the parent company holds 100% of the voting rights directly or indirectly should not exceed 100% of the parent company's net assets; the loans to a singal party shall not exceed 50% of the parent company's net assets.

Note 4: The total loans which the companies who have short-term financing with the parent company should not exceed 40% of the parent company's net assets; the loans to a singal party shall not exceed 35% of the parent company's net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

Foxsemicon Integrated Technology Inc.

Provision of endorsements and guarantees to others

Years ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the endorser/guarantor	Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Technology, LLC.	Note 1	$ 5,801,120	$ 192,859	$ 192,859	$ 176,736	-	1.66	$ 11,602,240	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Note 1	5,801,120	1,360,000	-	1,233,339	-	11.72	11,602,240	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Note 1	5,801,120	456,000	-	264,517	-	3.93	11,602,240	Y	N	N	Note 2
0	Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Note 1	5,801,120	100,000	-	-	-	0.86	$ 11,602,240	Y	N	N	Note 2

Note 1: A subsidiary that the Company and subsidiaries directly or indirectly held more than 50% equity interets of common shares.

Note 2: The ceiling on total amount of endorsements/guarantees provided to others by the Company is the Company's net assets in the latest financial statement which was reviewed or audited by independent accountant.
Limit on total endorsements/guarantees provided for a single party is 50% of the Company's net assets in the latest financial statement which was reviewed or audited by independent accountant.

Note 3: Limit on endorsements and guarantees to a company of which the Company directly or indirectly holds 100%, should not exceed 10% of the company's net assets in the latest financial statement which was reviewed or audited by independent accountant.
Limit on endorsements and guarantees to a single party shall not exceed 80% of the company's net assets.

Foxsemicon Integrated Technology Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Years ended December 31, 2023

Table 3

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

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Foxsemicon Integrated Technology Inc.	Common stock of Advanced Optoelectronic Technology, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	3,672,000	$ 108,691	2.54	$ 108,691	
Foxsemicon Integrated Technology Inc.	Common stock of ChenFull Precision Co. Ltd	None.	Financial asset measured at fair value through other comprehensive income-non-current	745,000	80,833	1.26	80,833	
Foxsemicon Integrated Technology Inc.	Partnership of AVITIC FUND	None.	Financial assets at fair value through profit or loss - non-current	-	27,360	8.00	27,360	
MINDTECH CORPORATION	Common stock of SuperbVue Solutions Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	12,250,000	11,131	10.03	11,131	Note
MINDTECH CORPORATION	Common stock of Pollux Technologies, Inc.	None.	Financial asset measured at fair value through other comprehensive income-non-current	7,350,000	49,296	11.60	49,296	Note
MINDTECH CORPORATION	Common stock of Linyange Semiconductor, Inc.	None.	Financial asset measured at fair value through other comprehensive	4,900,000	26,503	10.03	26,503	Note
Foxsemicon Integrated Technology (Shanghai) Inc.	MEMS CORE Co., Ltd.	None.	Financial assets at fair value through profit or loss - non-current	137,754	15,983	18.00	15,983	

Note:The shareholding ratio above is agreed upon in the investment contract and the article of association of those companies. However, it is still in the period of capital injection.

Foxsemicon Integrated Technology Inc.

Securities acquired or sold at costs, or prices at least NT$300 million or 20% of the paid-in capital during this period

Years ended December 31, 2023

Table 4

單位：仟元

(除特別註明者外)

						Balance as at December 31, 2023		Buy		Disposal				As of December 31, 2023	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Transaction currency	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value (Note 5)	Gain (loss) on disposal	Number of shares	Amount
Foxsemicon Integrated Technology Inc.	UniEQ Integrated Technology Co., Ltd.	Note 1	UniEQ Integrated Technology Co., Ltd.	Note 2	USD	-	$ -	16,000,000	USD 45,768 thousand	-	$ -	$ -	$ -	16,000,000	USD 45,768 thousand
Foxsemicon Integrated Technology (Shanghai) Inc.	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)"	Note 3	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)"	-	RMB	Note 4	RMB 49,714 thousand			Note 4	RMB 89,012 thousand	RMB 89,012 thousand	-		

Note 1: Code of general ledger account is "investments accounted for under equity method".
Note 2: A subsidiary directly owned by the Company with 100% ownership.
Note 3: Code of general ledger account is "financial assets at fair value through profit or loss".
Note 4: The Company is a limited company and has no shares.
Note 5: The book value of financial assets at fair value through profit or loss is the amount evaluated at fair value, including the gain and loss of fair value evaluation.

Foxsemicon Integrated Technology Inc.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Years ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	Subsidiaries	Purchases	$ 5,366,113	68	60 days from the invoice date	Note 1	No significant difference	($ 853,469)	(62)	
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	Subsidiaries	Purchases	2,263,002	29	60 days from the invoice date	Note 1	No significant difference	(345,106)	(25)	
Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	Affiliated company	Sale	5,855,383	92	45 days from the invoice date	Note 1	No significant difference	1,013,151	80	
Foxsemicon Integrated Technology (Shanghai) Inc.	Frontier Integrated Global Solutions, Inc.	Affiliated company	Sale	177,838	3	45 days from the invoice date	Note 1	No significant difference	56,533	4	
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Affiliated company	Sale	790,960	25	45 days from the invoice date	Note 1	No significant difference	178,154	33	
SUCCESS PRAISE CORPORATION	Frontier Integrated Global Solutions, Inc.	Affiliated company	Sale	409,444	7	45 days from the invoice date	Note 1	No significant difference	77,236	8	

Note 1: If there are no similar transactions, the prices and terms were determined in accordance with mutual agreements. Otherwise, the transaction terms were similar to general transaction terms.
Note 2: Opposite related party transaction is not disclosed.

Foxsemicon Integrated Technology Inc.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Years ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Creditor Counterparty doubtful
						Amount	Action taken		
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology	Subsidiaries	$ 549,919	Note	Not applicable	$ 75,609	Positive	$ 71,004	$ -
Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology	Subsidiaries	641,219	Note	Not applicable	425	Positive	120	-
SUCCESS PRAISE CORPORATION	Foxsemicon Integrated Technology Inc.	Ultimate parent	853,469		5.2	-	-	-	-
Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	Affiliated company	1,013,151		5.6	137,428	Subsequent collection	137,428	-
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology Inc.	Ultimate parent	345,106		5.4	91,960	Subsequent collection	56,762	-
Foxsemicon Integrated Technology (Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	Parent company	178,154		3.6	160	Subsequent collection	160	-

Note: Receivables arose from purchasing materials on behalf of others and financing inter-related party. Financing inter-related please refer to Note 13(1).

Foxsemicon Integrated Technology Inc.

Significant inter-company transactions during the reporting periods

Years ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4) General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	(1)	Purchases	$ 5,366,113	45 days from the invoice date	41
0	Foxsemicon Integrated Technology Inc.	SUCCESS PRAISE CORPORATION	(1)	Accounts payable	853,469	45 days from the invoice date	4
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(1)	Other receivable	549,919	45 days from the invoice date	3
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Purchases	2,263,002	45 days from the invoice date	17
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Accounts payable	345,106	45 days from the invoice date	2
0	Foxsemicon Integrated Technology Inc.	Foxsemicon Integrated Technology (Kunshan) Inc.	(1)	Other receivable	641,219	45 days from the invoice date	3
1	Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	(3)	Sales	5,855,383	45 days from the invoice date	45
1	Foxsemicon Integrated Technology (Shanghai) Inc.	SUCCESS PRAISE CORPORATION	(3)	Accounts receivable	1,013,151	45 days from the invoice date	5
1	Foxsemicon Integrated Technology (Shanghai) Inc.	Frontier Integrated Global Solutions, Inc.	(3)	Sales	177,838	45 days from the invoice date	1
2	Foxsemicon Intgrated Technology(Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(2)	Sales	790,960	45 days from the invoice date	6
2	Foxsemicon Intgrated Technology(Kunshan) Inc.	Foxsemicon Integrated Technology (Shanghai) Inc.	(2)	Accounts receivable	178,154	45 days from the invoice date	1
3	SUCCESS PRAISE CORPORATION	Frontier Integrated Global Solutions, Inc.	(3)	Sales	409,444	45 days from the invoice date	3

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: The disclosures are related parties reaching $100 million or 20% of paid-in capital or more only, otherwise are not disclosed.

Note 4: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense. However, the transactions were eliminated when preparing the consolidated financial statements.

Foxsemicon Integrated Technology Inc.

Information on investees

Years ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023				recognised by the	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net income of investee as of December 31, 2023	Company for the nine month period ended	Footnote
Foxsemicon Integrated Technology Inc.	FOXSEMICON INTEGRATED TECHNOLOGY INC.	Samoa	Reinvestment and holding company	$ 1,253,890	$ 1,253,890	40,474,913	100	$ 4,443,184	$ 724,260	$ 724,260	
Foxsemicon Integrated Technology Inc.	Foxsemicon Innovations Holding Inc.	US	Reinvestment and holding company	451,191	451,191	15,000,000	100	341,317	(86,746)	(86,746)	
Foxsemicon Integrated Technology	FOXSEMICON LLC.	US	Exports/Imports	1,751	1,751	50,000	100	32,322	(48)	(48)	
Foxsemicon Integrated Technology Inc.	UNIEQ TECHOLOGY PTE.LTD	Singapore	Reinvestment and holding company	1	-	1	100	-	-	-	Note 1
Foxsemicon Integrated Technology Inc.	FOX AUTOMATION TECHNOLOGY INC.	Taiwan	Manufacturing of machinery and equipment and electronic parts	312,573	312,573	20,000,000	100	1,022,053	206,870	206,870	
Foxsemicon Integrated Technology Inc.	Frontier Integrated Global Solutions, Inc.	Taiwan	Manufacturing of machinery and equipment and electronic parts	5,000	5,000	500,000	100	50,072	28,399	28,399	
Foxsemicon Integrated Technology Inc.	Kainova Technology Inc.	Taiwan	Manufacturing of machinery and equipment and electronic parts	55,000	55,000	5,500,000	100	69,492	27,851	27,851	
Foxsemicon Integrated Technology Inc.	Lydus Medical Ltd.	Israel	Research, design and sale of medical machinery	89,790	59,560	416,310	16.21	77,818	(41,305)	(6,364)	Note 1
Foxsemicon Integrated Technology Inc.	SMART BREAST CORPORATION	US	Manufacturing of medical machinery	17,643	17,643	7,890,640	17.62	-	(21,595)	-	
Foxsemicon Integrated Technology Inc.	Corporate Venture Capital Alliance Innovation Fund	Taiwan	Reinvestment and holding company	22,500	22,500	2,250,000	25	18,887	(9,854)	(2,464)	
Foxsemicon Integrated Technology Inc.	UniEQ Integrated Technology Co., Ltd.	Thiland	Manufacturing of machinery and equipment and electronic parts	1,447,108	-	16,000,000	100	1,427,688	(23,393)	(23,393)	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	MINDTECH CORPORATION	Samoa	Reinvestment and holding company	2,395,380	2,395,380	34,977,541	100	4,341,933	711,513	711,513	
FOXSEMICON INTEGRATED TECHNOLOGY INC.	SUCCESS PRISE CORPORATION	Samoa	Reinvestment and holding company	116,698	116,698	3,800,000	100	101,242	12,747	12,747	
Foxsemicon Innovations Holding Inc.	Foxsemicon Technology, LLC	US	Research and Development and manufacturing of machinery and equipment and electronic parts	459,115	459,115	Note 2	100	340,788	(85,724)	(84,724)	

Note 1:The Company started to recognize gain or loss of associates and joint ventures accounted for using equity method in the month of acquisition
Note 2: The company is a limited company and has no shares issued.

Foxsemicon Integrated Technology Inc.

Information on investments in Mainland China

Years ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the years ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the years ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Foxsemicon Integrated Technology (Shanghai) Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	$ 2,395,380	2	$ 2,395,380	$ -	$ -	$ 2,395,380	$ 707,175	100	$ 707,175	$ 4,269,248	$ -	
Kaivaco Technology Nanjing Inc.	Production and sales of electronic special equipment, test instruments, and industrial molds	6,117	1	6,117	-	-	6,117	117	100	117	6,541	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Foxsemicon Integrated Technology Inc.	2,395,380	3,346,513	Note 4
Kainova Technology Inc.	6,117	6,603	80,000

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Invested in Mainland China thorugh the thrid party, FOXSEMICON INTERGRATED TECHNOLOGY INC.

(3)Others

Note 3:Investment income (loss) recognition is based on financial statements that are audited or reviewed by R.O.C. parent company's CPA.

Note 4: Pursuant to the amended ‘Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area’ dated on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 5:The Company reinvested in Mainland China investees, Foxsemicon Integrated Technology (Kunshan) Inc. and Shanghai EnvoFox integrated technology limit inc. through the investing business in Mainland China investee, which were not required to file an application to the Investment Commission of Ministry of Economic Affairs (MOEA).However, the investing business in Mainland China is a controlling company and shall apply the reinvestment to the Investment Commission of Ministry of Economic Affairs (MOEA).

Foxsemicon Integrated Technology Inc.

Major shareholders information

December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held (shares)	Ownership (%)
Applied Materials Taiwan	8,117,258	8.33
Hyield Venture Capital Co.,Ltd.	6,953,272	7.13

Note: The major shareholders' information was derived from the data using the Company issued common shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

VI. Where the company or any of its affiliated companies had, from the recent years up to the publication of this annual report, experienced financial distress, the impact to the company's financial status: None.

Seven. Review and Analysis of Financial Position, Financial Performance and Risks

I. Review and analysis of financial position

Unit: NT$1,000

Item \ Year	2022.12.31	2023.12.31	Difference	
			Amount	%
Current assets	14,806,706	14,324,538	(482,168)	-3%
Property, plant and equipment	3,540,849	3,780,898	240,049	7%
Other assets	1,342,637	1,264,287	(78,350)	-6%
Total assets	19,690,192	19,369,723	(320,469)	-2%
Current liabilities	6,700,378	3,536,309	(3,164,069)	-47%
Non-current liabilities	2,158,657	4,231,174	2,072,517	96%
Total liabilities	8,859,035	7,767,483	(1,091,552)	-12%
Share capital	970,509	974,393	3,884	0%
Capital surplus	3,939,329	4,051,311	111,982	3%
Retained earnings	5,886,326	6,536,260	649,934	11%
Other equity	34,993	40,276	5,283	15%
Non-controlling interest	0	0	0	0%
Total equity	10,831,157	11,602,240	771,083	7%

Explanation for material changes (increase/decrease by 20% or above and at an amount over NT$10 million):

1. Decrease in Current Liabilities: The main reasons are the reclassification of non-current liabilities due to the issuance of domestic unsecured convertible corporate bonds for the second time and a decrease in accounts payable resulting from reduced inventory and outsourced processing.
2. Increase in non-current liabilities: primarily due to the reclassification of the second domestic unsecured convertible corporate bonds into a current non-liability.

II. Review and analysis of financial performance

(I) Comparison and analysis of financial performance

Unit: NT$ thousands

Item \ Year	2022	2023	Amount increased /decreased	Change %
Revenue	14,843,221	13,051,357	(1,791,864)	-12%
Operating cost	(10,399,687)	(9,636,790)	762,897	-7%
Gross profit	4,443,534	3,414,567	(1,028,967)	-23%
Operating expense	(1,492,474)	(1,384,534)	107,940	-7%
Operating profit	2,951,060	2,030,033	(921,027)	-31%
Non-operating income and expense	(60,358)	482,396	542,754	-899%
Profit before tax	2,890,702	2,512,429	(378,273)	-13%
Income tax expense	(546,339)	(521,961)	24,378	-4%
Components of other comprehensive income that will not be reclassified to profit or loss	(87,193)	77,557	164,750	-189%
Components of other comprehensive income that will be reclassified to profit or loss	74,578	(73,199)	(147,777)	-198%
Total comprehensive income	2,331,748	1,994,826	(336,922)	-14%
Profit attributable to owners of parent	2,319,754	1,990,468	(329,286)	-14%
Profit attributable to non-controlling interest	24,609	0	(24,609)	-100%
Total comprehensive income attributable to owners of parent	2,307,139	1,994,826	(312,313)	-14%
Total comprehensive income attributable to non-controlling interest	24,609	0	(24,609)	-100%

Explanation for material changes (increase/decrease by 20% or above and at an amount over NT$10 million):

1. Decrease in Gross Profit: The operating gross profit also declined mainly due to the decrease in operating income and changes in product mix.
2. Decrease in Operating Profit: The decrease in operating profit is primarily due to a decline in operating revenue. As a result, operating profit has also decreased.
3. Other Income and Expenses: The increase in other income and expenses is primarily due to an increase in gains and interest income from the disposal of the Jinan Fujie Industry Investment Fund.
4. Increase in Items Not Reclassified to Income: The increase in items not reclassified to income is primarily due to an increase in the fair value of the company's strategic investments.
5. Decrease in Items Subsequently Reclassified to Income: The decrease in items subsequently reclassified to income is primarily due to increased exchange losses from the translation of foreign operating entities' financial statements.
6. Decrease in Net Income Attributable to Non-Controlling Interests: The decrease in net income attributable to non-controlling interests is primarily due to repurchasing all outstanding shares of the subsidiary Fox Automation Technology Inc. in 2022. As a result, net income attributable to non-controlling interests has decreased in 2023.
7. Decrease in Total Comprehensive Income Attributable to Non-Controlling Interests: The decrease in total comprehensive income attributable to non-controlling interests is primarily due to repurchasing all outstanding shares of the subsidiary Fox Automation Technology Inc. in 2022. As a result, total comprehensive income attributable to non-controlling interests has decreased in 2023.

(II) Expected sales volume and basis for the assumption: The Company will continue to stay on top of new product development by customers and the R&D of automation equipment and new technologies, so as to significantly enhance revenues and competitive niche.

III. Review and analysis of cashflows

(I) Analysis of cash flow changes during the most recent year

Item \ Year	Cash inflows (outflows)		Increase (decrease)	
	2022	2023	Amount	%
Operating activities	2,858,587	2,641,299	(217,288)	(7.60)
Investing activities	(1,864,270)	(2,521,112)	(656,842)	35.23
Financing activities	2,443,111	(1,679,718)	(4,122,829)	(168.75)

Analysis on increase/decrease

1. Decrease in Cash Flow from Operating Activities by Approximately NT$217,288 thousand: This decrease is primarily due to a slight decline in the company's overall revenue in 2023 compared to the previous year. Consequently, net cash inflow from operating activities was lower in 2023 compared to the same period in 2022.
2. Increase of cash outflows from investing activities by approximately NT$656,84 thousand: increase from the prior year primarily due to the increase of investment in financial assets for more than three months in 2023 compared to 2022.
3. Decrease in Cash Flow from Financing Activities by Approximately NT$4,122,829 thousand: This decrease is primarily due to an increase in the repayment of short-term loans and the amount of cash dividends paid in 2023 compared to 2022. As a result, net cash outflow from financing activities was higher in 2023 compared to the same period in 2022.

(II) Analysis on improvement of insufficient liquidity: In case of inadequate cash, the Company funds the gap with bank loans or fundraising from the capital market.

(III) Analysis on cash liquidity over the next year

Unit: NT$ thousands

Cash balance at the beginning of the period	Expected net cash flows from operating activities during the year	Expected cash outflows during the year	Expected cash excess (gap) amount	Remedy for insufficient cash	
				Investment plan	Financing plan
6,956,133	1,624,116	(874,077)	7,706,172	—	—

Analysis on cash liquidity over the next year

(1) Operating activities: net cash inflows primarily due to lower inventory levels under enhanced inventory management and recovery of accounts receivable

(2) Investing activities: net cash outflows primarily due to construction of facilities and purchase of machinery and equipment

(3) Financing activities: net cash outflows primarily due to payment of cash dividends

IV. Impact of major capital expenditures during the most recent year on financials and businesses: None.

V. Investment policies regarding investees during the most recent year, main reason for profits or loss, improvement plan and investment plan for the following year

(I) Reinvestment policy in the most recent year:

The company establishes the “Procedures for Acquisition or Disposal of Assets” following the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the competent authority as a basis for the company’s engagement in reinvestment businesses and getting hold of related business and financial situations. For increasing supervisory management to the company’s internal control systems, the “Process for Supervisory on Subsidiaries” has been formulated with related regulations for its information disclosure, business, inventory and finance management systems. The company regularly executes the audit process and builds related operation risk mechanism, enabling the company’s reinvestment business to exert the greatest effect.

(II) Main reason for profits or loss from investments in investees, improvement plan and investment plan for the future

Unit: NT$1,000

Investee	Profit (loss) amount	Main reason for profit (loss)	Improvement plan	Investment plan for the following year
FOXSEMICON INTEGRATED TECHNOLOGY INC.	724,260	Recognized gains on investment in investees	None	None
FOXSEMICON LLC.	(48)	The decrease in profit is primarily due to an increase in labor expenses in 2023 compared to 2022.	None	None
Fox Automation Technology Inc.	206,870	Decrease in profits primarily due to lower revenues in 2023 from 2022.	None	None
Frontier Integrated Global Solutions, Inc.	28,399	Profits dropped primarily due to a higher cost ratio in 2023 compared to 2022.	None	None
Kainova Technology Inc.	27,851	Decrease in profits primarily due to lower revenues in 2023 from 2022.	None	None
SMATR BREAST CORPORATION	(21,595)	Primarily due to certain necessary setup costs as the business has not started	None	None
MINDTECH CORPORATION	711,513	Recognized gains on investment in investees	None	None
SUCCESS PRAISE CORP.(SUCCESS PRAISE)	12,747	The increase in profit is primarily due to a rise in interest income in 2023 compared to 2022.	None	None
SMART ADVANCE CORP.	-	Note 1	None	None
LOYAL NEWS INTERNATIONAL LIMITED	-	Note 1	None	None
EVER DYNAMIC CORP.	-	Note 1	None	None
Foxsemicon Integrated (Shanghai) Inc.	707,175	The increase in profit is primarily due to the recognition of gains from the disposal of financial assets measured at fair value through profit or loss in the	None	None

Investee	Profit (loss) amount	Main reason for profit (loss)	Improvement plan	Investment plan for the following year
		current period.		
Foxconn Fuyao Precision Component (Kunshan) Co., Ltd.	55,583	The increase in profit is primarily due to a rise in interest income and a decrease in exchange losses in 2023 compared to 2022.	None	None
Shanghai EnvoFox Environment Integrated Technology Limited Inc.	12,579	The increase in profit is primarily due to a decrease in the cost ratio in 2023 compared to 2022.	None	None
Kaihuakang Semiconductor Equipment Nanjing Co., Ltd.	117	The decrease in profit is primarily due to a decline in exchange gains in 2023 compared to 2022 caused by exchange rate fluctuations.	None	None
Foxsemicon Innovations Holding Inc.	(84,746)	Recognized losses on investment in investees	None	None
Foxsemicon Technology, LLC	(85,724)	Primarily due to certain necessary setup costs as the business has not started	None	None
UniEQ Integrated Technology Co., Ltd(Thailand)	(23,393)	Primarily due to certain necessary setup costs as the business has not started	None	None

Note 1:Loyal News International Limited, Ever Dynamic Corporation, and Smart Advance Corporation ceased operation on February 1, 2014, March 11, 2014 and July 1, 2014, respectively.

(III) Investment plans for the coming year: The company will make careful evaluations of the investment plans from the long-term strategy aspects to respond to future market demands in order to strengthen competitiveness.

VI. Risk management and assessment

(I) Impact on the company's profit and loss from interest rate, and exchange rate changes and inflation, and future countermeasures.

(1) Interest rates: The Company's interest income was NT$239,953 thousand in 2023, equivalent to 1.84% of the net revenues. Interest expense was NT$41,535 thousand, equivalent to 0.32% of the net revenue. Given these low percentages, the fluctuation of interest rates has little bearing on overall profits. The Company maintains good communication channels with banks, have adequate credit facilities and stays on top of the current interest rate levels. To respond to interest rate movements, the Company will keep a close eye on the direction of interest rates, adjust the borrowing structure in a timely manner and adopt necessary measures to hedge the risks associated with rising interest rates.

(2) Exchange rates: The Company net exchange loss was NT$38,608 thousand in 2023, equivalent to 0.30% of net sales or 1.90% of operating profits. Most of our products are exported. Purchases and sales are primarily denominated in the US dollars. As a result, exchange gains (losses) are affected by the currency fluctuation of the US dollars. In addition to regular assessments of international finance dynamics, interest rate changes in the money market and the volatility of the currency market, we obtain favorable cost of capital at an overall low interest rate. We also keep abreast of exchange rate information. Our personnel keeps an

eye on the Company's foreign currency positions and maintains a close contact with banks, in order to address the risks associated with exchange rate movements. The impact on the Company's profit or loss is expected to be limited.

(3) Inflation: The Company keeps a close eye on the global economic and political changes and the movement of market prices. We also maintains good interactions with suppliers and customers and we are able to make timely adjustments to procurement and sales strategies. Hence, we can respond to the effects of economic changes such as inflation or deflation and our operations are unlikely to be materially affected.

(II) Policy, main reason for profit or loss, and future countermeasures for engaging in high-risk and high-leverage investments, lending funds to others, endorsements/guarantees, and transactions of derivative commodity:

(1) We focus on core businesses and do not engage in high-risk or high-leverage investments.

(2) The Company has established Operating Procedures for Asset Acquisitions or Disposals, Operating Procedures for Endorsements/Guarantees and Operating Procedures for Lending to Others, as the basis for the Company and its subsidiaries in relevant activities. Endorsements, guarantees and loans were provided by the Company to subsidiaries and between subsidiaries in 2023 and as the publication date of this annual report, all in adherence to Operating Procedures for Endorsements/Guarantees and Operating Procedures for Lending to Others.

(3) All the derivatives transactions by the Company are forwards to hedge currency risks, in compliance with relevant operational procedures.

(III) Future research and development plans and projected expenses.

&D Plans for the Most Recent Year	R&D expenses (NT$1,000) further required
Second Generation Semiconductor EUV Mask Automation Equipment	10,000
Validation of active micro-pollution control models for new manufacturing process on 2nm advanced node	5,000
Development of wafer transfer automation equipment	5,000
Development of IC packaging automation equipment	5,000
Develop Medical Automation Equipment	5,000

(IV) Impact of major policies and legal changes at home or abroad on the company's finance and operations, and countermeasures.

The company's business management abides by the related laws and regulations at home or abroad and constantly follows the latest changes to important domestic and overseas policies. This is to facilitate smooth operation of the company. As of the publication date of the annual report, there have been no occurrences of events that possess material impact to the company's finance and operation due to changes to important domestic or overseas policies and laws.

(V) Impact of changes in technology and industry on the company's finance and operations, and the countermeasures.

The company is a manufacturer for semiconductors and automated equipment. It has its own R&D Department which can follow the changing trends in new technologies at all times. Changes to technologies enables an upgrade in the company's product applications. Thus, there are no negative impact from technological changes to the company's finance and operations.

(VI) The impact of changes in corporate image on corporate crisis management and the countermeasures.

The company has a good corporate image. There have been no events of material change that result in corporate crisis management in recent years.

(VII) Expected benefits and potential risks of mergers and acquisitions, and countermeasures: Not applicable.

(VIII) Expected benefits and potential risks of factory expansion and countermeasures:

1. On July 28, 2022, the Company's board of directors approved the investment of NT$1.596 billion for land acquisition and factory construction (including equipment purchase) for Foxsemicon and RMB¥212 million for equipment purchase from Foxconn Fuyao (RMB¥24 million already invested, RMB¥188 million remaining). The investment plan has been temporarily suspended, and the Company will reassess whether to restart the investment plan based on economic conditions.
2. Due to uncertain economic conditions, the Company has deferred the investment in a new factory for Foxsemicon and equipment purchase from Foxconn Fuyao. This decision suggests that the company is cautious about capital expenditures in light of potential risks.

(IX) Risks associated with any centralized sales or procurement and the countermeasures:

Due to the nature of the industry, the Company's sales are mainly concentrated on large international manufacturers of semiconductor equipment or wafer fabs. This concentration of sales is also due to the limited number of sales targets.

Countermeasures:

In response to the concentration of sales and maintaining close transactions and cooperation with existing customers to maintain a good relationship, the company is also actively developing new customers and transferring its production capacity and technical resources to develop other niche products to disperse the risks brought by sales concentration.

(X) Influence and potential risks of the massive transaction or conversion of shares by directors, supervisors, or dominant shareholders holding over 10% of the stake of the company and countermeasures: None.

(XI) Impacts from the change of ownership on the company and its risk and countermeasures: Not applicable.

(XII) Litigious and non-litigious matters:

Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of the company, directors, supervisors, presidents, actual principals, and shareholders holding over 10% of the stake of the company, with results that may cause significant impact to the rights and interests of shareholders or the stock price: None.

(XIII) Other material risks and countermeasures: None.

VII. Other important matters: None.

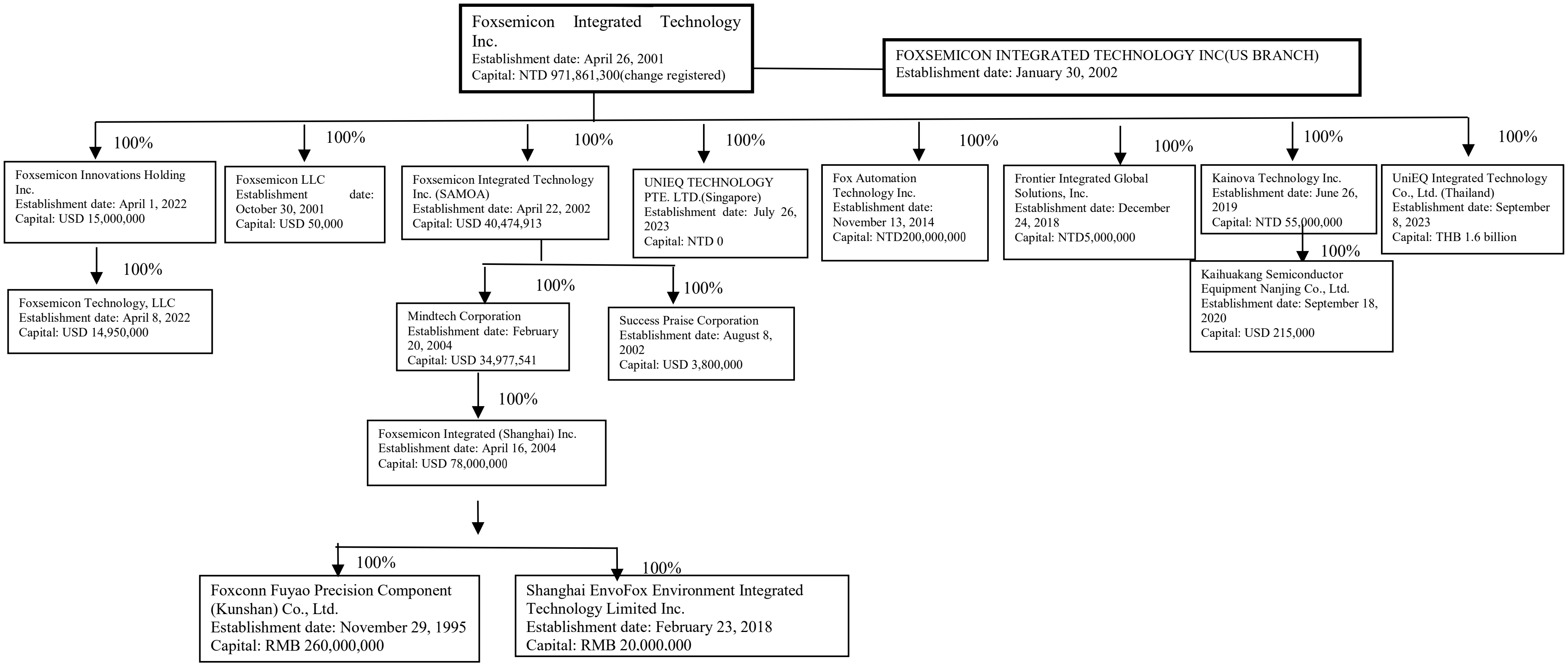
Eight.Special Notes

I. Data on affiliated enterprises

(I) Consolidated report on affiliated enterprises

1. Summary of affiliated enterprises

(1) Overview of affiliated enterprises



Note: Loyal News International Limited, Ever Dynamic Corporation, and Smart Advance Corporation ceased operation on February 1, 2014, March 11, 2014 and July 1, 2014, respectively.

(2) Basic data of affiliated enterprises

Enterprise name	Establishment date	Place of incorporation	Paid-in capital	Main businesses
FOXSEMICON INTEGRATED TECHNOLOGY INC.(SAMOA)	April 2002	Samoa	USD 40,475 thousand	Investment
FOXSEMICON LLC	December 2001	U.S.	USD 50,000	Imports/exports and logistics
Fox Automation Technology Inc.	November 2014	Taiwan	NT$200,000 thousand	Trading of machinery and electronic components
Frontier Integrated Global Solutions, Inc.	December 2018	Taiwan	NT$5,000 thousand	Operating machinery, equipment, and electronic component manufacturing business
Kainova Technology Inc.	June 2019	Taiwan	NTD 55,000 thousand	Manufacturing of machinery and electronic components
Foxsemicon Innovations Holding Inc.	April 2022	U.S.	USD 15 thousand	Investment
UniEQ Integrated Technology Co., Ltd. (Thailand)	September 2023	Thailand	Thai Baht 1,600,000 thousand	Operating machinery, equipment, and electronic component manufacturing business
Foxsemicon Technology, LLC	April 2022	U.S.	USD 14,950 thousand	Operating R&D and manufacturing business of machinery, equipment, and electronic components
SUCCESS PRAISE CORPORATION	August 2002	Samoa	USD 3,800 thousand	Trading
MINDTECH CORP. (SAMOA) (MINDTECH)	February 2004	Samoa	US$34,978 thousand	Investment
Foxsemicon Integrated (Shanghai) Inc.	April 2004	China Shanghai	US$31,500 thousand	Production and distribution of electronic equipment, testing equipment and molds
Foxconn Fuyao Precision Component (Kunshan) Co., Ltd.	November 1995	China Kunshan	RMB 260,000 thousand	Semiconductor components, electronic equipment, high-precision instruments, equipment maintenance and technical consultation services
Shanghai EnvoFox Environment Integrated Technology Limited Inc.	February 2018	China Shanghai	RMB 20,000 thousand	Environmental technology, smart technology, development of environmental automation systems and technologies, and technical consultation services
Kaihuakang Semiconductor Equipment Nanjing Co., Ltd.	September 2020	China Nanjing	USD 200 thousand	Sale and technical services of machinery and electronic components

(3) Disclosure due to existence of he controlling and subordinate relation under Article 369-3 of the Company Act: None.

(4) Businesses covered by affiliated enterprises in general

Enterprise name	Main businesses	Dealings and division of work
FOXSEMICON INTEGRATED TECHNOLOGY INC.(SAMOA)	Investment	Not applicable
FOXSEMICON LLC	Imports/exports and logistics	Sales and service office in the U.S.
Fox Automation Technology Inc.	Production and distribution of machinery and electronic components	Sales office for spares used in semiconductor manufacturing process and equipment
Frontier Integrated Global Solutions, Inc.	Manufacturing of machinery and electronic components	Sales office for 8” semiconductor manufacturing equipment
Kainova Technology Inc.	Manufacturing of machinery and electronic components	Sales office for automation equipment
Foxsemicon Innovations Holding Inc.	Investment	Not applicable
Foxsemicon Technology, LLC	Sales, procurement, manufacturing and services	New product developments and small-scale ramp-up center of key semiconductor components
UniEQ Integrated Technology Co., Ltd. (Thailand)	Operating machinery, equipment, and electronic component manufacturing business	The Company’s manufacturing site in Thailand
SUCCESS PRAISE CORPORATION (SUCCESS PRAISE)	Trading	The Company’s procurement and service office in China
MINDTECH CORP. (SAMOA) (MINDTECH)	Investment	Not applicable
Foxsemicon Integrated (Shanghai) Inc.	Production and distribution of electronic equipment, testing equipment and molds	The Company’s manufacturing site in China
Foxconn Fuyao Precision Component (Kunshan) Co., Ltd.	Semiconductor components, electronic equipment, high-precision instruments, equipment maintenance and technical consultation services	The Company’s manufacturing site in China
Shanghai EnvoFox Environment Integrated Technology Limited Inc.	Environmental technology, smart technology, development of environmental automation systems and technologies, and technical consultation services	The Company’s environmental products manufacturing site in China
Kaihuakang Semiconductor Equipment Nanjing Co., Ltd.	Sale and technical services of machinery and electronic components	The Company’s sales office for automation equipment in China

(5) Directors, supervisors and general managers of individual affiliated enterprises

Name of affiliated enterprise	Title	Name or representative	No. of shares held	
			No. of shares held	%
FOXSEMICON INTEGRATED TECHNOLOGY INC.(SAMOA)	Chairman	Kevin Chiu	40,475,000 shares	100%
FOXSEMICON LLC	Manager	Chi-Chih Huang	Note	100%
Fox Automation Technology Inc.	Chairman Director Director Supervisor	Chao-Huang Tsu Kevin Chiu Yung-Fang Tsou Chun-Lien Kuo	20,000,000 shares	100%
Frontier Integrated Global Solutions, Inc.	Chairman Director Director Supervisor	Yung-Fang Tsou Hsin-Yuan He Chao-Fa Peng Hsiao-Pei Chung	500,000 shares	100%
Kainova Technology Inc.	Chairman Director Director Supervisor	Chun-Kai Huang Chun-Chung Chen Cheng-Wei Hung Hsiao-Pei Chung	5,500,000 shares	100%
Foxsemicon Innovations Holding Inc.	Chairman Director Director	Kevin Chiu Chi-Chih Huang Jack Chen	15,000,000 shares	100%
Foxsemicon Technology, LLC	Chairman	Jack Chen	Note	100%
UniEQ Integrated Technology Co., Ltd(Thailand)	Director Director	Kevin Chiu Yung-Fang Tsou	16,000,000 shares	100%
SUCCESS PRAISE CORPORATION	Director	Kevin Chiu	3,800,000 shares	100%
MINDTECH CORP. (SAMOA) (MINDTECH)	Director	Kevin Chiu	34,978,000 shares	100%
Foxsemicon Integrated (Shanghai) Inc.	Legal person representative / President Director Director Supervisor	Kevin Chiu Ching-Te Wang Chung Liu Chi-Mei Tsai	Note 1	100%
Foxconn Fuyao Precision Component (Kunshan) Co., Ltd.	Legal person representative / President Director Director Supervisor	Chin-Chu Chen Yung-Tai Chen Shang-Yi Chou Tai Ma	Note 1	100%
Shanghai EnvoFox Environment Integrated Technology Limited Inc.	Legal person representative / President Supervisor	Shou-Hung Weng Chao-Chun Lai	Note 1	100%
Kaihuakang Semiconductor Equipment Nanjing Co., Ltd.	Legal person representative / President Director Director Supervisor	Chun-Kai Huang Chia-Hsiung Liang Ming-Te Yao Chi-Mei Tsai	Note 1	100%

Note 1: No share issued by the limited company

2. Business overview of individual affiliated enterprises

Unit: 1,000 unless otherwise specified

Name of affiliated enterprise	Currency	Capital	Total assets	Total liabilities	Net value	Revenue	Operating profit	Net income (loss) (after tax)	Earnings per share (after tax)
FOXSEMICON INTERGRATED TECHNOLOGY INC.(SAMOA)	USD	40,475	144,682	—	144,682	—	—	23,251	Not applicable
FOXSEMICON LLC	USD	50	2,813	1,761	1,052	4,671	(2)	(2)	Not applicable
Fox Automation Technology Inc.	NTD	200,000	3,101,015	2,078,962	1,022,053	1,852,083	238,624	206,870	Not applicable
Frontier Integrated Global Solutions, Inc.	NTD	5,000	198,005	147,933	50,072	665,933	33,855	28,399	Not applicable
Kainova Technology Inc.	NTD	55,000	242,804	173,312	69,492	339,650	36,574	27,851	Not applicable
SUCCESS PRAISE CORPORATION	USD	3,800	35,859	32,562	3,297	186,745	349	409	Not applicable
SMART ADVANCE CORPORATION	USD	200	—	—	–	—	—	–	Not applicable
MINDTECH CORPORATION (SAMOA)	USD	34,978	141,385	—	141,385	—	—	22,841	Not applicable
Foxsemicon Integrated (Shanghai) Inc.	RMB	527,452	1,323,254	336,601	986,653	1,443,531	114,059	160,890	Not applicable
Foxconn Fuyao Precision Component (Kunshan) Co., Ltd.	RMB	260,000	710,719	320,634	390,085	720,022	16,611	12,646	Not applicable
Shanghai EnvoFox Environment Integrated Technology Limited Inc.	RMB	20,000	27,197	449	26,748	4,371	2,391	2,862	Not applicable
Kaihuakang Semiconductor Equipment Nanjing Co., Ltd.	RMB	1,414	1,512	–	1,512	–	–	27	Not applicable
Foxsemicon Innovations Holding Inc.	USD	15	11,114	0	11,114	0	(33)	(2,785)	Not applicable
Foxsemicon Technology, LLC	USD	14,950	29,554	18,457	11,097	518	(4,892)	(2,752)	Not applicable
UniEQ Integrated Technology Co., Ltd	THB	1,609,308	1,583,331	1	1,583,330	–	–	(25,978)	Not applicable

(II) **Consolidated financial statements of affiliated enterprises:** Please refer to page 139 to page 216.

The entities that are required to be included in the Company's consolidated financial statements of the affiliated enterprises for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023) under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of the parent and subsidiaries according to the International Financial Reporting Standard No. 7. In addition, the information required to be disclosed in the consolidated financial statements of the affiliated enterprises has been disclosed in the aforesaid consolidated financial statements of the parent and subsidiaries. Hence, consolidated financial statements of the affiliated enterprises are not prepared separately.

(III) Affiliation report: not applicable

II. If a private placement of marketable securities was conducted during the most recent year and as of the publication date of this annual report, it is necessary to disclose the date and the amount approved by the shareholders' meeting or the Board of Directors, the basis and reasonableness of pricing, methods to select placees, reasons for necessity of the private placement, the placees, requirements for placees, subscription amounts, relationship with the Company, involvement in the Company's operations, subscription (or conversion) price, difference between subscription (or conversion) price and the reference price, impact of the private placement on shareholders' equity, progress of the capital utilization plan after the collection of subscription amounts or the consideration in full, use of proceeds from the private placement, plan progress and benefits achieved.

Item	First private placement in 2021 Issuance date: April 26, 2022
Types of marketable securities placed privately	Ordinary shares
Data and amount approved by the shareholders' meeting	Shareholders' meeting date: December 30, 2021 Issued shares: no more than 8,800,000 shares
Pricing basis and reasonableness	(1) The reference price of the ordinary shares in this private placement was based on (1) one of the arithmetic means of closing prices of ordinary shares for one trading day, three trading days and five trading days before the pricing date, less the issuance of bonus shares and cash dividends and added with reverse ex-right due to capital reduction or (2) the arithmetic means of closing prices of ordinary shares for thirty trading days before the pricing date, less the issuance of bonus shares and cash dividends and added with reverse ex-right due to capital reduction. The reference price is the higher of these two base prices. The actual pricing date shall be determined by the Board of Directors under the authorization from the shareholders' meeting, according to laws and based on placees in contact and capital market conditions. (2) The price per share for this private placement shall not be lower than 80% of the reference price. The actual issuance price shall be determined by the Board of Directors under the authorization by the shareholders' meeting, based on placees in contact and capital market conditions. (3) The pricing of ordinary shares in this private placement is based on the Company's future prospects and share prices. The privately placed ordinary shares may not be sold within three years after issuance except for the circumstances described in the eight rules of Article 43 under the Securities and Exchange Act. Considering the three-year restrictions on transfer of privately placed ordinary shares and the strict regulations on private placement investors, the pricing should be reasonable.
Method of investors selection	This placement of ordinary shares targeted the strategic investors meeting the requirements specified in Article 43-6 of the Securities and Exchange Act. We chose strategic investors primarily we hope to enhance technology and quality, reduce costs, boost efficiency and market shares with the assistance from strategic investors with strengths in branding, marketing and technology. This is expected to be achieved via vertical/horizonal integration or joint development of products and markets. However, no specific private placement investors have been confirmed to date.
Necessity and reason for the private placement	(1) Reason for non-public offering: It is hoped that the shareholders' meeting will resolve on the introduction of strategic investors for the Company's long-term development needs. This is expected to effectively reduce the cost

<table>
<tr><th>Item</th><th colspan="5">First private placement in 2021
Issuance date: April 26, 2022</th></tr>
<tr><td></td><td colspan="5">of capital and enhance the efficiency of fundraising. In addition, the three-year restriction on transfer of privately placed marketable securities will ensure the long-term cooperation between the Company and strategic partners. The authorization to the Board of Directors to conduct private placements based on the Company’s operational requirements will effectively boost the fundraising flexibility and mobility. The implementation of this project is expected to enhance the Company’s competitiveness and operating efficacy and benefit the shareholders’ equity. Hence, no public offering is adopted. The private placement of ordinary shares shall be conducted in accordance with the Securities and Exchange Act and relevant regulations.
(2) Use of private placement proceeds and expected benefits:
A. Size of the private placement: up to 8,800,000 shares. One private placement within one year after the resolution from the shareholders’ meeting.
B. Use of proceeds: working capital
C. Expected benefits: improvement of the financial structure, operating performance and competitiveness</td></tr>
<tr><td>Completion date of share subscription payments</td><td colspan="5">April 25, 2022</td></tr>
<tr><td rowspan="2">Investor</td><td>Private placement investor</td><td>Qualifications</td><td>Number of subscribed shares</td><td>Relation with the Company</td><td>Involvement in the Company’s operation</td></tr>
<tr><td>Taiwan Applied Materials, Inc.</td><td>Subparagraph 2, Paragraph 1 of Article 43-6 of the Securities and Exchange Act</td><td>8,117,258</td><td>Subsidiary indirectly owned by the main customer</td><td>None</td></tr>
<tr><td>Actual subscription (or conversion) price</td><td colspan="5">NT$210.22 per share, for a total of NT$1,706,409,977</td></tr>
<tr><td>Difference between the actual subscription (or conversion) price and the reference price</td><td colspan="5">The issuance price of this private placement was NT$210.22 per share, or 92% of the reference price of 228.5, no lower than 80% of the reference price resolved by the extraordinary shareholders’ meeting.</td></tr>
<tr><td>Impact of private placement on shareholders’ equity (e.g., increase in cumulative losses)</td><td colspan="5">The ordinary shares issued by this private placement account for 9.23% of paid-in capital. The impact on existing shareholders’ equity is not significant.</td></tr>
<tr><td>Use of private placement proceeds and progress of project implementation</td><td colspan="5">The private placement completed in April 2022 raised NT$1,706,409,977. The proceeds were used to strengthen working capital and the implementation was completed at the end of the second quarter of 2022.</td></tr>
<tr><td>Materialization of private placement benefits</td><td colspan="5">Growth in sales and profits</td></tr>
</table>

III. The shares in the company held or disposed of by subsidiaries in the most recent year and as of the date of publication of the annual report: None.

IV. Other supplementary information: None.

Nine. Any matter with a significant impact on shareholders' equity or securities prices during the most recent year and as of the publication date of this annual report, according to Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act: None.

Foxsemicon Integrated Technology Inc.

Chairman: Young-Way Liu