



Leadtrend Technology Corporation

2023 Annual Report

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Website for disclosing relevant information of the annual report:
(<http://mops.twse.com.tw/>) for inquiries

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Leadtrend Technology Corporation

Letter to Shareholders

Ladies and gentlemen,

Although the global economic performance in 2023 has improved compared to that of the previous year, the overall economy recovery was still slow due to factors such as regional wars, geopolitics, inventory adjustments, and so on. Even with specific issues such as AI applications in the second half of the year, it still took time to growth, so the overall economy has shown no significant improvement. Leadtrend Technology has been focused on the development of various products for ACDC power management ICs, the application of which is subject to safety regulations in various countries, with a long product life and compliance with energy efficiency regulations in all countries. Despite being affected by the aforementioned factors, inventory levels have shown a quarterly downward trend in 2023. In recent years, the layout of new generation products has been recognized by brand customer groups, gradually showing results in various application fields. However, due to global economic factors, the consolidated revenue for the whole year of 2023 decreased by 30.0%.

2023 Business Results

(1) Results of the implementation of the operating plan

The strategy of Leadtrend Technology in the layout of Total Solution and highly-integrated products has gradually produced comprehensive effects in various application fields in 2023. Although various business plan indicators have not been met due to economy, the sales proportion of Total Solution and highly integrated products has gradually increased in the product portfolio. At the same time, due to one-stop services, the number of customers from various application brands that introduce Leadtrend solutions continues to increase. Continuing the previous strategy in product layout, the service solutions provided to the customer are still carried out in a full power range layout, so as to achieve the goal of providing customers with complete solutions for medium and high power. To cope with the irrational competition in mature processes in mainland China caused by the US-China technology war, and to lay out the development plan for new generation products, the introduction of AI Efficiency technology products in ACDC PWM has gradually become mainstream in the market, synchronous rectification products with optimized process technology have been successfully launched, and PD/Type-C products have been streamlined and put into mass production through Combo, which enable customers who have been using Leadtrend products for a long time to quickly upgrade their systems and meet the brand's energy-saving and efficient requirements. The design architecture of new generation products is presented in a platform style, which will save more power and improve efficiency in product applications. It not only conforms to the ESG spirit, but also makes future products more competitive in the market. In 2023, despite the global economic situation not yet fully recovering, we overcame all difficulties and invested resources in collaborating with many important brand customers to develop next-generation products. Application areas

such as PD, Netcom, laptops, smart home appliances, E-bike, TV, IPC, and other power products have all gained opportunities for many brand customized products.

(2) Analysis of financial revenue and expenditure, and profitability

Leadtrend Technology's consolidated financial performance in 2023 is as follows: the annual revenue was NT \$1,142 million, a decrease of 30.0% from the previous year; The gross profit from sales was NT \$430 million (accounting for 37% of revenue), a decrease of 35.2% compared to the previous year; The net operating loss was NT \$ 5.7 million (-0.5% of revenue), a decrease of 103.7% compared to the previous year; After-tax net profit is NT \$29 million, earnings per share after tax (EPS) is NT \$0.5, and shareholder return on equity is 1.75%.

(3) Research and development status

Efficient and energy-saving technology advancement is a consistent strategy of Leadtrend Technology's product development. In 2023, the product development in our company comprehensively introduced patented technology, AI efficiency improvement, EMI optimization, and precise overcurrent protection technology into the ACDC PWM product line. At the same time, investment was made in the development of high energy efficiency and high-power products such as AHB and LLC based on quasi resonance and zero exchange technology. Based on the company's strategy of developing complete solutions, resources were simultaneously invested in the research and development of AHB SR IC. Together with FAB factory, process technology was optimized to double the pressure resistance capacity, so as to expand the application field. In high-wattage applications where power factor issues must be addressed, we have invested in the development of a series of high PFC/low THD power factor correction IC products for high wattage applications, ranging from single-stage to digital interleaved PFC, combined with the aforementioned AHB/LLC ACDC and integrated IC, to form a total solution for high-wattage applications. Meanwhile, in terms of product integration, the aforementioned new-generation PWM chip with integrated GaN/process-optimized SR integrated MOSFET/PD chip with integrated Type C switch forms a Total Combo Solution that can realize the miniaturization of the PD power supply, reduce the number of peripheral parts, and achieve the effect of carbon reduction and cost reduction. In the research and development of PD in 2023, we continued to invest in the development of PD3.1 EPR protocol chips, expanding the PD output voltage range to 48V output. Form a complete solution of 240W PD with the aforementioned AHB scheme. As of the end of 2023, Leadtrend Technology has applied for nearly 544 approved patents both domestically and internationally, with a cumulative number of applications exceeding 752 patents.

Leadtrend Technology's full range of product research and development is the main axis, constantly striving to achieve the vision of "Green your power, Green the World" and improving product technology. In terms of research and development, we also actively use

digital and analog hybrid Mix mode technologies in conjunction with software and hardware development. Our products have been developed through cooperation with brands and power design industry manufacturers, and we have continued to conduct special research on new technologies with relevant industry and academia, so that the conversion efficiency of power systems can be improved year by year, showing that green innovation has always been the unchanging indicator direction of Leadtrend Technology.

Summary of the 2024 Business Plan

(1) Business Plan

Adhering to the business philosophy of innovation, service, quality, and sharing, Leadtrend Technology provides customers with instant and complete services; Based in Taiwan, deeply cultivating the Chinese market, and looking to the world to align with international brands will be the unchanged development strategy of Leadtrend Technology for a long time in the future.

(2) Expected sales quantity and its basis

The global power management IC market has experienced a comprehensive decline due to the depletion of high inventory for a whole year in 2023, resulting in a significant decrease in demand for power supplies for various terminal applications, such as 5G mobile phones, laptops, and connected TVs. It is expected that improvements will be made quarter by quarter in 2024 as demand slowly increases. Leadtrend Technology's products have gradually returned to normal inventory levels after a full year of de stocking in 2023, indicating that the number of safety stocks established by agents and customer demand will increase quarter by quarter.

The future operational growth of Leadtrend Technology is quite optimistic thanks to its low proportion of brand owners in the base period. With the increasing influence of existing brands and new product introductions from new brand customers, it is estimated that sales in 2024 will show significant growth compared to the previous year. In the development of new products and technologies, based on advanced processes, AI efficiency algorithms, high-frequent, high-voltage resistant, intelligent, high-power, and highly integrated Total Solution products have gradually been developed. At the same time, the fact that the new products meet the requirements of the EU ERP 7 will become the greatest support for future sales growth. In terms of operational strategy, we will continue to deeply cultivate brand customers and closely cooperate with major power plants to achieve comprehensive efficiency. We believe that following this direction and continuously investing in advanced technology talents and technology development in related power applications such as AI PC, 5G, NB, TV, and Netcom will further drive future revenue growth.

(3) Important Production and Sales Policies

Leadtrend Technology is an IC design company in Taiwan that has launched the most complete AC/DC Total Solution. Its complete solutions can be applied to various power system designs, and allows customers to quickly design solutions to meet market demand products; Through innovative product planning and collaborative development and integration with FAB factory processes, we aim to shorten the production cycle of our products, developing efficient, energy-saving, highly integrated, and cost optimized solutions. We will continue to invest in research and development resources for technological innovation in areas such as future AI applications, 5G, IoT, high-speed networks, smart home appliances/lighting, PD fast charging products, industrial control power supplies, medical power supplies, etc., and focus on the development of our industry.

The future development strategy of the company and the impact of external competitive environment, regulatory environment, and overall business environment

We firmly believe in focusing on product technology development, committed to sound corporate governance, fulfilling social responsibility, pursuing sustainable development, using innovative technology, chasing efficient power management IC products, assisting customers in complying with international regulations, reducing energy consumption, and maintaining a clean environment. Even in the face of rapid changes in the overall environment and fierce competition in the industry in the future, Leadtrend Technology can still construct technology and new product blueprints in response to market demand trends, seeking potential growth opportunities in the future, actively developing diversified and niche products, continuously innovating and improving technological energy, and moving towards the goal of increasing profits, creating higher value for customers and shareholders.

The board of directors of our company will continue to uphold the trust and long-term support of shareholders, strictly supervise the management team, and work hard with all colleagues to actively pursue the growth and strength of the company, in gratitude for the trust and encouragement of all shareholders. In the end, I would like to wish everyone good health and all the best. Thank you!

Kao Yu-kun, Chairman

Chi Heng-chung, the Manager

Huang Ya-ching, Accounting Supervisor

Company Overview

1、Date of establishment

Established by 2002/09/18.

2、Evolution of the company

2002/09 Established with capital 6 million dollars.

2003/05 Increase capital 58 million dollars and total capital 64 million dollars.

2003/05 Approved to be Emerging important strategic industry company by MOEA (IDB)。

2003/07 Apply for company name change, formerly Lichen Technology Co., Ltd.。

2003/08 Technical pricing increase capital 16 million dollars and total capital 80 million dollars.

2003/09 The first product LD7120 was developed and introduced into production.

2003/12 Technical pricing increase capital 12 million dollars and total capital 92 million dollars.

2003/12 Approved investment in Hsinchu Science Park.

2004/05 Increase capital 48 million dollars and total capital 140 million dollars.

2004/05 The Green mode IC LD7550 used in AC-DC was developed and put into production.

2004/06 MOEA approval of 「Small Business Innovation Research(SBIR, 93/5~94/4)」。

2004/06 Approved to relocate to the 4th floor, No. 18, Zhanye 2nd Road, Hsinchu Science Park.

2004/11 Approved to be Emerging important strategic industry company by MOEA (IDB) again。

2005/01 MOEA approval of 「A Pilot Project of Technology Foresight (93/8~94/9)」。

2005/04 Launch flash control in DSC IC, LD7268A development completed and imported into production.

2005/05 Increase capital 40 million dollars and total capital 180 million dollars.

2005/09 500V withstand voltage IC, LD7575, co-developed with TSMC, first in Asia.

2006/06 Launch MOSFET integrated flash control IC, LD7266 development completed and imported into production.

2006/08 Increase capital 18million dollars and total capital 198 million dollars.

2007/03 Launch 2nd generation of 500V withstand voltage IC LD7576, development completed and imported into production.

2007/08 Capital increase by retained earning and capital reserve 35,351,250 dollars and total capital 238,863,750 dollars.

2007/08 The innovative product LED driver IC was assisted by the innovative product award from the Hsinchu Science and Technology Bureau.

2007/08 Ranked No. 5 in 1996 by Taiwan High-tech Fast50 of Deloitte & Touche.

2007/09 Approved to public offering of shares by Securities and Futures Bureau, FSC

2007/10 Registration and listing over-the-counter market (OTC Market).

2008/03 Launch primary side control IC LD7510, development completed and imported into production.

2008/06 Launch MOSFET integrated 8-stage charging current smart flash control IC LD7265A, development completed and imported into production.

2008/08 Launch digital camera use multi-mode logic control IC LD8201, development completed and imported into production.

2008/08 Launch OVP/ OTP/ Multi-function pin integrated PWM control IC LD7577J/78J, development completed and imported into production.

2008/09 Capital increase by retained earning and employee bonus 47,793,070 元 and total capital 307,599,820 dollars.

2008/10 Launch shutter driver and MOSFET integrated multi-channel converter IC LD7241, development completed and imported into production.

2008/10 Launch Quasi-resonant IC LD7580, development completed and imported into production.

2008/12 Launch High-speed transient response LDO IC LD6917, development completed and imported into production.

2008/12 Primary side MOSFET (2 dies) integrated control IC LD7660, development completed and imported into production.

2009/05 Develop solution of power saving under 0.1W for LCD surveillance.

2009/07 Hi-voltage charging circuit in digital camera's flash is silver winner in National Invention and Creation Award.

2009/07 Capital increase by retained earning and employee bonus 26,879,390 元 and total capital 340,194,210 dollars.

2009/08 Listed on Taiwan Stock Exchange(TWSE).

2009/08 Digital-camera use Integrated multi-channel control IC granted by SBIR.

2009/09 Increase capital 37,000,000 dollars and total capital 377,194,210 dollars.

2009/09 Passed the training quality standard assessment of the Vocational Training Bureau of the Labor Council and rewarded the silver medal.

2010/01 Launch Power Factor Correction IC LD7591, development completed and imported into production.

2010/04 Launch power saving<70mW PWM control IC LD7750A, development completed and imported into production.

2010/08 Capital increase by retained earning 20,211,410 dollars and total capital 424,439,620 dollars.

2010/09 Launch primary side CV/CC control IC LD7820, development completed and imported into production. °

2010/10 Develop 700V MOSFET(2-die) integrated IC LD7904, development completed.

2010/11 Passed "Assisting Human Resources Improvement Program Training Quality Evaluation of Institutions" and rewarded Silver Medal by the Executive Yuan's.

2011/01 ISO 14001 certified.

2011/01 Launch Gen.1 lithium battery smart-charging PWM IC LD6275X, development completed and imported into production.

2011/02 Develop new generation of digital-camera use Integrated multi-channel IC LD7242, development completed and imported into production.

2011/03 Launch monitor use 6 CH LED backlight Driver IC, development completed and imported into production.

2011/08 Capital increase by retained earning 17,143,380 dollars and total capital 445,808,000 dollars.

2011/11 Established subsidiary Leadtrend Technology (Shenzhen) Limited.

2012/03 Launch new gen. of low-voltage start-up IC LD7538/39 for networking and lab top use. , development completed and imported into production.

2012/06 Develop LD7765, IC under 50mW stand-by power for TV application.

2012/09 Develop high power resonant IC LD7582, for TV power.

2012/12 Develop High Power Factor LED Controller with HV Start-up, LD7832, for non-isolated design.

2012/03 Established subsidiary Green Elite Limited.

2012/06 Develop High Voltage 4-Channel LED Controller Driver, LD7890, for TV LED backlight.

2012/07 Develop High Power Factor Flyback LED Controller with HV Start-up in both SSR and PSR for isolated lighting application.

2012/08 Develop new generation of multi-function low voltage start-up IC to meet lab top peak load spec (130W).

2012/08 Intellectual Property and Commerical Court ruled Leadtrend did not infringe O2 Micro's patent.

2012/10 Leadtrend Green+ series ICs have passed the IEC 60950-1 safety certification.

2012/11 Develop of LD7790, an IC integrates boundary conduction mode power factor correction (BCM PFC) and DCM flyback power converter, complying with DoE Level 6 specifications and low standby power consumption (<100mW). °

2014/03 Release 5W/7.5W Quick charge IC supports Mediatek Pump Express™ protocol.

2014/05 The Supreme Court ruled the patent lawsuit between Leadtrend and O2 Micro, and Leadtrend won the judgment.

2014/06 Release 13.5W Quick charge IC, LD5516, supports Mediatek Pump Express™ protocol to save charging time up to 50%.

2014/08 Release Power IC has standby power lower than 30mW by 600V high-voltage BCD technology in LCD monitor application.

2014/09 Develop boost switching 4 strings, Max. 250mA/string, Multi-dimming mode WLED Backlight Controller, LD5805. A solution to avoid flickering for eye protection.

2014/11 Release High Power Factor Primary Side Flyback LED Controller with TRIAC Dimming, LD7833 in lighting application.

2014/12 New launch Synchronous Rectification Driver with Green Mode Function, LD8520, to use in CCM and enhance overall efficiency.

2015/01 Develop high power saving Multi-Mode PWM Control IC LD5525 to meet the 2016 regulations of energy.

2015/02 Release IC support Qualcomm® Quick Charge™ 2.0 (QC2.0) with UL certified.

2015/03 Release LED Lighting Output Current Ripple Suppressor IC LD6801, in lighting application.

2015/04 Integrate quick charge product and release AC/DC Pri./Sec Speedy Charge™ to fulfill market need.

2015/05 Release TV-use only low noise IC technology in frequency control leads to low noise in SMPS under low dimming.

2015/05 Release 3 pin white goods control IC to save circuit design time significantly.

2015/06 Release Gaming-product-use only control IC which lowers standby power and powering saving under light load.

2015/08 Release PC-standby-use only MOSFET integrated IC to simplify BOM and enhancing reliability.

2015/09 Release Type-C 5V/3A use IC in SOT-26 with great anti-static capability.

2015/10 Release new generation SOT-26 IC with a low standby power of 50mW and a boosting function used in new gen. lab top power to reduce its size significantly.

2015/11 Releases new generation TV control IC with low noise/high frequency which reduces the size of the TV power board. X-cap discharge function reduces the risk of electric shock for production line personnel and improves safety.

2016/02 Release 800V BJT Combo IC for high-voltage Indian market, with an innovative T_DIP-7 packaging that improves heat dissipation and reduces overall thickness, making it suitable for thin systems.

2016/03 Integrate Type-C control IC and ultra-low Rds_on MOSFET into SOP-8 package, significantly reducing its size and facilitating layout on wires.

2016/04 Release new generation power control IC for gaming products is launched, with new frequency control technology that improves power noise and complies with energy efficiency regulations. Recognized and adopted by major manufacturers.

2016/05 Obtained the factory office on the 4th floor of Building S, Phase 6 of Taiyuan.

2016/06 Launch new generation of LED controller ICs that feature power factor correction and harmonic reduction capabilities to reduce reactive power consumption.

2016/07 Headquarters moved to Taiyuan Science and Technology Park.

2016/08 Launch new IC specifically designed for water dispensers that significantly simplifies external circuits and improves system stability under peak load abnormal operations.

2016/10 Release LD5523, a new, highly efficient energy-saving IC, that uses the latest process technology and optimized mixed-mode operation to meet the strictest COC Tier-2 energy regulations.

2016/11 Release new generation of LED intelligent dimming control system integrates harmonic reduction capabilities to reduce AC reactive power consumption and allows for adjustable output current to adjust brightness.

2016/11 Release ICs with built-in compensation mechanisms, OTP, quasi-resonant control mode.

2017/01 Release 700V Hi-V startup, high power factor, and low standby power consumption IC, LD7838.

2017/02 Release MOSFET integrated high-efficiency synchronous rectification IC, LD892X.

2017/05 Release LD5762P, a new highly efficient energy-saving IC that uses multi-operation mode.

2017/06 Release 50W High power MOSFET integrated IC.
LD6610 obtained USB PD 2.0 chip compatibility certification from the USB IF Association.

2017/07 Launched the USB PD interface IC certified by the USB IF Association.

2017/08 Release new generation of synchronous rectification energy-saving ICs, LD8523 and LD8525, which meet the most stringent COC tier-2 energy regulations when used in mixed-mode operation of PWM applications.

2017/09 Launch LD7592, a new generation of controller with power factor correction (PFC) function.

2017/11 LD6610 passed Qualcomm QC4.0 fast charging certification.

2017/12 LD6610 obtained USB PD 3.0 with PPS chip compatibility certification from the USB IF association.
Release a new IC, LD8116X, supports multiple dimming processing to meet the isolated structure of dimmers and driver power supplies.

2018/01 Launch latest three-in-one USB PD interface complete solution.
Release network communication application product, LD5523K, for Indian market that can protect against varies in input voltage to improve product stability.

2018/03 Release high-power LED power solution IC, LD7792X, that features high power factor (>0.92), low harmonic distortion (<10%), and with no flicker.

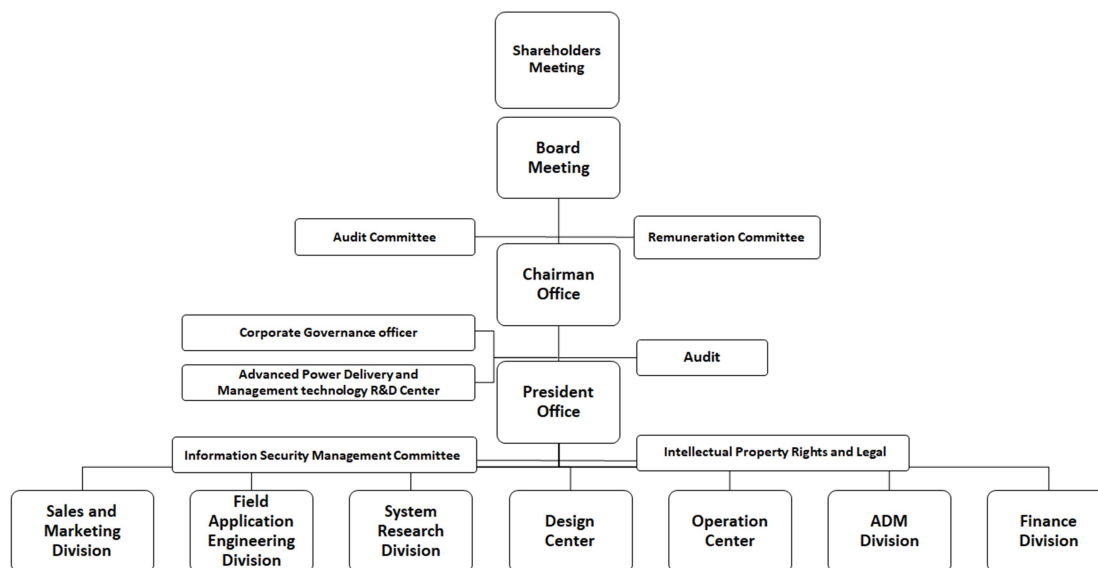
- 2018/04 Release new and efficient energy-saving IC, LD5523E2, with a new primary-side regulation (PSR) flyback topology and optimized mixed-mode operation technology, which can meet the most stringent COC tier-2 energy regulations.
- 2018/05 Release new generation of synchronous rectification energy-saving ICs, LD8526 and LD8926(with VCC self-supply technology), that when used in conjunction with mixed-mode operation of PWM applications, can meet the most stringent COC tier-2 energy regulations.
- 2018/06 Release integrated MOSFET power devices, LD9532 and LD9534, with a new process and optimized mixed-mode operation technology to meet the most stringent COC tier-2 energy regulations.
- 2018/07 Release integrated MOSFET power devices, LD9174, using primary-side regulation (PSR) flyback topology, which includes high efficiency, low standby power loss, and low component count.
- 2018/08 Launch LD6620, new generation of USB-C PD/PPS controller, with the function of repeatable firmware programming. This control chip combines USB-PD baseband PHY, Type-C cable detection, parallel stabilizer, voltage and current monitoring, load switch NMOS control circuit, and microcontroller.
- 2018/10 Launch LD9535C, a new integrated MOSFET power IC with a new process and optimized mixed-mode operation technology for small USB-C PD products, such as PD 18W 5V/3A, 9V/2A, 12V/1.5A.
- 2019/02 Launch LD5537B3, a new SOT-26 package with AC BNO detection and mixed-mode operation technology.
- 2019/04 Launch MOSFET integrated, self-powered 200V Hi-V process and high efficiency synchronous rectification ICs, the LD8926A series. Suitable for high efficiency products, such as the Networking 5V/3A, 12V/2A, 12V/3A.
- 2019/07 Launch new generation of integrated solutions that combine primary and secondary side control IC, LD9164C+LD8925F1. This features quasi-resonant valley switching technology PWM IC combined with high-efficiency integration of secondary side dynamic response synchronous rectification.
- 2019/12 Launch new generation USB-C PD/PPS controller LD6612 (single burn function). This control IC integrates USB-PD baseband PHY, Type-C cable detection, parallel regulator, voltage and current monitoring, load switch NMOS control circuit, and microcontroller.
- 2020/01 Release new generation of single-phase critical mode high power factor power converters with high performance and quasi-resonant technology in SOT-26 packaging, without the need for additional auxiliary winding costs, with ZVS/ZCS operation technology.
- 2020/02 Release new generation LD5763U3 PWM IC, which can be combined with USB-C PD/PPS controllers and is compatible with output variable voltage systems (3.3V~20V), optimizing system stability and high efficiency to meet energy regulations.
- 2020/03 Mass production of complete USB PD solution (PWM/SR/PDIC) in high-wattage gaming phone chargers.
- 2020/07 HV series products with ICX function obtained IEC62368-1:2018 (third edition) certification through NEMKO.
- 2020/08 LD6612 certified by QC4+/QC5.
- 2020/10 Release new generation of combining primary and secondary side, integrated total solutions control, LD9164S+LD8925F1. It features quasi-resonant valley switching technology PWM IC paired with EN PIN control Relay, system efficiency improved.
- 2020/11 Release new generation of SOT-26 packaged LD5537B5, which conforms to IEC62368e high-precision overcurrent protection mechanism, has been launched. It features AC BNO detection and mixed mode operation technology.
- 2021/02 Release new generation SOP-8 packaged LD5766, which features quasi-resonant valley switching PWM IC high-frequency technology, and drives GaN Switch to optimize efficiency and system board size.
- 2021/03 Release single-stage high-power factor, primary-side feedback constant voltage feedback scheme with VOT function IC, LD7841, which optimizes current harmonics and meets the latest IEC61000-3-2 Ed5.1:2020 standard requirements.
- 2021/03 Launch new technology incorporating Variable On-Time (VOT) has been introduced to comply with the IEC 61000-3-2 Ed5.1:2020 IC for home smart lighting regulations.
- 2021/04 Release combining primary and secondary side control IC, LD9535T+LD6612T, is a new generation total solution for small-sized USB-C PD products.

2021/06	Release MOSFET integrated IC, LD6935, USB-C Power Delivery 3.0 control chip providing convenience for smaller, higher power density designs.
2021/08	Release new LD7798x PFC (Power Factor Correction) with PWM flyback power converter integrated product, suitable for USB-C PD 3.0/3.1 and meets demand in 100W/140W solution, also conforming to the output voltage system (3.3V~28V).
2021/09	Release PFC and asymmetrical LLC integrated solution, LD7681+LD7781, applicable to dual-output requirements in applications of up to 180W.
2021/ 11	Release dual-integrated LD9174E2 & SR LD8925F2 solution, won the EE Awards ASIA Gold Selection Promising Product of the Year. It replaces the general SSR control IC by optimizing function and providing communication mechanisms between the front and rear stages.
2021/11	Release LD5537B5, a quasi-resonant valley switching PWM IC is suitable for display/TV solutions and complies with the IEC62368 regulations without additional circuits.
2021/12	Release new generation SOT-26 package with high voltage resistance/energy-saving IC, LD5555, which meets the output voltage system (3.3V~20V), optimizing system stability and high efficiency in compliance with energy regulations.
2022/02	Release GaN driver, LD5766E, a high-efficiency energy-saving quasi-resonant PWM IC for small-size PD solutions.
2022/03	Release LD6617, a control chip that complies with the USB-C Power Delivery 3.1 fast charging protocol.
2022/05	Launch LD9174N2, a highly integrated and miniaturized network power controller MOS COMBO IC with built-in feedback compensation.
2022/09	Release LD6612T1, a smartphone application-specific SOP-8 packaged IC that integrates smartphone application functions and streamlines system components to achieve a compact system solution.
2022/10	Release new generation of LD8528, a highly efficient synchronous rectification controller with low standby power loss.
2022/12	Release new generation of LD7797, a solution integrates PFC and flyback power converters which can be used with GaN components to achieve efficient and energy-saving goals.
2022/12	Release LD7597, an active boost power factor correction controller chip that meets the IEC61000-3-2 Class C Ed 5.1 international new harmonic standard.
2023/01	Launched LD9012 non-isolated AC step-down converter, the solution with advantages in size, weight, and cost without using a transformer. .
2023/03	Launched the new-generation of SOT-26 package, which is coupled with GaN (Gallium Nitride) components, for the efficient and energy-saving quasi resonant PWM IC-LD5556 is applied miniaturized PD solutions.
2023/05	Launched LD5523C1, a SSR flyback topology architecture with built-in high-performance and high-precision constant current control, achieving constant output current and voltage changes (CC $\pm 5\%/CV \pm 2\%$).
2023/07	Launched a new generation of LD9024 integrated PFM controller and 800V ultra-high avalanche capability smart power MOSFET, designed for high-performance AC/DC SMPS switcher with simple peripheral components.
2023/07	Launched high-efficiency and high-precision overcurrent protection SOT-26 PWM IC-LD5555x designed for PD applications.
2023/10	Launched a new-generation SOP-16 - LD7793U, a highly integrated with PFC and Flyback combo controller, design for networked power applications.
2023/12	Launched LD7300, a dual port fast charging solution featuring a high-efficiency Buck controller that supports USB PD3.0 and multiple DPDM fast charging protocols.
2024/01	Launched LD6621, a dual port (1A1C) fast charging solution featuring a high-efficiency USB PD Multi-Port controller that supports UFCS and multiple fast charging protocols.
2024/03	Launched LD6618 highly integrated USB PD3.1 controller with IC withstand voltage up to 68V, supporting PD EPR 48V specifications and various fast charging protocol solutions

Corporate Governance Report

1.Organizational System

I.Organizational structure



II.Business of each major department

Department	Business in Charge
Audit Office	Implement internal audit plan and provide suggestions on system improvement.
Advanced Power Delivery and Management technology R&D Center	1.Plan core technologies and long-term R&D goals based on the industrial development trends 2.Carry out research and development of forward-looking key technologies 3.Conduct technical cooperation and integration with external resources. 4.Review, implement and evaluate key technology research plan. 5.Transfer technologies to product development section. 6.Implement intelligent property layout.
IPRL Office	1.Patent application, patent and technical analysis, patent-related litigation, and patent licensing. 2.Contract review and management, legal administration, negotiation on contracts, litigation management, and legal affairs.
Sales and Marketing Division	1. Be responsible for and strive to achieve the revenue target for the current year. 2. Be responsible for the window of customer requirements, follow up the subsequent implementation effect, and improve customer satisfaction. 3. Deepen the operation with existing important customers, improve the overall share of important customers and develop new customers. 4. Formulate and implement agent management issues and assist agents to achieve the annual revenue target. 5. Increase the proportion of the Company's revenues from key products and new products. 6. Cooperate with PM to obtain recognition of strategic business customers, obtain their certification and recommendation to power plant for adoption, and formulate product pricing and sales strategies. 7. Collect competitive information and develop countermeasures.
Field Application Engineering Division	1. Achieve the Company's annual BP figure. 2. Deepen the operation with existing important customers, and increase the share of and revenues from existing clients. 3. Increase the proportion of revenue from new products 4. Develop close relationship and interaction with customers, and assist them in solving any problems in system or product application engineering. 5. Share internal technology and conduct FAE training on foreign agent to improve professional skills and work management. 6. Conduct trans-department cooperation, deal with RMA incidents and provide analysis on competitors' products

Department	Business in Charge
Field Application Engineering Division	7. Conduct trans-department cooperation, deal with RMA incidents and provide analysis on competitors' products
System Research Division	<ol style="list-style-type: none"> 1. With respect to the application or market the Company intends to focus on, link the technical blueprint of new product application, develop new technology, and propose new products in architecture with competitive advantage. 2. Propose patents or papers that can be applied to the development of new products and enhance the value and advantages of new products, so as to strengthen the market competitiveness and brand image of the Company's products. 3. Based on the existing product architecture, propose compatible/alternative products with overall cost or features superior to those of competitors so as to enhance competitive advantage of products. 4. Be responsible for product system validation and design review meeting, effectively control design quality and introduce products to the market on schedule. 5. Be responsible for all product-related technical specifications and new product application materials, and help front-line staff to accelerate the promotion and application of new products.
Design Center	<ol style="list-style-type: none"> 1. Conduct new product development, verification and import into production. 2. Design products in accordance with the functional specifications set by System R&D Division. 3. Carry out product development and design integration of key technologies and intelligent properties of Forward-Looking R&D Center 4. Be responsible for integration of CAD software environment and import to design platform. 5. Design new process component technologies and import them to product process platform. 6. Be responsible for IC layout and design verification process, including: design specification, electrical analysis, and design circuit comparison.
Operation Center	<ol style="list-style-type: none"> 1. Be responsible for manufacturing, production technology improvement and engineering management. 2. Be responsible for product yield analysis and improvement. 3. Be responsible for setup, maintenance and development of quality control system. 4. Be responsible for new packaging engineering evaluation and validation. 5. Be responsible for quality system management of OEM. 6. Conduct product reliability test execution and analysis. 7. Carry out customer complaint analysis and improvement confirmation. 8. Establish and maintain management information system. 9. Be responsible for information technology integration, application and promotion, and provide a good computer application environment.
ADM Division	<ol style="list-style-type: none"> 1. Be responsible for management of the establishment and implementation of relevant systems, recruitment, appointment, turnover, absence and payroll operations, and maintenance and promotion of employment relationship. 2. Prepare and implement staff education and training regulations, and conduct post-seminar survey, review and analysis. 3. Be responsible for maintenance and management of plant, water, electricity, air conditioning, security, transaction machinery and other plant facilities. 4. Be responsible for general procurement of facilities and equipment, general supplies and other daily consumables. 5. Be responsible for environmental security and factory business, maintain workplace environment safety to provide a safe working environment for colleagues 6. Manage and maintain the Company's assets, so that the Company's assets can be effectively used
Finance Department	<ol style="list-style-type: none"> 1. Be responsible for capital planning and dispatching and transactions with financial institutions, and cash settlement and general financial operations. 2. Be responsible for establishing accounting system and executing general accounting. 3. Provide management analysis report and implement budget planning integration and control.

2.Information on Directors, General Managers, Deputy General Managers, Associate Managers, Heads of Departments and Branches

I. Information on directors:

(I).Information on directors

Mar.30, 2024 /Unit: share

Title	Nationality	Name	Gender Age	Election or Appointment Date	Tenure	Initial Appointment Date	Holdings upon Appointment		Shares Currently Held		Shares Currently Held by Spouses & Minor Children		Shares Held in Another Person's Name		Main Experience and Education Degree	Current Part-Time Positions ofthe Company andOther Companies	Any Other Officer, Director or Supervisor in Relationship of Spouse or Kinship Within Two Generations			Remark
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Taiwan	Power Investments Limited Representative Name：Yu Kun,Kao	Male 51~60	06.09.2022	3	06.23.2006	4,340,216	8.21%	4,784,628	8.12%	0	0.00%	0	0.00%	■Master of Management, Cheng-chi University ■Vice General Manager of Product Development Department of Leader Electronics Inc.		-	-	-	Note 1
Director	Taiwan	Power Investments Limited Representative Name：Ming-Nan, Chuang	Male 51~60	06.09.2022	3	06.23.2006	4,340,216	8.21%	4,784,628	8.12%	0	0.00%	0	0.00%	■Master of Electrical Engineering, Tsinghua University ■Research and Development Manager, Analog Integrations Corp.	■Vice General Manager of the Company ■Supervisor of Power Investments Limited	-	-	-	-
Director	Taiwan	Power Investments Limited Representative Name：Chuei-Hua, Chiou	Male 51~60	06.09.2022	3	06.23.2006	4,340,216	8.21%	4,784,628	8.12%	0	0.00%	0	0.00%	■Master of Advanced Business Management, Tsinghua University ■Bachelor Degree, Department of Electronic Technology, Taiwan University of Science and Technology ■Chief of ICP DAS CO., LTD.	■Vice General Manager of the Company	-	-	-	-
Independent Director	Taiwan	Chong-Yu, Wu	Male 71-80	06.09.2022	3	06.28.2013	0	0.00%	0	0.00%	0	0.00%	0	0.00%	■Doctor of Electrical Engineering, Jiaotong University ■President of Jiaotong University ■Independent Director of Amazing Microelectronic Corp. ■Independent director, Global Unichip Corp.	■President and Chief Technical officer of A-Neuron Electronic Corp. ■Emeritus Chair Professor, National Yangming Jiaotong University ■Independent director of Mediatek Technology Co. LTD. ■Independent director of Powerchip Semiconductor Manufacturing Corporation ■Legal director representative of Amazing Microelectronic Corp.	-	-	-	-

Title	Nationality	Name	Gender Age	Election or Appointment Date	Tenure	Initial Appointment Date	Holdings upon Appointment		Shares Currently Held		Shares Currently Held by Spouses & Minor Children		Shares Held in Another Person's Name		Main Experience and Education Degree	Current Part-Time Positions of the Company and Other Companies	Any Other Officer, Director or Supervisor in Relationship of Spouse or Kinship Within Two Generations			Remark
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Taiwan	Ding- Ren, Liu	Male 61-70	06.09.2022	3	06.28.2013	0	0.00%	0	0.00%	0	0.00%	0	0.00%	■PhD Program, Institute of Electrical Engineering, State University of New York, Stony Brook (PhD candidate) ■Institute of Electronics Jiaotong University Master Degree ■Department of Electronic Physics, Jiaotong University Bachelor Degree ■Director of Mediatek Technology ■Executive Vice General Manager of Mediatek Technology ■Manager of IC Design Department of UMC Electronics Memory Products Business Division, Communication Products Business Division, and Multimedia R&D Team ■Legal director representative of Egis Technology Inc.	■Senior consultant of Vincera Capital ■Legal director representative of Alcor Micro, Corp.	-	-	-	-
Independent Director	Taiwan	Jian Guo, Yang	Male 61-70	06.09.2022	3	06.28.2013	0	0.00%	0	0.00%	0	0.00%	0	0.00%	■Bachelor of International Trade, Tamkang University ■Ernst & Young Certified Public Accountant, ■Director of SPIROX ■Supervisor of SPIROX ■Independent director of SPIROX ■Independent director of M31 Technology Corp. ■Supervisor of YTEC	■Certified Public Accountant of Diwan & Company ■Chairman of Zhiyuan International Management Consulting Co. LTD. ■Independent Director of Andes Technology Corporation. ■Chairman of Tianda Investment Co. LTD. ■Independent director of Macronix America, Inc	-	-	-	-
Independent Director	Taiwan	Jr Chiun, Tsai	Male 61-70	06.09.2022	3	06.09.2022	0	0.00%	0	0.00%	0	0.00%	0	0.00%	■Master of Science in Computer Science from Utah State University ■Bachelor of Science in Computer Science ■National Chiao Tung University ■Senior Director, Asia Pacific Business Division, Taiwan Integrated Circuit Manufacturing Co. LTD.	■legal director representative of Coretech Optical Co., Ltd ■Chairman of Huajie Investment Co. Ltd. ■Director of Egis Technology Inc ■Independent Director of DAXIN	-	-	-	-

Note: The shareholding ratio shall be calculated based on the total 58,900,343 outstanding shares issued by the Company.

(II).Major shareholders of corporate shareholders

April 15, 2023

Name of Corporate Shareholder	Major shareholders of corporate shareholders	Shareholding Ratio
Power Investments Limited	Tongfa International Investment Co. LTD.	100%

(III).Major shareholders of the major shareholders which are legal persons

April 15, 2023

Name of Corporate	Major Shareholders of Corporate Shareholders	Shareholding Ratio
Tongfa International Investment Co. LTD.	Ding-lun, Lee	96%

(IV).Disclosed information on professional qualifications of directors and independence if independent directors

<div>condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of companies with IPO with which he/she also serves as the independent director
Power Investments Limited Representative Name： Yu Kun,Kao	Have experience in business strategy, marketing and electronics-related industry	1.A director of the Company holding the position as manager. 2.Not a director of an affiliated company of the Company.	0
Power Investments Limited Representative Name： Ming-Nan, Chuang	Have experience in engineering technology and organizing and leading industrial development and technology application	3.Jieneng Investment Company holds more than 8% of the total issued shares of the Company. 4.Not a spouse, a relative within the second or a direct blood relative within the third generation of the person listed in the preceding three paragraphs.	0
Power Investments Limited Representative Name： Chuei-Hua, Chiou	Have experience in engineering technology and related industries to organize and lead electronics industry	5.Not a director or an employee of another company holding more than half of the seats or voting shares of the Company and under the common control. 6.Not a company that provides audit or business, legal, financial, accounting and other related services for the Company or affiliated enterprises, or whose accumulated remuneration in the last two years does not exceed NT\$500,000. 7.Not in relationship of spousal or relative within two generation with any other director 8.None of the matters under Article 30 of the Company Act. 9.Elected director who is a representative appointed by Jieneng Investment.	0

Condition Name	Professional qualifications and experience	Independence	Number of companies with IPO with which he/she also serves as the independent director
Independent Director Chong-Yu, Wu	Highly professional and rich experience in semiconductor industry A deep insight into forward-looking technology in academic research and development Have strategic guidance for product development and market layout	In the two years prior to and during the period of appointment, the following independence assessment conditions have been met: 1. Not an employee of the Company or its any affiliated company. 2. Not a director of an affiliated company of the Company.	2
Independent Director Ding- Ren, Liu	Have experience in financial accounting and strategy management, industrial chain and cross-industry experience	3. Not a shareholder as natural person who holds or whose spouse and/or minor children hold in another person's name more than 1% of the total number of shares issued by the Company or with holdings ranking the top ten. 4. Not a spouse, a relative within the second or a direct blood relative within the third generation of the person listed in the preceding three paragraphs.	0
Independent Director Jian Guo, Yang	Have experience in Professional in financial accounting and enterprise sustainable management in related electronics industry	5. Not a director, supervisor or employee of any corporate shareholder directly holding more than 5% of the issued shares in the Company who do not directly hold more than 5% of the total number of shares issued by the Company, or with holdings ranking the top five. 6. Not a director, supervisor, manager or a shareholder holding more than 5% of a specific company or organization that has financial or business dealings with the Company.	2
independent director Jr Chiun, Tsai	Have experience in engineering technology and organizing and leading organize and lead electronics industry	7. Not a owner, partner, director, supervisor or manager (or spouse thereof) of any professional, solely-funded business/company or partnership providing audit services for the Company or its affiliated company or whose cumulative compensation in the last two years is less than NT\$500,000. 8. Not in relationship of spousal or relative within two generation with any other director. 9. None of the matters under Article 30 of the Company Act. 10. Not elected as the Government, a legal person or its representative under Article 27 of the Company Act.	1

Board Diversity

The Company shall strengthen the functional specification of the board of Directors in accordance with the Code of Practice on Corporate Governance formulated by the Company. The board of Directors shall consider diversity of its composition and formulate an appropriate diversity policy for its operation, business type and development needs, including but not limited to the following criteria:

- Basic condition and value: gender, age, nationality and culture.
- Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Members of the board shall generally have the knowledge, skills and qualities necessary to perform their duties. In order to achieve the desired objectives of corporate governance, the board of directors shall have the following capabilities as a whole:

- Business decision-making ability; · Accounting and financial analysis ability;
- Business management ability; crisis handling ability; industry knowledge;
- International market perspective; leadership; decision-making ability

The specific management objectives of the diversity policy of the board and the achievement and distribution of the policy in 2023 are presented below:

Item	Ratio
Industry experience/distribution of expertise	Operation management (100%);Leadership decisions (100%);Industrial technology (100%);Financial accounting (29%);Law (14%)
Distribution of directors with employee status	3 (43%)
Distribution of tenure of independent directors	1 session (25%);3 sessions (75%)
Age distribution of directors	51 to 60 years old (43%);61 to 70 years old (43%); 71-80 years old (14%)

Diversity Policy of the Eighth Session of the Board

Name of director	Core Diversity Item	Gender	Nationality	Tenure of Independent Director	Operation management	Leadership decision	Industrial science and technology	Financial accounting	Legal
		Age							
Power Investments Limited	Representative Name : Yu Kun,Kao	Male 51~60	Taiwan		✓	✓	✓		
Power Investments Limited	Representative Name : Ming-Nan, Chuang	Male 51~60	Taiwan		✓	✓	✓		
Power Investments Limited	Representative Name : Chuei-Hua, Chiou	Male 51~60	Taiwan		✓	✓	✓		
Independent Director Chong-Yu, Wu		Male 71-80 years old	Taiwan	3 sessions	✓	✓	✓		
Independent Director Ding- Ren, Liu		Male 61-70 years old	Taiwan	3 sessions	✓	✓	✓	✓	
Independent Director Jian Guo, Yang		Male 61-70 years old	Taiwan	3 sessions	✓	✓	✓	✓	✓
independent director Jr Chiun, Tsai		Male 61-70 years old	Taiwan	1 session	✓	✓	✓		

Independence of the board

Board structure:

The Company has established a director selection system, and the selection procedure of all directors is open and fair, in accordance with the provisions of the Company's Articles of Association, Procedure for Election of Directors, Code of Practice on Corporate Governance, Procedure for Setup of and Matters to be Followed by Independent Directors of IPO Companies and Article 14 2) of the Securities Exchange Act. The composition structure of the current board comprises 4 independent directors (57%) and 3 non-independent directors (43%) respectively, which is in accordance with the provisions of Item 3 and Item 4 of Article 26 of the Securities Exchange Act.

The board of directors is independent:

The board of directors of the Company directs the Company's strategy, supervises the management and is responsible to the Company and the shareholders. In terms of the operation and arrangement of the corporate governance system, the board of directors shall exercises its powers in accordance with laws, Articles of Association or resolutions of the board. The board of the Company emphasizes the function of independent operation and transparency. The directors and independent directors are independent individuals and exercise their functions independently. The four independent directors also follow the relevant laws and regulations, together with the functions and powers of the Audit Committee, to review the management and control of the Company's existing or potential risks, so as to supervise the effective implementation of the internal control, the selection (removal) of certified accountants and the preparation of independence and financial statements. In addition, cumulative voting system and candidate

nomination system shall be implemented in accordance with the Company's "Procedure for the Election of Directors" for the selection of directors and independent directors, and shareholders are encouraged to participate in it. Shareholders holding more than a certain number of shares shall put forward a list of candidates. Relevant acceptance operations shall be carried out and announced in accordance with the law for the examination of the qualifications of the candidates to confirm whether there is any violation of the provisions of Article 30 of the Company Act, protect shareholders' rights and interests, avoid monopolization or excessive nominating rights and maintain independence.

The succession plan and operation of board members

In consideration of the establishment and exercise of powers by the board of directors of a listed company, our company shall follow the provisions of Article 4 of the Key Points, which means that starting from 2024, the number of directors of different genders on the board of directors of a listed company shall not be less than one, and more than half of the independent directors shall not serve more than three consecutive terms.

For the election in 2025, there will be a plan for the selection of directors with at least one female director and more than half of the independent directors serving no more than three consecutive terms.

II. Information on General Managers, Deputy General Managers, Associate Managers, Heads of Departments and Branches

Mar.30, 2024 / Unit: share

Professional Title	Nationality	Name	Gender	Date of Election/Appointment	Holdings		Shares Held by Spouses & Minor Children		Shares Held in Another Person's Name		Work/Educational Background	Positions Currently Held in Other Companies	Manager in Relationship of Spouse or Kinship Within Two Generations			Remark
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Professional Title	Name	Relationship	
General manager	Taiwan	Heng-Chung, Chi	Male	09.01.2022	47,363	0.08%	0	0.00%	0	0.00%	Master of Electrical Engineering, Yuanzhi University MonolithicPowerSystems Senior business manager	None	-	-	-	-
Senior Vice President	Taiwan	Ming-Nan, Chuang	Male	10.01.2003	14,852	0.03%	0	0.00%	0	0.00%	Master of Electrical Engineering, Tsinghua University Research and Development Manager, Analog Integrations Corp.	Supervisor of Power Investments Limited.	-	-	-	-
Senior Vice President	Taiwan	Chuei-Hua, Chiou	Male	07.14.2003	5,659	0.01%	0	0.00%	0	0.00%	Master of Advanced Business Management, Tsinghua University Chief of ICP DAS CO., LTD.	None	-	-	-	-
Associate director	Taiwan	Jiong-feng, Zhou	Male	05.20.2003	35,621	0.06%	0	0.00%	0	0.00%	Joint Engineering Department of Electronic Engineering AnaChip Corp.Senior CAD manager	Supervisor of Leadtrend Technology (ShenZhen) Co. Ltd.	-	-	-	-
Financial and accounting supervisor	Taiwan	Ya-ching, Huang	Female	05.10.2011	5,665	0.01%	0	0.00%	0	0.00%	Master of Business Administration, San Diego State University Finance Department of Modiotek Co., Ltd. Senior manager	None	-	-	-	-

Note: The shareholding ratio shall be calculated based on the total 58,900,343 outstanding shares issued by the Company.

3. Remuneration paid to directors (including independent directors), General Manager and Deputy General managers in the recent years

I. Summary disclosure

(I). Remuneration for general and independent directors

Mar.30, 2024 /Unit: NT\$ thousand

Professional Title	Name	Directors' Remuneration								Proportion of the total amount of A, B, C and D to the net profit after tax		Remuneration paid to part-time employees								Proportion of the total amount of A, B, C, D, E, F and G in the net profit after tax		Whether have received Remuneration from reinvested enterprises or parent companies outside subsidiaries
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Operational execution costs (D)				Salaries, Bonuses,and Allowances (E)(Note 1)		Retirement pension (F)		Employee compensation (G) (Note 2)						
		The Comp any	All companies in financial report	The Comp any	All companies in financial report	The Comp any	All companies in financial report	The Com pany	All companies in financial report	The Comp any	All companies in financial report	The Comp any	All companies in financial report	The Comp any	All companies in financial report	The Company		A All companies in financial report		The Compan y	All companies in financial report	
Cash amount	Stock amount	Cash amount	Stock amoun t																			
General directors	Power Investments Limited Representative Name : Yu Kun,Kao	-	-	-	-	245	245	95	95	340 1.18%	340 1.18%	14,667	14,667	448	448	0	-	0	-	15,455 53.54%	15,455 53.54%	0
	Power Investments Limited Representative Name : Ming-Nan, Chuang																					
	Power Investments Limited Representative Name : Chuei-Hua, Chiou																					
Independent Directors	Chong-Yu, Wu	3,360	3,360	-	-	244	244	90	90	3,694 12.80%	3,694 12.80%	-	-	-	-	-	-	-	-	3,694 12.80%	3,694 12.80%	
	Ding- Ren, Liu																					
	Jian Guo, Yang																					
	Jr Chiun, Tsai																					
<div>1. Please state clearly the remuneration policy, system, standard and structure of independent directors, and the relationship between the remuneration and the amount of remuneration based on the responsibilities, risks, date of investment and other factors: The remuneration structure of the Company's directors includes fixed monthly remuneration and directors' remuneration as prescribed by the Articles of Association. Fixed monthly remuneration is reviewed annually by the Remuneration Committee, and any change to it shall be submitted to the Board for resolution. The total remuneration of independent directors and non-concurrent managers shall be adjusted based on the Company's business performance in accordance with the provisions of the Articles of Association, based on the involvement and value of their contribution to the Company's operation, as well as the industry level and the limit of not more than 2%, and distributed based on the days of service of each director proportionally.</div> <div>2.Other than as disclosed in the above table, remuneration received by directors in the recent years for services offered (if acting as consultant to the parent company/all companies in the financial reports/non-employees of the reinvestment business): None.</div>																						

Note 1: The term refers to the in-kind provision, such as salary, job bonus, severance pay, various bonuses, incentive payments, carriage expenses, special expenses, various allowances, dormitory, car allocation and so on, which the director concurrently receives in the recent years. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

Note 2: The compensation distribution of directors and employees for 2023 has been passed by the resolution of the board on Feb 29, 2024, and will be reported at the general meeting of shareholders on May 28, 2024.

Level of remuneration paid to each director of the Company	Name of director			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	the Company	All companies in financial statements	the Company	All companies in financial statements
Below NT\$1,000,000	General Director: Power Investments Limited Representative Name: Yu- Kun, Kao Ming-Nan, Chuang Chuei-Hua, Chiou	General Director: Power Investments Limited Representative Name: Yu- Kun, Kao Ming-Nan, Chuang Chuei-Hua, Chiou	-	-
NT\$1,000,000 (included) ~ 2,000,000 (excluded)	Independent director: Chong-Yu, Wu Ding- Ren, Liu Jan Guo, Yang Jr Chiun, Tsa	Independent director: Chong-Yu, Wu Ding- Ren, Liu Jan Guo, Yang Jr Chiun, Tsa	Independent director: Chong-Yu, Wu Ding- Ren, Liu Jan Guo, Yang Jr Chiun, Tsa	Independent director: Chong-Yu, Wu Ding- Ren, Liu Jan Guo, Yang Jr Chiun, Tsa n
NT\$2,000,000 (included) ~ 3,500,000 (excluded)	-	-	-	-
NT\$3,500,000 (included) ~ 5,000,000 (excluded)	-	-	General Director: Power Investments Limited Representative Name: Chuei-Hua, Chiou	General Director: Power Investments Limited Representative Name: Chuei-Hua, Chiou
NT\$5,000,000 (included) ~ 10,000,000 (excluded)	-	-	General Director: Power Investments Limited Representative Name: Yu Kun,Kao Ming-Nan, Chuang	General Director: Power Investments Limited Representative Name: Yu Kun,Kao Ming-Nan, Chuang
NT\$10,000,000 (included) ~ 15,000,000 (excluded)	-	-	-	-
NT\$15,000,000 (included) ~ 30,000,000 (excluded)	-	-	-	-
NT\$30,000,000 (included) ~ 50,000,000 (excluded)	-	-	-	-
NT\$50,000,000 (included) ~ 100,000,000 (excluded)	-	-	-	-
Above NT\$100,000,000	-	-	-	-
Grand Total	7 Persons	7 Persons	7 Persons	7 Persons

Note: The term refers to the in-kind provision, such as salary, job bonus, severance pay, various bonuses, incentive payments, carriage expenses, special expenses, various allowances, dormitory, car allocation and so on, which the director concurrently receives in the recent years. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

(II).Remuneration for general manager and deputy general manager

Mar.30, 2024 /Unit: NT\$ thousand

Professional Title	Name	Salary (A) (Note 1)		Retirement pension (B)		Bonuses and Allowances (C)		Employee Compensation Amount (D) (Note 2)				Percentage of the total amount of A, B, C and D to net profit after tax (%)		Remuneration paid by re-investment business other than subsidiaries or parent companies
		the Company	All companies in financial statements	the Company	All companies in financial statements	the Company	All companies in financial statements	the Company		All companies in financial statements		the Company	All companies in financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General manager	Heng-Chung, Chi	12,667	12,667	556	556	1,260	1,260	-	-	-	-	14,483 50.18%	14,483 50.18%	0
Senior Vice President	Ming-Nan, Chuang													
Senior Vice President	Chuei-Hua, Chiou													

Note 1: Refers to the general manager and deputy general manager received in the recent years, including salary, job bonus, severance pay, various bonuses, incentive payments, carriage expenses, special expenses, various allowances, dormitory, car and etc. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

Note 2: The compensation distribution of directors and employees for 2023 has been passed by the resolution of the board on Feb 29, 2024, and will be reported at the general meeting of shareholders on May 28, 2024.

Remuneration Level` Form

Level of remuneration paid to general manager and deputy general manager	Name of general manager and deputy general manager	
	the Company	All companies in financial statements
Below NT\$1,000,000	-	-
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	-	-
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Chuei-Hua, Chiou	Chuei-Hua, Chiou
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	Ming-Nan, Chuang , Heng- Chung, Chi	Ming-Nan, Chuang , Heng- Chung, Chi
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-
More than NT\$100,000,000	-	-
Total	3 Persons	3 Persons

(III).Name and distribution of the manager to whom employee remuneration is paid

Mar.30, 2024 /Unit: NT\$ thousand

	Professional Title	Name	Stock amount	Cash amount (Note)	Grand Total	Percentage of total to net profit after tax (%)
Manager	General manager	Heng- Chung, Chi	-	-	-	-
	Senior Vice President	Ming-Nan, Chuang				
	Senior Vice President	Chuei-Hua, Chiou				
	Associate director	Jiong-feng, Zhou				
	Financial and accounting supervisor	Ya-ching, Huang				

Note: The compensation distribution of directors and employees for 2023 has been passed by the resolution of the board on Feb 29, 2024, and will be reported at the general meeting of shareholders on May 28, 2024.

II. Comparative analysis on the total amount of remuneration paid to the directors, general managers and deputy general managers of the Company in the most recent two years as a percentage of net profit after tax in individual or individual financial reports by the Company and all companies in the consolidated statements respectively, and explain the policy, standard and mix of remuneration, the procedure for determining remuneration, and its correlation with business performance and future risks.

(I).Analysis on remuneration of directors, general managers and deputy general managers in the recent two years

Year	2023		2022	
	the Company	All companies in financial report	the Company	All companies in financial report
Net profit after tax (%)				
Net profit after tax on individual financial reporting (NT\$ thousand)	28,864	28,864	152,363	152,363
Proportion of directors' remuneration (%) (Note 1)	13.98	13.98	3.72	3.72
Proportion of remuneration of general manager and deputy general manager (%) (Note 2)	50.18	50.18	12.68	12.68

Note 1: The directors' remuneration includes remuneration, retirement pension, directors' remuneration and business performance expenses.

Note 2: The remuneration of the above managers includes salary, retirement pension, bonus and special payments, employee remuneration and salary expenses recognized under IFRS2 "Share Based Benefits", including the acquisition of employee stock warrants, new shares with limited rights of employees and participation in cash capital increase subscription shares.

Note 3: The proportion of remuneration of directors and general manager and deputy general manager in 2023 was higher than that in 2022, which was mainly caused by the decrease of 81.05% of net profit after tax in 2023.

(II).The policies, standards and mix of remuneration payments, the procedures for determining remuneration, and the relationship to business performance and future risks

(1) Director remuneration policy

The compensation of directors of the Company shall be increased in accordance with Article 20 of the Articles of Association. If the Company has profits in the year (the so-called profit condition refers to the profit before pre-tax deduction of the compensation of employees and directors), it shall set aside no less than 5% for the compensation of employees and no more than 2% for the compensation of directors. However, if the Company has accumulated losses (including adjustment of undistributed surplus amount), it shall reserve the compensatory amount in advance. Article 17 of the Articles of Association of the Company also provides that the remuneration of the chairman and the director shall be determined by the board of directors based on their involvement in the Company's operation and value of their contribution to the Company's operation, as well as the industry level. Directors' remuneration in the preceding paragraph shall be paid in cash only.

(2) Manager remuneration policy

The remuneration standard of the Company's managers depends on the individual performance and contribution to the overall operation of the Company, and the principle is determined by taking into consideration the level of market peers. It will be implemented after being reviewed by the Remuneration Committee and approved by the board of directors.

The compensation determination procedure set by the Company for directors and managers shall be based on the performance evaluation methods of the board of directors and employee performance evaluation of the Company. In addition to taking into account the Company's operating performance, future risks, development strategies and industrial trends, reasonable compensation shall be given to individuals for their contributions to the Company's performance. The Company will also review the compensation allocation policy in due course, taking into account the overall environment and business strategy, with a view to balancing the interests of the Company's sustainability with those of stakeholders.

4. Operation of corporate governance

I. Operation of the board of directors

The board of directors held 7 meetings in 2023, and the average attendance rate of all directors reached 98%. At least one independent director attended each meeting in person, and the directors present were listed below.

Professional Title	Name	Times of Presence in Person	Times of Presence by Proxy	Actual Presence Ratio (%)	Remark
Chairman	Power Investments Limited Representative Name : Yu-Kun, Kao	7	0	100	
Director	Power Investments Limited Representative Name : Ming-Nan, Chuang	7	0	100	
Director	Power Investments Limited Representative Name : Chuei-Hua, Chiou	7	0	100	
Independent Director	Chong-Yu, Wu	7	0	100	
Independent Director	Ding- Ren, Liu	7	0	100	
Independent Director	Jian- Guo, Yang	7	0	100	
Independent Director	Jr- Chiun, Tsai	6	1	86	

Other matters to be recorded:

1.The date and session of the board meeting, the content of the proposal, the opinions of all independent directors and the Company's treatment of the opinions of independent directors shall be stated in any of the following cases:

(1). Matters listed in Section 14 (3) of the Securities Exchange Act:

The Company has set up an Audit Committee, which is not subject to Article 14 (3) of the Securities Exchange Act. For relevant information, please refer to Page 30-33 of the Annual Report on the operation of the Audit Committee.

(2). Other board decisions subject to objections or reservations by the independent directors and recorded or stated in writing, except as previously stated: None happened this year.

2.In respect of the implementation of the withdrawal of a proposal in interest, the director shall state the name of the director, the content of the motion, the reason for the withdrawal of interest and the situation of participating in the voting:

Date of meeting Session	Content of proposal	The independent directors have reservations or objections	Voting situation
03.16.2023 The 7th meeting of the 8th session	●The Company's annual directors' compensation and employee compensation distribution plan of 2022.	No	Mr. Yu-Kun, Kao, director(General Manager), and Mr. Ming-Nan, Chuang, Mr.Chuei-Hua, Chiou director (Vice-general manager), avoided the discussion and voting due to personal interests and confidential salary factors.

Date of meeting Session	Content of proposal	The independent directors have reservations or objections	Voting situation
06.27.2023 The 9th meeting of the 8th session	●The 2023 salary adjustment plan for managers and audit supervisors of the Company.	No	Mr. Ming-Nan, Chuang, director (Vice-general manager) and Mr. Chuei-Hua, Chiou, director (Vice-general manager), avoided the discussion and voting due to personal interests and confidential salary factors.
10.05.2023 The 11th meeting of the 8th session	●The list of employee s receiving new share with restricted employee rights for 2023 and the number of recipients granted and the base date for capital increase.	No	Mr. Ming-Nan, Chuang, director (Vice-general manager) , Mr. Chuei-Hua, Chiou, director (Vice-general manager) , avoided the discussion and voting due to confidential salary factors.

3.Implementation of board evaluation:

The Company has formally formulated the board performance evaluation approach since December 2017, and regularly carries out the board performance evaluation at the beginning of each year, and establishes self-evaluation and peer mutual evaluation questionnaire evaluation and summary review, so as to give full play to the self-motivation of board members and improve the sound operation function of the board.

The above self-evaluation results will be submitted to the board of directors and then disclosed in the Company's annual report and website :

<https://www.leadtrend.com.tw/tw/investor/corporate-governance/board-of-directors>

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	01.01.2023 ~ 12.31.2023	Including performance evaluation of the board and individual board members	Internal and member evaluation of the board and the appointment of external professional evaluation every three years	<ul style="list-style-type: none"> ●The self-evaluation of the overall performance of the board covers the following five aspects: <ul style="list-style-type: none"> (A) The extent of its involvement in the operation of the Company; (B) Improvement to the board's decision-making quality; (C) Composition and structure of the board of directors; (D) Appointment and continuous training of the directors; and (E) Internal control and risk management. ●The performance evaluation of directors covers the following six aspects: <ul style="list-style-type: none"> (A) Understanding the Company's goals and tasks (B) Understanding the directors' duties (C) The extent of its involvement in the operation of the Company; (D) Internal relationship management and communication; (E) Disciplines and continuous training of the directors; and (F) Internal control.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
				<ul style="list-style-type: none"> ● Functional committee performance evaluation covers the following five aspects: <ul style="list-style-type: none"> (A) The extent of its involvement in the operation of the Company; (B) Understanding of the functions of the functional Committee; (C) Quality of decision-making in functional committee; (D) Composition of the Functional Committee and selection of its members; and (E) Internal control.

In Oct., 2023, the external professional independent organization Cheng-Yi Management Consulting Company conducted the performance evaluation of the company's board of directors. The evaluation method included self-evaluation and on-site visit evaluation, and included the composition, guidance, authorization, supervision, and management of the board of directors. Assessments were conducted on eight major aspects including communication, internal control, risk management and board of directors self-discipline. The performance evaluation report of the Board of Directors was issued on January 10, 2023, and the Company reported the evaluation results to the Salary and Remuneration Committee and the Board of Directors on February 29, 2023. For general comments and suggestions from external organizations, please refer to our company's website (see the attachment under Other Resources):

<https://www.leadtrend.com.tw/tw/investor/corporate-governance/board-of-directors>

II. Operation of the Audit Committee:

The Audit Committee of the Company is composed of 4 independent directors and meets at least once a quarter. The Audit Committee is responsible for the execution of the permitted expression of the Company's financial reports, the selection (removal) of certified accountants and independence and performance, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and control on the Company's existing or potential risks. Its main responsibilities and duties are listed below:

- 1.To establish or amend the internal control system in accordance with Article 14 1) of the Securities Exchange Act.
- 2.To evaluate effectiveness of the internal control system.

The Audit Committee shall evaluate the effectiveness of the Company's internal control systems, including authority, integrity, and risk management (including but not limited to finance, operations, research and development, information security, compliance, and all stakeholder activities), and review the results of the Company's internal audit and certification accountants. In addition, in addition to regular reports from management, if there is a high-risk operation matter, the relevant supervisor shall also report it to improve the performance. In reference to Internal Control - Integrated Framework, the internal control system under 2013 The Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee considers that the Company's risk management and internal control systems are effective and that the Company has put in place the necessary control mechanisms to monitor and correct irregularities or weaknesses with opportunities for improvement.

- 3.In accordance with Article 36 (1) of the Securities Exchange Act, the procedures for handling major financial business activities such as acquiring or disposing of assets, trading in derivative commodities, lending funds to others, endorsing or providing guarantees for others are prescribed or amended.
- 4.Matters involving the interests of the directors themselves.
- 5.Major asset or derivative transactions.
- 6.Material loan, endorsement, or guarantee.
- 7.Offer, issue or private placement of securities having the nature of equity.
- 8.Appointment, removal or remuneration of certified accountants.
 - (1). The Audit Committee to appoint certified accountant is entrusted with the responsibility of monitoring the independence of certified accountant firm to ensure the impartiality of financial statements.
 - (2). Generally speaking, the certified accountant firm are not allowed to provide services to the Company other than tax related services or specially approved items. All services provided by certified accountant firm must be approved by the Audit Committee.
 - (3). In order to ensure the independence of certified public accountant firm, the Audit Committee shall make an independence assessment form with reference to Article 47 of the CPA Act and the "Integrity, Impartiality and Independence" of the CPA Code of Ethics Bulletin No. 10. and evaluate whether it is involved in any mutual relationship of or business or financial interest with the Company. On Feb.29, 2024, it was adopted at the 13th meeting of the third session of Audit Committee and at the 14th meeting of the eighth session of Board of Directors that, the accountants Huang Yufeng and Chua Meizheng with Deloitte & Touche both meet the independent evaluation standard and are qualified to serve as the certified accountants for 2024 financial statements and taxation of the Company.
9. Appointment or removal of head of finance, accounting or internal audit.
- 10.The annual financial report signed or sealed by the Chairman, the manager and the head of accounting and the second quarter financial report subject to the accountant's approval.
- 11.Proposal on business report, surplus allocation or loss appropriation.
- 12.Other major matters stipulated by the Company or the competent authority.

The Audit Committee held 7 meetings in 2023, which were attended by independent directors as follows:

Professional Title	Name	Times of Presence in Person	Times of Presence by Proxy	Actual Presence Ratio (%)	Remark
Convenor	Jian- Guo, Yang	7	0	100	
Committee member	Chong-Yu, Wu	7	0	100	
Committee member	Ding- Ren, Liu	7	0	100	
Committee member	Jr- Chiun, Tsai	6	1	86	

Other matters to be recorded:

1.The date and session of the board meeting, the content of the agenda, the objections or reservations by the independent directors or major suggestions, resolutions of the Audit Committee and the Company's treatment of the opinions of independent directors shall be stated in any of the following cases:

(1). Matters listed in Section 14 (5) of the Securities Exchange Act:

Date of meeting Session	Content of motion and subsequent handling	The matters listed in §14-5 of the Securities Exchange Act	Matters not approved by the Audit Committee but agreed by more than 2/3 of all directors
03.16.2023 The 6th meeting of the 3th session	<ul style="list-style-type: none"> ●Adopt the company's 2022 consolidated financial statements. ●The Company issued new shares with restricted employee option in 2023. ●2022 Internal Control System Effectiveness Assessment and 2022 Internal Control System Statement. ●Amendment to the Company's internal control system and internal audit implementation rules. ●The appointment and independence assessment of the certified accountant for Company's 2023 Financial Statements. ●Apply for a credit line from Cathay Pacific Bank. 	Yes	No
	Results of Audit Committee resolutions: All members of the Audit Committee agreed	Handling of the opinions of the Audit Committee by the company: Adopted with consensus of all the directors present	
05.02.2023 The 7th meeting of the 3th session	<ul style="list-style-type: none"> ●Consolidated Financial Statements of the Company for the first quarters of 2023 adopted. ●The 2022 Business Report of the Company adopted. ●Proposal on transfer of profits to increase capital and issue new shares in 2022. ●Amend some articles of the company's "Articles of Association". ●Amendment to Leadtrend year operating plan of 2023. 	Yes	No
	Results of Audit Committee resolutions: All members of the Audit Committee agreed	Handling of the opinions of the Audit Committee by the company: Adopted with consensus of all the directors present	
08.03.2023 The 9 th meeting in the 3th session	<ul style="list-style-type: none"> ●Consolidated Financial Statements of the Company for the first two quarters of 2023 adopted.. 	Yes	No
	Results of Audit Committee resolutions: All members of the Audit Committee agreed	Handling of the opinions of the Audit Committee by the company: Adopted with consensus of all the directors present	

Date of meeting Session	Content of motion and subsequent handling	The matters listed in § 14-5 of the Securities Exchange Act	Matters not approved by the Audit Committee but agreed by more than 2/3 of all directors
10.05.2023 The 10th meeting of the 3th session	<ul style="list-style-type: none"> ●Amendment to some provisions of the Company's " Management Measures for Financial Statement Preparation Process ". 		
	Results of Audit Committee resolutions: All members of the Audit Committee agreed	Handling of the opinions of the Audit Committee by the company: Adopted with consensus of all the directors present	
11.09.2023 The 11th meeting of the 3th session	<ul style="list-style-type: none"> ●Consolidated Financial Statements of the Company for the first three quarters of 2023 adopted. ●Preparation of the Reporting and Handling Measures for Dishonest Conduct. 	Yes	No
	Results of Audit Committee resolutions: All members of the Audit Committee agreed	Handling of the opinions of the Audit Committee by the company: Adopted with consensus of all the directors present	
12.21.2023 The 12th meeting of the 3th session	<ul style="list-style-type: none"> ●The Company's 2024 Operation Plan. ●The Audit Plan for 2024 submitted. 	Yes	No
	Results of Audit Committee resolutions: All members of the Audit Committee agreed	Handling of the opinions of the Audit Committee by the company: Adopted with consensus of all the directors present	

(2). Other matters not approved by the Audit Committee and approved by more than two-thirds of all directors, except those previously mentioned: None happened this year.

2.In respect of the implementation of the withdrawal of a proposal in interest, the independent director shall state the name of the director, the content of the motion, the reason for the withdrawal of interest and the situation of participating in the voting: None.

3.The communication between the independent director and the internal audit supervisor and accountant (including the important matters, methods and results of the communication on the financial and business status of the Company):

(1). During the meeting of the Audit Committee, the independent director shall listen to the internal audit supervisor's report on the audit business status, and put forward guidance and suggestions timely. During the non-meeting period, the independent director shall communicate by telephone or E-mail, which is effective in supervising the effective implementation of the Company's internal control.

Date	Nature and Main Content of Communication	Recommendations of Independent Director
03.16.2023	Implement the inspection of the audit items for period from Sep., 2022 to Jan., 2023 and internal specification revision progress report.	The independent directors have no comments or suggestions
05.02.2023	1. Self-evaluation report for 2022. 2. Implement the inspection of the audit items for Feb. to Mar. of 2023 and internal specification revision progress report.	The independent directors have no comments or suggestions
06.27.2023	Implement the inspection of the audit items from April to May of 2023 and internal specification revision progress report.	The independent directors have no comments or suggestions
08.03.2023	Implement the inspection of the audit items for second quarter of 2023 and internal specification revision progress report.	The independent directors have no comments or suggestions
10.05.2023	Implement the inspection of the audit items from July to August of 2023.	The independent directors have no comments or suggestions
11.09.2023	Implement the inspection of the audit items for Sep. of 2023.	The independent directors have no comments or suggestions
12.21.2023	1. Self-evaluation report. 2. Implement the inspection of the audit items for Oct. to Dec of 2023.	The independent directors have no comments or suggestions

- (2). The independent directors and accountants shall meet separately and communicate with each other on the financial statements of the Company at least once every six months.

The following is an excerpt of the communication between the independent directors and the accountant in 2023:

Date	Key Communication Points	Recommendations of Independent Director
03.16.2023	1. Results of the audit of 2022 individual and consolidated financial statements. 2. Judgment of the management and discussions on accounting estimates. 3. Significant risks and critical audit items. 4. Audit Quality Index Report (AQI Report) 5. Independence statement. 6. Introduction of updates to securities and control laws. 7. International Code of Ethics for Professional Accounts (ESBA).	The independent directors have no comments or suggestions
08.03.2023	1. Review of the consolidated financial statements for the first three quarters of 2023. 2. Related communication items: (1) Judgment of the management and accounting estimates. (2) Other matters 3. Independence statement 4. Significant risks and critical audit items. 5. IFRS Sustainable Disclosure Standards	The independent directors have no comments or suggestions

4. Information on the evaluation cycle, period, scope, method and content of the Audit Committee's self-evaluation.

At the beginning of each year, functional committee performance evaluations are regularly carried out and self-evaluation and peer evaluation questionnaires are established and summarized and reviewed to give full play to the self-motivation of the audit committee members and enhance the sound operation of the audit committee. In order to further improve the operational efficiency of functional committees and strengthen

corporate governance, the "Board of Directors Performance Evaluation Methods" were revised on 109/12, adding that the evaluation shall be carried out by an external professional independent agency or a team of external experts and scholars at least every three years.

The company entrusts an external independent evaluation agency, Cheng-Yi Management Consulting Co., Ltd., to conduct the 2023 annual performance evaluation and review the overall audit committee's effectiveness based on the self-evaluation questionnaire, which is an independent and objective assessment of the overall audit committee's effectiveness by individual directors. It is divided into five assessment aspects: degree of participation in company operations, awareness of committee responsibilities, decision-making quality, committee composition and member selection, and internal control. 2023 Annual Evaluation Results: The functions of the Audit Committee can be effectively operated, and the overall evaluation results are excellent.

III. The situation of corporate governance operation and the situation and reasons for the discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies

Evaluation Items	Operation		Discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and reasons
	Yes	No	
I. Has the Company formulated and disclosed the code of practice on corporate governance of the Company in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		<p>The Company has developed its code of practice on corporate governance and posted them on the website at https://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies. In addition to complying with the provisions of laws and regulations, as well as contracts signed with the stock exchange and related regulations, the following principles shall be complied with:</p> <p>(I) Establish an effective corporate governance structure. (II) Protect shareholders' rights and interests. (II) Strengthen the functions of the board of directors. (IV) Give play to the functions of the supervisor (including the supervisory function of the Audit Committee). (V) Respect the rights and interests of interested parties. (VI) Improve information transparency.</p> <p>The Company has effectively implemented them, and executed sound control functions.</p>
II. Equity structure and shareholders' equity of the Company (I) Has the Company established internal operating procedures for handling shareholder suggestions, doubts, disputes and litigation, and has implemented them in accordance with such procedures?	✓		<p>(I) The Company has a spokesman to handle shareholder suggestions or disputes, and will appoint legal counsel to assist it if necessary.</p>

Evaluation Items	Operation			Discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and reasons
	Yes	No	Summary	
(II)Has the Company a list of the major shareholders who actually control the Company and the final controllers of the major shareholders?	✓		(II) Make the declaration to be aware of the Company's major shareholders and the list of the final controllers of major shareholders and any change thereto, and maintain a good relationship with the major shareholders.	None
(III)Has the Company established, implemented and related risk control and firewall mechanisms among enterprises?	✓		(III) Develop relevant management procedures and operating systems through the "Trading Operation Procedure for Group Enterprises, Specific Companies and Related Parties", internal control and internal audit system, and conduct effective risk control.	
(IV)Has the Company established internal rules to prohibit insiders from trading securities by using any information not disclosed to the market?	✓		(IV) The Company has developed a "Management Measure against Insider Trading" and posted it on the Company website at https://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies , and added a provision at the third meeting of the eighth session of the Board on November 10,2022 that "a director shall not trade any of his shares 30 days before the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report "to prevent insider trading.	
III. Composition and duties of the board of directors (I) Has the board of directors formulated diversity policies, specific management objectives and implemented them?	✓		(I) The diversity policies are formulated under Section III "Strengthening the Role of the Board" of the Company's Code of Practice on Corporate Governance. The nomination and election of board members of the Company is in accordance with the provisions of the Company's Articles of Association. In addition to assessing the qualifications of the candidates and taking into account the views of interested parties, the Director Election Procedure and the "Code of Practice on Corporate Governance are observed to ensure the diversity and independence of the directors. The Company currently has seven directors, of which four are independent directors. Each director has his/her own professional background including law, accounting, industry, finance, marketing R&D, technology, management, professional skills and industry experience (please refer to the director data description on Pages 13 to 18 of this Annual report) to implement the Company's policy of diversity in the composition of the board.	None

Evaluation Items	Operation			Discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and reasons
	Yes	No	Summary	
(II) Has the Company voluntarily set up any other functional committees in addition to the Remuneration Committee and Audit Committee in accordance with laws	✓		(II)The Company has set up the Remuneration Committee and the Audit Committee in accordance with laws, and set up the corporate governance executive in 2020. All departments shall be responsible for their respective corporate governance. In future, any other functional committee will be set up depending on the operation of the Company and in accordance with related laws.	None
(III) Has the Company has the method and approach to evaluate performance of the board of directors, conducted the performance evaluation annually and regularly, and submitted the results of the performance evaluation to the board of directors, and used them for reference in the salary and remuneration of individual directors and the nomination and renewal of their appointment?	✓		<p>(III)The Company have established method and approach to evaluate the performance of the board of directors:</p> <p>(1) Conduct annual self-performance evaluation of the board of directors, functional committees (including Audit Committee and Remuneration Committee) and individual directors. In 2023, the results of the self-assessment of the board of directors, the functional committee and the board members are all Excellent or higher, which is sufficient to show the Company's achievements in strengthening the effectiveness of the board of directors. For the training of directors, the Company will continue to arrange the director's training plan according to the actual needs of directors, to assist directors in the development of professional knowledge and skills.</p> <p>(2) The evaluation shall be carried out at least once every three years by an external professional independent institution or an external team of experts and scholars. In 2023, the performance evaluation was conducted for the first time by an external professional and independent institution, Cheng-Yi Management Consulting Company. The Company's "Board Performance Evaluation Procedure" and the implementation of the performance evaluation are posted on the Company's website at https://www.leadtrend.com.tw/tw/investor/corporate-governance/board-of-directors. According to Articles of Association of Leadtrend, if the Company is profit-making in a year ("profit-making" refers to pre-tax profit before deduction for distribution of employee remuneration and director remuneration), no more than 2% as director remuneration. Directors' remuneration is linked to the company's overall operating performance and the performance of the board of directors. According to the Company's director nomination and appointment policy, the performance evaluation of the board of directors serves as a reference for director nomination and appointment.</p>	

Evaluation Items	Operation			Discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and reasons
	Yes	No	Summary	
(IV) Has the Company regularly evaluated the independence of certified accountants?	✓		(IV)The Audit Committee and the board of directors of the Company evaluate the independence, suitability and professionalism of the certified accountant once a year, and submit the results to the Audit Committee for approval on Feb.29, 2024 and to the board of directors for discussion and approval before appointing the accountant. The board's procedure of assessing the independence of accountants and the specific criteria of assessing the independence of accountants (please refer to Note 1 on Page 40)	
IV. Has the Company assigned a qualified and appropriate number of corporate governance officers and designated a corporate governance executive to be responsible for corporate governance related affairs (including but not limited to providing data required by directors to perform business, handling related matters of board of directors and shareholders' meetings in accordance with the law, handling company registration and change registration, making proceedings of board of directors and shareholders' meetings)?	✓		At the 10th meeting of the seven session of the board on November 6, 2021, the Company approved the appointment of Ms Huang Ya-ching, Senior Director of Finance and Accounting, as the corporate governance executive, whose authority covers the following: (1) Handle matters related to meetings of the board of directors and shareholders' meetings. (2) Prepare minutes of meetings of the board and shareholders. (3) Assisting directors in their appointment and continuing education. (4) Provide such data as the director may require in the performance of his business. (5) Assist directors in complying with regulations. (6) Other matters stipulated in the Articles of Association or any contract of the Company. The corporate governance executive shall continuously receive annual training. For training in 2023 refer to Note 2 on Page 40.	None

V. Has the Company established channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a special area for stakeholders on the Company website, and properly respond to important CSR issues concerned by stakeholders?	✓		The Company respects the rights and interests of stakeholders, identifies stakeholders, understands their reasonable expectations and needs, and appropriately responds to important corporate social responsibility issues concerned. Each department is responsible for the communication of stakeholders and reports to the board of directors from time to time. The Company's stakeholders include shareholders, customers, suppliers, society, academic research institutions and government agencies. It also has smooth communication channels for employees and exposes them on the Company website at https://www.leadtrend.com.tw/tw/investor/corporate-social-responsibility/contact-and-feedback .	None
VI. Has the Company appointed a professional stock agent to handle the affairs relating the shareholders' meeting?	✓		The Company appoints a stock service agency – Capital Securities Co. LTD., to handle various stock-related affairs of the Company. The Company has also formulated the "Stock Operation Management Procedure" to regulate related affairs.	None
VII. Information Disclosure (I) Has the Company set up a website to disclose information on its financial business and corporate governance?	✓		(I) The Company has reported various financial and business information in the market observation post system on a regular and irregular basis as required, and has set up a website at http://https://www.leadtrend.com.tw/tw/investor/financial-information) for the reference of shareholders and the general public.	None
(II) Has the Company implements any other approach to information disclosure (such as setting up an English website, appointing a special person to collect and disclose company information, implementing the spokesperson system, and placing the Company website during the legal person presentation meeting)?	✓		(II) The Company has a website in Chinese and English, and assigned dedicated staff to be responsible for information collection and disclosure, and implemented the spokesman system.	None
(III) Has the Company announced and reported the annual financial report within two months after the end of the fiscal year, and announces and reports the financial report of the first, second and third quarters and the operating situation of each month in advance of the prescribed time limit?	✓		(III) The financial statements of the Company for each year and the financial statements for Q1, Q2 and Q3 and the business operation for each months have been announced ahead of the given time limit.	The annual financial statements shall be announced within 75 days

Evaluation Items	Operation			Discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and reasons
	Yes	No	Summary	
VIII. Has the Company owned any other important information that can help to understand the operation of the Company's governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, directors' training, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors)?	✓		<p>(I) Implementation of employee rights, employee care, investor relations, supplier relations and rights of interested parties: Please refer to the "Industrial Relations" section on Pages 88 to 89 of this report and the "Social Responsibility and Stakeholders Zone" on the Company website at https://www.leadtrend.com.tw/tw/investor/corporate social responsibility - / sustainable - management#</p> <p>(II) Directors' training: The Company actively encourages directors to receiver further training (please refer to Note 3 on Page 41).</p> <p>(III) Implementation of risk management policies and risk measurement standards: Please refer to Pages 105 to 108 of this report for the description of "Risk Matters"</p> <p>(IV) Implementation of customer policies: Please refer to the "Market and Marketing Overview" on Pages 81-86 of this report.</p> <p>(V) LIABILITY insurance purchased by the Company for the directors: In order to strengthen the corporate governance mechanism, the Company has purchased liability insurance valuing NT\$ 8 million for the directors this year for period from April 1, 2024 to April 1, 2025, which have been submitted to the last meeting of the board of directors for discussion.</p>	None
XI. Please state any improvements in response to the results of the recent annual corporate governance evaluation published by the Corporate Governance Center of Taiwan Stock Exchange Co. LTD., and propose any priorities for enhancement and measures with respect to the aspects where no improvements have been made.	✓		<p>The Company has not set any priorities for enhancement and measures in the 2023 initial assessment on corporate governance evaluation: Plan the following three items, and synchronously upload the English version</p> <p>1.2 Establish written standards for financial operations related to relationships with relevant parties, which should include management procedures for transactions such as purchasing and selling goods, acquiring or disposing of assets, and major transactions should be submitted to the board of directors for resolution and approved by the shareholders' meeting or reported.</p> <p>4.1 Establish dedicated (part-time) units to promote sustainable development, conduct risk assessments on environmental, social, or corporate governance issues related to company operations based on the principle of importance, and formulate relevant risk management policies or strategies.</p> <p>4.17 Expose the established supplier management policies, requiring suppliers to comply with relevant norms in areas such as environmental protection, occupational safety and health, or labor rights.</p> <p>4.26 Develop greenhouse gas reduction management policies, including reduction targets, promotion measures, and achievement status.</p>	None

Note 1: Specific criteria for assessing the independence of accountants

Evaluation Items	Evaluation Result	Independence Meets
Whether the accountant has a direct or significant indirect financial interest relationship with the company	NO	YES
Whether the accountant has any financing or guarantee activities with the company or its directors	NO	YES
Whether the accountant has a close business relationship and potential employment relationship with the company	NO	YES
Whether the accountants and members of the audit team currently or in the past two years have served as directors, managers or positions that have significant influence on the audit work in the company	NO	YES
Whether the accountant has provided non-audit services to the company that may directly affect the audit work	NO	YES
Whether the accountant has brokered shares or other securities issued by the company	NO	YES
Whether the accountant serves as the company's defender or mediates conflicts with other third parties on behalf of the company	NO	YES
Whether the accountant has a family relationship with the company's directors, managers, or persons with significant influence on the audit case	NO	YES

Regularly obtain the independent statement issued by the accountant and the 13 audit quality indicators (AQIs) information provided by Qinye Allied Accounting Firm every year, and follow the "Guidelines for the Interpretation of Audit Quality Indicators (AQIs) by the Audit Committee" issued by the competent authority. Evaluate the audit quality of accounting firms and audit teams.

Evaluation result:

The company conducts evaluation based on the above-mentioned independence evaluation standards and 13 AQI indicators provided by accountants. It is confirmed that the accountants have no other financial interests or business relationships with the company except for fees for visas and financial and tax cases; and with reference to the AQI indicator information, it is confirmed that the accountants and the firm are better than the industry average in terms of audit experience and training hours. The evaluation results of the most recent year concluded that the accountant's independence and competency meet the evaluation standards.

Note 2: The training of corporate governance executive in 2023 is as follows

Corporate Governance Executive	Training Institution	Course Name	Date of training	Hours of training	Total hours of training in the year
Huang Yaqing (Date of starting office: 11/06/2020)	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	03/16/2023	3	12
		Board governance under ESG	11/09/2023	3	
	Foundation for Corporate Accounting Research and Development	Corporate Labor Law Compliance Practice and Case Analysis	09/14/2023	6	

Note 3: Training of Director in 2023

Professional Title	Name	Date of training in 2022	Organized by	Course Name	Hours of training	Total hours of training in the year
Corporate director representative	Yu- Kun, Kao	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	6
		11/09		Board governance under ESG	3	
Corporate director representative	Ming-Nan , Chuang	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	6
		11/09		Board governance under ESG	3	
Corporate director representative	Chuei-Hua, Chiou	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	6
		11/09		Board governance under ESG	3	
Independent Director	Ding-Ren, Liu	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	6
		11/09		Board governance under ESG	3	
Independent Director	Jian Guo, Yang	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	6
		11/09		Board governance under ESG	3	
Independent Director	Chong-Yu, Wu	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	15
		5/31		Looking at corporate governance trends and responses from the perspective of sustainable development action plan (Corporate Governance 4.0)	6	
		5/08	Securities And Futures Institute	Director's Responsibilities in Corporate Mergers and Acquisitions	3	
				The latest practical analysis of business secrets and management risks of directors and supervisors	3	
Independent Director	Jr Chiun, Tsai	03/16	Chinese Corporate Governance Association	How does the board of directors supervise ESG risks and build sustainable corporate competitiveness?	3	6
		11/09		Board governance under ESG	3	

IV. Where a Remuneration Committee is set up, its composition, duties and operation shall be disclosed

(I) Information on members of the Remuneration Committee

The purpose of the Remuneration Committee is to assist the board of directors in implementing and evaluating the Company's overall compensation and benefits policy, as well as managers' compensation.

The Company formally established the Remuneration Committee on December 22, 2011, and until Mar. 30, 2024, the Committee has four members, and all the four independent directors are voting members. Please refer to our website for the Constitution of the Remuneration Committee.

Mar 30, 2024

Identify Name \ condition		Professional qualifications and experience	Independence	Member of the Remuneration Committee additionally acting as Remuneration Committee member with other IPO companies
Independent Director	Ding- Ren, Liu	Professional qualifications of directors and disclosure of independence information of independent directors (see Pages 15~18)		0
Independent Director	Chong-Yu, Wu			2
Independent Director	Jian-Guo, Yang			2
Independent Director	Jr-Chiun, Tsai			1

(II) Information on operation of the Remuneration Committee

- (1) There are four members of the Remuneration Committee with the Company.
- (2) Term of office: From June 9, 2022 to June 8, 2025, the term for Remuneration Committee member is the same for that of the board. In 2023 four meetings were held, at which the following members were present:

Professional Title	Name	Times of Presence in Person	Times of Presence by Proxy	Actual Presence Ratio (%)	Remark
Convenor	Ding- Ren, Liu	4	0	100	
Committee member	Chong-Yu, Wu	4	0	100	
Committee member	Jian-Guo, Yang	4	0	100	
Committee member	Jr-Chiun, Tsai	3	1	100	

1. Review compensation regularly

The function of the Remuneration Committee of the Company is to evaluate the remuneration policy and system of the directors, supervisors and managers of the Company in a professional and objective position. It shall meet at least three times a year and may meet at any time as necessary to make recommendations to the board of directors for reference in decision-making.

- (1). Authority of the Remuneration Committee of the Company
 - a) Regularly review the Company's compensation system and put forward suggestions for revision.
 - b) Develop and regularly review the policies, rules, standards and structures of the performance evaluation and remuneration of the directors, supervisors and managers.
- (2). Regularly assess the remuneration of directors and managers of the Company.
- (3). In performing its functions and powers, the Remuneration Committee shall follow the following criteria
 - a) Remuneration management shall be in line with the Company's compensation philosophy.
 - b) The performance evaluation and remuneration of directors, supervisors and managers shall be based on the

usual level of peer compensation and take into account the reasonableness of the correlation between individual performance and the Company's operating performance and future risks.

- (4).The directors and managers shall not be guided to engage in activities beyond the risk stomach of the Company in pursuit of remuneration.
- (5).For the short-term performance of directors and senior managers, the proportion of bonuses and part of the variable remuneration payment time should be decided by considering the characteristics of the industry and the nature of the Company's business.
- (6).Members of this Committee shall not participate in discussion or vote on decisions of their personal remuneration.

2. Other matters to be recorded:

- (1).If the board of directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date and period of the board of directors, the content of the proposal, the outcome of the Board of Directors' decision and the Company's treatment of the Remuneration Committee's opinion (if the compensation approved by the board of directors is superior to the recommendation of the Remuneration Committee, it shall state the circumstances and reasons for the difference): None happened this year.
- (2).If members have objections or reservations and there is a record or written statement, the date and period of the committee, the content of the motion, the opinions of all members and the handling of the opinions of members shall be stated: None happened this year.
- (3).Reasons for and results of the discussion and resolution of the Remuneration Committee and the Company's handling of members' opinions:

Date of meeting Session	Content of the proposal and subsequent handling	The decision of the Remuneration Committee and the Company's handling of the Remuneration Committee's opinion
03.16.2023 The 4th meeting of the 5th session	<ul style="list-style-type: none"> ●The Company's annual directors' compensation and employee compensation distribution plan. ●The Company's board performance evaluation results for 2022. 	<ul style="list-style-type: none"> ●Results of Remuneration Committee's resolution: Adopted with consensus of all Committee members. ●The Company's handling of the decisions of the Remuneration Committee: All proposals were adopted unanimously by the directors present on the recommendation of the Remuneration Committee.
05.02.2023 The 5th meeting of the 5th session	<ul style="list-style-type: none"> ●The company's list of promoted general managers and manager salary adjustment case 	<ul style="list-style-type: none"> ●Results of Remuneration Committee's resolution: Adopted with consensus of all Committee members. ●The Company's handling of the decisions of the Remuneration Committee: All proposals were adopted unanimously by the directors present on the recommendation of the Remuneration Committee.
06.27.2023 The 6th meeting of the 5th session	<ul style="list-style-type: none"> ●The 2023 salary adjustment plan for managers and audit supervisors of the Company. 	<ul style="list-style-type: none"> ●Results of Remuneration Committee's resolution: Adopted with consensus of all Committee members. ●The Company's handling of the decisions of the Remuneration Committee: All proposals were adopted unanimously by the directors present on the recommendation of the Remuneration Committee.
10.05.2023 The 7th meeting of the 5th session	<ul style="list-style-type: none"> ●The list of employee s receiving new share with restricted employee rights for 2023 and the number of recipients granted. 	<ul style="list-style-type: none"> ●Results of Remuneration Committee's resolution: Adopted with consensus of all Committee members. ●The Company's handling of the decisions of the Remuneration Committee: All proposals were adopted unanimously by the directors present on the recommendation of the Remuneration Committee.

3.Information on the evaluation cycle, period, scope, method and content of the Remuneration Committee's self-evaluation.

At the beginning of each year, functional committee performance evaluations are regularly carried out and self-evaluation and peer-evaluation questionnaires are established and summarized for review, so as to give full play to the self-motivation of the members of the salary and remuneration committee and enhance the sound operation of the salary and remuneration committee.

The company entrusts an external independent evaluation agency, Chengyi Management Consulting Co., Ltd., to conduct the 2023 annual performance evaluation and review the effectiveness of the overall salary and remuneration committee based on the self-evaluation questionnaire, which is an independent and objective assessment of the overall salary and remuneration committee effectiveness by individual directors. It is divided into five assessment aspects: degree of participation in company operations, awareness of committee responsibilities, decision-making quality, committee composition and member selection, and internal control. 2023 Annual Evaluation Results: The functions of the Salary and Remuneration Committee can be effectively operated, and the overall evaluation results are excellent.

V. The implementation situation of promoting sustainable development and the circumstances and reasons for the discrepancy from the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies

Promotion Items	Execution			Discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (and part-time) unit to promote sustainable development, which is handled by senior management authorized by the board of directors and supervised by the Board?	✓		The Company has not yet set up a cross-departmental staff to form a committee and set up a part-time unit to promote corporate social responsibility. In the future, it will plan and be handled by the chairman of the committee authorized by the board of directors, and then the chairman of the committee will report to the board of directors each year to promote the results and plans.	No material discrepancy.
II. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to the Company's operations and establish relevant risk management policies or strategies in accordance with the principle of materiality?	✓		<p>(I) The Company has set up the Audit Committee and the Remuneration Committee. In the process of operation and management, each department shall assess the risks of the quality and environmental systems and plan the disposal methods according to the departmental positions, stakeholders' requirements and internal and external changes, and record them in the "Risk and Opportunity Assessment Form". Put forward the disposal method and expected effect for each abnormal event and record them in the "Risk and Opportunity Action Record Form".</p> <p>(II) The Company has developed a Code of Practice on Corporate Social Responsibility and posted it on the Company website (https://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies). The board of directors of the Company shall include the following matters in the performance of corporate social responsibilities by the Company:</p> <p>(1) Put forward the mission or vision of corporate social responsibility, and formulate corporate social responsibility policies, systems or related management guidelines.</p> <p>(2) Incorporate CSR into the Company's operational activities and development direction, and verify the specific promotion plan of CSR.</p> <p>(3) Ensure the real-time and correctness of CSR related information disclosure.</p> <p>(II) The Company promotes business philosophy and social responsibility through internal meetings and educational training, and appoints professional educational institutions to provide educational training.</p> <p>(IV) The economic, environmental and social issues arising from the operation activities of the Company shall be handled by the high-level management authorized by the board of directors, and the situation shall be reported to the board of directors. The operation process and the relevant responsible personnel shall be specified.</p>	No material discrepancy.
III. Environmental issues (I) Has the Company set up an appropriate environmental management system suitable for its industry characteristics?	✓		(I)The company has passed ISO 9001: 2015 version quality certification and ISO14001: 2015 version environmental certification, and is issued by SGS. Its validity period is 2023/03/01~2026/02/18 and 2023/03/15~2026/03 /14; and establish an appropriate environmental management system based on industry characteristics (certificate information website https://www.leadtrend.com.tw/tw /4_1certificate.php).	No material discrepancy.
(II) Is the Company committed to improving energy efficiency and using recycled materials with low environmental load impact?	✓		(II) The Company is a specialized IC designer, based on IC research and development and design, and has no production line nor emissions of pollutants. The Company is committed to improving the efficiency of the use of resources, and the use of low impact on environmental load of recycled materials, so that the earth resources can be sustainable use.	
(III) Has the Company evaluated the potential risks and opportunities of climate change for the business now and in the future and taken relevant measures to cope with them?	✓		(III) Focusing on the concept of "Green your power, Green the world", the Company promotes waste paper recycling, refuse separation and battery recycling internally, and actively participates in environmental public welfare activities. It also has dedicated environmental management staff to maintain compliance with the environmental management system.	

(IV)Has the Company collected statistics on greenhouse gas emissions, water consumption and total waste weight for the past two years, and developed policies on greenhouse gas reduction, water reduction or other waste management?	✓		(IV) The Company is a power management solution designer, and operates in the green energy industry, so has no pollution to the environment. The total amount of greenhouse gas carbon emission, water consumption and waste in 2023and 2022 years is shown in the following table: <table><tr><th rowspan="2">Year</th><th rowspan="2">Emissions of Carbon</th><th rowspan="2">Water Consumption</th><th colspan="2">Total of Wastes (Ton)</th></tr><tr><th>Hazardous</th><th>Non- Hazardous</th></tr><tr><td>2023</td><td>721.19</td><td>4,040.30</td><td>0.82</td><td>2.4</td></tr><tr><td>2022</td><td>704.42</td><td>3,646.80</td><td>0.68</td><td>2.4</td></tr><tr><td>Increase /Decrease(%)</td><td>2.38</td><td>10.79</td><td>20.59</td><td>NA</td></tr></table>	Year	Emissions of Carbon	Water Consumption	Total of Wastes (Ton)		Hazardous	Non- Hazardous	2023	721.19	4,040.30	0.82	2.4	2022	704.42	3,646.80	0.68	2.4	Increase /Decrease(%)	2.38	10.79	20.59	NA	No material discrepancy.
Year	Emissions of Carbon	Water Consumption	Total of Wastes (Ton)																							
			Hazardous	Non- Hazardous																						
2023	721.19	4,040.30	0.82	2.4																						
2022	704.42	3,646.80	0.68	2.4																						
Increase /Decrease(%)	2.38	10.79	20.59	NA																						
			(1) In June 2023, due to operational needs, the Tainan office was relocated from the Taizi Building to the Nanshan Building, expanding its area from 65.27 Ping (approximately 215.4 m2) to 183.26 Ping (approximately 604.76 m2). As a result, electricity bills and greenhouse gas emissions increased; And due to the interior decoration project of the office, it is reasonable that the water consumption also increased. (2)The greenhouse gas statistics of our company cover three locations: the location of the parent company in Zhubei City, Banqiao in New Taipei City, and the North District Office in Tainan City. Due to industrial characteristics, our company does not have a production process and therefore does not have a direct emission source. The values provided in 2023 were indirect greenhouse gas emissions from energy sources, mainly based on the water and electricity bill form. In 2024, we will conduct an ISO 14064 greenhouse gas inventory and verification. (3) Our company will continue to promote energy conservation, carbon reduction, and environmental protection through environmental management solutions.																							
IV. Social Issues																										
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I)The Company manages employees in accordance with the Labor Standards Act and other labor related laws and regulations, and assigns specially-assigned personnel to handle the work matters of employees to protect their basic rights and interests.	No material discrepancy.																						
(II)Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave and other benefits, etc.) and properly reflected business performance or results in employee remuneration?	✓		(II)The Company has set up a reasonable compensation policy and performance reward method, clearly standardizes the compensation, reward and punishment standards, and clearly stipulates in the articles of association that the bonus of employees shall not be less than 5%. The Company shares the profits with employees, and grows the remuneration of employees together with the operation of the Company, which is in line with the corporate social responsibility.																							
(III)Has the Company provided a safe and healthy working environment for employees and conducted regular safety and health education for employees?	✓		(III)The Company has assigned labor safety and health managers, who regularly accept relevant training courses, in order to maintain staff safety and health.																							
(IV)Has the Company established effective career ability development training programs for employees?	✓		(IV)The Company has assigned labor safety and health managers, who regularly accept relevant training courses, in order to maintain staff safety and health																							
(V)Has the Company complied with relevant regulations and international standards, and has established policies and appeal procedures to protect the rights and interests of consumers and customers regarding issues such as customer health and safety, customer privacy, marketing and labeling of its products and services?	✓		(V)The Company's products are not directly available to end consumers. However, the Company provides information on power management for customers who purchase the the Company's products for assembly, so that they will offer instructions on their own products to their consumers, and the Company has a dedicated customer service center to deal with relevant matters. The Company's marketing and labeling of products and services comply with relevant regulations and international standards.																							
(VI)Has the Company established a supplier management policy, which requires the suppliers to comply with relevant norms in	✓		(VI)Our company regularly audits suppliers and assists them in improving production processes that pose a risk to the environment. Manufacturers are selected through transparent procurement procedures and the use of green raw materials and qualified products bv manufacturers is standardized. When introducing new manufacturers, it is necessary to confirm that the materials they produce	No material discrepancy..																						

environmental protection, occupational safety and health or labor human rights issues, and the implementation situation?			comply with the regulations in the "Leadtrend Hazardous Substance Control List" and sign a "Non-use Hazardous Substance Guarantee". The hazardous substance test report provided by the manufacturer should be issued by a third-party notary public, in order to achieve the goal of jointly promoting corporate social responsibility between the company and the supplier. Please refer to our company's website for detailed measures related to supplier management. (https://www.leadtrend.com.tw/tw/investor/ /Corporate social responsibility/supplier and contractor management)	
V. Has the Company prepared the perpetuation reports and other reports that disclose non-financial information of the Company by referring to the internationally accepted standards or guidelines for the preparation of reports? Has the aforesaid report obtained the assurance or warranty opinion of the third party verification agency?	✓		Our company has planned to prepare a perpetual report and obtained confirmation from a third-party verification authority	No corporate social responsibility report has been prepared.
VI. If the Company has its own Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please state the discrepancies between its operations and the Code: Our company has established a code of practice for corporate social responsibility, which will be revised in accordance with the latest code of practice for sustainable development of listed and OTC companies in 2024. The actual operation of our company is consistent with the code.				
VII. Other important information for understanding and promoting the implementation of sustainable development: In addition to being committed to the business operation and respecting the shareholders' rights and interests, the Company will plan and actively participate in relevant social welfare activities from time to time. For other CSR operations of the Company, please refer to the CSR section of the Company's corporate website at https://www.leadtrend.com.tw/tw/investor/corporate-social-responsibility).				
VIII. Climate related information of listed and OTC companies				
1. Implementation status of climate-related information				
Items			Execution status	
(1). (1).Describe the supervision and governance of climate related risks and opportunities by the board of directors and management. (2). (2).Describe how the identified climate risks and opportunities affect a company's business, strategy, and finances (short-term, medium-term, long-term). (3). Describe the impact of extreme climate events and transformation actions on finances. (4). Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system. (5). If scenario analysis is used to assess resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and main financial impacts used should be explained. (6). If there is a transformation plan for managing climate related risks, explain the content of the plan, as well as the indicators and goals used to identify and manage physical and transformation risks. (7). If internal carbon pricing is used as a planning tool, the basis for pricing should be explained. (8). If climate related goals are set, information should be provided on the activities covered, greenhouse gas emission categories, planning period, and annual progress achieved; If carbon credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be offset or the quantity of RECs should be explained. (9). Greenhouse gas inventory and confidence situation, reduction targets, strategies, and specific action plans .			As of the date of publication of the annual report, our company is not a company that meets certain conditions, therefore it is not applicable.	
2.Greenhouse gas inventory and confirmation of the company in the past two years As of the date of publication of the annual report, our company is not a company that meets certain conditions, therefore it is not applicable.				
3.Greenhouse gas reduction targets, strategies, and specific action plans As of the date of publication of the annual report, our company is not a company that meets certain conditions, therefore it is not applicable.				

VI. Performance of business in good faith and the discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor

Evaluation Items	Operation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary	
<p>I. Formulate ethical corporate management policies and plans</p> <p>(I) Has the Company formulated any ethical corporate management policy adopted by the board of directors, and expressed the policy and practice of honest business in regulations and external documents, and the commitment of the board of directors and senior management to actively implement the policy?</p> <p>(II) Has the Company established a risk assessment mechanism for dishonest behavior, regularly analyzes and evaluates business activities with high risk of dishonest behavior within the business scope, and formulates a plan to prevent dishonest behavior based on it, and at least covers the prevention measures for the behaviors mentioned in Article 7, Item 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Has the company work out plans to prevent dishonest behavior, specify operating procedures, behavioral guidelines, disciplinary and appeal systems for violations in each plan, and implement them, and regularly review and revise the pre-disclosure plan?</p>	✓		<p>(I) The Company has set up an Ethical Corporate Management Best Practice Principles which is posted on our website at https://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies. Yhe Office of the Chairman of the board is responsible for the revision, implementation, interpretation, advisory services and notification of the Code of entry, document creation and other related operations and supervision of the implementation. and report them to the board as necessary.</p> <p>(II) The scope of benefits mentioned in this Code refers to anything of value, including money, gifts, commissions, positions, services, preferential treatment, kickbacks, etc. in any form or name. It also establishes preventive measures such as avoidance of interests, confidentiality of confidential and commercially sensitive information obtained in business, education, training and assessment, reporting and punishment.</p> <p>(III) The company's "Code of Integrity Management" states that we should always pay attention to the development of domestic and foreign standards related to integrity management, and encourage our company personnel to make suggestions based on which we can review and improve the company's code of integrity management to enhance the effectiveness of the company's integrity management.</p>	No material discrepancy.
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the Company evaluated the record of the dealing party on ethical corporate management and specified the provisions on it in the contract signed between the Company and the dealing party?</p> <p>(II) Has the Company set up a special unit for promoting business integrity under the board of directors, and reports to the board of directors on a regular basis (at least once a year) its business integrity policy and dishonest behavior prevention plan, and supervises the implementation?</p> <p>(III) Has the Company established policies to prevent conflicts of interest, provided appropriate presentation channels, and implemented them?</p>	✓	✓	<p>(I) The company's "Code of Integrity Business" clearly stipulates that the company's personnel should explain the company's integrity management policies and relevant regulations to transaction partners during the course of business activities, and clearly refuse to directly or indirectly provide, promise, request or accept any Unfair benefits in form or name, including kickbacks, commissions, facilitation payments, or providing or receiving unfair benefits through other channels.</p> <p>(II) The Company has designated the Director's Office to handle the revision, implementation, interpretation, advisory services and notification content logging and documenting of the Practice Principles, and supervise the implementation thereof, and report them to the board when necessary.</p> <p>(III) The Company has set up Guidelines for the Adoption of Codes of Ethical Conduct , which is posted on the website at http://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies. The directors of the Company shall uphold a high degree of self-discipline, and present opinions and answer questions on any interests with themselves or the legal person represented by them on the proposals submitted by the board of directors, which will cause any party that is harmful to the interests of the Company, and shall not participate in discussions and votes on them, and shall be recused from such discussions and votes, nor exercise the rights to vote on them on behalf of any other directors. When an employee of the Company conducts the business of the Company, he/she shall report any conflict of interest with himself/herself or the legal person he/she represents, or any situation that may cause him/her, his/her spouse, parents, children or his/her interested persons to gain improper benefits, to his/her direct supervisor and the responsible unit of the Company simultaneously, and the direct supervisor shall provide appropriate guidance on it.</p>	No material discrepancy.

Evaluation Items	Operation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary	
<p>(IV) Has the Company established an effective accounting system and internal control system in order to implement the honest operation, and the internal auditing unit will draw up relevant auditing plans based on the evaluation results of dishonest behavior risks, and check the compliance with the dishonest behavior prevention plan according to the results, or entrust accountants to carry out the audit?</p> <p>(V) Has the Company conducted regular internal and external education and training in ethical corporate operation?</p>	✓		<p>(IV) In order to ensure the implementation of honest operation, the Company has established effective accounting system and internal control, internal auditors and regular checks on compliance with the foregoing system.</p> <p>(V) The company has a "Code of Integrity Management", which embeds honest management into the corporate culture. It conducts educational training or promotion for the company's personnel from time to time depending on the situation, so that they understand the company's determination, policies, and prevention points for honest management. The consequences of violating dishonesty will be publicized internally from time to time for implementation. Before external transactions with manufacturers, and when selecting suppliers with excellent quality services, we will promote relevant norms of honest management..</p>	No material discrepancy
<p>III. Operation of the Company's whistle-blowing system</p> <p>(I) Has the Company established specific whistle-blowing and reward systems, established whistle-blowing facilitation channels, and designated appropriate handling personnel for the whistle-blowing targets?</p> <p>(II) Has the Company established the standard operating procedure for accepting the complaint, the follow-up measures to be taken after the investigation is completed and the relevant confidentiality mechanism?</p> <p>(III) Has the Company taken measures to protect the whistle-blower from improper treatment due to the whistle-blowing?</p>	✓	✓	<p>(I) The company has formulated the "Measures for Reporting and Handling Dishonest Conduct" and placed them on the company's website https://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies, established Convenient reporting channels assign appropriate handling personnel to the reported objects.</p> <p>(II) All reported cases should be handled in a confidential manner: all personnel who know the information have the obligation to keep confidentiality. If confidentiality obligations are violated, relevant internal disciplinary regulations shall be followed. If they are investigators, they should immediately stop participating in the investigation team work, except in accordance with the above regulations.</p> <p>(III) Relevant personnel of the Company handling the reporting matter shall declare in writing that the identity of the reporting person and the content of the reporting will be kept confidential, and promise to protect the reporting person or personnel involved in the investigation from being improperly dealt with due to the reporting matter.</p>	No material discrepancy.
<p>IV. Enhancement to Information Disclosure Has the Company disclosed the content and effectiveness of its Ethical Corporate Management Best Practice Principles on its website and market observation post system?</p>	✓		<p>(I) Relevant information has been disclosed on the Company's website.</p> <p>(II) Promoting performance: Promote the relevant provisions of ethical code of conduct, actively implement integrity and ethical values, strengthen corporate governance and risk control, and establish an ethical corporate culture, so as to improve business operation without any dishonest conduct.</p>	No material discrepancy.
<p>V. If a company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please state the discrepancies in its operations from the Principles: In order to establish an ethical corporate culture and improve business operation, the Company has formulated the ethical business Code based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies of the Financial Management Council, and operated its business in accordance with the Principles without any discrepancy.</p>				
<p>VI. Other important information conducive to understanding the Company's ethical corporate operation:</p> <p>(I) The Company shall comply with the Company Act, the Securities Exchange Act, the Commercial Accounting Act, the relevant rules and regulations on IPO companies, or other relevant laws and regulations on business conduct, as the basis for the business operation with good faith.</p> <p>(II) The Company's "Rules for the Procedure for the board of directors" stipulate the interest avoidance system of directors. Directors who have an interest in matters of the meeting with themselves or the legal person they represent shall explain the important content of their interest at the meeting of the board. If it is harmful to the interests of the Company, they shall not join in the discussion and vote, and shall withdraw from the discussion and vote, and shall not exercise the right to vote on it on behalf of any other director.</p>				

VII. The Company shall disclose the access to any code of corporate governance and related rules as established by the Company:

In accordance with the requirements of the competent authorities, the Company has established relevant corporate governance regulations and posted them under corporate governance section on the market observation post system at <http://mops.twse.com.tw> or under Investor/Corporate Governance on the website at <https://www.leadtrend.com.tw/tw/investor/corporate-governance/major-internal-policies>, which are available for download.

VIII. Any other information important enough to improve the understanding of the operation of the Company's governance may be disclosed together:

The Company also has an Insider Trading Prevention Operating Procedure and Internal Significant Information Processing Procedure, defining internal significant information processing, disclosure mechanism and prevention of insider trading, to avoid improper disclosure of the Company information, and to ensure that the disclosure of consistent and accurate information by the Company to the public.

In accordance with the provisions of Article 37-2 of the Code of Practice for Corporate Governance of Listed Companies and the requirements of the Corporate Governance Evaluation Indicator 2.27 project, the company has introduced the Taiwan Intellectual Property Management Standards (TIPS) in 2023 to construct a "planning, execution, inspection, Action" (Plan-Do-Check-Action, PDCA) management cycle and establish an intellectual property management system based on risk thinking to protect the company's intellectual property and enhance competitiveness. Our company has obtained the TIPS verification level A certificate, which is valid until 2024/12/31 and plans to re-verify it in the second half of the year. For the "Intellectual Property Management" area and TIPS certificate, please refer to our company's website <https://www.leadtrend.com.tw/tw/investor/corporate-governance/2024-01-12-03-07-17>

IX. The implementation of the internal control system

(I). Statement of Internal Control

Leadtrend Technology Corporation Statement of Internal Control System

Date: February 29, 2024

According to the results of self-assessment, the internal control system of the Company in 2023 is hereby declared as follows:

1. The Company knows that it is the responsibility of the board of directors and managers of the Company to establish implement and maintain the internal control system, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operating effectiveness and efficiency (including profit, performance and asset security, etc.), reliability, timeliness and transparency of reporting, and compliance with relevant norms and compliance with relevant laws and regulations.
2. The internal control system has its inherent limitations, no matter how perfect the design, the effective internal control system can only provide reasonable guarantee for the achievement of the above three goals; Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the internal control system of the Company has a self-monitoring mechanism, and once the deficiencies are identified, the Company will take corrective actions.
3. The Company judges whether the design and implementation of the internal control system are effective according to the judgment items of the effectiveness of the internal control system stipulated in the "Processing Criteria for Establishing Internal Control Systems of Public Companies" (hereinafter referred to as the "Processing Criteria"). The judgment items of the internal control system adopted in the "Treatment Criteria", is that according to the process of management control, the internal control system is divided into five components(1). Control environment (2). Risk assessment (3). Control operation (4). Information and Communication (5). Supervision operation. Each component includes several items. Please refer to the "Treatment Criteria" for the aforementioned items.
4. The Company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the Company considers that the design and implementation of the internal control system (including supervision and management of subsidiaries) of the Company as of December 31, 2023 is effective, including understanding the operation effect and the degree to which the efficiency target is achieved, the reporting system is reliable, timely and transparent, and it can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the annual report and the prospectus of the Company, and will be made public. If there are any illegal things such as hypocrisy or concealment in the above-mentioned disclosure, it will involve the legal liabilities of Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This declaration was approved by the board of directors of the Company on Feb. 29, 2024. Among the 7 directors present, 0 were against it, and the rest agreed with the contents of this declaration, and made this declaration.

Kao Yu-kun, Chairman

Chi Heng-chung, General manager

- (II). If an accountant is entrusted to examine the internal control system, the accountant's examination report shall be disclosed: None.

- X. Penalty imposed to the Company and its internal staff under law in the recent years and up to the date of issuing the annual report due to breach of internal control rules and major deficiencies and remedies thereto: None.

XXI. Important resolutions of the shareholders' meeting and the board of directors in the recent years and up to the date of issuing the annual report

(I) Important resolutions of the general meeting of shareholders and execution thereof in 2023

Date	Important resolutions of general meetings of shareholders	Execution
06.13.2023	<p>Important resolutions of the general meeting of shareholders in 2023</p> <p>Matters to be adopted:</p> <p>(I) Business Report and Financial Statements for 2022.</p> <p>(II) 2022 Profits Distribution Plan.</p> <p>Matters to be discussed:</p> <p>(I) The Company issued new shares with restricted employee option in 2023</p> <p>(II) Proposal on transfer of profits to increase capital and issue new shares in 2022.</p> <p>(III) Amendment to some provisions of the Articles of Association of the Company.</p>	<p>The operating income of the Company in 2022 was NT\$1,631,877 thousands, the net income attributable to the parent company was NT\$152,363 thousands and the earnings per common share was NT\$2.74.</p> <p>In 2022, profits were transferred to increase capital and distribute stock dividends amounting NT\$0.30240560 (i.e. no charge distribution of 30.24056070 shares for each 1,000 shares and distribution of cash dividends of NT\$0.90721673 per share (i.e., NT\$0.55441022 per share of profits and NT\$0.35280651 per share of capital reserves). July 21, 2023 is the ex-dividend base date and August 18, 2023 is the date of distribution.</p> <p>Handled in accordance with the resolution.</p> <p>Handled in accordance with the resolution.</p> <p>Amended as approved.</p>

(II) Important resolutions of the Board

Date	Meeting	Important Resolutions
06.27.2023	The 9st meeting of the 8th session	<ol style="list-style-type: none"> 1. The proposal on the ex-right base date for the Company's transfer of 2022 profits to increase capital and issue of new shares and the ex-dividend base date for cash dividend distribution (cash release from capital reserves). 2. The proposal on capital reduction base date for failure to issue 2020 new shares with restricted employee rights due to non-vested conditions and cancellation and the withdrawal of shares. 3. The 2023 salary adjustment plan for managers and audit supervisors of the Company.

08.03.2023	The 10th meeting of the 8th session	Consolidated Financial Statements of the Company for 2023 Q2 adopted.
10.05.2023	The 11th meeting of the 8th session	<ol style="list-style-type: none"> 1. The list of employee receiving new share with restricted employee rights for 2023 and the number of recipients granted and the base date for capital increase.. 2. The proposal on capital reduction base date for failure to issue new shares with restricted employee rights due to non-vested conditions and cancellation and the withdrawal of shares. 3. Adopted the revision of some provisions of the company's "Management Measures for the Preparation Process of Financial Statements"
11.09.2023	The 12th meeting of the 8th session	<ol style="list-style-type: none"> 1. Consolidated Financial Statements of the Company for 2023 Q3 adopted. 2. 2. Approved the formulation of the company's "Reporting and Handling Measures for Dishonest Conduct".
12.21.2023	The 13th meeting of the 8th session	<ol style="list-style-type: none"> 1. The Company's 2024 operating plan. 2. Submission of the 2024 audit plan.
02.29.2024	The 14th meeting of the 8th session	<ol style="list-style-type: none"> 1. The Company's employee compensation and director compensation distribution plan for 2023. 2. The Company's financial statements and consolidated financial statements for 2023 adopted. 3. Issuance of the Company's new shares with restricted employee rights in 2024. 4. Matters relating to the general meeting of shareholders of the Company in 2024. 5. 2023 Internal Control System Effectiveness Assessment and 2023 Internal Control System Statement. 6. The proposal on capital reduction base date for failure to issue new shares with restricted employee rights due to non-vested conditions and cancellation and the withdrawal of shares. 7. Appointment and assessment of the independence and competency of the certified accountants for 2024. 8. Apply to Mega International Commercial Bank for a low-carbon smart management project loan and a short-term comprehensive line renewal credit line case. 9. Results of 2023 performance evaluation of the board of directors and functional committees.

XII. Any objection of any director or supervisor to any important resolutions adopted by the board as recorded or stated in writing in recent years or up to the date of issuing the annual report: None.

XIII. Summary of the resignation and removal of persons related to financial reports (including chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor and research and development supervisor) in the recent years and as of the date of issuing the annual report:

The board of directors approved Mr. Chi Heng-chung as the new general manager, and chairman Mr. Kao Yu-kun was relieved of his duties as acting general manager on 2023/05/02.

5. Information on CPA professional fees

- I. The amount of public audit fees and non-audit fees paid to certified accountants and their affiliated firms and related companies and the content of non-audit services:

Unit: NT\$ thousand

Name of Accountant Firm	Accountant's Name	Accountant's Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
Deloitte & Touche	Huang Yu-feng	The full fiscal year of 2023	2,500	945	3,445	Non-audit public funds include tax visas, TIPS system gap review and guidance, and industrial and commercial registration.
	Tsai mei-chen					

- II. If the accounting firm is changed and the audit fees paid in the year of change are less than the audit fees in the year before the change, the amount of audit fees before and after the change and the reasons should be disclosed: The company did not change the audit certification accounting firm in 2023.
- III. If the public audit expenses decrease by more than 10% compared with the previous year, the amount, proportion and reasons for the decrease in public audit expenses should be disclosed: The amount disclosed in the 2022 annual report of public audit expenses is NT\$2,930 thousand and the actual public audit expenses are NT\$2,680 thousand is due to that the tax report fee of NT\$250 thousand was not deducted. The actual reduction in public audit expenses is 7%.

6. Information on replacement of CPA: None

7. Chairman, G.M and Financial Manager has held any position at the accounting firm or at an affiliated enterprise of such accounting firm in the most recent year: None.

8.Changes in the equity and pledge of directors, supervisors, managers and major shareholders with a shareholding ratio of more than 10%

I.Changes in equity of directors, supervisors, managers and major shareholders

Unit: Share

Title	Name	2023		The current year ended on Mar. 30, 2024	
		Increase (decrease) number of shareholding	Increase (decrease) number of pledged shares	Increase (decrease) number of shareholding	Increase (decrease) number of pledged shares
Chairman	Power Investments Limited Representative Name : Yu-Kun, Kao	140,442	-	-	-
director	Power Investments Limited Representative Name : Ming-Nan, Chuang	13,811	-	-	-
director	Power Investments Limited Representative Name : Chuei-Hua, Chiou	140,442	-	-	-
Independent Director	Chong-Yu, Wu	-	-	-	-
Independent	Ding- Ren, Liu	-	-	-	-
Director	Jian-Guo, Yang	-	-	-	-
Independent	Jr -Chiun, Tsai	-	-	-	-
General manager	Heng- Chung, Chi	18,816	-	-	-
Senior Vice President	Ming-Nan, Chuang	(58,963)	-	(25,000)	-
Senior Vice President	Chuei-Hua, Chiou	(69,747)	-	(11,000)	-
Associate director	Jiong-feng, Zhou	(94,001)	-	-	-
Financial and accounting supervisor	Ya-ching, Huang	10,665	-	(10,000)	-

II. The relative person of equity transfers is the related person: none.

III. The relative person of equity pledge is the related person: none.

9. Information on the relationship between the top ten shareholders in terms of shareholding ratio

Mar. 30, 2024 ; Unit/Share

Name	Shareholding of self		Shareholding of Spouses and minor children		Total shareholding in name of others		The title or names and relationships of the top ten shareholders who have related relationships with each other or are relatives within spouses or two parent	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name	Relation
Power Investments Limited Representative Name :	4,784,628	8.12	-	-	-	-	-	-
Yu-Kun, Kao	87,289	0.14	-	-	-	-	-	-
Ming-Nan, Chuang	14,852	0.03	-	-	-	-	-	-
Chuei-Hua, Chiou	5,659	0.01	-	-	-	-	-	-
Hao-min, Lee	2,391,391	4.06	-	-	-	-	-	-
Chung-wei, Hsieh	1,854,433	3.15	-	-	-	-	-	-
Shiang-chi, Dai	1,189,739	2.02	-	-	-	-	-	-
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities Company	1,103,000	1.87	-	-	-	-	-	-
Dongzhen Asset Co., Ltd.	870,096	1.48	-	-	-	-	-	-
Zun-jia, Dai	840,000	1.43	-	-	-	-	-	-
J.P. Morgan Chase Bank Taipei Branch is entrusted with the custody of the special investment account of Japan Securities Finance Co., Ltd.	600,000	1.02						
Lin Xiuxian	453,000	0.77	-	-	-	-	-	-
Taishin International Commercial Bank Trust Account	420,000	0.71	-	-	-	-	-	-

10. Comprehensive shareholding ratio

Unit/Share/%

Re-investment business (note)	The Company Investment		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises		Comprehensive Investment	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate
Leadtrend Technology (Samoa) Limited	-	100	-	-	-	100
Leadtrend Technology(Shenzhen) Crop.	-	100	-	-	-	100

Note1: The long-term investment of the company using the equity method.

Note2: Leadtrend Technology (Samoa) Limited was liquidated and deregistered in November 2023.

Fund raising

1. Overview of capital and shares

I. Source of equity

(I). Source of equity

Mar. 30, 2024 Unit: 1000 shares; NT \$1000 (except issue price)

Date	Issue price (NT)	Authorized capital stock		Capital stock paid in		Note			
		Number of shares	Capital stock paid in	Number of share	Capital stock paid in	Source of equity		Pay off the share fund with property other than cash	Other
2002.09	10	2,400	24,000	600	6,000	Founded share capital	-	-	MOEA Central Region Office No 09132725400
2003.05	10	16,000	160,000	6,400	64,000	Cash capital increase	58,000	-	MOEA Central Region Office No 09232107660
2003.08	10	16,000	160,000	8,000	80,000	-	-	Technical pricing 16,000	MOEA Central Region Office No 09232507810
2003.12	10	16,000	160,000	9,200	92,000	-	-	Technical pricing 12,000	MOEA Central Region Office No 09233007200
2004.05	10	16,000	160,000	14,000	140,000	Cash capital increase	48,000	-	MOEA Central Region Office No 09332061270
2005.05	10	18,000	180,000	18,000	180,000	Cash capital increase	40,000	-	ZSZ No.0940012626
2006.08	10	36,000	360,000	19,800	198,000	Cash capital increase	18,000	-	ZSZ No.0950022193
2007.05	10	36,000	360,000	20,351	203,513	Execution of ESO	5,513	-	ZSZ No.0960011702
2007.08	10	36,000	360,000	23,886	238,864	Capital increase by retained earning and capital reserve	35,351	-	ZSZ No.0960022506
2008.02	10	36,000	360,000	25,586	255,862	Execution of ESO	16,999	-	ZSZ No.0970004932
2008.08	10	36,000	360,000	25,981	259,807	Execution of ESO	3,945	-	ZSZ No.0970021223
2008.09	10	36,000	360,000	30,760	307,600	Capital increase by retained earning and employee bonus	47,793	-	ZSZ No.0970025189
2008.10	10	36,000	360,000	30,784	307,845	Execution of ESO	245	-	ZSZ No.0970028844
2009.04	10	36,000	360,000	30,936	309,365	Execution of ESO	1,520	-	ZSZ No.0980011384
2009.06	10	36,000	360,000	31,331	313,315	Execution of ESO	3,950	-	ZSZ No.0980016466
2009.07	10	72,000	720,000	34,019	340,194	Capital increase by retained earning and employee bonus	26,879	-	ZSZ No.0980018737
2009.09	10	72,000	720,000	37,719	377,194	Cash capital increase	37,000	-	ZSZ No.0980023977
2009.09	10	72,000	720,000	38,687	386,869	Execution of ESO	9,675	-	ZSZ No.0980025808
2009.12	10	72,000	720,000	39,843	398,431	Execution of ESO	11,562	-	ZSZ No.0980033457
2010.03	10	72,000	720,000	39,941	399,408	Execution of ESO	977	-	ZSZ No.0990007101
2010.05	10	72,000	720,000	39,953	399,528	Execution of ESO	120	-	ZSZ No.0990013569
2010.08	10	72,000	720,000	40,423	404,228	Execution of ESO	4,700	-	ZSZ No.0990022976
2010.08	10	72,000	720,000	42,444	424,440	capital increase by retained earning	20,211	-	ZSZ No.0990025236
2010.12	10	72,000	720,000	42,510	425,098	Execution of ESO	658	-	ZSZ No.0990037774
2011.08	10	72,000	720,000	44,581	445,808	capital increase by retained earning Execution of ESO	20,710	-	ZSZ No.1000025108
2012.08	10	72,000	720,000	44,915	449,148	Execution of ESO	3,340	-	ZSZ No.1010026494
2013.05	10	72,000	720,000	45,037	450,368	Execution of ESO	1,220	-	ZSZ No.1020015038
2014.05	10	72,000	720,000	46,079	460,793	Execution of ESO RSA IPO	10,425	-	ZSZ No.1030012568
2014.08	10	72,000	720,000	46,169	461,693	Execution of ESO	900	-	ZSZ No.1030025409
2014.10	10	72,000	720,000	46,469	464,693	RSA IPO	3,000	-	ZSZ No.1030029849

Date	Issue price (NT)	Authorized capital stock		Capital stock paid in		Note			
		Number of shares	Capital stock paid in	Number of share	Capital stock paid in	Source of equity		Pay off the share fund with property other than cash	Other
2015.04	10	72,000	720,000	46,429	464,288	RSA capital reduction	-405	-	ZSZ No.1040010635
2015.08	10	72,000	720,000	46,381	463,808	RSA capital reduction	-480	-	ZSZ No.1040024356
2016.04	10	72,000	720,000	46,309	463,091	RSA capital reduction	-717	-	MOEA Central Region Office No.1050009307
2016.09	10	72,000	720,000	47,500	474,996	RSA capital reduction	11,905	-	MOEA Central Region Office No.10534331080
2017.01	10	72,000	720,000	47,435	474,352	RSA capital reduction	-645	-	MOEA Central Region Office No.10633027880
2017.04	10	72,000	720,000	47,409	474,092	RSA capital reduction	-260	-	MOEA Central Region Office No.10633182670
2017.09	10	72,000	720,000	47,357	473,572	RSA capital reduction	-520	-	MOEA Central Region Office No.10633518920
2017.11	10	72,000	720,000	47,337	473,372	RSA capital reduction	-200	-	MOEA Central Region Office No.10633701900
2018.04	10	72,000	720,000	47,317	473,172	RSA capital reduction	-200	-	MOEA Central Region Office No.10733197140
2018.08	10	72,000	720,000	46,963	469,632	RSA capital reduction	-3,540	-	MOEA Central Region Office No.10733461040
2019.04	10	72,000	720,000	46,894	468,942	RSA capital reduction	-690	-	MOEA Central Region Office No.10833213020
2019.08	10	72,000	720,000	46,882	468,822	RSA capital reduction	-120	-	MOEA Central Region Office No.10833508460
2020.11	10	72,000	720,000	47,774	477,742	RSA IPO RSA capital reduction	8,920	-	MOEA Central Region Office No.10933646850
2021.08	10	72,000	720,000	48,062	480,622	RSA IPO RSA capital reduction	2,880	-	MOEA Central Region Office No.1033492670
2021.09	10	72,000	720,000	52,864	528,646	Capital increase by retained earning and capital reserve	48,024	-	MOEA No.11001176910
2022.07	10	200,000	2,000,000	52,810	528,101	RSA capital reduction	-545	-	MOEA No.11101107600
2022.08	10	200,000	2,000,000	56,507	565,068	capital increase by retained earning	36,967	-	MOEA No.11101156930
2022.08	10	200,000	2,000,000	56,488	564,888	RSA capital reduction	-180	-	MOEA No.11101156930
2022.11	10	200,000	2,000,000	56,908	569,080	RSA IPO	4,200	-	MOEA No.11101204010
2022.11	10	200,000	2,000,000	56,883	568,838	RSA capital reduction	-250	-	MOEA No.11101204010
2023.04	10	200,000	2,000,000	56,852	568,528	RSA capital reduction	-310	-	MOEA No.11230052270
2023.08	10	200,000	2,000,000	58,558	585,593	capital increase by retained earning	17,065	-	MOEA No.11230146440
2023.08	10	200,000	2,000,000	58,536	585,368	RSA capital reduction	-225	-	MOEA No.11230146440
2023.10	10	200,000	2,000,000	58,956	589,568	RSA IPO	4,200	-	MOEA No.11230203400
2023.10	10	200,000	2,000,000	58,917	589,178	RSA capital reduction	-390	-	MOEA No.11230203400
2024.03	10	200,000	2,000,000	58,900	589,003	RSA capital reduction	-175	-	MOEA No.11330040400

(II). Types of stock shares

Unit: shares / Mar. 30, 2024

Types of stock shares	Authorized capital stock			Notes
	Outstanding capital stock	Unissued shares	Total	
Common stock	58,900,343	141,099,657	200,000,000	

(III). Summary of information about the declaration system: None. °

II. Shareholder structure

Mar. 30, 2024

Shareholder structure Quantity	Government organs	Financial institutions	Other legal entities	Foreign institutions and foreigners	Individuals	Total
Number of people	0	0	264	78	36,977	37,319
Number of shares held	0	0	7,097,303	6,247,654	45,555,386	58,900,343
Shareholding ratio	0.00%	0.00%	12.05%	10.61%	77.34%	100.00%

III. Share dispersion (face value per share is 10 yuan)

Mar. 30, 2024;Unit:share

Shareholding classification	Number of people	Number of shares held	Shareholding ratio
1 ~ 999	27,350	706,436	1.20%
1,000 ~ 5,000	8,573	15,134,068	25.69%
5,001 ~ 10,000	761	5,532,633	9.39%
10,001 ~ 15,000	230	2,863,626	4.86%
15,001 ~ 20,000	116	2,123,253	3.61%
20,001 ~ 30,000	102	2,553,437	4.34%
30,001 ~ 40,000	43	1,489,636	2.53%
40,001 ~ 50,000	32	1,488,179	2.53%
50,001 ~ 100,000	54	3,897,746	6.62%
100,001 ~ 200,000	34	4,572,191	7.76%
200,001 ~ 400,000	13	3,615,666	6.14%
400,001 ~ 600,000	4	1,890,185	3.21%
600,001 ~ 800,000	0	0	0.00%
800,001 ~ 1,000,000	2	1,710,096	2.90%
More than 1,000,001 shares	5	11,323,191	19.22%
Total	37,319	58,900,343	100.00%

Note : Leadtrend does not issue special shares °

IV List of major shareholders

Unit: share

Shares	Number of shares held	Shareholding ratio
Name of major shareholders		
Power Investments Limited	4,784,628	8.12%
Hao-min, Lee	2,391,391	4.06%
Chung-wei, hsieh	1,854,433	3.15%
Shiang-chi, Dai	1,189,739	2.02%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities Company	1,103,000	1.87%
Rise River Asset Co., Ltd.	870,096	1.48%
Zun-jia, Dai	840,000	1.43%
JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the special investment account of Japan Securities Finance Co., Ltd.	600,000	1.02%
Shiou-shian, Lin	453,000	0.77%
Taishin International Commercial Bank Trust Account	420,000	0.71%

V. Market price per share, net worth, earnings, dividends and related information

Unit: New Taiwan Dollars (NT\$)

Year			2022	2023	For the year ended
Project					Mar. 30,2024
Market price per share	Highest		156.50	91.90	122.5
	Lowest		43.65	45.45	81.2
	Average		91.04	63.09	100.67
Net value per share	Before distribution		29.06	27.89	NA
	After distribution		28.21	Note1	NA
Earnings per share	Weighted average number of shares (1000 shares)		57,285	57,721	57,951
	Earnings per share	Adjustment before	2.74	0.50	NA
		Adjustment after (note2)	2.66	Note1	NA
Dividend per share	Cash dividends		0.90721673	0.4	NA
	Stock grants	Earnings rationed shares	0.3024056	Note1	NA
		Capital surplus allotment	0	0	NA
	Accumulated unpaid dividend		0	Note1	NA
Return on investment analysis	Principal-to-Earnings Ratio(note 3)		34.23	126.18	NA
	Principal-to-Profit ratio(Note 4)		100.35	157.73	NA
	Cash dividend yield rate(Note 5)		1.00%	0.63%	NA

Note1: The distribution of surplus in 2023 was resolved by the board of directors and has not been submitted to the shareholders' meeting.

Note2: Refers to the basic after-tax earnings per share that has included the impact of the free allotment in retrospective adjustments

Note 3: Equals to year average closing price per share / EPS

Note 4: Equals to year average closing price per share / cash dividend per share

Note 5: Equals to cash dividend per share / year average closing price per share

VI. Dividend policy and implementation of the company

(I). Dividend policy

If the Company's annual closing shows after-tax net profit in the current period, it shall be distributed in the following order:

- (1) Compensation of accumulated losses (including adjustment of non-distributed profit amount).
- (2) 10% legal reserve, except if the legal reserve already reached the Company's paid-in capital.
- (3) Provision or recycling of special reserve in accordance with laws or regulations of the competent authority.
- (4) For the remaining profit, together with non-distributed profit in the beginning of same period (including adjustment of non-distributed profit amount), the board of director shall prepare a profit distribution proposal. If done through issuance of new shares, the proposal shall be submitted to the shareholders' meeting for resolution and distribution.

If all or part of the dividend, bonus, legal or capital reserve is issued in cash by the Company, the board of directors is authorized to do so through the majority of directors attending a meeting that is attended by 2/3 or more of all directors, with a report to the shareholders' meeting.

The distribution of the Company's dividend shall be consistent with the profitability status of the current period and shall be in accordance with the principle of stable dividend. The distribution ratio shall not be less than 30% of the after-tax profit of the current year. Cash dividend distributed every year shall not be less than 10% of the total distribution in cash and in stock in the current year.

(II). Proposed Dividend Distribution at the Shareholders' Meeting

- (1) 2023 dividend distribution proposal was approved by the board of directors on April 11, 2024, and it is planned to allocate a surplus of NT\$11,637,570 and distribute a dividend of NT\$0.2 per share (that is, 20 shares will be distributed free of charge for every thousand shares).
- (2) It is planned to allocate cash dividends to the capital reserve. It plans to allocate NT\$23,275,137 from the capital reserve of the excess income from the issuance of shares in excess of the par value, with a cash dividend of NT\$0.4 per share (i.e., NT\$ 400 for every thousand shares).
- (1)(2) Upon approval by the shareholders' meeting, authorize the chairman to set a new base date for allotment (capital increase), a base date for cash distribution and other related matters. If the number of outstanding shares is subsequently changed due to changes in laws or adjustments by the competent authority, or the company's buyback, cancellation, conversion of corporate bond shares, issuance of new shares, or other reasons that affect changes in shares, the shareholder allotment ratio and cash ratio change accordingly. , request the shareholders' meeting to authorize the board of directors to adjust and handle the matter.

VII. The effect of the stock grants on the Company's operating performance and earnings per share: The company distribution dividend of 2023 in accordance with the dividend policy. The allotment of shares discussed by the Board of directors is not expected to have a significant impact on the company's operating performance or earnings per share.

VIII. Remuneration of employees and directors

- (I). The ratio or scope of remunerations to employees and directors as stated in the company's articles
If the Company is profit-making in a year ("profit-making" refers to pre-tax profit before deduction for distribution of employee remuneration and director remuneration), no less than 5% shall be provisioned as employee remuneration and no more than 2% as director remuneration. However, if the Company still has accumulated losses (including adjustment of non-distributed profit amount), compensation amount shall first be provisioned.

Employee remuneration under the previous paragraph may be paid in stock or in cash and the recipients may include employees of subsidiaries who meet the conditions established by the board of directors. Director remuneration under the previous paragraph shall only be paid in cash.

The previous two paragraphs shall be done through board resolutions and shall be reported to the shareholders' meeting.

When the Company issues employee stock options, restricted employee new shares, new shares for employee subscription or transfers to employees shares bought back in accordance with the law, the targets of issuance or transfer include employees of subsidiaries who meet the conditions established by the board of directors.

The employees' remuneration distributed for 2023 is NT\$5,196,498, and the directors' remuneration, NT\$489,082, both of which are distributed in cash. It was approved by the board of directors on Feb. 29, 2024, and will report to 2024 Annual General Shareholders' Meeting.

- (II). The basis for estimating the amount of employee and director compensation, the basis for calculating the number of shares of employee compensation distributed in stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount :
According to the regulations of the articles of association of the company and with reference to the actual remuneration paid in the past, the company estimates the amount of remuneration that may be paid to employees and directors. If there is any difference between the actual amount paid in and the estimated amount, it shall be treated according to the change of accounting estimation and listed as the profit and loss of the next year.

(III). Remuneration approved by the board of directors for the year of 2022:

(1) Amount of employee remuneration and director remuneration distributed in cash or stock :

The employees' remuneration and the directors' remuneration are distributed NT\$5,196,498, and NT\$489,082 for 2023 approved by the board of directors on Feb. 29, 2024, and there is no difference between actual expenses and estimate in accounting.

(2)The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period : not applicable.

(IV).The actual distribution of employees' and directors' remuneration in the previous year and the difference between the amount of employee and director's remuneration, the reasons for the difference and the treatment of the difference should be stated:

unit: NT\$

The distribution of 2022	Actual distribution (Cash amount)	Original amount approved by BOD	Differences from annual estimates of approved expenses	Recognized expenses	Differences from annual estimates of recognized expenses
Employees' Compensation	32,059,784	32,059,784	0	32,059,784	0
Directors' Compensation	2,581,168	2,581,168	0	2,581,168	0

In accordance with the resolution of the shareholders' regular meeting on June 13, 2023, the company distributed cash dividends to employees and directors' remuneration for 2022. There is no difference between the actual distribution amount and the accounting expenses for 2021.

IX. Buy-back of the Company's shares by the Company: None.

2. Issuance of corporate bonds: None.

3. Preferred Shares: None.

4. Overseas Depository Certificate: None.

5. Issuance of Employee Stock Option Plan: None.

6. Issuance of Employee Restricted Stock:

(1) Status of Employee Restricted Stock

Mar.30, 2024

Type of Employee Restricted Stock	Employee Restricted Stock Awards of 2020			
Date of Effective Registration and total shares	2020.09.08/1,200,000			
Issue Date	2020.11.06		2021.08.03	
Number of Employee Restricted Stock Issued	900,000		300,000	
Unissued shares	300,000		0	
Issued Price	Issue for free			
Employee Restricted Stock as a Percentage of Shares Issued (Note)	1.70%		0.57%	
Vesting conditions of Employee Restricted Stock	After new restricted stock awards are allocated to an employee, the employee must obtain an assessment grade of “Compliance” for the latest Individual Performance prior to the vesting date and is still working at Leadtrend upon expiration of any of the following vesting periods. Then the employee will receive such new restricted stock awards based on the ratio of vested portion for the concerned vesting period.			
	Vesting Period	Ratio of Vested Portion	Vesting Period	Ratio of Vested Portion
	From the vesting date to Oct. 15 of the next year	1/6	From the vesting date to Apr. 15 of the next 3rd year	1/6
	From the vesting date to Apr. 15 of the next 2nd year	1/6	From the vesting date to Oct. 15 of the next 3rd year	1/6
	From the vesting date to Oct. 15 of the next 2nd year	1/6	From the vesting date to Apr. 15 of the next 4th year	1/6
Restricted Rights of Employee Restricted Stock	<div>1. Before the expiration of the vesting period, an employee shall not sell, pledge, assign, give as gifts, set for mortgage or dispose any new restricted stock awards</div> <div>2. Before satisfying vesting conditions , the new shares with restricted employee Stock Awards still have right to participate in allotment, dividend distribution and cash capital increase subscription. °</div> <div>3. After the issue of new restricted stock awards, the new restricted stock awards shall be entrusted in trust immediately. Before satisfying vesting conditions, an employee shall not give any reason or use any method to request the trustee to return the new restricted stock awards to him/her.</div> <div>4. If an employee violates Paragraph (8) of this article by terminating or cancelling, before the satisfaction of vesting conditions, the proxy authorization granted to Leadtrend, then Leadtrend shall take back, without compensation payment, the stock awards from the employee.</div>			
Custody Status of Employee Restricted Stock	During the period in which the new restricted stock awards have been entrusted in trust, Leadtrend shall act on behalf of its employees to handle, together with the stock trust institution, the negotiation, execution, revision, extension, cancelation and termination of, for example, a trust deed and the delivery, use and disposal-related instructions for trust property.			
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	<div>1. When an employee resigns voluntarily, is dismissed or laid off, retires, passes away, takes unpaid leave or is transferred to a related enterprise during the period between the vesting date and the expiration of the vesting period, Leadtrend shall take back, without compensation payment, from the employee the stock awards that have been allocated to, but not been vested in, the employee.</div> <div>2. When an employee fails to achieve the threshold of the latest individual performance prior to the vesting date, Leadtrend will take back, without compensation payment, the restricted stock awards that have not been vested in the employee yet.</div>			

Type of Employee Restricted Stock	Employee Restricted Stock Awards of 2020	
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	3. Before satisfying vesting conditions for the new restricted stock awards issued under the Regulations, employees have the right to enjoy allocation of shares, cash bonuses and capital reserve.	
Number of Employee Restricted Stock Which Have Been Reclaimed	66,500	87,000
Number of Released Employee Restricted Stock	701,500	108,000
Number of Unreleased Employee Restricted Stock	132,000	105,000
Ratio of Unreleased Employee Restricted Stock to Total Issued Shares (%) (Note)	0.22%	0.17%
Impact on Shareholders' Interest	As for the impact of the vesting conditions and the amount amortized annually for the temporarily estimated expensed amount on earnings per share, the earnings per share for 2020, 2021, 2022, 2023 and 2024 will be probably reduced by NT\$0.08, NT\$0.23, NT\$0.16, NT\$0.08 and NT\$0.02 respectively (which are calculated based on 46,882,200 shares, plus restricted stock awards). The dilution of earnings per share is limited, so there is no significant impact on shareholders' equity.	

Note: Total issued shares is 58,900,343 based on Mar. 21, 2024.

Type of Employee Restricted Stock	Employee Restricted Stock Awards of 2022			
Date of Effective Registration and total shares	2022.08.18			
Issue Date	2022.10.12			
Number of Employee Restricted Stock Issued	420,000			
Unissued shares	0			
Issued Price	Issue for free			
Employee Restricted Stock as a Percentage of Shares Issued (Note)	0.74%			
Vesting conditions of Employee Restricted Stock	After new restricted stock awards are allocated to an employee, the employee must obtain an assessment grade of “Compliance” or above (i.e. a scale score ≥ 5.8) for the latest Individual Performance prior to the vesting date and is still working at Leadtrend upon expiration of any of the following vesting periods. Then the employee will receive such new restricted stock awards based on the ratio of vested portion for the concerned vesting period.			
	Vesting Period	Ratio of Vested Portion	Vesting Period	Ratio of Vested Portion
	From the vesting date to Oct. 11 of the next year	1/6	From the vesting date to Apr. 11 of the next 3rd year	1/6
	From the vesting date to Apr. 11 of the next 2nd year	1/6	From the vesting date to Oct. 11 of the next 3rd year	1/6
	From the vesting date to Oct. 11 of the next 2nd year	1/6	From the vesting date to Apr. 11 of the next 4th year	1/6
Restricted Rights of Employee Restricted Stock	<ol style="list-style-type: none"> 1.Before the expiration of the vesting period, an employee shall not sell, pledge, assign, give as gifts, set for mortgage or dispose any new restricted stock awards. 2.After the issue of new restricted stock awards, the new restricted stock awards shall be entrusted in trust immediately. Before satisfying vesting conditions, an employee shall not give any reason or use any method to request the trustee to return the new restricted stock awards to him/her. 3.If an employee violates Paragraph (8) of this article by terminating or cancelling, before the satisfaction of vesting conditions, the proxy authorization granted to Leadtrend, then Leadtrend shall take back, without compensation payment, the stock awards from the employee. 			
Custody Status of Employee Restricted Stock	During the period in which the new restricted stock awards have been entrusted in trust, Leadtrend shall act on behalf of its employees to handle, together with the stock trust institution, the negotiation, execution, revision, extension, cancelation and termination of, for example, a trust deed and the delivery, use and disposal-related instructions for trust property.			
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	<ol style="list-style-type: none"> 1.When an employee resigns voluntarily, is dismissed or laid off, retires, passes away, takes unpaid leave or is transferred to a related enterprise during the period between the vesting date and the expiration of the vesting period, Leadtrend shall take back, without compensation payment, from the employee the stock awards that have been allocated to, but not been vested in, the employee. 2.When an employee fails to achieve the threshold of the latest individual performance prior to the vesting date, Leadtrend will take back, without compensation payment, the restricted stock awards that have not been vested in the employee yet. 3. Before satisfying vesting conditions for the new restricted stock awards issued under the Regulations, employees do not have the right to enjoy allocation of shares, cash bonuses and capital reserve. Other rights of a shareholder are the same as those for the common shares issued already by Leadtrend. 			

Type of Employee Restricted Stock	Employee Restricted Stock Awards of 2022
Number of Employee Restricted Stock Which Have Been Reclaimed	66,000
Number of Released Employee Restricted Stock	61,500
Number of Unreleased Employee Restricted Stock	292,500
Ratio of Unreleased Employee Restricted Stock to Total Issued Shares (%) (Note)	0.49%
Impact on Shareholders' Interest	As for the impact of the vesting conditions and the amount amortized annually for the temporarily estimated expensed amount on earnings per share, the earnings per share for 2022, 2023, 2024, 2025 and 2026 will be probably reduced by NT\$0.06, NT\$0.28, NT\$0.15, NT\$0.06 and NT\$0.01 respectively (which are calculated based on 52,864,620 shares, issued on Apr. 28, 2022, plus restricted stock awards). The dilution of earnings per share is limited, so there is no significant impact on shareholders' equity.

Note: Total issued shares is 58,900,343 based on Mar. 21, 2024.

Type of Employee Restricted Stock	Employee Restricted Stock Awards of 2023			
Date of Effective Registration and total shares	2023.08.04			
Issue Date	2023.10.11			
Number of Employee Restricted Stock Issued	420,000			
Unissued shares	0			
Issued Price	Issue for free			
Employee Restricted Stock as a Percentage of Shares Issued (Note)	0.72%			
Vesting conditions of Employee Restricted Stock	After new restricted stock awards are allocated to an employee, the employee must obtain an assessment grade of “Compliance” or above (i.e. a scale score ≥ 5.8) for the latest Individual Performance prior to the vesting date and is still working at Leadtrend upon expiration of any of the following vesting periods. Then the employee will receive such new restricted stock awards based on the ratio of vested portion for the concerned vesting period.			
	Vesting Period	Ratio of Vested Portion	Vesting Period	Ratio of Vested Portion
	From the vesting date to Oct. 11 of the next year	1/6	From the vesting date to Apr. 11 of the next 3rd year	1/6
	From the vesting date to Apr. 11 of the next 2nd year	1/6	From the vesting date to Oct. 11 of the next 3rd year	1/6
	From the vesting date to Oct. 11 of the next 2nd year	1/6	From the vesting date to Apr. 11 of the next 4th year	1/6
Restricted Rights of Employee Restricted Stock	<ol style="list-style-type: none"> 1.Before the expiration of the vesting period, an employee shall not sell, pledge, assign, give as gifts, set for mortgage or dispose any new restricted stock awards. 2.After the issue of new restricted stock awards, the new restricted stock awards shall be entrusted in trust immediately. Before satisfying vesting conditions, an employee shall not give any reason or use any method to request the trustee to return the new restricted stock awards to him/her. 3.If an employee violates Paragraph (8) of this article by terminating or cancelling, before the satisfaction of vesting conditions, the proxy authorization granted to Leadtrend, then Leadtrend shall take back, without compensation payment, the stock awards from the employee. 			
Custody Status of Employee Restricted Stock	During the period in which the new restricted stock awards have been entrusted in trust, Leadtrend shall act on behalf of its employees to handle, together with the stock trust institution, the negotiation, execution, revision, extension, cancelation and termination of, for example, a trust deed and the delivery, use and disposal-related instructions for trust property.			
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	<ol style="list-style-type: none"> 1.When an employee resigns voluntarily, is dismissed or laid off, retires, passes away, takes unpaid leave or is transferred to a related enterprise during the period between the vesting date and the expiration of the vesting period, Leadtrend shall take back, without compensation payment, from the employee the stock awards that have been allocated to, but not been vested in, the employee. 2.When an employee fails to achieve the threshold of the latest individual performance prior to the vesting date, Leadtrend will take back, without compensation payment, the restricted stock awards that have not been vested in the employee yet. 3. Before satisfying vesting conditions for the new restricted stock awards issued under the Regulations, employees do not have the right to enjoy allocation of shares, cash bonuses and capital reserve. Other rights of a shareholder are the same as those for the common shares issued already by Leadtrend. 			

Type of Employee Restricted Stock	Employee Restricted Stock Awards of 2022
Number of Employee Restricted Stock Which Have Been Reclaimed	9,000
Number of Released Employee Restricted Stock	0
Number of Unreleased Employee Restricted Stock	411,000
Ratio of Unreleased Employee Restricted Stock to Total Issued Shares (%) (Note)	0.69%
Impact on Shareholders' Interest	As for the impact of the vesting conditions and the amount amortized annually for the temporarily estimated expensed amount on earnings per share, the earnings per share for 2023, 2024, 2025, 2026 and 2027 will be probably reduced by NT\$0.03, NT\$0.16, NT\$0.08, NT\$0.03 and NT\$0.01 respectively (which are calculated based on 56,883,828 shares, issued on Mar. 15, 2023, plus restricted stock awards). The dilution of earnings per share is limited, so there is no significant impact on shareholders' equity.

Note: Total issued shares is 58,900,343 based on Mar. 21, 2024.

(2) Employee Restricted Stock Granted to Management Team and to Top 10 Employees

Mar. 30, 2024

	Title	Name	No. of Employee Restricted Stock Granted	Employee Restricted Stock as a Percentage of Shares Issued (Note2)	Restrictions Released				Restrictions Unreleased (Note1)			
					No. of Shares	Issued Price (NT\$)	Issued Amount (NT\$ thousands)	Released Shares as a Percentage of Shares Issued (Note2)	No. of Shares	Issued Price (NT\$)	Issued Amount (NT\$ thousands)	Released Shares as a Percentage of Shares Issued (Note2)
Management team	General manager	Heng- Chung, Chi	713,900	1.21%	544,450	-	-	0.92%	169,450	-	-	0.29%
	Vice-general manager	Ming-Nan, Chuang										
	Vice-general manager	Chuei-Hua, Chiou										
	Associate director	Jiong-feng, Zhou										
	Financial and accounting supervisor	Ya-ching, Huang										
Employee	Special Assistant	Hao-ming, Lee	1,009,100	1.71%	737,050	-	-	1.25%	272,050	-	-	0.46%
	Director	Jin- he, Wu										
	Director	Ming-chang, Tsou										
	Director	Meng-jen, Tsai										
	Director	Chung-wei, Lin										
	Director	Wei-chen chang										
	senior manager	Yu-pin, Wang										
	senior manager	Sheng-chun, Hung										
	senior manager	Kuen-cheng Chen										
	senior manager	Teng-he, Wu										

Note1: The unrestricted rights do not include resignation and the number of canceled shares that have not met the vested conditions.

Note2: Total issued shares is 58,900,343 based on Mar.21, 2024.

Note3: The 544,450 shares whose restricted rights have been released by the manager include 50,000 shares that have been withdrawn and canceled.

Note4: Among the 737,050 shares whose restricted rights have been lifted by employees, 80,000 shares have been withdrawn and canceled.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None

8. Implementation of fund utilization: None

Operation Overview

1. Business content

I. Business scope

(I). The main contents of the Company's business

- (1) CC01080 electronic component manufacturing industry
- (2) I301010 information software service industry.
- (3) i501010 product design industry.
- (4) i599990 other design industry.
- (5) F601010 intellectual property industry.

(II). Business proportion

Unit: NT \$1,000

Product Item	2023	
	Amount	Sales Percentage (%)
Power Management IC	1,141,594	100

(III). Current products/services of the Company: Power management IC.

(IV). Planned new products/services

(1) AC/DC power management IC

Leadtrend always focus on its research and development to provide complete power management solutions with streamlined product lines and advanced environmentally-friendly and power-efficient products. Currently the performance of our products not only meet the market demand, but also is ahead of the requirements of laws and regulations.

- 1) In the application of ACDC power management IC, products with input less than 75W are operated in mixed mode, and those with input more than 75W are optimized by taking PFC/THD and PWM operation mode into account, so as to comprehensively improve the chip to meet the most stringent energy efficiency requirements of Energy Star DoE-6 and CoC Tier-2, and to present at least 1% higher than the regulatory efficiency margin, to ensure the consistent quality in mass production. It can be used in system power supply such as mobile phone /NB/TV/Network.
- 2) Integrated high voltage MOS(700V) is in continuous development, and has been successfully applied in all types of products less than 65W applications, and transmitted towards high power packaging without heat fin design, with the current application field covering Monitor/TV/Network.
- 3) High-density packaging is the focus of future development. By using a new generation of packaging stack technology, integrated IC/MOSFET into high-density packaging, currently the temperature reliability verification on the samples have been completed and mass production has been started.
- 4) Develop new generation Inject Printer power supply products to provide terminal brand customers with more energy saving power Solution, and introduce various models with different power demands into mass production.
- 5) The application of derivative PD IC products, based on the current PD MCU base products, is introduced into the power products for Game Console, and proceed with expansion and development of the next generation of products.
- 6) In order to improve the conversion efficiency of power system, synchronous rectifier IC has become a necessary product for 5G mobile phone /WiFi6/NB and other applications. The third-generation self-powered detection synchronous rectifier IC and related integrated medium-voltage MOS products can save system costs without additional power supply windings, and have been imported into mass production.
- 7) The adapter power supply in the Indian market is used to greatly simplify the external circuit, and

- actively detect the input power supply, which can immediately protect the system when the abnormal state, improve the system stability, and successfully import into well-known brand adapters.
- 8) The mini-type control IC with low energy consumption and high frequency (>300kHz) has been successfully launched and is used in the development of MOS/GaN integrated products.
 - 9) Optimized EMI characteristics of conduction and radiation for network communication adapter power applications, has been successfully introduced into mass production.
 - 10) The new PFC inductor does not need the reference coil for ZCD detection method, which can greatly improve the system cost, and has been successfully introduced into mass production.
 - 11) High-performance Primary Side Regulation (PSR) fly-back architecture, using mixed mode operation, can meet the most stringent new energy regulations, and can save PC817 and TL431 components, optimize the number of system components and plate area, and has been successfully imported into well-known adapters.
 - 12) Power control IC for small-volume high-power chargers has been developed, with gallium nitride (GaN) field effect transistor (FET), IC operating for 250kHz application, and its sizes can be greatly reduced by about half.
 - 13) High power integrated power management IC is developed, built in PFC and Flyback control architecture, with logical communication to optimize system efficiency and save system components.
 - 14) New QR steep frequency technology can greatly improve the conducted EMI design in the amount of >3dB in LC resonant band, and successfully imported into the TV power board of well-known brand.
 - 15) As per the new regulation IEC62368, improve the overcurrent protection error, in order to develop a high precision overcurrent protection, to meet the needs of the market display 3-in-1 module application.
 - 16) Highly integrated packaging technology is developed to successfully improve the efficiency and power density of switching power supply, including from the packaging material and heat transfer optimization (such as WSOP, SOP_EP, DNF, QFN, SPAK packaging).
 - 17) Develop a new IC grid driver, combined with the third generation of semiconductor GaN FET direct drive, can simplify the drive circuit, reduce the system vibration to optimize EMI characteristics.
 - 18) Develop High efficiency asymmetric half-bridge controller, Adaptive ZVS switch, to achieve efficiency optimization, output power application 65W-240W range, adaptable for PD3.1 output.
 - 19) Develop new digital control staggered power factor corrector development, digital control to increase the circuit accuracy and adjustment degree, and reduce its design difficulty and noise interference, in order to increase the reliability of the overall circuit.
 - 20) Highly integrated gallium nitride chips integrate high-performance hybrid mode flyback controllers, gallium nitride switching transistors, power supply and protection circuits into a unique heat dissipation package, greatly reducing the number of peripheral components and eliminating the influence of parasitic parameters on high-frequency switches in traditional drive wiring and achieving high conversion efficiency and high power density products.
 - 21) Our company has developed a brand-new AHB synchronous rectification control chip. In response to the special characteristics of ZVS and AHB architecture applications, we have added a unique patent to automatically set QR and CRM modes on the basis of traditional VD slope detection, which can effectively avoid TQR masking to avoid SR misleading communication, and a high-precision ZVS Pulse judgment mechanism to improve system efficiency.

(2) USB charging management IC

In recent years, due to the improvement of battery density, the progress of material system and the needs of users, all the battery applications take fast charging as the highlight in product development, especially in the mobile phone where it is developed most rapidly, including Qualcomm® Quick Charge™ or MediaTek's Pump Express Plus™, and the Power Delivery (PD) protocol published by the USB IF Institute which is becoming an industry standard, and the birth of self-reliant protocols in cell phone in the Mainland. At present, a new Universal Fast Charging Specification (UFCS) Converged fast Charging agreement is a new generation of converged fast charging agreement completed by a number of terminals and chips manufacturers and industrial partners. This protocol is intended to develop the convergence fast charging standard of mobile terminals, solve the incompatibility problem of mutual fast charging (integrated with the above-mentioned manufacturers' own protocols), and create a fast, safe and compatible charging environment for end users.

- 1) As per the resolution of the European Parliament that, from the end of 2024, small and medium-sized electronic products such as mobile phones and tablet computers sold in the EU, as well as NB devices from the end of 2025, must be compatible with USB Type-C specification, which will soon become the mainstream of data transmission and charging in the market. The PD Share rate of NB will gradually increase, which has been introduced in LD6612 series in the past and even to laptop products ranging 45W to 65W, and subsequent shipment will gradually increase in the market.
- 2) USB IF Association released a new generation of protocol specification PD3.1 in 2021, which will increase the 100W upper limit of PD products from PD3.0 to 240W of PD3.1, making the application of PD products extend from 3C products to household appliances and automotive applications. Leadtrend takes the lead in the industry to launch a new generation of LD6617 products conforming to PD3.1 specifications and compatible with PD3.0 applications, which can support up to 180W. At present, it has been introduced into various international brands of 140W products and LD5780+LD8529x+LD6618 for 240W products have been planned to be provided to customers PD3.1.
- 3) We are also preparing to launch LD6612T1, which is a solution to optimize IC and system components, so that customers can make more cost saving products with fewer parts. It has been accepted by customers at present, and is expected to be introduced into 45W cases.
- 4) For multi-port applications in the accessory market, 1A1C's LD6621x multi-port charging application has been put into mass production in January this year. In addition to the multi-port application, this product also carries the UFCS protocol currently being implemented by the mainland government. In the future, there will be a Buck+PD IC combo scheme integrated with LD7300, so that customers can be more simplified and simpler in application.
- 5) In response to fast charging products miniaturization and circuit simplification, we launched LD6935 integrated PD protocol and Type_blocking MOSFET, which can greatly reduce the external components, so that the customer power circuit structure can be more concise, reduce materials and processing costs, has been used by the related brand manufacturers and mass production.

(3) LED-driver power management IC

With the popularization of LED, TV/monitor back-light drive and high quality lighting requirements, LED has become an indispensable mainstream, and the new generation of LED programs focus on lighting quality improvement such as dimming depth, no stoning, high power factor low harmonic, and high efficiency.

- 1) THDi < 10% LED IC (PFC+SSR architecture) product LD7792SX used in high power intelligent dimming type LED power supply products have been mass produced.
- 2) It is compatible with PFC+SSR architecture for emergency power supply (175Vdc~250Vdc). IC product LD7792N/O has been introduced into mass production.
- 3) Single-stage PFC fixed voltage control IC LD7841 for high-power factor products can meet the latest standard (IEC61000-3-2 Class C Ed 5.1) of harmonic requirements for ACDC power supply unit in AI application market, featuring low harmonic, high power factor, high efficiency, and optimized system cost, and the product has been introduced into mass production.
- 4) Active high power booster type constant voltage control IC LD7597 can comply with the latest harmonic standard (IEC61000-3-2 Class C Ed 5.1), with advantages of low harmonic, high power factor, high efficiency, and high stability, and the products have been mass produced.

II. Industry Overview

(I). Current situation and development of the industry

2023 was the year of semiconductor inventory adjustment, and the overall global economy was affected by high inflation and the Russia-Ukraine war, resulting in suppressed consumption and a decline in shipments of terminal electronic products such as PCs and smartphones. According to Gartner's estimation, the global semiconductor market size in 2023 will be \$534.5 billion, with an annual decline of 10.9%; The output value of Taiwan's IC industry was NT \$4.3 trillion, a decline of 11.2%. The second half of 2023 was warmed up compared to the first half, and it is necessary to continuously observe the overall global economic changes and the strength of demand recovery in the second half of the year. The recovery time of the business cycle will not come until 2024.

Observing the global semiconductor market situation, it is mainly due to the sustained negative external environmental factors, resulting in poor purchasing power and weak purchasing power in the consumer market. From terminal and system manufacturers to semiconductor chip production and sales supply chain operators, they are all facing high inventory levels, and inventory depletion continues to affect the performance of semiconductors worldwide and in Taiwan. In the long run, applications such as 5G, HPC, AI, automotive, and the Internet of Things will continue to drive the long-term demand for semiconductor components.

Gartner and IDC both predict that AI PC demand will take off in 2024. Industry insiders analyze that even if Intel encounters some chip sales bans in Germany, Intel is still expected to be a major winner in the global AI PC craze, and major PC related companies around the world are closely cooperating with Intel.

Taiwanese NB recently announced that its ASUS IoT has launched new products for edge computers and embedded motherboards, equipped with Intel's new Core Ultra processor and enhanced AI ready CPU, GPU, and NPU functions, targeting the needs of smart retail, traffic analysis, medical imaging, utility management, and edge AI, adding new momentum to operations.

Gartner predicts that overall PC shipments will grow by 3.5% this year, reaching 250.4 million units; The shipment volume of AI PCs is 54.5 million units, accounting for 22% of the overall PC ratio; Gartner is bullish on the future market of AI smartphones and predicts that the total global shipment of AI PCs and smartphones will grow nine times compared to last year, reaching 295 million units. This year, the overall shipment volume of smartphones is expected to increase by 4.2% to 1.2 billion units, and the shipment volume of generative AI

smartphones is expected to be about 240 million units, accounting for 22%. By next year, the proportion of AI PC shipments will increase to 43%, and the proportion of generative AI smartphones will also increase to 32%. Gartner defines an AI PC as an AI performance chip PC equipped with the goal of optimizing and accelerating AI tasks on the device. The definition of an AI smartphone is the ability to operate AI models on the phone, generating content, strategies, designs, and methods.

IDC takes a longer-term perspective and predicts that by 2027, the shipment volume of AI PCs will reach 167 million units, which is higher than the estimated shipment volume of 50 million units this year, accounting for nearly 60% of the overall PC.

In the IC design, the International Institute of Obstetrics and Technology Research Institute conducts analysis on "the epidemic changes human life, smart medical, smart factory, smart city, smart agriculture are accelerating development, coupled with the popularization of 5G, WiFi6 technology, a variety of electronic terminal products continue to sell well, providing the global semiconductor industry multi-oriented growth momentum", among which, automatic driving technique is the spotlight. According to IC Insights statistics, last year sales of on-board logic IC grew by nearly 40%, that of analog IC also increased more than 30%, which are higher than the average growth of the industry.

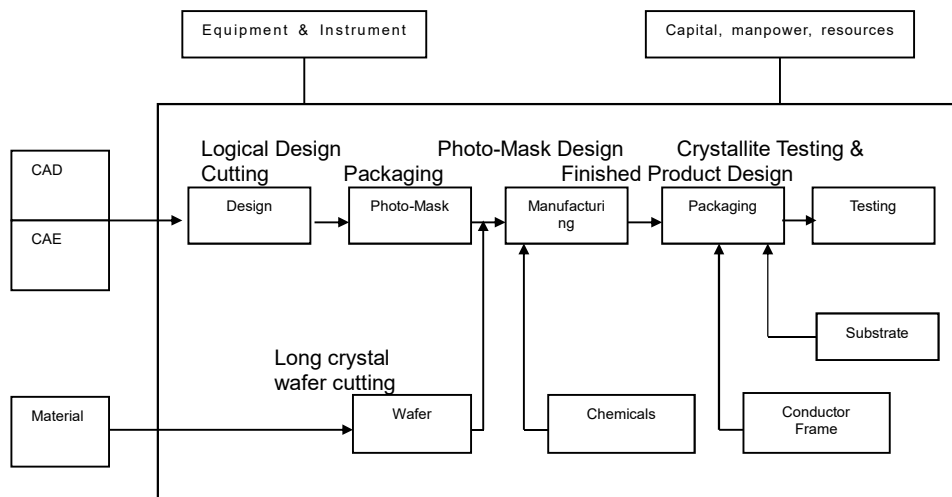
In addition, in response to the global net zero carbon emissions target by 2050, institutional investors around the world have included environmental, social and corporate governance (ESG) achievements in their investment metrics. If the industry is to continue to grow at the current pace in its pursuit of higher energy efficiency, energy conservation and emission reduction, SiC and GaN wide-gap materials are the most promising innovative technologies for the relay of silicon components.

GaN power module is a candidate component for realizing high efficiency and miniaturization of the system. It is mainly used in fast chargers of smart phones and computers, and is expected to be applied in the power supply of industrial equipment and servers in the future. GaN transistors for power conversion can be classified into common-source common-gates and p-GaN gates, the latter using p-GaN gates to keep GaN HEMTs normally off. Gans generate less heat than traditional silicon-based chargers, so components can be tightly packed. Because the components of the charger can be packed tightly, the charger is small in size, thus improving portability and overall usability, but also maintaining its power capacity and ensuring compliance with safety standards.

The GaN power semiconductor market is expected to reach \$1.32 billion by 2025. In addition, the third-generation power semiconductor substrates are more difficult and expensive to manufacture than traditional silicon substrates, according to Cimbon.

(II). Correlation between upper, middle and downstream industries

In recent years, with the evolution of vertical division of labor integration of the whole semiconductor, Chinese IC industry is developing vigorously and the division of labor system is becoming professional. Each production link has many individual manufacturers input, the division of labor is clear and each is specialized, so that the structure of the upper, middle and downstream of Chinese IC industry system is more complete. In the value chain of integrated circuit (IC) industry, IC design industry belongs to the upstream industry, IC design companies must go through professional wafer foundries or IDM factories (integrated semiconductor factories: Integrated Device Manufacturer: design, manufacturing, packaging, testing and sales are all handled by the manufacturer.) Semi-finished wafers are manufactured, tested in the front section, then transferred to professional packaging factories for cutting and packaging, and finally tested in the back section by professional testing factories. The finished product after testing is sold to the system manufacturer for assembly and production through the sales pipeline. The relevance between upper, middle and downstream industries is given below.



Data source: Yearbook for Semiconductor Industry

72% of semiconductor executives believe that, the 5G peripheral industry (including 5G technology and infrastructure, smart phones and other mobile devices) will be the engine of rapid revenue growth for semiconductor plants in the next three years, while laptops and multimedia devices will see explosive growth dividends this year and next due to COVID-19.

Behind industry growth, whoever can first address the top three keys will stand out from the competition

- (1) Avoid import/export tariff losses caused by regional competition
- (2) Manage the supply chain more flexibly and efficiently (acquire strategic capacity)
- (3) Accelerate the recruitment of talents

(III). Product development trend and competition situation

(1) Product development trend

The main products of the Company are AC/DC converter, USB-PD/QC4.0+ total solution and LED driver for lighting field, as described below.

●AC/DC converter

AC/DC products are still the focus in the Company's development, and mainly used in various electronic applications of power supply, mainly including, TV/MNT, PC/NB, Mobile, Networking, Home Appliance, Power Tool, LED Lighting and Accessory. As the display has developed towards 4K/8K high resolution in recent years and 5G/WiFi6 is put into application successively, and Type-C port is becoming the standard interface on devices supporting PD protocol (including network terminals and mobile products), network communication products with the Internet application continue to lead the growth momentum. Leadtrend's unique multi-mode operation of CCM+QR PWM controller coupled with synchronous rectification technology is significantly ahead of energy conservation regulatory requirements (e.g. (DoE) Level-6 of U.S. Department of Energy and CoC Tier-2 of the European Union), and takes advantage of the demand to take the lead in new applications, such as smart speakers, fast charger for mobile phone and laptop, miniaturized power supply for network communication and so on. In addition, the application of Hi-power application LLC +PFC IC has been promoted from the application of TV/MNT to other terminal products and achieved a breakthrough. In the completion of the layout of each product line, it is believed that in the next few years, with the contribution to revenues, it will create a new vision and continue to grow.

●USB-PD3.1/China UFCS total solution

As per the resolution of the European Parliament that, from the end of 2024, small and medium-sized electronic products such as mobile phones and tablet computers sold in the EU, as well as NB devices from the end of 2025, must be compatible with USB Type-C specification, which will soon become the mainstream of data transmission and charging in the market. Our PD solutions for 18W~180W are prepared. At present, the total solution for 240W is in progress. The layout of USD PD will be covered from the existing PD3.0 100W to the Total solution of the full power segment of PD3.1 240W.

In addition, the converged fast charging protocol for Universal Fast Charging Specification (UFCS) is a new-generation converged fast charging protocol completed by many terminals and chips manufacturers and industrial partners. This protocol is intended to develop the convergence fast charging standard of mobile terminals, solve the incompatibility problem of mutual fast charging, and create a fast, safe and compatible charging environment for end users. At present, Leadtrend has planned multi-port charging product LD6621 to comply with UFCS converged quick-charge protocol, and will apply for UFCS certification. Subsequent new products will continue to be planned in this direction to conform to the trend of China PD protocol.

●LED Driver

This LED product line includes LED related products such as smart lighting and back-light driver IC.

In terms of LED lighting products, the market demand for both light source and lamps will grow in 2022. However, in the long run, the market demand for LED light source products will slow down, mainly due to the decline in replacement demand and consumers' increasing preference for lamp products. The global LED lighting market is projected to grow at a CAGR of 3.9% during 2021-2026. Seen from the LED Lighting products market, the penetration ratio of lighting products equipped with various sensors and communication modules, and Connected Lighting product is growing. In order to achieve the goal of "carbon neutrality", the global demand for LED energy-saving reconstruction projects is increasing, and the future commercial, home, outdoor and industrial lighting applications will be in face of new opportunities of growth.

We launch power-efficient lighting IC to mainly address lighting regulation and STF suppression problems, and taking into account the digital/analog interface compatibility, focus on external lighting regulation power source, and has our product recognized by the international lighting device/lamp manufacturers. Due to the development of smart desk lamp market, the use of "LED eye protection desk lamp" adopted ACDC program revenue growth opportunities, there is opportunity for revenue growth in ACDC solution, as well as the "IoT home appliances" solution to meet the increasingly strict requirements of LED related policies and regulations and the applications on plant lighting market.

(2) Competition situation

When Ban on Huawei 2.0 comes out, supply chain players will have a greater impact on the 2020-21 business growth target than Taiwan Semiconductor, which will be the first to feel the pressure. Taiwanese IC designers generally expect the positive impact to be slightly greater than the negative side. After all, Huawei will have to be more active to get rid of reliance on USA products and technologies, and the Taiwan chips suppliers have more possibility to go ahead.

In addition, Huawei may have its market share taken by other Chinese mobile phone manufacturers, and the market share of chips owned by Taiwanese IC designers is expected to remain safe. Finally, unless China and the United States end up fighting and escalate the trade war again, which affects the global economic situation, there will be no complete egg pressure under the overhang, which will be the last headache to Taiwan IC designer.

Taiwanese IC designers assessed that Ban on Huawei 2.0 would cause three circumstances: first, Huawei's shipments would not be affected, except that production of HiSilicon Kirin chipset would be forced to suspend, which forces Huawei to switch to Mediatek, Uniguro and Samsung Electronics' mobile chip line instead of Qualcomm. Considering the scale of nearly 100 million mobile phone chips used by Huawei in a year, Mediatek's preferential profit is predictable no matter how many chips it gets in the end.

Secondly, Huawei's mobile phone shipments will be affected, and the market share of terminal phones will also decline, but it may still be made up by other Chinese brand mobile phone manufacturers such as Oppo, Vivo, Honor and Xiaomi, which will deepen the persistence and level of China's efforts to get rid of reliance on USA products and technologies.

For Taiwan IC designers closely related to China's domestic and export mobile phone chip market business, purchase of LCD driver IC, fast charge IC, CMOS sensor, light sensing IC, fingerprint identification chip, TDDI chip, PA chip and MEMS microphone from Taiwan is expected to further increase, which will help to increase the market share of Taiwanese manufacturers in terminal chips instead.

Lastly, China and the United States will escalate the level of confrontation and start an irrational trade war. In such case, global economy hit by the epidemic first since in 2020 will get worse due to this shock and the probability of economic downturn will increase again, which will influence Taiwanese IC designers who had expected to gain profits, so it is necessary to lower the Company's operating growth target.

The smart lighting market is primarily benefiting from the declining cost of overall smart lighting solutions and the increasing end consumer demand for smart lighting systems, driving the growth of the IoT lighting market, especially the smart home lighting market. In addition, under the background of government's investment in smart building lighting and development of smart city and future industrial automation, the market demand for smart lighting will be driven up. TrendForce estimates the global LED lighting market size to be USD 78.36 billion in 2026, with a compound growth rate of 3.9% from 2021 to 2026.

III. Technology and R&D overview

(I). R&D investment in recent years and as of the date of annual report

Unit: NT \$1,000

Project/Year	2023	As of Mar 30, 2024
R&D Investment	267,371	63,924

(II). Technology or product successfully developed in recent years and as of the date of annual report

Mar 30, 2024

Item	R&D Outcomes	Applications
1	Circuit for controlling a latch mode of a pulse width modulation circuit and method	NB/NWK/MNT/TV
2	Active feedback control integrated circuit applied to an alternating current/direct current converter and operation method	NB/ Game console
3	Controller for controlling a power converter to output constant power and related method	NB/ NWK/ Storage
4	Controller for generating jitters in a constant current mode of a power converter and method	NB/ NWK/ USB Charger/ LED Lighting
5	Power controller with over power protection	NB/NWK/PC/Server Power

Item	R&D Outcomes	Applications
6	Controller for detecting an output current of a power converter, device for detecting an average output current of a power converter, method for detecting an average output current of a power converter, and method for detecting an output current of a power converter	NB/PC/Server Power/TV/MNT
7	Constant current control units and control methods for primary side control	USB Charger
8	Controller of a power converter with adjustable jitter amplitude and method of generating adjustable jitter amplitude	NB/NWK
9	Protection circuit and protection method controller for generating jitters in a quasi-resonant mode and method for generating jitters in a quasi-resonant mode	NB/NWK/USB Charger
10	Control circuit for reducing touch current of a power converter and operation method	MNT/TV
11	The active sink current of OUT pin	USB Charger/NWK
12	Adjustable green mode operation with input for high efficiency	NWK/NB/MNT
13	One-line AC OFF Protection	MNT/TV/NB/PC/Server Power
14	Low VF Diode Leakage Protection	USB Charger/NWK
15	Ultra low operation current to improve power saving at no load condition	NB/USB Charger/PC Standby/ MNT/TV
16	Multi-mode PWM QR and CCM, and can meet the scathing ENERGY STAR regulations (DoE 6)	NB/NWK/TV/MNT/USB Charger
17	Qualcomm® Quick Charge™ 2.0 compatible technology	USB Charger
18	MediaTek Pump Express™ & Pump Express Plus™ compatible technology	USB Charger
19	Synchronous rectification driver in CCM, DCM and QR (Valley lock) mode	USB Charger/NWK/NB/TV/PC/Server Power
20	Without Comp PIN solution to reduce component count	USB Charger/LED Lighting/ NWK/ NB
21	Min. THDi controller with AC injection technical for IEC61000-3-2 Class C at $P_{in} \leq 25W$	LED Lighting/Smart Lighting
22	Ripple suppressor with system protection (as open/ short LED) at LED replacement lighting application	LED Lighting/Smart Lighting
23	High Power Factor LED primary side regulation Flyback Controller with HV Start-up, LED lighting and dimmable by TRIAC dimmer	LED Lighting/Smart Lighting
24	Shimmer compensation during low phase dimming for TRIAC dimmer	LED Lighting
25	Analog dimming technology (1K~30KHz PWM input to amplitude output current)	TV/ MNT/LCD Backlight
26	Mixed dimming technology for LED backlight application	TV/ MNT/LCD Backlight
27	Stack power structure for LED backlight application	MNT/ TV/ LCD Backlight
28	Sensing FET of current ratio	Appliance Power/ MNT/ TV/ USB Charger
29	Compensation technology for Line / Load regulation	NB/ NWK/ TV/ MNT/ LED Lighting
30	Average current mode technology for DC/DC constant current control	LED Lighting/ Smart Lighting
31	Adjustable Power for CC/CV control technology	NB/ PC/Server Power/ USB Charger
32	COMP loop compensation technology ($P_{in} < 0.3W$ at no load and full range input)	TV/ MNT
33	Robust Power Semiconductor with High Unclamp Inductive Switch (UIS/EAS) Capability	NB/ NWK/ TV/ MNT/ LED Lighting
34	Power Semiconductor Wafer Level Unclamp Inductive Switch (UIS/EAS) Volume Test.	NB/ TV/ MNT
35	Fast Dynamic Improve Technology for PSR	NB/ NWK
36	High Power Density Packing Technical for Combo IC	TV /MNT/Charger
37	ZCD Auxiliary Winding is Unnecessary	TV
38	SR Fast turn-off total delay of 30ns	USB Charger/ NWK/ NB/ TV/ PC/ Server Power
39	AC Injection Technical by HV pin for LED IC	LED Lighting
40	COMP pin Compensation for On time Variation by HV pin	LED Lighting

Item	R&D Outcomes	Applications
41	The dimming controller and correlative dimming method of the pulse width modulation signal and DC signal	LED Lighting
42	PSR operating in CCM to explore the power range.	NWK
43	Constant Current (CC) for CCM Mode. Accurate OCP $\pm 8\%$	NWK
44	Novel QR Mode Jitter to improve quasi-peak level in conduction EMI.	NWK/NB
45	Novel IC protection pause status in Flyback Controller.	NWK
46	Current mode Active clamp Flyback controller with Low CS loop Propagation delay $< 50\text{ns}$	NB
47	Valley Synchronized Turn-on Requires No Second Winding On The Boost Inductor	TV/MNT
48	Half-bridge LLC Resonant Controller for dual output	TV/MNT
49	Drain sense pin capable of handling input voltages up to 200 V	NWK/NB
50	Self-supplying for high-side rectification without the use of an auxiliary winding	NWK/NB
51	Self-supplying for operation with low output voltage	NWK/NB
52	A control method used in asymmetric half bridge LLC topology	TV
53	Optimization and Analysis of Power Factor Corrector Controller	NB
54	Novel Multi-control output (DSCP、OCP、ZVS、Vo OVP) CS PIN with Power Factor Correction Circuits	TV
55	Single stage PFC and PSR operation with dimming and thermal fold-back control	LED Lighting
56	Limited Power Source (LPS) for USB Power Delivery (PD) Application	NB
57	An adaptive Min-On-Time Method for Synchronous Rectifier	NWK/NB
58	Current mode control for LLC resonant converter with common mode detection	TV
59	A new control method of flyback with QR/ZVS mode	NWK/NB
60	AI Efficiency tacking of Flyback PWM Controller	NWK/NB
61	A enhanced PF/THDi control method of single stage PFC topology	LED Lighting
62	Hybrid dimming control method of DC Buck constant current output controller	LED Lighting
63	The Communication Mechanism Between the Flyback of PSR and SR for Sleep Mode & Fast Response	NWK
64	Power factor correction controller and operational method thereof	MNT/TV
65	A Secondary Side Flyback Control Method by Using Ripple Injection Technique	NB/NWK
66	Controller applied to a power converter is installed in a primary side of the power converter	NB
67	Flyback Converter with Forward Mode Bias of Auxiliary Winding in a Wide Output Range Application	NB/NWK
68	BCM operation in COT control for secondary side ZVS	NB/NWK
69	Active Gate drive compensation of GaN FETs	NB/NWK/TV
70	A enhanced PF/THDi control method of pre-regulation Boost topology	LED Lighting
71	Spike clamping and energy recycling for flyback converter	NB/NWK/TV
72	A ZVS Pulse Detection Method of Synchronous Rectifier (SR) for AHB Flyback System Application	NB/NWK/TV
73	Group PWM With Frequency Control	NB/NWK/TV

IV Long-term and short-term business development plans

(I). Short-term development plan

(1) R&D strategies

- 1) Taking the advantage of the future development trend of information, communication and application products and consumer electronics products and with the norms of energy laws and regulations, develop a variety of power management IC products, so as to cut down the cost of system products, grasp the market fluctuations and customer needs, and further expand the market share of application products.
- 2) Make good use of the accumulated technical knowledge of the Company, in addition to maintaining the existing products, and reduce costs and develop other product lines, introduce new products into the market, improve product quality and popularity, and strengthen product competitiveness.

(2) Production and marketing strategies

- 1) Make use of Taiwan's unique capacity as semiconductor production division to provide customized flexible operation, and maintain a good relationship with domestic wafer manufactures and packaging and testing plants, and maintain a close coordination with OEMs, so as to ensure the production capacity and control the product delivery time to meet the special needs of customers and improve customer satisfaction.
- 2) Based on the needs of customers, make use of the Company's system design capabilities, provide perfect technical support and channel agent marketing activities, to increase the market share of high-profit proprietary products.
- 3) Directly cooperate with world-class commercial customers, and further develop customized products after obtaining first-hand information and specifications, improve product hit rate and reduce time to market.

(3) Operational and financial planning strategies

Pay attention to employee welfare policies / implement dividend and performance bonus system to improve employee morale and cohesion.

(II). Long-term development plan

(1) R&D strategies

- 1) Based on the application needs of the market, provide complete product series, and with accumulated IC design experience and integration of technical capabilities, expand the breadth and depth of the product line, and develop other high-level products, so as to diversify products and meet the customer demands.
- 2) Seek the communication in information and technology with domestic and foreign academic and research institutions, and establish strategic alliance with IC design industry to accumulate the product research and development technology database, so as to accumulate experience and improve technology.
- 3) Keep up with the development of industrial trends and the pace of the trend, not only make the enterprise follow up, but also pay attention to the skills training of employees.

(2) Production and marketing strategies

- 1) Continue to maintain long-term cooperation with upstream wafer OEMs, packaging and testing manufacturers (including mainland manufacturers), and develop them into strategic partners to jointly develop special functional processes, so as to reduce production costs and develop high-quality, multifunctional and competitive products.
- 2) Master key technology, focus on IC design, actively carry out more advanced, more sophisticated product integration development, in order to increase market share and become the market leader.

(3) Operational and financial planning strategies

- 1) Promote the concept of internationalization and cultivate the management ability of international enterprises, actively cultivate international talents, and move towards the goal of international enterprises.
- 2) Make use of diversified financial tools in the capital market to support the operation and development of the Company.

2. Market, Production and Marketing Overview

I. Market analysis

(I). The territories where our main products/services are sold/supplied

Unit: NT \$1,000

Territory \ Year	2022		2023	
	Sales Amount	Ratio (%)	Sales Amount	Ratio (%)
Within Taiwan	851,269	52.17%	598,364	52.41%
Outside Taiwan	780,608	47.83%	543,230	47.59%
Total	1,631,877	100.00%	1,141,594	100.00%

(II). Market share

According to statistics from the Industrial Research Institute, Taiwan's IC design output value will reach 1.07 trillion yuan in 2023. Although the consumer electronics terminal market is gradually reporting a slowdown in demand, resulting in a decline in demand for some component orders, in the long term, there will still be steady growth in applications such as 5G, AI, automotive, and IoT.

In the second half of 2022, after major wafer foundries gradually open new production capacity, the overall insufficient supply situation will be alleviated, and consumer IC customers would gradually reflect the situation of the terminal consumption market (demand gradually slows down). The momentum of shipment will also slow down and entered the inventory adjustment stage. This wave of inventory adjustment power in the consumer market was likely to continue from Q1 2024 to the end of Q2, that was to say, the inventory adjustment would last until the middle of 2024. At that time, it will have an impact on the IC design giants such as MediaTek, NOVATEK and Realtek, which have entered the consumer IC market. Although the terminal demand for the IC related supply chain may not grow so strongly, the basic demand remains. In the aspect of PMIC, the supply of 8-inch wafers has hardly grown, while in view of the stable demand for PMIC in all terminal applications, the supply and demand in 2024 will shift to the stable growth in Q3 and Q4 with the inventory adjustment in Q1 and Q2.

(III). Future supply and demand conditions and growth of the market

IDC expects the semiconductor sales market to recover in 2024, with an annual growth rate of 20%. Due to weak market demand, the process of inventory consumption in the supply chain is still ongoing. Although there were sporadic short orders and rush orders in the second half of 2023, it was still difficult to reverse the annual decline of 20% in the first half of the year, resulting in a 12% decline in the semiconductor sales market in 2023. The production reduction effect in 2024 will drive up product prices, coupled with an increase in the penetration rate of high priced HBM, which is expected to become a driving force for market growth. With the gradual recovery of demand for smartphones and strong demand for AI chips, IDC predicts that the semiconductor market will resume its growth trend in 2024, with an annual growth rate of over 20%.

The World Semiconductor Trade Statistics (WSTS) estimates that the semiconductor market is expected to rebound to \$576 billion in 2024, with an increase of 11.8%. The memory market is expected to see a surge of 43.2%, which is the main driving force for the overall recovery of the semiconductor market. The sensor market is expected to rise by 5.7%; Separate components will increase by 6.4%; The optoelectronic market will slightly decrease by 0.1%.

According to the MIC, advanced process technology mass production has advanced to the 3-nanometer technology node. With TSMC and Samsung leading the way, Intel expects to launch Intel 3 products in 2024, which will further intensify the competition among the global semiconductor giants in the 3-nanometer process. Pay attention to the 2-nanometer process, and it is expected that trial production and validation will begin in 2024. The progress is worth paying attention to. Overall, the focus of the semiconductor industry in 2024 will be on the global advanced process technology progress, with three major observation focuses, including the progress of the 3-nanometer mass production process, the main customers and products of the 3-nanometer process, and the progress of the 2-nanometer process trial production.

Looking ahead to the global and Taiwan semiconductor industry trends, the traditional mainstream market is mainly focused on smart products, including smartphones, laptops, desktops, servers, cars, etc. The overall fluctuations are relatively smooth, and all are facing development difficulties at the ceiling. In the context of uncertain recovery and growth in the mainstream product market, the future growth momentum of the semiconductor market will rely on the stimulation of emerging applications such as emerging information services, energy and environmental protection, and technology integration, especially AI, new energy, and smart networking will become the main growth drivers. Among them, benefiting from this year's AI boom and the promotion of car manufacturers in the United States, China, Europe, and Japan, AI servers and electric vehicles have the opportunity to achieve multiple growth in 2027, becoming the main force driving semiconductor growth. On the other hand, wireless terminal devices are driven by the trend of digitization and intelligence, and will expand from traditional product fields to vertical market applications.

(IV). Advantages and disadvantages of competitive niche and development prospect and countermeasures

(1) Competitive niche

1) Excellent technical capacity in R&D

Since its establishment, the Company has been focusing on the field of analog IC. Based on excellent talent quality as the foundation for development of the Company, coupled with long-term training on R&D talents and continuous cooperation with the academic community, the Company has accumulated quite profound technology and experience, and its R&D team provides complete design resources for global IC designers and system manufacturer, which is the core technology that the Company relies on to compete, but also the new force of the Company's business growth. In addition, the wide application field of analog IC and long product life cycle are conducive to the future development of the Company.

2) Master the long-term cooperation between the wafer OEM and the third party

The process technology, quality yield, equipment capacity, delivery speed and price of wafer OEM are important factors affecting product development competitiveness and sales success, and the long-term cooperation of testing and packaging partners is also indispensable. In this regard we have developed long-term cooperation with suppliers, so the product quality is stable and the supply is adequate.

3) Maintain good cooperative relationship with customers

Our business marketing team provides customers with complete product development services, which has higher product value and is closer to the demand market in terms of quality, yield, delivery time and after-sales service. We keep a good tacit understanding with customers, help customers shorten the product development cycle through early involve, grow up together with customers and maintain long-term cooperative relationship. Established marketing channels and deep rooted customer relations are conducive to the Company's future business development.

(2) Favorable factors

1) The upstream and downstream semiconductor industries are closely related, which, with the clustering effect, can quickly provide services.

The industrial structure of vertical division in disciplines is the characteristic of our semiconductor industry, which can be roughly divided into IC design industry, wafer foundry, cutting and sealing factory and testing factory. Under the rapidly changing industrial environment and the increasingly expanding capital equipment investment scale, our unique professional division of labor is indeed in line with the industrial development trend, and mainly established in Hsinchu Science Park, so we can easily maintain close contact and good cooperative relationship with these companies, in order to provide rapid service, which, in cost, quality or time control, are helpful to enhance the market competitiveness of domestic IC designers. At the same time, we will continue to strengthen cooperation with suppliers in mainland China.

2) IC industry still has room for growth

With the continuous progress of information technology, the proportion of demand for power management chips in various application fields is still very high. Although the solutions have changed with the application of portable products such as mobile phones, NB, IoT and vehicle, IC will be applied in a wider range due to the demand of digitalization, the commercialization of high-speed Internet and the progress of semiconductor process miniaturization technology, which will certainly drive the market demand in overall IC industry. Therefore, the application of analog and digital hybrid IC components has been the mainstream, and there is broad development space in future.

Electronic products are changing, while it is unchanged to rely on power management IC to provide efficient power. The power management IC which can provide the longest standby duration, the lowest power consumption, and the highest conversion efficiency is still the necessity to these terminal electronic products, such as tablets, IoT, laptops, smartphones and other products. We will provide complete product lines, a wider range of applications, in order to provide a complete solution of power management IC services, and there is still a great room for growth.

3) Analog IC market has regional entry barriers

Because the analog IC industry has different specifications, there is no determined standard, and the R&D technology covers both hardware and software fields, so small enterprises with good mobility will have a better market niche if they can respond quickly to individual markets, and avoid falling into the price war for standard products. In addition, the development of analog IC design products often requires the accumulation of long-term experience and fault detection technology, and the system manufacturer certification cycle is long, and the supplier is not easy to change once the certification is obtained, so the domestic industry cannot become a supplier in place of us in the short term. Our technical team has many years of experience in R&D in related fields, which can shorten the learning curve and establish entry barriers.

(3) Adverse factors and countermeasures

1) The rise of manpower cost and shortage of R&D talents in domestic analog IC industry

In recent years, due to the vigorous development of the IC industry, professional labor cost is relatively increased, and it takes long time to train professional talents in the analog IC design, and the domestic industry puts emphasis on digital application over analog for a long period, domestic colleges and institutes annually train analog IC design talents in very limited number. In addition, the products change rapidly on the market, so talent cultivation falls short of demand.

Countermeasures:

Conduct recruitment in campus and implement education training, improve staff welfare to strengthen staff's cohesion and reduce brain drain, and strengthen the development of R&D talents. Develop more advanced process database, enhance the Company's core competitiveness, in order to win more opportunities of cooperation with customers.

2) High dependence on wafer OEM

With the trend of vertical division of labor and integration in semiconductor industry, the upstream and downstream industries are roughly divided into IC design industry, wafer OEM, cutting and packaging factories and testing factories, which are closely related.

Countermeasures:

Maintain good interaction with downstream OEM to ensure their capacity, and actively develop other OEM to reduce risks.

3) Competition from foreign manufacturers

Domestic and international analog IC design companies are gradually expanding, taking advantage of their cost advantages (profits from wafers, packaging and testing can be reduced strategically in the same company) to adopt low price policies or product bundling and other approaches to squeeze our market expansion opportunities.

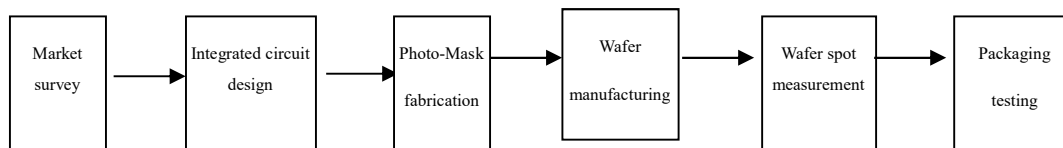
Countermeasures:

- a) Strengthen our own product R&D ability, and shorten the launch cycle of new products.
- b) Ensure stable supply quality, control capacity, and strengthen customer confidence.
- c) Strengthen cooperation with domestic and foreign system manufacturers to develop new products.
- d) Be committed to production yield improvement, in order to reduce production and marketing costs.
- e) Strengthen marketing management, establish a global marketing network and after-sales service system, in order to build customer loyalty.

II. Important uses and manufacturing processes of the main products

(I). Important uses of main products: Please refer to Pages 77~79 for details.

(II). Manufacturing process



III. Supply of main raw materials

The Company is a professional IC designer, with wafer manufacturing, packaging and testing processes commissioned to external OEM, and currently has a good relationship with suppliers, and the material supply is in good condition.

IV. List of major supplies and purchasers in the recent two years

(I). Name of the suppliers who have accounted for more than 10% of the total purchase amount and proportion in either of the recent years, and the reasons for the changes

Unit: NT \$1,000

Item	2022				2023			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with issuer
1	Supplier A	503,775	63.52	None	Supplier A	181,621	85.28	None
2	Supplier B	151,336	19.08	None	Supplier B	20,223	9.50	None
3	Other	137,999	17.40	None	Other	11,129	5.23	None
	Net purchases	793,110	100.00		Net purchases	212,973	100.00	

Analysis: Considering the process capacity, production capacity, price and other factors, the Company chooses professional wafer OEM to cooperate with it. Due to the large inventory preparation in 2022 and customer demand in 2023, the purchase was reduced.

(II). Name of the customers who have accounted for more than 10% of the total sales amount and proportion in either of the recent years, and the reasons for the changes

Unit: NT \$1,000

Item	2022				2023			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with issuer
1	Customer A	509,907	31.25	None	Customer A	316,301	27.71	None
2	Customer B	157,111	9.63	None	Customer B	145,125	12.71	None
3	Customer C	139,640	8.55	None	Customer C	125,569	11.00	None
4	Other	825,219	50.57	None	Other	554,599	48.58	None
	Net sales	1,631,877	100.00		Net sales	1,141,594	100.00	

Analysis: In the recent two years, the sales amount of major customers decreased, mainly due to the large inventory preparation and reduction of customer demand in 2023.

V. Output value in the recent two years

Unit: NT \$1,000

Output Value Main Products	Year	2022			2023		
		Capacity (note)	Yield	Output Value	Capacity (note)	Yield	Output Value
ACDC_PWM power management IC		NA	353,008	739,134	NA	298,943	484,006
ACDC_Secondary power management IC		NA	59,244	196,570	NA	43,090	160,975
ACDC_Lighting power management IC		NA	24,396	70,442	NA	7,510	21,779
Total		NA	436,648	1,006,146	NA	349,543	666,760
Analysis: The output and output value in 2023 decreased by 19.95% and 33.73%, respectively, compared with that in 2022, mainly due to the reduction of order demand and the reduction of production due to the reduction of inventory.							

Note: The products designed and developed by us are mainly manufactured by wafer OEM, which is outsourced for packaging and testing, so the capacity calculation is not applicable.

VI. Sales volume in recent two years

Unit: NT \$1,000

Sales Volume Main Products	Year	2022				2023			
		Domestic sales		Overseas sales		Domestic sales		Overseas sales	
		Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
ACDC_PWM power management IC		217,323	689,939	141,849	534,366	172,700	476,808	136,536	402,247
ACDC_Secondary power management IC		22,831	127,745	35,405	147,656	19,772	112,632	22,533	102,263
ACDC_Lighting power management IC		5,694	33,585	18,617	98,586	1,699	8,924	7,059	38,720
Total		245,848	851,269	195,871	780,608	194,171	598,364	166,128	543,230
Analysis: NA.									

3. Employee Analysis: number of employees, average length of service, average age and education distribution ratio of employees in the recent two years and as of the date of the annual report

Year		2022	2023	As of Mar 30, 2024
Number of Staff	Managers	5	5	5
	R&D staff	110	99	97
	Other employees	86	77	78
	Total	201	181	180
Average age		37.9	39.0	39.2
Average Length of Service		5.23	6.2	6.4
Education Background	Doctor's degree	1.0%	1.7%	1.7%
	Master's degree	46.0%	46.4%	46.1%
	Junior college degree	53.0%	51.9%	52.2%
	High school degree	0.0%	0.0%	0.0%
	Below high school	0.0%	0.0%	0.0%

4. Expenditure in Environmental Protection

In recent years and up to the date of this annual report, the total amount of losses (including compensation) and penalty imposed as a result of environmental pollution, as well as the future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, penalty and compensation that may occur if no countermeasures are taken. Where it is impossible to estimate the amount, the fact that they cannot be reasonably estimated shall be explained): None.

5. Employment Relationship

I. the Company's various employee benefits, further education, training and retirement systems and their implementation, as well as the employment agreement and various measures to protect employees' rights and interests

(I). Staff working environment and personal safety

Our company has strict access control in the work environment for the personal safety of employees. In addition to providing employees with a perfect workplace, we also regularly inspect and maintain various equipment related to employee safety and hygiene in the workplace, such as passages, floors, stairs or ventilation, lighting, fire prevention, disaster prevention, etc. In addition, the compensation for occupational disasters and related insurance are also stated in the job description and announced on the internal website.

Item	Content
Access Control	<ol style="list-style-type: none">1. Strict access control monitoring system is operated day and night.2. Security staff are assigned at the entrance and exit of the building at night and on holidays to ensure the safety of the facility.
Maintenance and inspection of all equipment	<ol style="list-style-type: none">1. Health check: Employees will undergo regular health checks in accordance with the Labor Safety and Health Law.2. Professional physicians (quarterly/once) and nurses (weekly/once) provide one-on-one health management and consultation for our colleagues, care for female colleagues during pregnancy and one year after childbirth, care for musculoskeletal discomfort, and psychological counseling and referral.3. Work environment hygiene: Smoking is strictly prohibited in the business premises according to regulations, and cleaning personnel are responsible for keeping the office environment clean.
Disaster preventions and response	The park annually employs fire control authorities to conduct fire prevention workshop.
Health and safety	<ol style="list-style-type: none">1. Health examination: In accordance with the Labor Safety and Health Law, employees are provided with regular health examination annually. Physicians are invited to share health information and analysis on fault in health examination.2. Sanitation of working environment: Smoking is prohibited completely around the premises in accordance with regulations, and cleaning staff are hired regularly to clean the office facility.3. Office floors are waxed regularly.
Mental health	<ol style="list-style-type: none">1. Mental health class: Provided flexible courses on mental health, emotional management and stress relief, to relieve staff's stress and maintain mental health.2. Expression of opinion: The Company set up general manager mailbox and hold staff communication meeting and afternoon tea party, encourage employees to put forward suggestions and proposals for the Company's products, quality, systems, policies and other projects, and the general manager will personally give reply to them.
Insurance and medical support	<ol style="list-style-type: none">1. We provide labor insurance (including occupational disaster insurance), health insurance, and free business group insurance for employees, including life insurance, accident insurance, accident medical insurance and cancer insurance.2. In addition to group insurance, the Company also provides bereavement and sickness benefits to assist employees or their family members.

(II). Employee benefits

- (1) Company benefits: employee labor insurance, health insurance, and group insurance; Employees are entitled to free group insurance on the first day of their employment, including labor insurance, health insurance, and group insurance; Employees are entitled to free group insurance coverage (including life insurance, accidental injury insurance, accidental medical insurance, inpatient medical insurance, surgical medical insurance, emergency medical insurance, and cancer insurance) on the first day of their employment, as well as discounted prices for family members. Group insurance evaluations and inquiries are conducted annually, and market research is conducted periodically to ensure sufficient group insurance coverage.
- (2) Provide persistence golden coins: 10g of golden coin for 5 years/10 years of employment, and 30g of golden coin for 15 years/20 years of employment to thank colleagues for their long-term efforts and dedication.
- (3) Employee benefits: Employees enjoy subsidy for legal festival and holidays, birth allowance and leaves for wedding and funeral celebrations. We organize staff travel and group activities.

(III). Further education and training: Implement internal and external training courses based on business needs.

(IV). Retirement system: The Company has set up a special account for workers' retirement. In accordance with the provisions on the provision and management of workers' retirement reserve, 2% of the total monthly salary is allocated to the Workers' Retirement Reserve Supervision Committee and deposited into the special account of the Bank of Taiwan (which was incorporated into the Bank of Taiwan by the Central Trust Administration in 2007) in the name of the Committee. Since July 1, 2005, all employees voluntarily chose to apply the new system of labor retirement. The pension contributions were made based on 6% of the salary scale of the monthly pension contributions of workers and deposited into the special account of employees' personal pension.

(V). Employment agreement and various measures to protect employees' rights and interests: The Company is committed to enhancing harmonious employment relationship, regularly convenes executive meetings as a communication approach between the Company and the staff, and develops sound measures to align the benefits of the staff with those of the Company, so there have been no major labor disputes so far.

(II) In recent years and as the annual report publication, the losses incurred and as a result of industrial disputes and disclosure of the estimated amounts and measures currently and possibly in the future, where it is impossible to estimate the amount, the fact that they cannot be reasonably estimated shall be explained: None.

6. Information Security Management

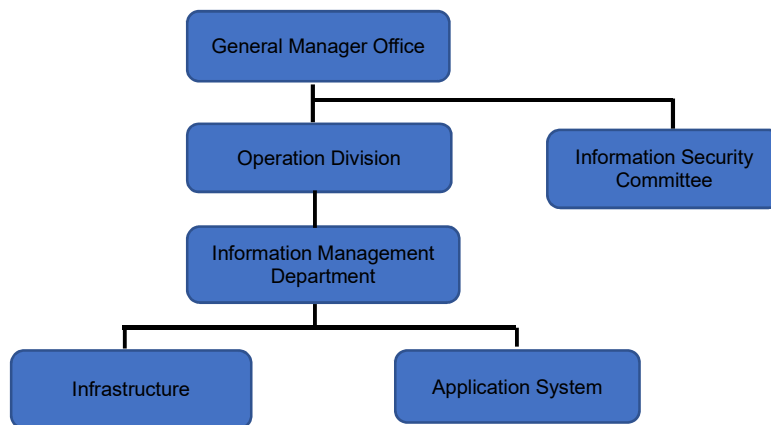
The Company has established the Information Security Committee in May 2012. The chief of the committee is the assistant director of the CAD Department of the Company, and the committee is composed of first-level directors of each department. The committee holds regular information security meetings to evaluate information security risks, and make adjustment from time to time in response to emergency. The information security report and results of governance for this year have been submitted to the 12th meeting of the eighth session of Board of Directors on Nov. 9, 2023. The report content is as follows:

	Items	Execution date	Progress description	State
Information of security management measures	Information security promotions	2023/Q1~Q3	Completed 3 times and A total of 7 promotional topics	●
	Disaster recovery drill	July,2023	1.Practice the process of system damage or data recovery 2.Verify that the system and the number of data are correct.	●
	File backup operation	daily	1.Regularly perform related backups of files, databases, system environments, and program codes 2.Check the backup schedule execution status every day	●
	Regular inspection of computer room	daily	1.Environmental inspection of computer rooms in each district office 2.Check the status of information equipment in each computer room	●
	Check software authorization	Monthly	Check whether users are using unauthorized software and remove it	●
	Social engineering drill	Feb,2023 Sep,2023	Social engineering drill assignment Course training on the dangers of social engineering	●
Information security incident	Information security incident investigation	2023/Q1~Q3	No case occurred	●
New import	User security software upgrade	Sep,2023	User computer upgrade completed	●
	File encryption system	Oct,2023	Internal company file encryption	●

● Completed/no exceptions △ Not completed/with exceptions

I. Information security management framework

As the top decision-maker for information security policy within the Company, the Information Security Committee coordinates the implementation of information security control measures, promotes the internal information security of the organization with reasonable responsibility allocation and effective resource management, and the practical support of the management. The Information Management Department has the authority to conduct information security activities, which consists of an information supervisor and several professional information specialists, and is responsible for formulating internal information security policies, planning and implementing information security operations and promoting and implementing information security policies.



Responsibilities and duties:

- Network administration
- Server administration
- Virus prevention
- Information security management
- Hardware/network maintenance across the plant

Responsibilities and duties:

- System integration planning and setup

II. Information security policy

1. Policies on network security management, personal computer management, and information system management are established based on the information security objectives.
2. Program and data access control
3. Data input/output control
4. Data processing control
5. Equipment safety and file backup operations in the computer room
6. System recovery and test operations
7. Network security around corporate computer system

III. Information security management scheme

Information Control	Control Description
Program and data access control	Specifications on how program designers and developers control old and new versions of programs.
Data output/input control	Specifications on how to validate data input and output systems and avoid incorrect data input.
Data processing control	Specifications on how to update and keep operation manuals and electronic documents.

Information Control	Control Description
Equipment safety control in computer room	Specifications on how to control internal and external environment and ensure safety of physical equipment in computer room.
File backup operation control	Specification on how and when to back up important systems related to production.
Data storage control	Specifications on how to store important research results within the Company in accordance with relevant law and regulations.
System restoration control	Specifications on how to cope with the disaster and avoid the expansion of losses.
Network security control	Specifications on how to protect the internal and external networks of the Company during their operation.
Operation-related system access control	Specifications on how to control access to information services available within the Company.

IV. Resources for Information security management

Information security has become an important issue in the Company's operation, and resources invested in information security management include:

(I)Continuously increasing investment of resources in software: Additional two-factor authentication to strengthen user account authority management, and additional file encryption systems, and evaluation of new anti-virus software features.

(II)Education and training:

- (1) Information security related staff participate in various information security seminars from time to time.
- (2) Advocate and supervise colleagues to follow the code of information security management of the Company.
- (3) Regularly arrange training of newcomers in information security and release announcement on information security.
- (4) Regularly conduct social engineering drills, tracking and management training courses

In addition, e-Learning courses have been established in the education and training of newcomers, and information security education and training are conducted from time to time to advocate information security and strengthen employees' awareness of information security and respect for intellectual property rights, and to protect personal and corporate information. The Company releases announcement on information security at least quarterly, convey important provisions and precautions on information security and protection, and have conducted the following training seminars on information security in 2023.

Item	Hours of Class	Total Number of Trainees
Information security education and advocacy	53	279
Information security management training on information-related staff	12	4

(III)Customer satisfaction: no major information security incidents and no complaints regarding breach of customer data or loss of customer information.

V. In recent years and up to the date of this report, the losses incurred due to major information security incidents, possible impacts and response measures. Where it is impossible to estimate the amount, the fact that they cannot be reasonably estimated shall be explained.

As reported by Mr. Zhou Jiong-feng, the Information Security Chairman to the board of directors on November 09, 2023, no major information security incident occurred in 2023.

7. Important Contracts

Nature of Contract	Contractor	Term of Contract	Main Contents	Restrictive Clauses
Lease	Aiban Xinji Co. Ltd.	12/01/2021~11/30/2024	Lease of 16/F of Pangyo office	-
Lease	Liu Zhi-hui	02/01/2022~07/31/2026	Lease of Shenzhen Office	-
Lease	Taizi Construction and Development Co. Ltd.	06/01/2021~05/31/2023	Lease of A1, 12/F of Tainan Office	-
Lease	Nan Shan Life Insurance Company, Ltd.	03/24/2023~03/23/2028	Lease of 7/F of Tainan Office	-
Lease	Wuxi Henglong Real Estate Co. Ltd.	02/18/2024~02/27/2027	Lease of Room 3504, Block #1 of Wuxi Office	-
Lease	Fan Xiuming	06/01/2022~05/31/2023	Lease of the No. 2 Warehouse in Zhubei	-

Financial Information

1、Condensed financial statements for the last five years

I. Condensed Balance Sheet and Income Statement Information

(I). Condensed Balance Sheet – Consolidate

Unit : NT\$ Thousands

Year Project		Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		1,075,357	1,156,834	1,643,439	1,320,369	1,359,959
Property, plant and equipment		402,206	392,504	471,671	529,530	477,962
Intangible Assets		27,504	16,250	9,504	13,829	11,132
Other Assets		30,004	48,205	47,682	28,674	29,036
Total Assets		1,535,071	1,613,343	2,172,296	1,892,402	1,878,089
Current liabilities	Before distribution	204,561	272,153	496,536	226,129	224,739
	After distribution (Note 2)	251,443	348,992	707,776	294,390	NA
Non-current liabilities		22,930	12,226	28,207	13,322	10,389
Total liabilities	Before distribution	227,491	284,379	524,743	239,451	235,128
	After distribution (Note 2)	274,373	361,218	735,983	307,712	NA
Equity attributable to owners of parent company		1,307,580	1,328,964	1,647,553	1,652,951	1,642,961
Share capital		468,822	477,742	528,646	568,838	589,178
Capital surplus		404,327	400,276	409,669	390,432	389,835
(Retained earnings	Before distribution	435,527	474,704	749,944	720,024	700,537
	After distribution (Note 2)	414,488	421,877	565,109	671,673	NA
Other interests		(1,096)	(23,758)	(40,706)	(26,343)	(36,589)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,307,580	1,328,964	1,647,553	1,652,951	1,620,961
	After distribution (Note 2)	1,260,698	1,252,125	1,436,313	1,584,690	NA

Financial information using international financial reporting standards.

Note 1: The financial data of the last five years have been audited and certified by accountants.

Note 2: The latest earnings distribution has been proposed by the board of directors on Apr.11, 2024 and has not yet been decided by the board of shareholders.

(II).Condensed Balance Sheet - individual

Unit : NT\$ Thousands

Project \ Year		Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		1,030,198	1,099,290	1,465,026	1,140,917	1,144,487
Property, plant and equipment		396,767	388,457	425,407	480,674	431,913
Intangible Assets		27,504	16,250	9,504	13,829	11,132
Other Assets		69,423	97,516	256,486	229,900	253,477
Total Assets		1,523,892	1,601,513	2,156,423	1,865,320	1,841,009
Current liabilities	Before distribution	196,711	261,610	482,481	200,138	193,584
	After distribution (Note 2)	243,593	338,449	693,721	268,399	NA
Non-current liabilities		19,601	10,939	26,389	12,231	4,464
Total liabilities	Before distribution	216,312	272,549	508,870	212,369	198,048
	After distribution (Note 2)	263,194	349,388	720,110	280,630	NA
Equity attributable to owners of parent company		1,307,580	1,324,964	1,647,553	1,652,951	1,642,961
Share capital		468,822	477,742	528,646	568,838	589,178
Capital surplus		404,327	400,276	409,669	390,432	389,835
Retained earnings	Before distribution	435,527	474,704	749,944	720,024	700,537
	After distribution (Note 2)	414,488	421,877	565,109	671,673	NA
Other interests		(1,096)	(23,758)	(40,706)	(26,343)	(36,589)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,307,580	1,328,964	1,647,553	1,652,951	1,642,961
	After distribution (Note 2)	1,260,698	1,252,125	1,436,313	1,584,690	NA

Financial information using international financial reporting standards.

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II. Condensed Income Statement Information

(I). Condensed Income Statement – Consolidate

Unit : NT\$ Thousands

Project \ Year	Financial information for the last five years (Note)				
	2019	2020	2021	2022	2023
Operating income	1,048,390	1,446,599	2,134,483	1,631,877	1,141,594
Gross operating profit	364,258	466,103	881,959	663,148	429,528
Operating profit and loss	28,352	78,248	367,540	155,044	(5,705)
Non-operating income and expenses	5,826	(2,884)	9,963	35,157	30,427
Net income before tax	34,178	75,364	377,503	190,201	24,722
Net profit for the current period from continuing operations	23,377	60,508	328,977	152,363	28,864
Loss from suspended units	23,377	60,508	328,977	152,363	28,864
Current net profit (loss)	(1,169)	1,649	(2,004)	6,287	(6,388)
Other comprehensive income (loss) for the current period (net of tax)	22,208	62,157	326,973	158,650	22,476
Total comprehensive income or loss for the current period	23,377	60,508	328,977	152,363	28,864
Net income attributable to owners of parent company	-	-	-	-	-
Net income attributable to non-controlling interests	22,208	62,157	326,973	158,650	22,476
Total comprehensive income or loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share	0.50	1.18	5.97	2.66	0.50

Financial information using international financial reporting standards.

Note : The financial data of the last five years have been audited and certified by accountants

(II). Condensed Income Statement - individual

Unit : NT\$ Thousands

Project \ Year	Financial information for the last five years (Note)				
	2019	2020	2021	2022	2023
Operating income	1,046,741	1,431,380	2,030,052	1,555,862	1,027,136
Gross operating profit	362,204	447,906	788,360	605,947	349,697
Operating profit and loss	69,228	99,834	307,200	134,281	(38,253)
Non-operating income and expenses	(35,050)	(24,470)	70,303	55,920	62,975
Net income before tax	34,178	75,364	377,503	190,201	24,722
Net profit for the current period	23,377	60,508	328,977	152,363	28,864
Other comprehensive income (loss) for the current period (net of tax)	(1,169)	1,649	(2,004)	6,287	(6,388)
Total comprehensive income or loss attributable to non-controlling interests	22,208	62,157	326,973	158,650	22,476
Earnings per share	0.50	1.18	5.97	2.66	0.50

Financial information using international financial reporting standards.

Note: The financial data of the last five years have been audited and certified by accountants

III. Name and audit opinion of certified public accountants in recent five years

Year	Name of Accounting Firm	Name of Certified Public Accountant	Comments
2019	Deloitte & Touche	Yu- Fong, Huang Ming-Yuan, Chung	Unqualified opinion
2020	Deloitte & Touche	Ming-Yuan, Chung Mei-Chen, Tsai	Unqualified opinion
2021	Deloitte & Touche	Mei-Chen, Tsai Ming-Yuan, Chung	Unqualified opinion
2022	Deloitte & Touche	Mei-Chen, Tsai Ming-Yuan, Chung	Unqualified opinion
2023	Deloitte & Touche	Yu- Fong, Huang Mei-Chen, Tsai	Unqualified opinion

2. Financial analysis of the last five years

I. Financial analysis – Consolidation

Analysis items (Note 2)		Year (Note 1)	Financial analysis of the last five years				
			2019	2020	2021	2022	2023
Financial Structure	Debt to assets ratio (%)		14.82	17.63	24.16	12.65	12.52
	Proportion of long term funds in real estate, plant and equipment (%)		330.80	342.09	355.28	314.67	345.92
Solvency	Current ratio (%)		525.69	425.07	330.98	583.90	605.13
	Quick ratio (%)		390.22	298.46	236.83	221.90	329.26
	Interest coverage ratio		74.98	213.29	1,607.40	338.24	54.63
Operating Capacity	Receivables turnover ratio (times)		7.27	7.99	8.12	6.63	6.32
	Average cash collection days		50.21	45.68	44.95	55.05	57.75
	Inventory turnover ratio (times)		2.30	3.17	3.11	1.50	0.97
	Turnover rate of accounts payable (times)		4.47	7.00	6.09	6.07	8.32
	Average days of sales		140.38	115.14	117.36	243.33	376.28
	Property, plant and equipment turnover rate (times)		2.61	3.69	4.53	3.08	2.39
	Total assets turnover rate (times)		0.68	0.90	0.98	0.86	0.61
Profitability	Return on assets (%)		1.51	3.86	17.39	7.52	1.55
	Return rate of owner's equity attributable to parent company (%)		1.78	4.59	22.10	9.23	1.75
	Ratio of net income before tax to paid-in capital (%)		7.29	15.78	71.41	33.44	4.20
	Net income ratio (%)		2.23	4.18	15.41	9.34	2.53
	Earnings per share (NT\$)		0.50	1.30	5.97	2.66	0.50
Cash Flow	Fund flow ratio (%)		-	36.16	80.47	-	141.45
	Fund Flow Adequacy Ratio (%)		45.19	40.19	70.92	32.61	46.44
	Cash reinvestment ratio (%)		-1.39	2.94	17.44	-16.96	12.09
Leverage	Operating leverage ratio		12.01	5.69	2.39	4.00	-
	Financial leverage ratio		1.02	1.00	1.00	1.00	0.93

The changes in financial ratios of 20% or more in the last two years are described as follows

Financial Structure: Debt to assets ratio decrease due to employee and director Remuneration reduced.

Solvency: Current ratio increase due to inventory reduced.

Interest coverage ratio decrease due to net income reduced.

Operating capacity: Average cash collection days/ Inventory turnover ratio (times)/Average days of sales/ Property, plant and equipment turnover rate (times)/ Total assets turnover rate (times) become poorer due to revenue reduced.

Profitability: Return on assets (%)/Return rate of owner's equity attributable to parent company (%)/Net income ratio (%)/Ratio of net income before tax to paid-in capital (%)/Earnings per share (NT\$) become poorer due to net income after tax reduced.

Cash Flow: Fund flow ratio (%)/Fund Flow Adequacy Ratio (%)/Cash reinvestment ratio (%) become better due to net cash flow from operating activities increased.

Leverage: Operating leverage ratio become poorer due to net operating income reduced.

Financial information is using international financial reporting standards.

Note 1: The financial data of the last five years have been audited and certified by accountants

Note 2: The calculation formula of financial ratio is as follows:

■ Financial structure

- (1) The ratio of liabilities to assets = Total Liabilities / total assets.
- (2) Ratio of long-term capital to real estate, plant and equipment = (total equity + non current liabilities) / net amount of real estate, plant and equipment.

■ Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid Expenses) / Current liabilities.
- (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense for the current period.

■ Operating capacity

- (1) Receivables (including accounts receivable and notes receivable due to business) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable due to business) balance for each period.
- (2) Average cash collection days = 365/receivable turnover rate.
- (3) Inventory turnover = cost of goods sold / average inventory amount.
- (4) Payables (including accounts payable and notes payable arising from operations) turnover ratio= cost of goods sold / average amount payable in each period (including accounts payable and notes payable due to business) in each period.
- (5) Average days of sales = 365 / Inventory turnover rate.
- (6) Property, plant and equipment turnover ratio = net sales / average net sales of property, plant and equipment.
- (7) Total assets turnover = net sales / average total assets.

■ Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity attributable to the parent company's owners = Net income after tax attributable to the parent company's owners / average net shareholders' equity attributable to the parent company's owners.
- (3) Ratio of net profit before tax to capital = net profit before tax / capital.
- (4) Net income ratio = Profit and loss after tax / net sales.
- (5) Earnings per share = (Profit and loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares outstanding.

■ Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / last five years (capital expenditures + increase in inventories + cash dividends).
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

■ Leverage ratio

- (1) Operating leverage ratio = (net operating income - variable operating costs and expenses) / operating income.
- (2) Financial leverage ratio= operating income / (operating income - interest expense).

II. Financial analysis –individual

Analysis items \ Year (Note 1)		Financial analysis of the last five years				
		2019	2020	2021	2022	2023
Financial Structure	Debt to assets ratio (%)	14.19	17.02	23.60	11.39	10.76
	Proportion of long term funds in real estate, plant and equipment (%)	334.50	344.93	393.49	346.43	342.73
Solvency	Current ratio (%)	523.71	420.20	303.64	570.07	591.21
	Quick ratio (%)	383.97	292.02	213.03	189.83	305.14
	Interest coverage ratio	85.39	308.61	2,484.57	440.26	74.14
Operating Capacity	Receivables turnover ratio (times)	7.02	7.46	7.62	6.91	7.30
	Average cash collection days	51.99	48.93	47.90	52.82	50.00
	Inventory turnover ratio (times)	2.61	3.24	3.24	1.58	1.01
	Turnover rate of accounts payable (times)	4.48	7.06	6.16	6.21	8.90
	Average days of sales	139.85	112.65	112.65	231.01	361.39
	Property, plant and equipment turnover rate (times)	2.58	3.65	4.99	3.43	2.25
	Total assets turnover rate (times)	0.67	0.92	1.08	0.77	0.55
Profitability	Return on assets (%)	1.52	3.88	17.51	7.59	1.57
	Return rate of owner's equity attributable to parent company (%)	1.78	4.59	22.10	9.23	1.75
	Ratio of net income before tax to paid-in capital (%)	7.29	15.78	71.41	33.44	4.20
	Net income ratio (%)	2.23	4.23	16.21	9.79	2.81
	Earnings per share (NT\$)	0.50	1.18	5.97	2.66	0.50
Cash Flow	Fund flow ratio (%)	2.96	46.94	79.65	-	145.66
	Fund Flow Adequacy Ratio (%)	56.57	54.85	95.70	46.41	55.96
	Cash reinvestment ratio (%)	-	4.33	16.62	-14.43	4.89
Leverage	Operating leverage ratio	4.91	3.97	2.12	3.95	-
	Financial leverage ratio	1.01	1.00	1.00	1.00	0.99

The changes in financial ratios of 20% or more in the last two years are described as follows

Financial Structure: Debt to assets ratio decrease due to current liabilities reduced.

Solvency: Current ratio increase due to inventory reduced.

Interest coverage ratio decrease due to net income reduced.

Operating capacity: Average cash collection days/ Inventory turnover ratio (times)/Average days of sales/ Property, plant and equipment turnover rate (times)/ Total assets turnover rate (times) become poorer due to revenue reduced.

Profitability: Return on assets (%)/Return rate of owner's equity attributable to parent company (%)/Net income ratio (%)/Ratio of net income before tax to paid-in capital (%)/Earnings per share (NT\$) become poorer due to net income after tax reduced.

Cash Flow: Fund flow ratio (%)/Fund Flow Adequacy Ratio (%)/Cash reinvestment ratio (%) become better due to net cash flow from operating activities increased.

Leverage: Operating leverage ratio become poorer due to net operating income reduced.

Financial information is using international financial reporting standards.

Note 1: The financial data of the last five years have been audited and certified by accountants

Note 2: The calculation formula of financial ratio is as follows:

■ Financial structure

- (1) The ratio of liabilities to assets = Total Liabilities / total assets.
- (2) Ratio of long-term capital to real estate, plant and equipment = (total equity + non current liabilities) / net amount of real estate, plant and equipment.

■ Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid Expenses) / Current liabilities.
- (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense for the current period.

■ Operating capacity

- (1) Receivables (including accounts receivable and notes receivable due to business) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable due to business) balance for each period.
- (2) Average cash collection days = 365/receivable turnover rate.
- (3) Inventory turnover = cost of goods sold / average inventory amount.
- (4) Payables (including accounts payable and notes payable arising from operations) turnover ratio= cost of goods sold / average amount payable in each period (including accounts payable and notes payable due to business) in each period.
- (5) Average days of sales = 365 / Inventory turnover rate.
- (6) Property, plant and equipment turnover ratio = net sales / average net sales of property, plant and equipment.
- (7) Total assets turnover = net sales / average total assets.

■ Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity attributable to the parent company's owners = Net income after tax attributable to the parent company's owners / average net shareholders' equity attributable to the parent company's owners.
- (3) Ratio of net profit before tax to capital = net profit before tax / capital.
- (4) Net income ratio = Profit and loss after tax / net sales.
- (5) Earnings per share = (Profit and loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares outstanding.

■ Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / last five years (capital expenditures + increase in inventories + cash dividends).
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

■ Leverage ratio

- (1) Operating leverage ratio = (net operating income - variable operating costs and expenses) / operating income.
- (2) Financial leverage ratio= operating income / (operating income - interest expense).

3. The Audit Committee's Review Report of the Latest Financial Report:

Audit Report of Audit Committee

The Board of Directors prepared the Company's business report, financial statements and disposition of net profit for 2023, among which the financial statements were audited by Deloitte & Touche, and the audit report was issued. The above-mentioned business report, financial statements and disposition of net profit have been checked by the Audit Committee, and it is found that there is no discrepancy. According to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Sincerely

2024 Regular Meeting of Shareholders

Leadtrend Technology Corporation

Convenor of Audit Committee:

Jian Guo, Yang

May 09, 2024

4. **Consolidated Financial Statements for the Most Recent Year: Please reference the Attachment I °**
5. **Parent Company Only Financial Statements audited and certified by CPA for the most recent year: Please reference the Attachment II °**
6. **If the company and its affiliates have financial difficulties in the most recent year and as of the date of annual report publication, the impact on financial status shall be listed:** In 2023 and as of Mar. 30, 2024, there was no financial turnover difficulty.

Analysis of Financial Status, Financial Performance and Risk Management

- 1. Analysis of financial status:** The main reasons and impacts of major changes in assets, liabilities, and shareholders' equity in the last two years, and if the impact is significant, the future response plan should be explained

Unit : NT\$ Thousands

Project \ Year	2023	2022	Difference	
			Amount	%
Current Assets	1,359,959	1,320,369	39,590	3.00
Long-term investment	-	-	-	-
Real estate, plant and equipment	477,962	529,530	(51,568)	-9.74
Intangible assets	11,132	13,829	(2,697)	-19.50
Other assets	29,036	28,674	362	1.26
Total assets	1,878,089	1,892,402	(14,313)	-0.76
Current liabilities	224,739	226,129	(1,390)	-0.61
Long term loan	-	-	-	-
Other liabilities	10,389	13,322	(2,933)	-22.02
Total liabilities	235,128	239,451	(4,323)	-1.81
Share capital	589,178	568,838	20,340	3.58
Capital surplus	389,835	390,432	(597)	-0.15
Retained earnings	700,537	720,024	(19,487)	-2.71
Other adjustments	(36,589)	(26,343)	(10,246)	38.89
Total shareholders' equity	1,642,961	1,652,951	(9,990)	-0.60
<p>The analysis of the change in the proportion of increase and decrease shows:</p> <ul style="list-style-type: none"> • Current assets increase : Mainly due to the net increase in cash increasing and inventory decreasing. • Real estate, plant and equipment decrease: Mainly due to t fewer newly purchased assets and depreciation and amortization ° • Other adjustments decrease: Mainly due to the change of recognition of restricted stock costs leaves employees unearned. <p>The future response plan : NA.</p>				

2. Analysis of financial performance: The main reasons for major changes in operating income, operating profit and pre-tax net profit in the last two years, the expected sales volume and its basis, the possible impact on the company's future financial business and the response plan

I. Financial performance comparison analysis table

Unit : NT\$ Thousands

Project \ Year	2023	2022	Difference Amount	Difference (%)
Operating revenues	1,141,594	1,631,877	(490,283)	-30.04
Operating costs	712,066	968,729	(256,663)	-26.49
Gross operating profit	429,528	663,148	(233,620)	-35.23
Operating expenses	435,233	508,104	(72,871)	-14.34
Operating income	-5,705	155,044	(160,749)	-103.68
Non-operating income and expenses	30,427	35,157	(4,730)	-13.45
Net income from continuing operations before taxes	24,722	190,201	(165,479)	-87.00
Income tax expense	-4,142	37,838	(41,980)	-110.95
Net profit after tax from continuing operations	28,864	152,363	(123,499)	-81.06
<p>The analysis of the change in the proportion of increase and decrease shows that: Operating revenues decreased: Mainly due to reduced market demand and customers' inventory destocking. Operating costs 、 gross operating profit 、 operating income 、 net income before tax and tax expense : Mainly due to revenues decreased 。 Non-operating income and expenses net increase : Mainly due to the exchange benefits increased.</p>				

II. Expected sales volume and its rationale

Due to the expected steady growth of the semiconductor market and the launch of new products, the company predicts that the sales volume will continue to grow in the future.

III. Possible impact on the company's future financial business and response plan

Future response plans are not applicable as there is no significant impact on the financial position.

3. Analysis of cash flow: analysis of cash flow changes in the most recent year, improvement plan for insufficient liquidity, and cash flow analysis for the coming year

I. Financial performance comparison analysis table

Unit : NT\$ Thousands

2023.01.01 Cash balance at the beginning of the period	Net cash flow from operating activities for the whole year	Net cash flow from investing and financing activities for the whole year	Impact of exchange rate changes	Cash balance (2023.12.31)	Remedial measures for cash deficiency	
					Investment plan	Financial management plan
250,680	317,898	(104,595)	6,238	457,745	-	-

Analysis of cash flow changes:

- (I). Cash flow from operating activities: Net cash inflow NT\$ 317,898 thousands, mainly due to decrease in inventory.
- (II). Cash flow from investing : Net cash outflow NT\$ 40,603 thousands : mainly due to the net increase in the acquisition of monetary funds and the real estate, plant and R&D equipment of NT\$52,110 thousands.
- (III). Net cash flow from financing activities : Net cash outflow NT\$ 63,992 thousands, mainly due to the distribution of cash dividends and the repayment of lease principal .

II. Remedial measures and liquidity analysis of expected cash shortage: not applicable.

III. Analysis of cash flow in the next year

Unit : NT\$ Thousands

2024.01.01 Cash balance at the beginning of the period	Net cash flow from operating activities for the whole year	Net cash flow from investing and financing activities for the whole year	Cash balance (2024.12.31)	Remedial measures for cash deficiency	
				Investment plan	Financial management plan
457,745	305,000	(88,000)	674,745	-	-
(1)The estimated cash outflow from investing and financing activities of 2024 are includes investment in additional equipment and cash dividends.					
(2) Leadtrend will be no shortage of cash liquidity in the company in the coming year.					

4. Impact of major capital expenditure in recent year

I. Review and analysis of major capital expenditure and its capital source : not applicable.

II. Expected potential benefits : not applicable.

5. Reinvestment policies in the recent years, main reasons for the profit or loss on them, and improvement and investment plans for the next year:

The Company 100% owned Leadtrend Technology (Shenzhen) Limited, and its main business scope is the design and research and development of computer application software and system integration; it is engaged in the wholesale of computer software, integrated circuits, semiconductor chips and related electronic components; the manufacturing of electronic components, integrated circuit chips and products, computer software and hardware and peripheral equipment manufacturing. Since 2019, Leadtrend (Shenzhen) began to accept customer orders. In 2023, due to the consumption of inventory, revenue will generally decline, with a decrease of 17.39% compared with 2022. In the future, we will make efforts towards local packaging and testing and direct sales to customers, in order to improve efficiency and save costs.

The Company has accumulated investment of US\$768 thousands in Leadtrend Technology (Samoa) Limited which was liquidated and canceled in November 2023.

6. Risks in the recent years and as of the date of issuing the annual report

I. The impact of interest rate, exchange rate fluctuations and inflation on the Company's profit and loss and future countermeasures

(I). Interest rate

In 2023 the net interest income amounted NT\$4,207 thousands accounting for 0.36% of the annual net operating income valuing NT\$1,141,594 thousands. Since the net operating loss for that year was 5,705 thousands, the proportion was not calculated. The Company's interest income accounted for a very small share of the operating income, and the interest income did not change much as interest rates for time deposits remained stable.

Countermeasures: Maintain good relationship with the banks, so that the Company can obtain more favorable interest rates in case of the need for funds, currently there is no need for loan.

(II). Exchange rate

In 2023, the Company's domestic sales of IC chips accounted for about 52%. The IC design industry conventionally use US dollar as the settlement currency, and the Company's sales revenue is settled also mainly in US dollars, so exchange rate fluctuations had a certain impact on the Company's profit and loss. In 2023, the conversion loss of the Company was NT\$175 thousands, representing 0.01% of the net operating revenue of NT\$1,141,594 thousands respectively for the same year.

Countermeasures to cope with exchange rate fluctuations:

- (1) Continue to strengthen the exchange risk aversion concept with financial staff, with the network exchange rate real-time system and by strengthening the close contact with the foreign exchange department of financial institutions, collect the relevant information on exchange rate changes at

any time to analyze the trend of exchange rate changes, collect the relevant information on exchange rate changes at any time, fully grasp the international exchange rate trend and change information, and make positive response to the negative effects of exchange rate fluctuations.

- (2) Try to use the sales revenue in the same currency to pay for the purchase expenditure, in order to achieve the natural effect of risk mitigation.

(III). Inflation

The price of raw materials required by the Company is stable and short-term inflation will have little impact on the Company's future profit and loss.

Countermeasures: The Company will continue to pay attention to the inflation situation, and adjust the price of products and the stock of raw materials appropriately to reduce the impact of inflation on the Company.

II. Policies for engaging in high-risk and highly leveraged investments, loans to others, endorsement guarantees and derivatives trading, main reasons for profits or losses on them and future countermeasures

Leadtrend does not engage in any high-risk, highly leveraged investments, capital loans, endorsements for others and derivatives trading. Leadtrend has established "Procedure for Loaning of Funds" for total limit for Loan, "Procedure for Making of Endorsements/Guarantees" and "Procedure for Derivatives Trading". If any such transactions occur in the future, they will be handled in accordance with the relevant provisions and measures set out in order to protect the best interests of Leadtrend.

III. Future R&D plans and estimated R&D expenses

The Company's future annual research and development plan mainly focuses on reducing energy consumption, maintaining the earth clean energy saving and environmental protection products, with innovative technology to constantly pursue the highest standard of energy saving power management IC is the Company's commitment, 2024 annual research and development expenses accounted for 17% of the net operating income, mainly for research and development personnel salaries and other research and development related expenses.

IV. Impact of important domestic and foreign policies and legal changes on the Company's financial business and corresponding measures

All the business of the Company is handled in accordance with the regulations of the competent authorities. In the recent years and up to the date of issuing the annual report, the Company has not been affected by important domestic and foreign policy and legal changes that affect the Company's finance and business.

V. The impact of technological changes (including capital security risks) and industrial changes on the Company's financial business and corresponding measures.

The Company attaches great importance to the improvement of research and development ability. In addition to keeping abreast of the industrial market and technological trends, the Company will continue to develop new products related to power management IC and energy conservation by utilizing the Company's mature system research and development technology in the future, strengthen the product quality management system and research and development process management, and construct a complete marketing organization and strategy. To provide customers with customized complete power solution planning and layout. In addition to continuously increasing R&D investment, we will maintain sound and flexible financial management to meet the challenges of technological change.

In 2012, Leadtrend set up the Information Security Committee and appointed the chief of the committee. The Information Security Committee is composed of the top-level directors of all departments. As the top information security decision-maker within the organization, it convenes information security meeting regularly or from time to time based on any emergency, coordinate implementation of information security control measures, distribute and effectively manage resources with reasonable responsibility, and get the practical support of the management to promote the information security within the organization.

The Company attaches great importance to the information security and preventions against network risks, and sets up a complete set of multi-level defense network, including firewall, intrusion detection, anti-virus system, vulnerability scanning and patch management from the outside in, and implements the information security management system. The Company conducts information security risk assessment and internal and external information security cycle audit regularly every year to ensure the effectiveness of the management system and comply with the regulations, so the information security risk is not a significant operating risk for the Company.

VI. Impact of corporate image change on corporate crisis management and corresponding measures: None.

VII. Expected benefits from and possible risks in M&A and countermeasures: None.

VIII. Expected benefits from and possible risks in plant facility expansion and countermeasures: None.

IX. Risks in purchase or sales of goods and countermeasures

After the IC designer has completed the product design, it shall entrust the OEM with processing and manufacturing. In order to maintain the product quality and cost competitiveness, it is necessary to consider the equipment capacity, process technology, quality yield and delivery time of the OEM and other relevant important factors, so the IC designers usually choose a suitable OEM as the long-term partner for purchase. In the recent two years, the main OEMs did not increase or decrease significantly. In addition to maintaining

a good cooperative relationship with the current OEM, the Company will seek cooperation with other OEMs in the future according to the product manufacturing process demand and cost consideration, to ensure the supply of future production capacity and to minimize the risk of single supply source.

The Company sells goods through its agents to the end customers, so the target customers may be concentrated. It is a conventional practice in the industry that a cooperation pattern is set up between IC designer and the agent for joint development. The agents of the Company are mainly listed companies or 100% owned subsidiaries of listed companies, on which related financial information is available at the market observation post system, and which always make payment as scheduled. In addition, the Company evaluates the financial position of its customers regularly and from time to time, and makes provision for bad debts according to the collection status and age of overdue accounts. In the recent years and up to the date of issuing the annual report, the Company has no accounts overdue in its account.

- X. Directors or major shareholders holding more than 10% of the shares, the impact of transfer or replacement of shares in a large amount on the Company, and related risks and countermeasures: None.
- XI. Impact, risks and countermeasures of the change of management right on the Company: None.
- XII. Litigation or non-litigation shall include material litigation, non-litigation or administrative litigation which have been decided or are pending between the Company and its directors, general managers, actually persons in charge, major shareholders holding more than 10% of the Company and its subsidiaries, the result of which may have a material impact on shareholders' equity or the price of securities, so the Company shall disclose the facts of the dispute, the target amount, the date of filing the lawsuit, the main litigants and the handling up to the date of issuing the annual report: None.
- XIII. Other important risks and countermeasures: None.

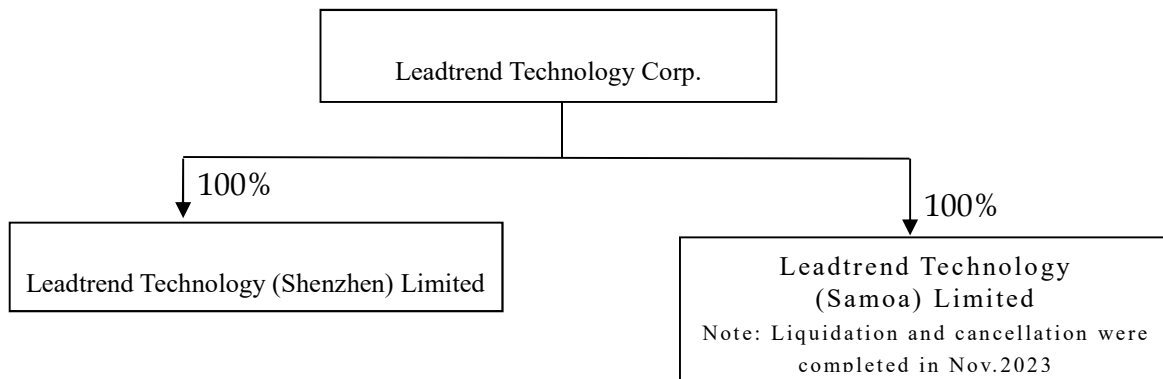
7. Other Important Matters: None.

Special Disclosures

1. Affiliates Information

I. Affiliated company and business report

(I). Group Brief Introduction



(II). Background Information of the Affiliated Companies

Unit: US\$ Thousands 2023.12.31

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
Leadtrend Technology (Samoa) Limited	2011/07/26	Portcullis TrustNet Chambers, P.O.Box1225, Apia, Samoa	-	investment business.
Leadtrend Technology (Shenzhen) Limited	2011/11/07	Rm10B, Benyuan building, No.6015 Shennan Road, The juncture of Shennan Road and Tairan Nine Road, Southeast, Shatou Street, Futian District, Shenzhen Guangdong Province, China	9,900	computer software design services, computer system integration services, integrated circuits and related electronic products wholesale, agent and import and export business activities.

Note: Liquidation and cancellation were completed in Nov.2023

(III). Information Regarding Same Shareholders of Affiliated Companies Who Is Deemed to Have Control or Subject to Significant Influence : None

(IV). Directors, Supervisors, and Presidents of the Affiliated Companies :

2022.12.31

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
Leadtrend Technology (Samoa) Limited	Director	Hao-mín, Lee	-	-
Leadtrend Technology (Shenzhen) Limited	Executive director	Teng-he, Wu	-	-

Note: Liquidation and cancellation were completed in Nov.2023

(V). Operating Highlights of the Affiliated Companies

Financial Status and Operating Results

Unit : NT\$ Thousands

Entity	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Operating Income	Net Income (After Tax)	EPS (NT\$) (After Tax)	Face Value (original \$)
Leadtrend Technology (Samoa) Limited	-	-	-	-	-	(101)	(23)	-	USD 1
Leadtrend Technology (Shenzhen) Limited	303,980	373,117	77,860	295,257	394,569	32,647	38,103	NA	NA

Note1: Liquidation and cancellation were completed in Nov.2023

Note2: The above companies information was until December 31, 2022

Balance Sheet Exchange Rate:

\$ 1 USD=\$ 30.705 NT

\$ 1 RMB=\$ 4.327 NT

Income Statement Exchange Rate:

\$ 1 USD=\$ 31.1548 NT

\$ 1 RMB=\$ 4.3954 NT

II. Consolidated Financial Statements: Please refer to the Consolidated Financial Statements.

2. Private Placement Securities in the Most Recent Years : None.

3. Leadtrend Shares Held or Sold by its Subsidiaries : None.

4. Other Necessary Supplements : None.

Major items to affect equity or stock price

Major Items to Affect Equity or Stock Price : None

Leadtrend Technology Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report For the years ended Dec. 31, 2023 and 2022

Address: 4F-1, No. 1, Taiyuan 2nd Street, Zhubei City, Hsinchu County

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Statement on Consolidated Financial Report of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of affiliated enterprises for the fiscal year 2023 (from Jan. 1 to Dec. 31, 2023) pursuant to the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Report, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of Leadtrend and its subsidiaries prepared in compliance with the International Financial Reporting Standards No. 10. In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the aforementioned consolidated financial statements of Leadtrend and its subsidiaries. Therefore, Leadtrend does not prepare a separate set of consolidated financial statements of affiliated enterprises.

The statement is hereby issued.

Company Name: Leadtrend Technology Corporation

Person in charge: Kao Yu-Kun

Feb. 29, 2024

Independent Auditors' Report

To: Leadtrend Technology Corporation

Opinion

We have audited the financial statements of Leadtrend Technology Corporation and its subsidiaries, which comprise the consolidated balance sheet as of Dec. 31, 2023 and 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of material accounting policies).

In our opinion, the said consolidated financial statements are prepared, in all material respects, 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 recognized and published into effect by the Financial Supervisory Commission, and present fairly the consolidated financial conditions of Leadtrend Technology Corporation and its subsidiaries as of Dec. 31, 2023 and 2022 and the consolidated financial performance and consolidated cash flows for the years then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Delegated Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We and our accounting firm are independent of Leadtrend Technology Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities under the Norm. 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 the matters that, in our professional judgment, were most important in our audit of the consolidated financial statements of Leadtrend Technology Corporation and its subsidiaries for the year ended Dec. 31, 2023. These matters were addressed in the process of our audit of the consolidated financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the consolidated financial statements of Leadtrend Technology Corporation and its subsidiaries for the year ended Dec. 31, 2023 are stated as follows:

Recognition of Sales Revenue

1. For the significant sales revenue amounts of Leadtrend Technology Corporation and its subsidiaries, please refer to Note 19. Proceeds from sale of power management integrated circuits are the main revenue of Leadtrend Technology Corporation and its subsidiaries. To initiate the process of recognizing such revenue, the production management personnel provide the delivery order to get the products ready for the customer as instructed by the business segment. After the products to be shipped are ready, quality assurance personnel are informed

and requested to inspect the products. After products are inspected and qualified, production management personnel sign and affix the official seal to the delivery order and the finished goods outbound order, have the products shipped after the approval of the authorized supervisor, and update the stock details in the operating system. Then the accountant recognizes the sales revenue based on the delivery order signed by the customer or the shipping company.

2. As the aforementioned transaction involves manual control, the risk of recognizing revenue by mistake or without obtaining the delivery order signed by the customer or the shipping company exists.
3. We consider the revenue recognition policy of Leadtrend Technology Corporation and its subsidiaries and evaluate appropriateness of the revenue recognition by understanding and testing the effectiveness of the internal controls on the approval of orders and the shipment procedures, sampling the vouchers relevant to sales revenue, reviewing the amounts received in cash or subsequent cash receipts in order to verify the existence and occurrence of the sales, and also check whether any abnormality about the entity to which products have been sold and the entity receiving payments exists.

Inventory Evaluation

Refer to Note 9 of the consolidated financial statements. It is significant that the inventory balance of Leadtrend Technology Corporation and its subsidiaries accounted for 32% of the total assets as of Dec. 31, 2023. Valuation allowance for inventories is a material accounting estimate. Leadtrend Technology Corporation and its subsidiaries engage in design and development of integrated circuits, and sell products after outsourcing manufacturing. As such products can be replaced fast in the highly competitive industry, inventory depreciation and obsolescence risks may exist.

At the specific aspects stated in any of the most important matters for the audit conducted this year, we have carried out the primary audit procedures as follows:

1. Understand and evaluate the rationality of the inventory valuation policy adopted by the management.
2. Obtain the evaluation information about the lower of inventory cost or net realizable value, sample and review the latest information of selling prices of inventories to verify the net realizable value of inventories, and compare the net realizable value of inventories with the book cost of inventories to test the rationality of the amount allocated as inventory loss. Obtain the inventory aging statements, sample and review the inventory change information to test whether the inventory aging classification, inventory quantity and amount are consistent in order to verify the accuracy and completeness of the inventory aging statements. Then verify the rationality of the amount allocated as inventory obsolescence loss pursuant to the inventory evaluation policy.
3. Carry out inventory retrospectability testing. Review the status of inventory write-off and compare with the inventory obsolescence loss allocation policy to verify whether the inventory obsolescence loss allocated for the current period is proper.

Other Matters

We have audited the financial statements of Leadtrend Technology Corporation for the years ended Dec. 31, 2023 and 2022 on which we have issued the auditors' report containing an unqualified opinion for reference.

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

Management is responsible for 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, which have been endorsed and issued into effect by the Financial Supervisory Commission, and also responsible for maintenance of the internal controls associated with the preparation of the consolidated financial statements, to ensure the consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of Leadtrend Technology Corporation and its subsidiaries to continue, as a going concern, disclosing any and all relevant matters and using the going concern basis of accounting unless management either intends to liquidate Leadtrend Technology Corporation and its subsidiaries or cease operations, or has no feasible alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Leadtrend Technology Corporation and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In conducting the audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Leadtrend Technology Corporation and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made, by management.

4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists that is associated with any events or conditions casting significant doubt on the ability of Leadtrend Technology Corporation and its subsidiaries to continue as a going concern. If we believe that a material uncertainty exists, we are required to draw attention in our auditors' report to the relevant disclosures in the consolidated financial statements, or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Leadtrend Technology Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the notes thereof) and whether the consolidated financial statements appropriately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit conducted for the Group, and also responsible for our audit opinion.

We have communicated with those charged with governance about the planned scope and timing of the audit, and significant audit findings (including any and all significant flaws identified, during our audit, in the internal controls).

We have also provided those charged with governance with a statement, declaring that we as CPAs comply with applicable ethical requirements regarding independence, and have communicated with them about all relationships and other matters that may reasonably be considered to influence our independence (including relevant protection measures).

From the matters communicated with those charged with governance, we have determined the key audit matters in the audit of the consolidated financial statements of Leadtrend Technology Corporation and its subsidiaries for the year ended Dec. 31, 2023. We have described these matters in our auditors' report unless any law or regulation prohibits the matters from being disclosed or when, in extremely rare circumstances, we decide that the matters should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests to be facilitated.

Deloitte & Touche

Huang Yu-Feng, CPA

Tsai Mei-Chen, CPA

Securities and Futures Bureau
Approval No.:
Tai-Cai-Zheng-6-Zi-0920123784

Financial Supervisory Commission
Approval No.:
Jin-Guan-Zheng-Shen-Zi-1010028123

Feb. 29, 2024

Leadtrend Technology Corporation and Subsidiaries

Consolidated Balance Sheet

Dec. 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Dec. 31, 2023		Dec. 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 457,745	24	\$ 250,680	13
1110	Financial assets at fair value through profit or loss - Current (Notes 4 and 7)	83,823	5	55,634	3
1170	Notes and accounts receivable (Notes 4 and 8)	191,426	10	169,644	9
130X	Inventories (Notes 4, 5 and 9)	607,755	32	808,004	43
1470	Other current assets (Note 14)	<u>19,210</u>	<u>1</u>	<u>36,407</u>	<u>2</u>
11XX	Total current assets	<u>1,359,959</u>	<u>72</u>	<u>1,320,369</u>	<u>70</u>
	Non-current assets				
1600	Property, plant and equipment (Notes 4 and 11)	477,962	26	529,530	28
1755	Right-of-use assets (Notes 4 and 12)	20,748	1	19,712	1
1780	Intangible assets (Notes 4 and 13)	11,132	1	13,829	1
1840	Deferred income tax assets (Notes 4 and 21)	541	-	91	-
1990	Other non-current assets (Notes 4 and 14)	<u>7,747</u>	<u>-</u>	<u>8,871</u>	<u>-</u>
15XX	Total non-current assets	<u>518,130</u>	<u>28</u>	<u>572,033</u>	<u>30</u>
1XXX	Total assets	<u>\$ 1,878,089</u>	<u>100</u>	<u>\$ 1,892,402</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2170	Accounts payable	\$ 107,636	6	\$ 63,567	3
2200	Remunerations payable to employees and directors (Note 20)	19,215	1	37,508	2
2230	Current tax liabilities (Notes 4 and 21)	10,844	-	15,120	1
2280	Lease liabilities - Current (Notes 4 and 12)	11,785	1	12,415	1
2399	Other current liabilities (Note 15)	<u>75,259</u>	<u>4</u>	<u>97,519</u>	<u>5</u>
21XX	Total current liabilities	<u>224,739</u>	<u>12</u>	<u>226,129</u>	<u>12</u>
	Non-current liabilities				
2580	Lease liabilities - Non-current (Notes 4 and 12)	9,529	1	7,568	1
2640	Net defined benefit liabilities - Non-current (Notes 4 and 16)	-	-	4,840	-
2645	Guarantee deposits received	<u>860</u>	<u>-</u>	<u>914</u>	<u>-</u>
25XX	Total non-current liabilities	<u>10,389</u>	<u>1</u>	<u>13,322</u>	<u>1</u>
2XXX	Total liabilities	<u>235,128</u>	<u>13</u>	<u>239,451</u>	<u>13</u>
	Equity (Notes 4, 17 and 18)				
	Share capital				
3110	Ordinary share	589,178	31	568,838	30
	Capital reserve				
3210	Share premium	254,672	14	258,027	14
3251	Donations received from shareholders	84,732	4	84,732	4
3273	Employee restricted stock award shares	50,306	3	47,567	3
3280	Others	125	-	106	-
	Retained earnings				
3310	Legal reserve	215,284	11	199,793	11
3350	Unappropriated earnings	485,253	26	520,231	27
	Other equity				
3410	Exchange differences on translation of foreign operations' financial statements	(786)	-	5,602	-
3491	Employees' unearned compensation	(35,803)	(2)	(31,945)	(2)
3XXX	Total equity	<u>1,642,961</u>	<u>87</u>	<u>1,652,951</u>	<u>87</u>
	Total liabilities and equity	<u>\$ 1,878,089</u>	<u>100</u>	<u>\$ 1,892,402</u>	<u>100</u>

The accompanying notes constitute part of the consolidated financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

for the years ended Dec. 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 19 and 30)				
4110	Sales revenue	\$ 1,168,764	102	\$ 1,665,321	102
4170	Sales return and allowance	(27,170)	(2)	(33,444)	(2)
4000	Net operating revenue	1,141,594	100	1,631,877	100
	Operating cost (Notes 9, 16 and 20)				
5110	Cost of goods sold	712,066	63	968,729	60
5900	Gross profit	429,528	37	663,148	40
	Operating expenses (Notes 16 and 20)				
6100	Selling expense	69,935	6	87,577	5
6200	Management expense	97,927	9	107,549	7
6300	Research and development expense	267,371	23	312,978	19
6000	Total operating expenses	435,233	38	508,104	31
6900	Net operating profit (loss)	(5,705)	(1)	155,044	9
	Non-operating incomes and expenses (Note 20)				
7100	Interest income	4,207	1	3,472	-
7010	Other incomes	22,772	2	15,514	1
7020	Other gains and losses	3,909	-	16,735	1
7050	Financial cost	(461)	-	(564)	-
7000	Total non-operating incomes and expenses	30,427	3	35,157	2
7900	Profit before tax	24,722	2	190,201	11

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Code		2023		2022	
		Amount	%	Amount	%
7950	Tax (income) expense (Notes 4 and 21)	(\$ <u>4,142</u>)	(<u>1</u>)	\$ <u>37,838</u>	<u>2</u>
8200	Net profit of the year	<u>28,864</u>	<u>3</u>	<u>152,363</u>	<u>9</u>
	Other comprehensive incomes (losses)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement for defined employee benefit plan (Note 16)	-	-	2,552	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 17)	(<u>6,388</u>)	(<u>1</u>)	<u>3,735</u>	<u>1</u>
8300	Total other comprehensive incomes (losses) (Net)	(<u>6,388</u>)	(<u>1</u>)	<u>6,287</u>	<u>1</u>
8500	Total comprehensive incomes (losses) for the year	<u>\$ 22,476</u>	<u>2</u>	<u>\$ 158,650</u>	<u>10</u>
	Earnings per share (Note 22)				
9750	Basic	<u>\$ 0.50</u>		<u>\$ 2.66</u>	
9850	Diluted	<u>\$ 0.49</u>		<u>\$ 2.59</u>	

The accompanying notes constitute part of the consolidated financial statements.

Chairman: Kao Yu-Kun Manager: Chi Heng-Chung Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation and Subsidiaries
Consolidated Statement of Changes in Equity for the years ended Dec. 31, 2023 and 2022

(In thousands of New Taiwan Dollars, except as otherwise indicated herein)

Code		Common share capital		Capital reserve				Retained earnings			Other equity		Total equity
		Number of shares (In Thousands)	Amount	Share premium	Donations received from shareholders	Employee restricted stock award shares	Others	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Employees' unearned compensation	
A1	Balance at Jan. 1, 2022	52,864	\$ 528,646	\$ 273,131	\$ 84,732	\$ 51,708	\$ 98	\$ 166,987	\$ 582,957	\$ 749,944	\$ 1,867	(\$ 42,573)	\$ 1,647,553
	Earnings distributed for 2021:												
B1	Legal reserve allocated	-	-	-	-	-	-	32,806	(32,806)	-	-	-	-
B5	Cash dividends to shareholders — NTD 2.800 per share	-	-	-	-	-	-	-	(147,868)	(147,868)	-	-	(147,868)
B9	Stock dividends to shareholders — NTD 0.700 per share	<u>3,697</u>	<u>36,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,967)</u>	<u>(36,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total earnings distributed	<u>3,697</u>	<u>36,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,806</u>	<u>(217,641)</u>	<u>(184,835)</u>	<u>-</u>	<u>-</u>	<u>(147,868)</u>
C15	Capital reserve used for distribution of stock dividends —NTD 0.500 per share	-	-	(26,405)	-	-	-	-	-	-	-	-	(26,405)
C17	Other changes in capital reserve	-	-	-	-	-	8	-	-	-	-	-	8
D1	Net profit of 2022	-	-	-	-	-	-	-	152,363	152,363	-	-	152,363
D3	Other comprehensive incomes (losses) for 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,552</u>	<u>2,552</u>	<u>3,735</u>	<u>-</u>	<u>6,287</u>
D5	Total comprehensive incomes (losses) for 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,915</u>	<u>154,915</u>	<u>3,735</u>	<u>-</u>	<u>158,650</u>
N1	Issuance of employee restricted stock award shares	420	4,200	-	-	15,582	-	-	-	-	-	(19,782)	-
N1	Employee restricted stock award shares granted to employees	-	-	11,301	-	(11,301)	-	-	-	-	-	-	-
N1	Cancelled employee restricted stock award shares	(98)	(975)	-	-	975	-	-	-	-	-	-	-
N1	Compensation cost for employee restricted stock award shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,410</u>	<u>21,013</u>
Z1	Balance at Dec. 31, 2022	56,883	568,838	258,027	84,732	47,567	106	199,793	520,231	720,024	5,602	(31,945)	1,652,951
	Earnings distributed for 2022:												
B1	Legal reserve allocated	-	-	-	-	-	-	15,491	(15,491)	-	-	-	-
B5	Cash dividends to shareholders — NTD 0.550 per share	-	-	-	-	-	-	-	(31,286)	(31,286)	-	-	(31,286)
B9	Stock dividends to shareholders — NTD 0.300 per share	<u>1,707</u>	<u>17,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,065)</u>	<u>(17,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total earnings distributed	<u>1,707</u>	<u>17,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,491</u>	<u>(63,842)</u>	<u>(48,351)</u>	<u>-</u>	<u>-</u>	<u>(31,286)</u>
C15	Capital reserve used for distribution of cash dividends —NTD 0.350 per share	-	-	(19,909)	-	-	-	-	-	-	-	-	(19,909)
C17	Other changes in capital reserve	-	-	-	-	-	19	-	-	-	-	-	19
D1	Net profit of 2023	-	-	-	-	-	-	-	28,864	28,864	-	-	28,864
D3	Other comprehensive incomes (losses) for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,388)</u>	<u>-</u>	<u>(6,388)</u>
D5	Total comprehensive incomes (losses) for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,864</u>	<u>28,864</u>	<u>(6,388)</u>	<u>-</u>	<u>22,476</u>
N1	Issuance of restricted stock award shares	420	4,200	-	-	23,730	-	-	-	-	-	(27,930)	-
N1	Employee restricted stock award shares granted to employees	-	-	16,554	-	(16,554)	-	-	-	-	-	-	-
N1	Cancelled employee restricted stock award shares	(92)	(925)	-	-	925	-	-	-	-	-	-	-
N1	Compensation cost for employee restricted stock award shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,362)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,072</u>	<u>18,710</u>
Z1	Balance at Dec. 31, 2023	<u>58,918</u>	<u>\$ 589,178</u>	<u>\$ 254,672</u>	<u>\$ 84,732</u>	<u>\$ 50,306</u>	<u>\$ 125</u>	<u>\$ 215,284</u>	<u>\$ 485,253</u>	<u>\$ 700,537</u>	<u>(\$ 786)</u>	<u>(\$ 35,803)</u>	<u>\$ 1,642,961</u>

The accompanying notes constitute part of the consolidated financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation and Subsidiaries

Consolidated Statement of Cash Flows

for the years ended Dec. 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

<u>Code</u>		<u>2023</u>	<u>2022</u>
	Cash flows from operating activities		
A10000	Profit before tax	\$ 24,722	\$ 190,201
A20010	Incomes, expenses and losses:		
A20100	Depreciation expense	87,235	89,102
A20200	Amortization expense	10,516	13,194
A20400	Net gain on financial assets at fair value through profit or loss	(1,102)	(1,227)
A20900	Financial cost	461	564
A21200	Interest income	(4,207)	(3,472)
A21900	Compensation cost for employee restricted stock award shares	18,710	21,013
A22500	Net loss (gain) on disposal of property, plant and equipment	(1,843)	151
A29900	Profit from lease modification	-	(20)
A24100	Net exchange loss (gain)	3,378	(1,854)
A30000	Net change in operating assets and liabilities		
A31150	Decrease (increase) in notes and accounts receivable	(24,531)	151,993
A31200	Decrease (increase) in inventories	200,249	(349,783)
A31240	Decrease in other current assets	2,367	1,832
A32150	Increase (decrease) in accounts payable	45,099	(191,586)
A32200	Decrease in remunerations payable to employees and directors	(18,293)	(40,813)
A32230	Increase (decrease) in other current liabilities	(18,978)	6,831
A32240	Decrease in net defined benefit liabilities	(4,840)	(2,302)
A33000	Net cash provided by (used in) operations	318,943	(116,176)
A33300	Interest paid	(461)	(564)
A33500	Income tax paid	(584)	(81,973)
AAAA	Net cash generated by operating activities	<u>317,898</u>	<u>(198,713)</u>

(Continued on next page)

(Brought forward from previous page)

Code		2023	2022
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(\$ 103,848)	(\$ 57,304)
B00200	Disposal of financial assets at fair value through profit or loss	75,723	114,608
B02700	Acquisition of property, plant and equipment	(34,380)	(124,711)
B02800	Proceeds from disposal of property, plant and equipment	10,395	-
B03700	Increase (decrease) in refundable deposits	15,289	(14,486)
B04500	Acquisition of intangible assets	(7,819)	(17,519)
B07500	Interest received	<u>4,037</u>	<u>3,550</u>
BBBB	Net cash used in investing activities	<u>(40,603)</u>	<u>(95,862)</u>
	Cash flows from financing activities		
C03000	Decrease in guarantee deposits received	(54)	(332)
C04020	Payments of lease liabilities	(12,762)	(13,417)
C04500	Allocated cash dividends	(51,195)	(174,273)
C09900	Other financing activities	<u>19</u>	<u>8</u>
CCCC	Net cash used in financing activities	<u>(63,992)</u>	<u>(188,014)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>(6,238)</u>	<u>3,838</u>
EEEE	Increase (decrease) in cash and cash equivalents for the year	207,065	(478,751)
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>250,680</u>	<u>729,431</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 457,745</u>	<u>\$ 250,680</u>

The accompanying notes constitute part of the consolidated financial statements.

Chairman: Kao Yu-Kun Manager: Chi Heng-Chung Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation and Subsidiaries

Notes to Consolidated Financial Statements

for the years ended Dec. 31, 2023 and 2022

(In thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

Leadtrend Technology Corporation (hereinafter referred to as Leadtrend), incorporated on Sep. 18, 2002 after the approval of Ministry of Economic Affairs, mainly engages in research, development, production, manufacturing and sale of analog integrated circuits.

Stocks of Leadtrend have been traded at Taiwan Stock Exchange Corporation since Aug. 14, 2009.

The New Taiwan Dollar, the functional currency adopted by Leadtrend, is used to express amounts indicated in the consolidated financial statements.

II. Date and Procedure of Adoption of Financial Statements

The consolidated financial statements were approved by the board of directors on Feb. 29, 2024 to be published.

III. Applicability of New and Amended Standards and Interpretations

- (A) We initially apply International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (hereinafter referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the FSC).

Application of the IFRSs, which are recognized and published by the FSC, does not cause any significant change in accounting policies of Leadtrend and its subsidiaries (hereinafter referred to as the Company).

- (B) IFRSs Recognized by the FSC and Applied by the Company for 2024

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	Jan. 1, 2024 (Note 2)
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	Jan. 1, 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	Jan. 1, 2024 (Note 3)

Note1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

Note2: The seller that is also a lessee shall adopt the amendments to IFRS 16 retroactively for the sale and leaseback transactions made after initially implementing IFRS 16.

Note3: Initial application of the amendments is exempted from the provisions for partial disclosure.

As of the date of publication of the consolidated financial statements, the Company believed, based on its evaluation, that the amendments to the aforementioned standards and interpretations had no significant impact on its financial conditions and financial results.

(C) IFRSs Published by IASB already but Not Recognized or Published by FSC Yet:

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not decided yet
IFRS 17 Insurance Contracts	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023
Amendments to IAS 21 Lack of Exchangeability	Jan. 1, 2025 (Note 2)

Note1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

Note2: They are applicable for the annual reporting periods beginning after January 1, 2025. When the amendments are initially applied, effects will be recognized in retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, effects will be applied to adjust the exchange differences on translating foreign operations under equity on the date of initial application.

As of the date of publication of the consolidated financial statements, the Company still continued evaluating the impact of the amendments to the aforementioned standards and interpretations on its financial conditions and financial results. Relevant impacts will be disclosed after the evaluation is completed.

IV. Explanations of Material Accounting Policies

(A) Declaration of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and published by the FSC.

(B) Preparation Basis

The consolidated financial statements are prepared on the basis of historical cost, except for the financial instruments at fair value, and the net defined

benefit liability recognized based on the present value of defined benefit obligations less the fair value of plan assets.

Fair value measurement is classified from level 1 to level 3 based on observable level and importance of relevant inputs.

1. Level 1 Inputs: They refer to the prices of the same assets or liabilities obtained in the active market on measurement date (not adjusted).
2. Level 2 Inputs: They refer to direct inputs (i.e. prices) or indirect inputs (presumed from prices) observable, except level 1 prices, for assets or liabilities.
3. Level 3 Inputs: They refer to inputs not observable for assets or liabilities.

(C) Standards of Distinguishing Current Assets and Liabilities from Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for sale;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including the same that would be used to exchange or pay off liabilities 12 months after the balance sheet date and be therefore restricted).

Current liabilities include:

1. Liabilities held primarily for sale;
2. Liabilities due and repaid within 12 months after the balance sheet date; and
3. Liabilities for which the repayment period cannot be unconditionally postponed to at least 12 months after the balance sheet date.

The assets and liabilities which are not listed as current assets and current liabilities above are classified as non-current assets and non-current liabilities.

(D) Consolidation Basis

The consolidated financial statements include the financial statements of Leadtrend and the entities that it controls (i.e. subsidiaries). The financial statements of subsidiaries have been adjusted so as to cause the accounting policies used by the subsidiaries to be consistent with those used by Leadtrend. The transactions, account balances, incomes and expenses among individual entities were eliminated completely during the preparation of the consolidated financial statements.

Please refer to Notes 10 and 29 for the detailed information, shareholding and business activities of each subsidiary.

(E) Foreign Currency

The functional currency adopted by Leadtrend is the New Taiwan Dollar. For the transactions completed by an entity of the Company using a (foreign) currency rather than its functional currency, the entity converts the foreign currency to the functional currency at the exchange rate prevailing on the date of transaction in preparing the financial statements.

Foreign monetary items are converted at the closing rate on the balance sheet date. Exchange differences generated from the transfer or conversion of monetary items are recognized in profit or loss for the current year when the differences occur.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when fair value is determined. Exchange differences generated are listed as profits or losses for the current year. However, in case of changes in fair value recognized in other comprehensive incomes or losses, the exchange differences generated are listed as other comprehensive incomes or losses.

Foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be re-converted.

In preparing the consolidated financial statements, Leadtrend converts the assets and liabilities of the foreign operations (including the subsidiaries using, and the subsidiaries operating in the countries using, any currency that differs from the currency used by Leadtrend) to NT dollars at the exchange rate on the balance sheet date. Incomes and expenses are converted at the average exchange rate of the current year. Exchange differences generated are recognized as other comprehensive incomes or losses.

If the Company disposes all equity of a foreign operation, then the accumulate exchange differences relevant to the foreign operation will be reclassified to profits or losses.

(F) Inventories

Inventories include raw materials, work in process and finished goods. Inventories are measured by using the lower of cost or net realizable value method. Cost and net realizable value are compared base on each individual item, except the same type of inventories. Net realizable value refers to the amount of the selling price, estimated in normal circumstances, from which the estimated cost required to be put in prior to the completion and the estimated cost needed for the completion of sale are subtracted. Cost of inventories is calculated by use of the weighted average method.

(G) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and measured subsequently based on the amount of cost less both accumulated depreciation and accumulated impairment loss.

The self-owned land is not depreciated while each important portion of other property, plant and equipment within service life is depreciated by use of the straight line method. The Company reviews the estimated service life, residual value and depreciation method at least at the end of every year and put off the impact on applicable changes in accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the net proceeds on disposal and the book amount of the assets is recognized in profits or losses.

(H) Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized within service life by use of the straight line method. Estimated service life, residual value and amortization method are reviewed at least at the end of every year and the impact on applicable changes in accounting estimates is put off.

2. Derecognition

Upon derecognition of intangible assets, the difference between the net disposal proceeds and the book amount to such assets is recognized in profits or losses for the current year.

(I) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Company evaluates on every balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets or intangible assets may be impaired. In case of any sign of impairment, a recoverable amount is estimated for the assets. If a recoverable amount cannot be estimated for any individual asset, the Company will estimate the recoverable amount of the cash generating unit ("CGU") of the concerned asset. In case that corporate assets are shared among CGUs on the basis of reasonable consensus, corporate assets shall be shared among individual CGUs. Otherwise, corporate assets shall be shared among the smallest CGU groups that are shared on the basis of reasonable consensus.

The recoverable amount is the higher of fair value less costs to sell and use value. If the recoverable amount of individual assets or CGUs is less than the book amount thereof, then the book amount of the assets or CGUs will be reduced to the recoverable amount, and the impairment loss will be recognized in profits or losses.

Upon subsequent reverse of impairment loss, the book amount of the assets or CGUs is increased to the revised recoverable amount. However, the increased book amount shall not exceed the book value (less amortization or depreciation) that would be determined if the impairment loss of the assets or CGUs had not been recognized in the previous year. Reverse of impairment loss is recognized in profits or losses.

(J) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the contract concerning the instruments.

If financial assets or financial liabilities are not measured at fair value through profit or loss ("FVTPL"), the financial assets or financial liabilities, upon original recognition, are measured at fair value plus the transaction cost attributable directly to the obtained or issued financial assets or financial liabilities. The transaction cost attributable directly to the obtained or issued financial assets or financial liabilities at FVTPL is recognized as profits or losses immediately.

1. Financial Assets

Routine transactions of financial assets are recognized or derecognized on transaction date.

(1) Type of Measurement

Types of financial assets held by the Company are financial assets at FVTPL and financial assets measured at amortized cost.

A. Financial Assets at FVTPL

Financial assets at FVTPL include the financial assets that are enforced or designated to be measured at FVTPL. The financial assets enforced to be measured at FVTPL include the investments in equity instruments not designated to be

measured at fair value through other comprehensive income ("FVTOCI"), and the investments in debt instruments not classified as those measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value. The dividends and interest generated from the financial assets are recognized in other incomes and interest incomes, respectively. The incomes or losses generated from remeasurement are recognized in other incomes or losses. Refer to Note 25 for the method used to determine fair value.

B. Financial Assets at Amortized Cost

Financial assets invested by the Company are classified as the financial assets measured at amortized cost if both of the following conditions are satisfied simultaneously:

- a. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and
- b. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

After being recognized originally, the financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, and refundable deposits) are measured at the amortized cost of the total book amount less any impairment loss determined by the effective interest method. Foreign exchange gains or losses are recognized in profits or losses.

Interest income is computed based on the effective interest rate multiplied by the total book amount of financial assets, except in either of the following situations:

- a. For the credit-impaired financial assets purchased or established, interest income is computed based on the effective interest rate, after credit adjustment, multiplied by the amortized cost of the financial assets.
- b. If the financial assets without credit impairment upon purchase or establishment become credit-impaired subsequently, then interest income is computed based on the effective interest rate multiplied by the amortized cost of the financial assets.

Cash equivalents refer to the time deposits that are highly liquid and may be transferred to a fixed amount of cash any time with minimal risk of changes in value to fulfill short-term cash commitments.

(2) Impairment of Financial Assets

The Company evaluates impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss every balance sheet date.

Loss allowances for accounts receivable are recognized based on the expected credit loss for the duration of accounts receivable. As for other financial assets, the Company determines whether credit risk increases significantly after the original recognition of such other financial assets. If the risk does not increase significantly, then loss allowances for other financial assets are recognized based on the expected credit loss for 12 months. If the risk increases significantly, loss allowances are recognized based on the expected credit loss for the duration of such other financial assets.

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

The impairment loss of all financial assets is reflected by reducing the book amount of the financial assets through the allowance account.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets only when their rights to cash flows from financial assets under a contract expire or when financial assets have been transferred and almost all risks of ownership of the assets and payments of the assets have been transferred to other enterprises.

Upon derecognition of the entire financial assets measured at amortized cost, the difference between the book amount of the financial assets and the received consideration is recognized in profits or losses.

2. Equity Instruments

The equity instruments issued by the Company are classified as equity based on the substance of contractual agreements and the definition of equity instruments.

The equity instruments issued by the Company are recognized based on the obtained consideration less the cost of direct issuance.

The equity instruments of Leadtrend taken back are recognized as and subtracted from equity. Their book value is calculated in a weighted average based on types of stocks. No purchase, sale, issuance or annulment of equity instruments of Leadtrend shall be recognized in profits or losses.

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities of the Company are measured at amortized cost by use of the effective interest method.

(2) Derecognition of Financial Liabilities

With respect to derecognition of financial liabilities, the difference between the book value and the consideration paid (including any

transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(K) Revenue Recognition

After identifying its obligations under a contract made with a customer, the Company amortizes the transaction price to each obligation and recognizes revenue upon fulfillment of each obligation.

Sales Revenue

Sales revenue comes from sale of integrated circuits. When integrated circuits products are shipped, the customer has already had the right to determine the price and use the products and had the primary responsibility for resale, and shall take the risk of obsolescence of the products, so the Company recognizes revenue and accounts receivables at that point of time.

For the goods delivered to be processed, revenue is not recognized upon such delivery as the ownership of processed goods is not transferred.

(L) Lease

Upon establishment of a contract, the Company evaluates whether the contract is (or includes) a lease.

1. The Company is a lessor.

If almost all of the risks and compensation pertaining to the ownership of the assets are required to be transferred to the lessee in accordance with the terms of the lease, then the lease is classified as a financed lease. All other leases are classified as operating leases.

Lease payments less lease incentives are recognized as incomes under the operating lease for the lease period on a straight-line basis.

2. The Company is a lessee.

For other leases, right-of-use assets and lease liabilities are recognized on the date of lease commencement, except for leases of low-value assets for which exemptions can be recognized and short-term leases, in which case, lease payments are recognize as expenses for the lease period on a straight-line basis.

Right-of-use assets are originally measured at cost (including the amount of originally measured lease liabilities). They are subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss, and the remeasurement of lease liabilities is adjusted accordingly. Right-of-use assets are expressed separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis between the date of lease commencement and the expiration of the service life or expiration of the lease period, whichever comes first.

Lease liabilities are originally measured based on the current value of lease payments. If a lease implies an interest rate that can be determined easily, then lease payments are discounted at the interest rate. If the interest rate cannot be determined easily, then the lessee's incremental borrowing rate of interest is used.

After that, lease liabilities are measured at amortized cost by use of the effective interest method, and interest expenses are amortized for the leasing. If the lease period, the amount expected to be paid to the extent of the guaranteed residual value, the evaluation of call options for subject assets, or the index or rate determined for lease payments

changes so that future lease payments are varied accordingly, the Company would remeasure lease liabilities and adjust right-of-use assets accordingly. However, when the book amount of right-of-use assets is already reduced to zero, the rest of the remeasurement amount is recognized in profits or losses. Lease liabilities are expressed separately in the consolidated balance sheet.

(M) Government Subsidy

A government subsidy is recognized only when the Company is reasonably believed to comply with the conditions fixed to the government subsidy and will receive the subsidy.

A government subsidy relevant to benefits is recognized as other income on a systemic basis for the year in which the Company recognizes as expenses the costs to be covered by the subsidy.

(N) Employee Benefits

1. Short-term Employee Benefits

Liabilities relevant to short-term employee benefits are measured based on non-discounted amounts expected to be paid to exchange for employees' service.

2. Post-employment Benefits

As for retirement pensions under the defined contribution plan, the pension amounts allocated for the period during which employees provide service are recognized as expenses.

Defined costs (including service costs, net interest and remeasurements) of the defined benefit plan are calculated by use of the projected unit credit method. Service costs (including service costs for the current year) and net interest on defined benefit liabilities (assets) are recognized as employee benefit expenses upon their occurrence. Remeasurements (including actuarial gains and losses, and return on plan asset less interest) are recognized in other comprehensive incomes or losses upon their occurrence and listed in retained earnings, and they will not be reclassified to profits or losses in a subsequent period.

Net defined benefit liabilities (assets) are allocated shortage (surplus) of the defined benefit plan. Net defined benefit assets shall not exceed the current value of the refund of contributions from the plan or the reduction in future contributions.

3. Other Long-term Employee Benefits

The accounting treatment of other long-term employee benefits is the same as that of the defined benefit plan. However, relevant remeasurements are recognized in profits or losses.

(O) Share-based Payment Arrangement

Employee stock options and employee restricted stock award shares granted by the Company to employees are recognized as expenses on a straight-line basis for the vesting period based on the fair value of equity instruments on the grant date and the expected best estimate, and the "capital reserve—employee stock options and other equity (unearned compensation)" is also adjusted simultaneously. If they are obtained immediately on the grant date, they are recognized as expenses on the grant date.

When the Company issues restricted stock award shares, other equity (employees' unearned compensation) is recognized on the grant date, and

the "capital reserve—employee restricted stock award shares" is adjusted simultaneously. If such shares are issued for value and the amount of shares is agreed to be returned upon resignation of the employee, then relevant payables shall be recognized. If the employee who resigns within the vesting period is not required to return the dividends received already, then expenses are recognized upon announcement of the dividends to be distributed, and retain earnings and "capital reserve—employee restricted stock award shares" are adjusted simultaneously.

The Company amends the estimate of the obtained employee stock options and employee restricted stock award shares on each balance sheet date. If an originally estimated amount is amended, its effects are recognized as profits or losses so that the accumulated expenses reflect the amended estimate. The "capital reserve—employee stock option" and "capital reserve—employee restricted stock award shares" are also adjusted accordingly.

(P) Income Tax

The tax expense is the sum of current income tax and deferred income tax.

1. Current Income Tax

The Company determines its incomes (losses) for the current year in accordance with the regulations enacted in the applicable tax jurisdiction, and calculates income tax payable (refundable) based on such incomes (losses).

The income tax on undistributed earnings computed in accordance with the Income Tax Act of the Republic of China is recognized for the year when the resolution is adopted at the shareholders' meeting.

Adjustment made for the previous year's income tax payable is listed in current income tax.

2. Deferred Income Tax

Deferred income tax is computed based on temporary differences generated from the book amounts of assets and liabilities and the tax base used to compute taxable income.

Deferred income tax liabilities are generally recognized based on taxable temporary differences. Deferred income tax assets are recognized when there may probably be taxable incomes from which the tax credits generated from temporary differences and loss carryforwards can be subtracted.

Taxable temporary differences relevant to investments in subsidiaries are recognized as deferred income tax liabilities, except when the Company is able to control the point of reverse of temporary differences and the taxable temporary differences will not be reversed in the foreseeable future. Deductible temporary differences relevant to the investments are recognized as deferred income tax assets only to the extent of the foreseeable reverse expected in the future when there is taxable income sufficient to realize temporary differences.

The book amount of deferred income tax assets is reviewed again on every balance sheet date. For all or part of assets that taxable income may probably not be sufficient to recover, the book amount is reduced accordingly. Those that are not originally recognized as deferred income tax assets are also reviewed again on every balance sheet date.

The book amount is increased when there may be any taxable income used to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate applicable to the year when liabilities are expected to be repaid or assets are expected to be realized. The interest rate refers to the interest rate determined by the tax law that is enacted or substantially enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences generated in the way that the Company expects to recover or repay the book amount of its assets or liabilities as of the balance sheet date.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profits or losses. However, the current and deferred income taxes relevant to the items recognized in other comprehensive incomes or losses or those included directly in equity are recognized in other comprehensive incomes or losses or included directly in equity respectively.

V. Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty

For relevant information not accessible by the Company from other resources in applying accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual result may probably differ from the estimate.

Main Sources of Estimates and Assumption Uncertainty

(A) Impairment of Financial Asset Estimates

Accounts receivable and liability instruments are estimated based on the assumptions of probability of default and loss-given default made by the Company. The Company considers historical experience, current market conditions and forward-looking information to make its assumptions and chooses input values for the impairment of estimates. If the actual cash flows in the future are less than those expected by the Company, a material impairment loss may occur.

(B) Impairment of Inventories

The net realizable value of inventories is an estimate of the difference obtained after the cost estimate to be spent until completion of the production and the cost estimate to be required for completion of the sale are subtracted from the selling price estimate. These estimates are evaluated based on current market conditions and historical sales of similar products. Changes in market conditions may affect these estimated results materially.

VI. Cash and Cash Equivalents

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Foreign currency deposits	\$ 63,089	\$ 59,085
Checks and saving deposits with the bank	51,337	61,549
Petty cash and cash on hand	619	775
Cash equivalents		
Time deposits	<u>342,700</u>	<u>129,271</u>
	<u>\$457,745</u>	<u>\$250,680</u>

The interest rate range of cash and cash equivalents as of the balance sheet date is as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Bank deposits	0.1%~4.05%	0.1%~1.41%

VII. Financial Instruments at FVTPL

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Financial assets – Current</u>		
Measured at FVTPL		
compulsorily		
Non-derivative financial assets		
– Beneficiary certificates of funds	<u>\$ 83,823</u>	<u>\$ 55,634</u>

VIII. Notes and Accounts Receivable

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book amount	<u>\$ 22,682</u>	<u>\$ 18,854</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book amount	<u>\$168,744</u>	<u>\$150,790</u>

As for the payments of products sold by the Company, the average credit period is between 30 and 45 days after the date of monthly settlement. No interest accrues for accounts receivable. The Company will rate main customers by using other publicly available financial information and historical transaction records. The Company continues monitoring credit risk exposure, and the credit rating of the counterparty to each transaction. To reduce credit risk, the management of the Company designates a team to take charge of the decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Company also reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has been reduced significantly.

The Company recognizes, based on expected credit loss for the duration, the allowance for losses on accounts receivable. The expected credit loss for the duration is calculated by use of the provision matrix, which considers the historical default records of customers, current financial conditions, state of industrial economy, and industrial development prospects. As shown in the history of credit loss incurred by the Company, there is no significant difference between loss types in terms of different customer bases. Thus the provision matrix is not used to distinguish customer bases, and the expected credit loss

rates are determined based on the number of days that the accounts receivable are past due.

If evidence shows that the counterparty encounters serious financial difficulties and the Company is unable to reasonably expect a recoverable amount, then the Company will write off relevant accounts receivable directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profits.

Please refer to the following table for the analysis on aging of accounts receivable as of the end of the reporting period.

Analysis on Aging of Accounts Receivable

	Dec. 31, 2023	Dec. 31, 2022
Not overdue, and not impaired	<u>\$168,744</u>	<u>\$150,790</u>

IX. Inventories

	Dec. 31, 2023	Dec. 31, 2022
Finished goods	\$ 91,849	\$118,812
Work in process	351,405	462,857
Raw materials and supplies	<u>164,501</u>	<u>226,335</u>
	<u>\$607,755</u>	<u>\$808,004</u>

Cost of goods sold relevant to inventories was NTD 712,066 thousand and NTD 968,729 thousand respectively in 2023 and 2022.

Cost of goods sold included an inventory valuation loss NTD 14,608 thousand and an obsolescence loss NTD 13,794 thousand respectively in 2023 and 2022.

X. Subsidiaries

(A) Subsidiaries Listed in the Consolidated Financial Statements

The subjects that the consolidated financial statements are prepared for are as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding		Remarks
			Dec. 31, 2023	Dec. 31, 2022	
Leadtrend	Leadtrend Technology (Samoa) Limited	Various investments	100%	100%	Note
	Leadtrend (Shenzhen) Co., Ltd. (Leadtrend Shenzhen)	Design and R&D of computer application software and system integration; wholesale of computer software, integrated circuits, semiconductor chips and related electronic parts and components; manufacturing of electronic components, manufacturing of integrated circuit chips and products, manufacturing of computer software, hardware and peripheral equipment	100%	100%	1

Note: Leadtrend Technology (Samoa) Limited was liquidated and had registration nullified in November 2023.

XI. Property, Plant and Equipment

Self-used

	Land	House and building	R&D equipment	Office equipment	Molding equipment	Lease improvement	Photomask	Total
<u>Cost</u>								
Balance at Jan. 1, 2023	\$ 86,200	\$ 347,845	\$ 284,890	\$ 35,386	\$ 26,082	\$ 26,192	\$ 275,274	\$ 1,081,869
Increase	-	1,055	7,562	1,046	2,086	121	20,063	31,933
Decrease	(2,101)	(7,055)	(296)	(217)	-	(1,512)	(49,480)	(60,661)
Translation adjustment	-	(804)	(254)	(71)	-	(69)	-	1,198
Balance at Dec. 31, 2023	<u>\$ 84,099</u>	<u>\$ 341,041</u>	<u>\$ 291,902</u>	<u>\$ 36,144</u>	<u>\$ 28,168</u>	<u>\$ 24,732</u>	<u>\$ 245,857</u>	<u>\$ 1,051,943</u>
<u>Accumulated depreciation</u>								
Balance at Jan. 1, 2023	\$ -	\$ 52,752	\$ 188,290	\$ 27,388	\$ 24,610	\$ 20,266	\$ 239,033	\$ 552,339
Increase	-	10,984	25,375	3,672	864	1,306	31,907	74,108
Decrease	-	(983)	(296)	(203)	-	(1,146)	(49,481)	(52,109)
Translation adjustment	-	(64)	(160)	(64)	-	(69)	-	(357)
Balance at Dec. 31, 2023	<u>\$ -</u>	<u>\$ 62,689</u>	<u>\$ 213,209</u>	<u>\$ 30,793</u>	<u>\$ 25,474</u>	<u>\$ 20,357</u>	<u>\$ 221,459</u>	<u>\$ 573,981</u>
Net at Dec. 31, 2023	<u>\$ 84,099</u>	<u>\$ 278,352</u>	<u>\$ 78,693</u>	<u>\$ 5,351</u>	<u>\$ 2,694</u>	<u>\$ 4,375</u>	<u>\$ 24,398</u>	<u>\$ 477,962</u>
<u>Cost</u>								
Balance at Jan. 1, 2022	\$ 72,270	\$ 301,363	\$ 252,971	\$ 33,492	\$ 25,356	\$ 21,632	\$ 242,950	\$ 950,034
Increase	13,930	45,847	32,322	2,876	726	4,952	32,324	132,977
Decrease	-	-	(528)	(1,041)	-	(454)	-	(2,023)
Translation adjustment	-	635	125	59	-	62	-	881
Balance at Dec. 31, 2022	<u>\$ 86,200</u>	<u>\$ 347,845</u>	<u>\$ 284,890</u>	<u>\$ 35,386</u>	<u>\$ 26,082</u>	<u>\$ 26,192</u>	<u>\$ 275,274</u>	<u>\$ 1,081,869</u>
<u>Accumulated depreciation</u>								
Balance at Jan. 1, 2022	\$ -	\$ 42,302	\$ 161,696	\$ 24,902	\$ 23,950	\$ 16,484	\$ 209,029	\$ 478,363
Increase	-	10,453	27,030	3,483	660	4,032	30,004	75,662
Decrease	-	-	(528)	(1,041)	-	(303)	-	(1,872)
Translation adjustment	-	(3)	92	44	-	53	-	186
Balance at Dec. 31, 2022	<u>\$ -</u>	<u>\$ 52,752</u>	<u>\$ 188,290</u>	<u>\$ 27,388</u>	<u>\$ 24,610</u>	<u>\$ 20,266</u>	<u>\$ 239,033</u>	<u>\$ 552,339</u>
Net at Dec. 31, 2022	<u>\$ 86,200</u>	<u>\$ 295,093</u>	<u>\$ 96,600</u>	<u>\$ 7,998</u>	<u>\$ 1,472</u>	<u>\$ 5,926</u>	<u>\$ 36,241</u>	<u>\$ 529,530</u>

No impairment loss was recognized or reversed in 2023 and 2022.

Depreciation expenses are allocated on a straight-line basis based on the following service lives:

House and building	10 ~ 50 years
R&D equipment	2 ~ 8 years
Office equipment	4 ~ 9 years
Molding equipment	3 years
Lease improvement	2 ~ 6 years
Photomask	2 ~ 3 years

XII. Lease Agreement

(A) Right-of-use Assets

	Dec. 31, 2023	Dec. 31, 2022
Book amount of right-of-use assets		
Building	<u>\$ 20,748</u>	<u>\$ 19,712</u>
Added Right-of-use assets	<u>2023</u>	<u>2022</u>
Depreciation expenses for right-of-use assets	<u>\$ 8,650</u>	<u>\$ 7,517</u>
Building	<u>\$ 13,127</u>	<u>\$ 13,440</u>

(B) Lease Liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Book amount of lease liabilities		
Current	<u>\$ 11,785</u>	<u>\$ 12,415</u>
Non-current	<u>\$ 9,529</u>	<u>\$ 7,568</u>

The range of discount rates for lease liabilities is as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Building	1.96%~2.10%	1.96%~2.10%

(C) Important Lease Activities and Terms

The Company as a lessee has leased some buildings to be used as office space, and the lease periods are from 2 to 5 years. The Company does not have the right of first refusal for the buildings leased by the Company upon expiration of a lease period. It has been agreed that the Company shall not relet or assign the whole or part of the leased buildings to third parties without the consent of a lessor.

(D) Other Lease Information

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 1,709</u>	<u>\$ 1,982</u>
Low-value asset lease expenses	<u>\$ 54</u>	<u>\$ 53</u>
Total cash provided by (used in) leases	<u>(\$ 14,986)</u>	<u>(\$ 16,016)</u>

The Company chooses to recognize exemptions applicable to the office equipment that is in line with short-term leases and the office equipment rental that is in line with low-value asset leases, and does not recognize right-of-use assets or lease liabilities relevant to such leases.

XIII. Intangible Assets

	<u>Computer software</u>	<u>Know-how</u>	<u>Patent right</u>	<u>Others</u>	<u>Total</u>
<u>Cost</u>					
Balance at Jan. 1, 2023	\$ 100,162	\$ 27,972	\$ 8,383	\$ 2,922	\$ 139,439
Increase	2,357	5,462	-	-	7,819
Translation adjustment	(2)	-	-	-	(2)
Balance at Dec. 31, 2023	<u>\$ 102,517</u>	<u>\$ 33,434</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 147,256</u>
<u>Accumulated amortization</u>					
Balance at Jan. 1, 2023	\$ 92,279	\$ 26,984	\$ 3,425	\$ 2,922	\$ 125,610
Increase	3,684	5,995	837	-	10,516
Translation adjustment	(2)	-	-	-	(2)
Balance at Dec. 31, 2023	<u>\$ 95,961</u>	<u>\$ 32,979</u>	<u>\$ 4,262</u>	<u>\$ 2,922</u>	<u>\$ 136,124</u>
Net at Dec. 31, 2023	<u>\$ 6,556</u>	<u>\$ 455</u>	<u>\$ 4,121</u>	<u>\$ -</u>	<u>\$ 11,132</u>

	Computer software	Know-how	Patent right	Others	Total
<u>Cost</u>					
Balance at Jan. 1, 2022	\$ 92,624	\$ 17,993	\$ 8,383	\$ 2,922	\$ 121,922
Increase	7,540	9,979	-	-	17,519
Translation adjustment	(2)	-	-	-	(2)
Balance at Dec. 31, 2022	<u>\$ 100,162</u>	<u>\$ 27,972</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 139,439</u>
<u>Accumulated amortization</u>					
Balance at Jan. 1, 2022	\$ 90,451	\$ 16,459	\$ 2,586	\$ 2,922	\$ 112,418
Increase	1,830	10,525	839	-	13,194
Translation adjustment	(2)	-	-	-	(2)
Balance at Dec. 31, 2022	<u>\$ 92,279</u>	<u>\$ 26,984</u>	<u>\$ 3,425</u>	<u>\$ 2,922</u>	<u>\$ 125,610</u>
Net at Dec. 31, 2022	<u>\$ 7,883</u>	<u>\$ 988</u>	<u>\$ 4,958</u>	<u>\$ -</u>	<u>\$ 13,829</u>

Amortization expenses are allocated for the aforementioned intangible assets on a straight-line basis based on the following service lives:

Computer software	3 ~ 6 years
Know-how	5 years
Patent right	10 years
Others	3 ~ 5 years

XIV. Other Assets

	Dec. 31, 2023	Dec. 31, 2022
<u>Current</u>		
Tax overpaid retained for offsetting the future tax payable	\$ 4,522	\$ 4,726
Prepayment for purchases	4,396	4,107
Temporary payments	1,408	3,322
Income tax refund receivable	813	2,709
Refundable deposits	-	15,000
Others	<u>8,071</u>	<u>6,543</u>
	<u>\$ 19,210</u>	<u>\$ 36,407</u>
<u>Non-current</u>		
Prepayments for business facilities	\$ 4,264	\$ 5,099
Refundable deposits	<u>3,483</u>	<u>3,772</u>
	<u>\$ 7,747</u>	<u>\$ 8,871</u>

XV. Other Current Liabilities

	Dec. 31, 2023	Dec. 31, 2022
Bonuses payable	\$ 38,349	\$ 53,428
Unused leave payments	5,687	10,145
Insurance premium payable	3,853	4,284
Professional service fees payable	3,296	3,505
Payables on equipment	-	3,282
Others	<u>24,074</u>	<u>22,875</u>
	<u>\$ 75,259</u>	<u>\$ 97,519</u>

XVI. Post-employment Benefit Plan

(A) Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to Leadtrend, refers to the defined contribution plan managed by the government. The 6% of the monthly wages of an employee is allocated to the specific account of the individual with Bureau of Labor Insurance. In addition, Leadtrend Shenzhen pays basic pension insurance premiums for the government's management fund program. The premiums are recognized as expenses for the current year when being allocated.

(B) Defined Benefit Plan

The retirement pension system adopted by Leadtrend in accordance with the Labor Standards Act of the Republic of China is the defined benefit plan managed by the government. The retirement pension to an employee is computed based on the employee's service time and average wage of the 6 months immediately before the date of retirement approval. Leadtrend allocates the 2% of the monthly wages of an employee to the employee's retirement funds and transfers it to Supervisory Committee of Business Entities' Labor Retirement Reserve. Then the committee deposits it to the specific account with Bank of Taiwan in the name of the committee. If the balance of the specific account at the end of a fiscal year is estimated not to be enough to be paid to the employees who will meet the requirements of retirement in the next year, the difference will be allocated in full by the end of March in the next year. The specific account is entrusted to Bureau of Labor Funds, Ministry of Labor to manage. The Company has no right to influence investment and management strategies.

Leadtrend reached an agreement with employees in Aug. 2023 to settle the years of service accumulated in the old system and settle pension amounts in accordance with relevant regulations. Such settlement was approved by the competent authority. Leadtrend was under no obligation to pay either the balance recovered from the specific pension accounts or the book amount of net defined benefit liability. The balance and the book amount were transferred to income. Such income, totaling NTD 15,045 thousand, was listed as other income. Please refer to Note 20 (B) Other Income.

Amounts for the defined benefit plan in the consolidated balance sheet are listed as follows:

	<u>Dec. 31, 2022</u>
Present value of a defined benefit obligation	\$ 24,101
Fair value of plan assets	(<u>19,261</u>)
Net defined benefit liabilities	<u>\$ 4,840</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Jan. 1, 2022	<u>\$ 24,933</u>	<u>(\$ 15,239)</u>	<u>\$ 9,694</u>
Service cost			
Current service cost	480	-	480
Interest expense (income)	<u>125</u>	<u>(85)</u>	<u>40</u>
Recognized in profit (loss)	<u>605</u>	<u>(85)</u>	<u>520</u>
Remeasurements			
Return on plan assets (except the amount included in net interest)	-	(1,115)	(1,115)
Actuarial gains — Changes in financial assumptions	(1,970)	-	(1,970)
Actuarial losses — Experience adjustments	<u>533</u>	<u>-</u>	<u>533</u>
Recognized in other comprehensive incomes (losses)	<u>(1,437)</u>	<u>(1,115)</u>	<u>(2,552)</u>
Employer contributions	<u>-</u>	<u>(2,822)</u>	<u>(2,822)</u>
Dec. 31, 2022	<u>\$ 24,101</u>	<u>(\$ 19,261)</u>	<u>\$ 4,840</u>

Leadtrend is exposed to the following risks with respect to the retirement pension system provided by the Labor Standards Act.

1. Investment Risk: Bureau of Labor Funds, Ministry of Labor invests the labor pension fund by itself or through an agent in domestic (foreign) domestic equity securities and debt securities, bank deposits and other subject matters. However, the distributable amount of Leadtrend's plan assets is the income calculated at an interest rate not inferior to that announced by the local bank for 2-year time deposits.
2. Interest Rate Risk: Reduction of interest rates for government bonds/corporate bonds will result in an increase in the present value of defined benefit obligations. However, the return on debt investments with respect to plan assets will increase accordingly. Both offset the impact on the net defined benefit liabilities partially.
3. Wage Risk: The present value of defined benefit obligations is calculated by taking future wages of plan members into account. Thus the increase in wages of plan members will result in an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of Leadtrend is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

	<u>Dec. 31, 2022</u>
Discount rate	1.375%
Expected rate of wage increments	4.000%

In case of a reasonable and possible change in any material actuarial assumption, the increase (decrease) in the present value of defined benefit obligations on the premise that other assumptions remain unchanged is as follows:

	<u>Dec. 31, 2022</u>
Discount rate	
Increased by 0.25%	(\$ 527)
Decreased by 0.25%	<u>\$ 543</u>
Expected rate of wage increments	
Increased by 0.25%	<u>\$ 519</u>
Decreased by 0.25%	(<u>\$ 507</u>)

The aforementioned sensitivity analysis may probably not reflect actual changes in the present value of defined benefit obligations as actuarial assumptions may correlate mutually and changes in only one assumption are not quite possible.

	<u>Dec. 31, 2022</u>
Amount expected to be contributed in one year	<u>\$ 1,086</u>
Average expiration period of defined benefit obligations	9 years

XVII. Equity

(A) Stock Capital

Common Shares

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Authorized number of shares (In thousand shares)	<u>200,000</u>	<u>200,000</u>
Authorized stock capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of issued and paid-in shares (In thousand shares)	<u>58,918</u>	<u>56,883</u>
Issued stock capital	<u>\$ 589,178</u>	<u>\$ 568,838</u>

Common shares are issued with par value NTD 10. A shareholder is entitled to one vote for each share the shareholder holds, and has the right to receive dividends.

The stock capital in authorized stock capital reserved for issuance of employee stock options was 7,800 thousand shares.

(B) Capital Reserve

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Used to make good of loss, distribute cash or appropriate to be stock capital (1)</u>		
Additional paid-in capital in excess of par (including exercised or invalid employee stock options)	\$254,672	\$258,027
Donated assets received from shareholder (2)	84,732	84,732
<u>Used to make good of losses only</u>		
Others	125	106
<u>Not used for any purpose</u>		
Employee restricted stock award shares	<u>50,306</u>	<u>47,567</u>
	<u>\$389,835</u>	<u>\$390,432</u>

1. Such capital reserve may be used to make good of loss, and may also be used to distribute cash or expand stock capital when the Company does not have a loss; however, the amount used to expend stock capital is limited to a certain percentage of the paid-in capital.

2. It was cash given as a gift by Delaware Asia Pacific Investment Corp.

(C) Retained Earnings and Dividend Policies

According to the earning distribution policy provided by Leadtrend's articles of incorporation, net profits after tax at the final settlement of each fiscal year, if any, shall be allocated, in the following order, for:

1. Making good of accumulated loss (including adjustment of the amount of undistributed earnings);
2. Setting aside 10% as legal reserve; however, no legal reserve shall be allocated if the total legal reserve has reached the amount of the paid-in capital of Leadtrend;
3. Allocating or reversing special reserve in accordance with statutes or as required by the competent authority.
4. The rest of profits together with the undistributed earnings at the beginning of the year (including the adjusted amount of undistributed earnings), for which the board of directors shall prepare a proposal of earning distribution, to be distributed by means of issuance of new shares, are distributed after being resolved at the shareholders' meeting.

In case that Leadtrend distributes the whole or part of dividends and bonuses or legal reserve and capital reserve in cash, the distribution shall be

adopted only when more than two-thirds of directors are present at the board meeting and more than a half of the directors present approve, and shall be reported at the shareholders' meeting.

For the policy of the allocation of remunerations to employees and directors as stated in Leadtrend's articles of incorporation, refer to Note 20(G) Remunerations to Employees and Directors.

Dividends are distributed by Leadtrend based on the status of earnings for the current year, including distributable earnings, capital reserve and other sources distributable in accordance with laws. The percentage of total distributions shall not be less than 30% of the profit after tax for the current year. Cash dividends distributed every year shall not be less than 10% of the total of the cash dividends and stock dividends distributed for the current year.

Legal reserve shall be allocated until the balance thereof reaches the total paid-in capital of Leadtrend. Legal reserve may be used to make good of loss. When Leadtrend has no loss, the portion of legal reserve in excess of 25% of paid-in capital can be used to expand stock capital or be distributed in cash.

Leadtrend's earning distributions for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Allocated legal reserve	<u>\$ 15,491</u>	<u>\$ 32,806</u>
Cash dividends	<u>\$ 31,286</u>	<u>\$147,868</u>
Stock dividends	<u>\$ 17,065</u>	<u>\$ 36,967</u>
Cash dividends per share (NTD)	\$ 0.550	\$ 2.8000
Stock dividends per share (NTD)	\$ 0.300	\$ 0.700

The board of directors of Leadtrend resolved on May 2, 2023 that the capital reserve of 2022 should be used to distribute cash dividends NTD 19,909 thousand (NTD 0.350 per share). In addition to cash dividends, other earning distribution items were already resolved at the general meeting of shareholders held on June 13, 2023.

Besides, the board of directors of Leadtrend resolved on Apr. 29, 2022 that the capital reserve of 2021 should be used to distribute cash dividends NTD 26,405 thousand (NTD 0.500 per share). In addition to cash dividends, other earning distribution items were already resolved at the general meeting of shareholders held on June 9, 2022.

(D) Other Equity

1. Exchange Differences on Translation of Financial Statements of Foreign Operations:

	<u>2023</u>	<u>2022</u>
Beginning balance	<u>\$ 5,602</u>	<u>\$ 1,867</u>
Generated in the current year		
Differences on translating foreign operations	(5,249)	3,735
Reclassification adjustment		
Disposal of the share of subsidiaries accounted for using equity method	(<u>1,139</u>)	<u>-</u>
Other comprehensive incomes (losses) for the current year	(<u>6,388</u>)	<u>3,735</u>
Ending balance	(<u>\$ 786</u>)	<u>\$ 5,602</u>

Exchange differences arising on translating the net assets of foreign operations in the functional currency to those in the presentation currency used by the Company (i.e. NTD) are recognized directly as “exchange differences on translation of financial statements of foreign operations” under other comprehensive incomes. The previously accumulated exchange differences on translation of financial statements of foreign operations are reclassified as profits or losses upon disposal of the foreign operations.

2. Employees’ Unearned Compensation

Issuance of restricted stock award shares was resolved at the shareholders’ meeting of Leadtrend held on June 13, 2023, June 9, 2022 and June 23, 2020 respectively. For relevant explanation, please refer to Note 18.

	2023	2022
Beginning balance	(\$ 31,945)	(\$ 42,573)
Granted in the year	(27,930)	(19,782)
Recognized share-based payment expenses	18,710	21,013
Revoked and cancelled in the year	5,362	9,397
Ending balance	(\$ 35,803)	(\$ 31,945)

XVIII. Share-based Payment

Employee Restricted Stock Award Shares

Information relevant to the employee restricted stock award shares issued by Leadtrend is as follows:

Date of approval by the shareholders’ meeting	Number of shares expected to be issued (In thousand shares)	Number of shares resolved by the board of directors (In thousand shares)	Grant date	Base date for capital increase	Number of actually issued shares (In thousand shares)	Fair value on the grant date
2020.06.23	1,200	900	2020.09.11	2020.11.06	900	34.35
2020.06.23	1,200	300	2021.08.03	2021.08.03	300	122
2022.06.09	420	420	2022.10.07	2022.10.12	420	47.1
2023.06.13	420	420	2023.10.06	2023.10.11	420	66.5

Issuance of restricted stock award shares in a total amount of NTD 12,000 thousand was resolved at the shareholders’ meeting of Leadtrend on June 23, 2020. A total of 1,200 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of “Satisfactory” or above in the latest personal performance assessment prior to the vesting date. If the employees still work at Leadtrend upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 15 of the 1st year following the grant date	1/6
From the grant date to Apr. 15 of the 2nd year following the grant date	1/6
From the grant date to Oct. 15 of the 2nd year following the grant date	1/6
From the grant date to Apr. 15 of the 3rd year following the grant date	1/6
From the grant date to Oct. 15 of the 3rd year following the grant date	1/6
From the grant date to Apr. 15 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (A) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, Leadtrend will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (B) If the employees fail to meet the required personal performance immediately prior to the vesting date, Leadtrend will take back, without payment, the award shares that have not vested in the employees that time.
- (C) Leadtrend will give to the employees, without payment, the dividends allocated based on the award shares prior to the expiration of the vesting period.
- (D) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to Leadtrend in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by Leadtrend on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, Leadtrend shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by Leadtrend without payment will be revoked by Leadtrend.

Shares granted under the aforementioned stock option plan are summarized as follows:

	<u>Employee restricted stock award shares for 2020-1 Unit (Thousand)</u>	<u>Employee restricted stock award shares for 2020-2 Unit (Thousand)</u>
<u>2023</u>		
Outstanding at the beginning of the year	424.5	192.5
Vested for the current year	(266.5)	(69.5)
Recovered for the year	(26.0)	(18.0)
Outstanding at the end of the year	<u>132.0</u>	<u>105.0</u>
Granted weighted average fair value	<u>\$ 34.35</u>	<u>\$ 122</u>

	Employee restricted stock award shares for 2020-1 <u>Unit (Thousand)</u>	Employee restricted stock award shares for 2020-2 <u>Unit (Thousand)</u>
<u>2022</u>		
Outstanding at the beginning of the year	740.0	291.0
Vested for the current year	(287.0)	(38.5)
Recovered for the year	(28.5)	(60.0)
Outstanding at the end of the year	<u>424.5</u>	<u>192.5</u>
Granted weighted average fair value	<u>\$ 34.35</u>	<u>\$ 122</u>

Issuance of restricted stock award shares in a total amount of NTD 4,200 thousand was resolved at the shareholders' meeting of Leadtrend on June 9, 2022. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at Leadtrend upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (A) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, Leadtrend will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (B) If the employees fail to meet the required personal performance immediately prior to the vesting date, Leadtrend will take back, without payment, the award shares that have not vested in the employees that time.
- (C) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (D) If the employees terminate or cancel, before their satisfaction of the vesting

conditions, the authorization given to Leadtrend in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by Leadtrend on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, Leadtrend shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by Leadtrend without payment will be revoked by Leadtrend.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2022
	Unit (Thousand)
<u>2023</u>	
Outstanding at the beginning of the year	420.0
Vested for the current year	(61.5)
Recovered for the year	(66.0)
Outstanding at the end of the year	<u>292.5</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>
<u>2022</u>	
Outstanding at the beginning of the year	-
Granted for the current year	<u>420.0</u>
Outstanding at the end of the year	<u>420.0</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>

Issuance of restricted stock award shares in a total amount of NTD 4,200 thousand was resolved at the shareholders' meeting of Leadtrend on June 13, 2023. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at Leadtrend upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (A) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, Leadtrend will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (B) If the employees fail to meet the required personal performance immediately prior to the vesting date, Leadtrend will take back, without payment, the award shares that have not vested in the employees that time.
- (C) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (D) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to Leadtrend in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, Leadtrend shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by Leadtrend without payment will be revoked by Leadtrend.

Shares granted under the aforementioned stock option plan are summarized as follows:

	<u>Employee restricted stock award shares for 2023</u>
	<u>Unit (Thousand)</u>
<u>2023</u>	
Outstanding at the beginning of the year	-
Granted for the current year	<u>420.0</u>
Outstanding at the end of the year	<u>420.0</u>
Granted weighted average fair value (NTD)	<u>\$ 66.5</u>

Due to resignation of employees, 100 thousand and 98.5 thousand restricted stock award shares were recovered in 2023 and 2022 respectively, and there were 17.5 thousand and 10 thousand shares among such recovered shares to be revoked.

The compensation cost recognized for restricted stock award shares in 2023 and 2022 was NTD 18,710 thousand and NTD 21,013 thousand respectively.

XIX. Operating Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Integrated circuits	<u>\$ 1,141,594</u>	<u>\$ 1,631,877</u>

(A)	Contract Balance	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
	Notes and accounts receivable (Note 8)	<u>\$ 191,426</u>	<u>\$ 169,644</u>	<u>\$ 322,377</u>
(B)	Itemized Revenue from Contracts with Customers <u>Itemized by Areas</u>			
		2023	2022	
	Taiwan (where Leadtrend is located)	\$ 598,364	\$ 851,269	
	Mainland China	534,307	760,072	
	Korea	2,187	5,201	
	Other countries	<u>6,736</u>	<u>15,335</u>	
		<u>\$ 1,141,594</u>	<u>\$ 1,631,877</u>	

XX. Net Profit of Operations

(A)	Interest Income	2023	2022
	Bank deposits	\$ 4,017	\$ 3,305
	Deposit interest	36	22
	Commercial paper	25	44
	Put-table bonds	-	101
	Others	<u>129</u>	<u>-</u>
		<u>\$ 4,207</u>	<u>\$ 3,472</u>
(B)	Other Incomes	2023	2022
	Government subsidy income	\$ 3,604	\$ 9,327
	Lease income		
	Other operating leases	2,188	2,182
	Others (Note)	<u>16,980</u>	<u>4,005</u>
		<u>\$ 22,772</u>	<u>\$ 15,514</u>
	Note: Mainly consisting of pension payment income		
(C)	Other Gains and Losses	2023	2022
	Gains (losses) arising from financial assets		
	Net profit of financial assets and liabilities at FVTPL	\$ 1,102	\$ 1,227
	Gains (losses) on disposal of property, plant and equipment	1,843	(151)
	Gains on disposal of subsidiaries	1,139	-
	Net gain (loss) on foreign exchange	(175)	16,596
	Profit from lease modification	-	20
	Others	<u>-</u>	<u>(957)</u>
		<u>\$ 3,909</u>	<u>\$ 16,735</u>

(D) Financial Cost

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ 460	\$ 564
Other interest expenses	<u>1</u>	<u>-</u>
	<u>\$ 461</u>	<u>\$ 564</u>

(E) Depreciation and Amortization

	<u>2023</u>	<u>2022</u>
Depreciation expenses by functions:		
Operating cost	\$ 18,501	\$ 26,140
Operating expenses	<u>68,734</u>	<u>62,962</u>
	<u>\$ 87,235</u>	<u>\$ 89,102</u>
Amortization expenses by functions:		
Operating cost	\$ 1,177	\$ 707
Operating expenses	<u>9,339</u>	<u>12,487</u>
	<u>\$ 10,516</u>	<u>\$ 13,194</u>

(F) Employee Benefit Expenses

	<u>2023</u>	<u>2022</u>
Post-employment benefits		
Defined contribution plan	\$ 10,922	\$ 11,123
Defined benefit plan (Note 16)	<u>216</u>	<u>520</u>
	11,138	11,643
Share-based payment (Note 18)		
Equity settlement	18,710	21,013
Other employee benefits	<u>280,196</u>	<u>366,330</u>
Total employee benefit expenses	<u>\$310,044</u>	<u>\$398,986</u>
By functions:		
Operating cost	\$ 46,965	\$ 58,201
Operating expenses	<u>263,079</u>	<u>340,785</u>
	<u>\$310,044</u>	<u>\$398,986</u>

(G) Remunerations to Employees and Directors

Leadtrend allocated employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate no less than 5% and at a rate no more than 2% respectively in accordance with the articles of incorporation. The remunerations to employees and directors estimated for the years 2023 and

2022 were resolved at the board meeting on Feb. 29, 2024 and Mar. 16, 2023 respectively as follows:

Estimated Percentage

	<u>2023</u>	<u>2022</u>
Remuneration to employees	17%	14%
Remuneration to directors	2%	1%

Amount

	<u>2023</u>		<u>2022</u>	
	<u>Cash</u>	<u>Stock</u>	<u>Cash</u>	<u>Stock</u>
Remuneration to employees	\$ 5,197	\$ -	\$ 32,060	\$ -
Remuneration to directors	489	-	2,581	-

If any amount is changed after the date when the annual consolidated financial report is announced, then such change is treated as a change in accounting estimate and entered into the account for the following year after adjustment.

There is no difference between the amount of the employees' remuneration and directors' remuneration distributed actually for the years 2022 and 2021 and the corresponding amount recognized in the consolidated financial statements of the years 2022 and 2021.

For information of the remunerations to employees and directors resolved by the board of directors of Leadtrend, please check at the market observatory post system of Taiwan Stock Exchange.

(H) Foreign Exchange Gain (Loss)

	<u>2023</u>	<u>2022</u>
Total foreign exchange gains	\$ 14,918	\$ 38,803
Total foreign exchange losses	(15,093)	(22,207)
Net (loss) gain	(\$ 175)	\$ 16,596

XXI. Income Tax

(A) Income Tax Recognized in Profit or Loss

The tax (income) expense mainly comprises the items listed as follows:

	<u>2023</u>	<u>2022</u>
Current income tax		
Incurred for the current year	\$ 1,321	\$ 43,261
Adjusted for the previous year	(5,013)	(5,355)
	(3,692)	37,906
Deferred income tax		
Incurred for the current year	(450)	(68)
Tax expense (income) recognized in profit or loss	(\$ 4,142)	\$ 37,838

The accounting income and the tax (income) expense are reconciled as follows:

	<u>2023</u>	<u>2022</u>
Net profit (loss) before tax of continuing operations	<u>\$ 24,722</u>	<u>\$190,201</u>
Tax expense computed based on the net profit before tax at the legal tax rate	\$ 4,944	\$ 38,040
Permanent difference	(7,616)	(4,703)
Effect of temporary difference	3,543	9,856
Current adjustment of the tax expense of the previous year	(<u>5,013</u>)	(<u>5,355</u>)
Tax (income) expense recognized in profit or loss	(<u>\$ 4,142</u>)	<u>\$ 37,838</u>

The tax rate applicable to Leadtrend in accordance with the Income Tax Act of the Republic of China is 20%. The applicable tax rate for undistributed earnings is 5%. As the tax rate for high-tech enterprises is applicable to subsidiaries in Mainland China, the applicable tax rate is 15%. The tax amount incurred in another jurisdiction is calculated at the tax rate applicable in the jurisdiction.

(B) Current Tax Liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Current tax liabilities		
Income tax payable	<u>\$ 10,844</u>	<u>\$ 15,120</u>

(C) Deferred Tax Assets and Liabilities

Changes in deferred tax assets and liabilities are as follows:

2023

	<u>Beginning balance</u>	<u>Changes for the year</u>	<u>Ending balance</u>
Deferred tax assets			
Temporary difference	<u>\$ 91</u>	<u>\$ 450</u>	<u>\$ 541</u>

2022

	<u>Beginning balance</u>	<u>Changes for the year</u>	<u>Ending balance</u>
Deferred tax assets			
Temporary difference	<u>\$ 23</u>	<u>\$ 68</u>	<u>\$ 91</u>

(D) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by Leadtrend as of 2021 have been assessed by the tax authority.

XXII. Earnings Per Share

	2023	Unit: NTD per share 2022
Basic earnings per share	<u>\$ 0.50</u>	<u>\$ 2.66</u>
Diluted earnings per share	<u>\$ 0.49</u>	<u>\$ 2.59</u>

The effect of stock grants were retroactively adjusted already in calculating earnings per share. The base date for stock grants was determined to be July 21, 2023. Due to retroactive adjustment, changes in basic and diluted earnings per share for 2022 are as follows:

	Before retroactive adjustment	Unit: NTD per share After retroactive adjustment
Basic earnings per share	<u>\$ 2.74</u>	<u>\$ 2.66</u>
Diluted earnings per share	<u>\$ 2.66</u>	<u>\$ 2.59</u>

Both the net profit and the weighted average number of common shares outstanding that were used to calculate earnings per share are disclosed as follows:

Net Profit of the Year

	2023	2022
Net profit used to calculate basic and diluted earnings per share	<u>\$ 28,864</u>	<u>\$152,363</u>

Number of Shares

	2023	Unit: In thousand shares 2022
Weighted average number of common shares outstanding used to calculate basic earnings per share	57,721	57,285
Impact of potential common shares with dilutive effect:		
Employee restricted stock award shares	710	829
Remuneration to employees	<u>184</u>	<u>811</u>
Weighted average number of common shares outstanding used to calculate diluted earnings per share	<u>58,615</u>	<u>58,925</u>

If Leadtrend chooses to distribute employees' remuneration in stock or cash, then for calculation of diluted earnings per share, employees' remuneration is assumed to be distributed in stock and the weighted average number of common shares outstanding is included when potential common shares have dilutive effect. When calculating diluted earnings per share before the number of shares distributed as employees' remuneration is resolved at the shareholders' meeting in the next year, Leadtrend will continue to consider dilutive effect of the potential common shares.

XXIII. Government Subsidy

Leadtrend was granted a subsidy of NTD 16,000 thousand for its "Advanced Power Delivery Management Technology Research and Development Center Program" under the A+ Industrial Innovation R&D Program initiated by Ministry of Economic Affairs in 2021. In 2022, Leadtrend obtained a subsidy amount of NTD 9,327 thousand. As of Dec. 31, 2022, Leadtrend obtained accumulatively subsidy amounts of NTD 16,000 thousand.

XXIV. Capital Risk Management

The Company conducts capital management to ensure the maximum of return on equity on the premise that the Company operates on an ongoing basis. No significant changes in the overall strategy of the Company.

The capital structure of the Company comprises stock capital, capital reserve, retained earnings and other equity.

The Company is not required to meet other external capital requirements.

XXV. Financial Instruments

(A) Information of Fair Value — Financial Instruments Not Measured at Fair Value

The management of the Company believes that the book amounts of the financial assets and financial liabilities not measured at fair value are close to fair value.

(B) Information of Fair Value — Financial Instruments Measured at Fair Value on a Repeatable Basis

1. Hierarchy of Fair Value

Dec. 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Beneficiary				
certificates of funds	\$ 83,823	\$ -	\$ -	\$ 83,823

Dec. 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Beneficiary				
certificates of funds	\$ 55,634	\$ -	\$ -	\$ 55,634

There was no transfer between level 1 and level 2 fair value measurements in 2023 and 2022.

(C) Types of Financial Instruments

	Dec. 31, 2023	Dec. 31, 2022
<u>Financial assets</u>		
Measured at FVTPL		
Measured compulsorily at FVTPL	\$ 83,823	\$ 55,634
Financial assets measured at amortized cost		
Cash and cash equivalents	457,745	250,680
Notes and accounts receivable	191,426	169,644
Refundable deposits	3,483	18,772
<u>Financial liabilities</u>		
Measured at amortized cost		
Accounts payable	107,636	63,567
Guarantee deposits received	860	914

(D) Purpose and Policy of Financial Risk Management

Main financial instruments of the Company include notes and accounts receivable, refundable deposits, accounts payable and lease liabilities. The financial risk management objective of the Company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk relevant to operating activities. For reducing relevant financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential negative impact of market changes on the financial performance of the Company.

Important financial activities of the Company are reviewed by the board of directors pursuant to applicable regulations and internal control systems. During the implementation of the financial plan, the Company shall comply with applicable financial operating procedures for overall financial risk management and division of powers and responsibilities.

1. Market Risk

Main financial risks assumed by the Company for its operating activities are exchange rate risk (as stated in (1) below) and interest rate risk (as stated in (2) below).

The Company does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(1) Currency Risk

Part of cash used or generated by the Company is in foreign currencies, so the effect of natural hedge exists. The Company manages exchange rate risk just for the purpose of hedging, not for profit.

The exchange rate risk management strategy is established to review net positions of various currency assets and liabilities, and conduct risk management on net positions.

For book amounts of monetary assets and monetary liabilities of the Company in non-functional currencies on the balance sheet

date (including the monetary items in non-functional currencies written off already in the consolidated financial statements), please refer to Note 28.

Net investments made by foreign operations of the Company are strategic investments; therefore, the Company does not hedge investment risk.

Sensitivity Analysis

The Company is mainly impacted by fluctuation of USD and CNY exchange rates.

The table below shows the Company's sensitivity analysis for the situations when the exchange rate of the functional currency to each foreign currency increases or decreases by 5%. Sensitivity analysis considers outstanding foreign currency monetary items, and the conversion made at the end of the period is adjusted by 5% exchange rate fluctuation. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables. The positive number in the table below shows the amount increasing in the pretax net profit when the functional currency against each foreign currency depreciates by 5%. If the functional currency against each foreign currency appreciates by 5%, the impact on the pretax net profit will be a negative of the same amount.

	Effect of USD		Effect of CNY	
	2023	2022	2023	2022
Profit (loss)				
before tax	\$ 4,035	\$ 5,236	\$ 2,503	\$ 1,782

Effects mainly derived from the receivables and payables in USD and CNY which were still outstanding on the balance sheet date and of which the cash flows were not hedged by the Company.

The Company's sensitivity to the USD exchange rate decreased for the current period. It was mostly because the balance of accounts payable in USD increased so that net USD assets decreased at the end of the year. Increase in sensitivity to the CNY exchange rate was mostly because cash and cash equivalents and accounts receivable in CYN increased so that net CNY assets increased at the end of the year.

(2) Interest Rate Risk

As consolidated entities of the Company possess fixed rate and floating rate assets, interest rate risk exposure is therefore incurred.

The book amounts of financial assets of the Company exposed to interest rate risk on the balance sheet date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
With fair value interest rate risk		
— Financial assets	\$342,700	\$129,271
— Financial liabilities	21,314	19,983
With cash flow interest rate risk		
— Financial assets	114,426	121,409

Sensitivity Analysis

The following sensitivity analysis is determined based on interest rate exposure with respect to non-derivative instruments on the balance sheet date. For the assets with floating interest rates, the analysis is made based on the assumption that the assets outstanding on the balance sheet date are still outstanding during the reporting period.

If the interest rate is increased/decreased by 0.1%, then in the situation where all other variables remain unchanged, the pretax net profit for 2023 and 2022 would increase/decrease by NTD 114 thousand and NTD 121 thousand, which is due to the Company's interest rate exposure with respect to net assets with variable interest rates.

2. Credit Risk

Credit risk refers to the risk incurred when the counterparty to a transaction delays its contractual obligations and thus causes financial loss of the Company. As of the balance sheet date, the maximum credit risk to which the Company was exposed due to possible failure by the counterparty to perform its obligations so as to cause a financial loss of the Company mainly results from the book amounts of financial assets recognized in the consolidated balance sheet.

To mitigate credit risk, the management of the Company has designated a team to take charge of the decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Company has also reviewed recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has significantly reduced.

The entities from which accounts receivable shall be collected cover many customers engaging in different industries and located in different geographical areas. The Company continues evaluating financial conditions of each customer from which accounts receivable shall be collected.

As stated below, the Company does not have material credit risk exposure to any single counterparty to a transaction or any group of counterparties with similar characteristics, except for Customers A, B, C, D and E. When one of the counterparties is an affiliated enterprise of the other counterparty, the Company defines these counterparties as the counterparties with similar characteristics. As of Dec. 31, 2023, no credit risk focusing on counterparties, except Customers A, B, C, D and E, exceeded 5% of the total accounts receivable. However, as Customers A, B, C, D and E are reputable entities, credit risk is therefore limited.

3. Liquidity Risk

The Company keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents.

(1) Liquidity of Non-derivative Financial Liabilities

The table below shows the maturity analysis for the remaining contracts of non-derivative financial liabilities, which is conducted based on the undiscounted cash flows of financial liabilities, including cash flows of interest and principal, on the earliest date that the Company is requested to make the repayment.

Dec. 31, 2023

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	<u>\$ 66,255</u>	<u>\$ 41,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,636</u>
Lease liabilities	<u>\$ 1,114</u>	<u>\$ 2,111</u>	<u>\$ 8,837</u>	<u>\$ 9,754</u>	<u>\$ 21,816</u>
Other current liabilities	<u>\$ 13,175</u>	<u>\$ 5,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,788</u>

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1~5 years	Over 5 years
Lease liabilities	<u>\$ 12,062</u>	<u>\$ 9,754</u>	<u>\$ -</u>

Dec. 31, 2022

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	<u>\$ 21,875</u>	<u>\$ 41,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,567</u>
Lease liabilities	<u>\$ 1,079</u>	<u>\$ 2,158</u>	<u>\$ 9,440</u>	<u>\$ 7,644</u>	<u>\$ 20,321</u>
Other current liabilities	<u>\$ 15,571</u>	<u>\$ 9,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,806</u>

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1~5 years	Over 5 years
Lease liabilities	<u>\$ 12,677</u>	<u>\$ 7,644</u>	<u>\$ -</u>

XXVI. Transactions with Related Parties

- (A) Transactions, account balances, incomes and expenses among Leadtrend and its subsidiaries (i.e. related parties of Leadtrend) were eliminated completely upon consolidation, so they are not disclosed in the Notes. No transactions between the Company and any related party exist.

- (B) Remunerations to Main Managements

	2023	2022
Short-term employee benefits	\$ 26,412	\$ 22,405
Post-employment benefits	818	1,278
Share-based payment	<u>4,015</u>	<u>4,422</u>
	<u>\$ 31,245</u>	<u>\$ 28,105</u>

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXVII. Material Contingent Liabilities and Unrecognized Contractual Commitments

The material commitments of the Company as of the balance sheet date are as follows:

(A) Material Commitments

Leadtrend signed a patent technology transfer agreement with a company in March 2018. The consideration for the transfer was agreed to be made in installments for 3 terms. The total contract amount for the 1st and 2nd terms was USD 600 thousand. The amount to be paid for the 3rd term was calculated at a certain percentage of the proceeds of patent derivatives earned for 3 years from the launch date, and should be no less than USD 300 thousand.

XXVIII. Information of Foreign Currency Assets and Liabilities Having a Material Impact

The following information is expressed in foreign currencies, rather than the functional currency used by each entity of the Company. The disclosed exchange rate refers to the exchange rate of the foreign currency to the functional currency. Foreign currency financial assets and liabilities having a material impact are as follows:

Dec. 31, 2023

Unit: In thousands of dollars in foreign currency

	Foreign currency	Exchange rate	Book amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 4,808	30.705 (USD:NTD)	\$ 147,642
CNY	11,569	4.327 (CNY:NTD)	50,058
			<u>\$ 197,700</u>

Foreign currency
liabilities

Monetary item

USD	2,180	30.705 (USD:NTD)	<u>\$ 66,952</u>
-----	-------	------------------	------------------

Dec. 31, 2022

Unit: In thousands of dollars in foreign currency

	Foreign currency	Exchange rate	Book amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 4,748	30.710 (USD:NTD)	\$ 145,819
USD	17	6.967 (USD:CNY)	536
CNY	8,084	4.408 (CNY:NTD)	35,635
			<u>\$ 181,990</u>

	Foreign currency	Exchange rate	Book amount
Foreign currency liabilities			
<u>Monetary item</u>			
USD	\$ 1,356	30.710 (USD:NTD)	<u>\$ 41,629</u>

The realized and unrealized net foreign exchange (losses) gains for 2023 and 2022 was (NTD 175) thousand and NTD 16,596 thousand respectively. As functional currencies adopted by entities in the Group for foreign currency transactions are diversified, disclosing foreign exchange gains or losses based on each foreign currency with material impact is not feasible.

XXIX. Disclosures in the Notes

- (A) Material Transactions, and (B) Reinvestment-related Information: Material transactions between the parent company and a subsidiary and the balance thereof were written off completely in preparation of the consolidated financial statements.

1. Funds lent to others: None
2. Endorsement and guarantee for others: None
3. Negotiable securities held at the end of the year:

Company holding securities	Type of negotiable securities	Name of negotiable securities	Relation with the issuer of negotiable securities	Account	End of year				Remark
					Number of shares or units (Thousand)	Book amount	Shareholding %	Fair value	
Leadtrend Shenzhen	Funds	CR Yuanta Cash Money Market Fund B	—	Financial assets at FVTPL— Current	-	\$83,823		\$83,823	Note 1

Note 1: It was calculated based on the net worth on Dec. 31, 2023.

Note 2: There were not any users providing collaterals or pledges for loans or being restricted by other agreements with respect to the negotiable securities listed above as of Dec. 31, 2023.

4. Accumulated purchases or sales of negotiable securities up to NTD 300 million or 20% of the paid-in capital: None
5. An amount of obtained real estate up to NTD 300 million or 20% of the paid-in capital: None
6. Proceeds up to NTD 300 million or 20% of the paid-in capital from disposal of real estate: None
7. Purchases from or sales to related parties up to NTD 300 million or 20% of the paid-in capital:

Selling (purchasing) company	Counterpart y	Relation	Transaction				Transaction terms different from those for general transactions, and reasons		Notes and accounts receivable (payable)		Rem ark
			Sale (purcha se)	Amount	Of total purchase (sale)(%)	Credit period	Unit price	Credit period	Balanc e	Of the total notes and accounts receivable (payable) (%)	
Leadtrend	Leadtrend (Shenzhen) Co., Ltd.	Parent company and subsidiary	Sale	\$ 276,569	27	60 days after monthly settlement	Note	Correspondi ng	\$ 40,266	27	—

Note: The selling price at which Leadtrend sold products to the related party was determined based on the arm's length principle.

8. Receivables from related parties up to NTD 100 million or 20% of the paid-in capital: None
9. Transactions of derivatives: None
10. Others: Business relationship between the parent company and each subsidiary, and between subsidiaries, and important transactions among them and transaction amounts:

2023

No.	Name of trading party	Counterparty to the transaction	Relation with the trading party (Note 2)	Transaction details			Of the total consolidated revenue or total assets
				Accounting item	Amount	Transaction conditions	
0	Leadtrend Technology Corporation	Leadtrend (Shenzhen) Co., Ltd.	1	Sales revenue	\$ 276,569	Note 3	24%
0	Leadtrend Technology Corporation	Leadtrend (Shenzhen) Co., Ltd.	1	Accounts receivable – Related parties	40,266	Note 3	2%

Note 1: The parent company is 0. Subsidiaries are numbered in numerical order from 1, by types of the subsidiaries.

Note 2: “1” represents a transaction initiated by the parent company with a subsidiary.

“2” represents a transaction initiated by a subsidiary with the parent company.

Note 3: No comparable prices can be found to compare with sales prices between subsidiaries.

Payment collection periods for subsidiaries are identical to those for general customers.

11. Information of Investee Companies:

Unit: In thousands of NTD; in thousands of USD

Name of investee company	Location	Main business activities	Original investment amount		Held at the end of the year			Current profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
			End of the year	End of last year	Number of shares	Ratio%	Book amount			
Leadtrend Technology (Samoa) Limited	Samoa	Investments	USD	USD 768	-	-	\$ -	(\$ 23)	(\$ 23)	A subsidiary

Note: These figures were calculated based on the financial statements of the investee company audited by CPAs for the same period.

(C) Information of Investments in Mainland China:

The Company does not have any other matters that should be disclosed, except the following:

1. Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China:

Unit: In thousands of NTD; in thousands of USD

Name of investee company in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered in the year		Accumulated investment amount remitted from Taiwan at the end of the year	Investee company's profit (loss) of the year	Percentage of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the year (Note 2)	Ending book value of investment (Note 2)	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Recovered						
Leadtrend (Shenzhen) Co., Ltd.	Design and R&D of computer application software and system integration; wholesale of computer software, integrated circuits, semiconductor chips and related electronic parts and components; manufacturing of electronic components, manufacturing of integrated circuit chips and products, manufacturing of computer software, hardware and peripheral equipment	\$ 303,980 (USD 9,900)	Note 1	\$ 216,470 (USD 7,050)	\$ -	\$ -	\$ 216,470 (USD 7,050)	\$ 38,103 (USD 1,223)	100%	\$ 38,103 (USD 1,223)	\$ 235,499 (USD 7,670)	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	60% of net worth, the limit of investment provided by Investment Commission, Ministry of Economic Affairs
\$216,470 (USD 7,050)	\$303,980 (USD 9,900)	\$985,777

Note1: The investment was made physically in Mainland China.

- Note2: It was calculated based on the financial statements of the same accounting period audited by CPAs.
- Note3: The figures in a foreign currency indicated in the table were converted into NT dollars at the exchange rate announced on the reporting date.
- Note4: The Company was approved, by the Investment Commission, Ministry of Economic Affairs on Oct. 24, 2016, to make investments in an amount of USD 6 million. If the Company fails to complete such investments within 3 years after the date of approval, the approved investment amount shall be invalid. On July 17, 2018, the Investment Commission, Ministry of Economic Affairs approved that Leadtrend Technology (Samoa) Limited, an investee company in a third area, should use its own funds, instead of USD 2.8 million in the investment amount, to invest in Leadtrend (Shenzhen) Co., Ltd. directly. As of Dec. 31, 2023, the Company and Leadtrend Technology (Samoa) Limited remitted USD 1 million and USD 1.85 million, respectively, for investment. The rest of the aforementioned investment amount has been invalidated.
- Note5: The Company was approved, by the Investment Commission, Ministry of Economic Affairs on Dec. 12, 2019, to make investments in an amount of USD 8 million, and Leadtrend Technology (Samoa) Limited, an investee company in a third area, was also approved to use its own funds in an amount of USD 1 million to invest in Leadtrend (Shenzhen) Co., Ltd. directly. As of Dec. 31, 2023, Leadtrend and Leadtrend Technology (Samoa) Limited remitted USD 5.15 million and USD 1 million, respectively, for investment. The rest of the aforementioned investment amount has been invalidated.

2. Material transactions with investee companies in Mainland China directly or through a third region, the prices, payment terms, unrealized gains (losses) with respect to the transactions, and relevant information helpful for understanding the impact of investments in Mainland China on the financial statements: Refer to (A) 7 and 10 "Others".

- (D) Information of Key Shareholders: Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Percentage of Shareholding:

Name of key shareholder	Shares	
	Number of shares held	Percentage of shareholding (%)
Jie Neng Investment Co., Ltd.	4,784,628	8.12

XXX. Information of Segments

- (A) Segment Revenues, Business Results and Segment Assets
Business decision makers of the Company focus on product-specific information when allocating resources and evaluating performance of segments. As each product has similar economic characteristics and is sold in a unified and centralized marketing way, the Company is therefore aggregated as a single independently operated business. Measurement bases for the information of segments provided by the Company for business decision makers for review are the same as those for the consolidated financial statements. For the revenues and operating results of segments for 2023 and 2022 to be reported, please refer to the consolidated statement of comprehensive income for the years ended Dec. 31, 2023 and 2022. For segment assets on Dec. 31, 2023 and 2022 to be reported, please refer to the consolidated balance sheet of Dec. 31, 2023 and 2022.
- (B) Revenues from Main Products and Services:
The Company's revenues from main products and services are analyzed as follows:

	2023	2022
Integrated circuits	<u>\$ 1,141,594</u>	<u>\$ 1,631,877</u>

(C) Information about Geographical Areas:

The incomes of the Company's continuing operations from external customers are listed, by the countries where the customers are located and by the areas where non-current assets are located, as follows:

	Revenue from external customers		Non-current assets	
	2023	2022	Dec. 31, 2023	Dec. 31, 2022
Taiwan (where Leadtrend is located)	\$ 598,364	\$ 851,269	\$ 457,991	\$ 514,470
Mainland China	534,307	760,072	56,115	53,700
Korea	2,187	5,201	-	-
Other countries	<u>6,736</u>	<u>15,335</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,141,594</u>	<u>\$ 1,631,877</u>	<u>\$ 514,106</u>	<u>\$ 568,170</u>

Neither deferred income tax assets nor refundable deposits are included in non-current assets.

(D) Information of Important Customers:

The customers from each of which the revenue occupied more than 10% of the net operating revenue of the Company are as follows:

Name of Customer	2023		2022	
	Amount	Percent age %	Amount	Percent age %
Company A	\$ 316,301	28	\$ 509,907	31
Company B	145,125	13	157,111	9
Company C	125,569	11	139,640	9

Leadtrend Technology Corporation

Parent-company-only Financial Statements and Independent Auditors' Report

For the years ended Dec. 31, 2023 and 2022

Address: 4F-1, No. 1, Taiyuan 2nd Street, Zhubei City, Hsinchu County

Tel: (03)5543588

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Independent Auditors' Report

To: Leadtrend Technology Corporation

Opinion

We have audited the financial statements of Leadtrend Technology Corporation, which comprise the parent-company-only balance sheet as of Dec. 31, 2023 and 2022 and the parent-company-only statement of comprehensive income, parent-company-only statement of changes in equity and parent-company-only statement of cash flows for the years then ended, and the notes to the parent-company-only financial statements (including a summary of material accounting policies).

In our opinion, the said parent-company-only financial statements are prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and present fairly the parent-company-only financial conditions of Leadtrend Technology Corporation as of Dec. 31, 2023 and 2022 and the parent-company-only financial performance and parent-company-only cash flows for the years then ended.

Basis of Opinion

We conducted our audit of the parent-company-only financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Delegated Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We and our accounting firm are independent of Leadtrend Technology Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities under the Norm. 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 the matters that, in our professional judgment, were most important in our audit of the parent-company-only financial statements of Leadtrend Technology Corporation for the year ended Dec. 31, 2023. These matters were addressed in the process of our audit of the parent-company-only financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the parent-company-only financial statements of Leadtrend Technology Corporation for the year ended Dec. 31, 2023 are stated as follows:

Recognition of Sales Revenue

1. For the significant sales revenue amount of Leadtrend Technology Corporation, please refer to Note 18. Proceeds from sale of power management integrated circuits are the main revenue of Leadtrend Technology Corporation. To initiate the process of recognizing such revenue, the production management personnel provide the delivery order to get the products ready for the customer as instructed by the business segment. After the products to be shipped are ready, quality assurance personnel are informed and requested to inspect the products. After products are inspected and qualified, production management personnel sign and affix the official seal to the delivery order and the finished goods outbound order,

have the products shipped after the approval of the authorized supervisor, and update the stock details in the operating system. Then the accountant recognizes the sales revenue based on the delivery order signed by the customer or the shipping company.

2. As the aforementioned transaction involves manual control, the risk of recognizing revenue by mistake or without obtaining the delivery order signed by the customer or the shipping company exists.
3. We consider the revenue recognition policy of Leadtrend Technology Corporation and evaluate appropriateness of the revenue recognition by understanding and testing the effectiveness of the internal controls on the approval of orders and the shipment procedures, sampling the vouchers relevant to sales revenue, reviewing the amounts received in cash or subsequent cash receipts in order to verify the existence and occurrence of the sales, and also check whether any abnormality about the entity to which products have been sold and the entity receiving payments exists.

Inventory Evaluation

Refer to Note 8 of the parent-company-only financial statements. It is significant that the inventory balance of Leadtrend Technology Corporation accounted for 29% of the total assets as of Dec. 31, 2023. Valuation allowance for inventories is a material accounting estimate. Leadtrend Technology Corporation engages in design and development of integrated circuits, and sells products after outsourcing manufacturing. As such products can be replaced fast in the highly competitive industry, inventory depreciation and obsolescence risks may exist.

At the specific aspects stated in any of the most important matters for the audit conducted this year, we have carried out the primary audit procedures as follows:

1. Understand and evaluate the rationality of the inventory valuation policy adopted by the management.
2. Obtain the evaluation information about the lower of inventory cost or net realizable value, sample and review the latest information of selling prices of inventories to verify the net realizable value of inventories, and compare the net realizable value of inventories with the book cost of inventories to test the rationality of the amount allocated as inventory loss. Obtain the inventory aging statements, sample and review the inventory change information to test whether the inventory aging classification, inventory quantity and amount are consistent in order to verify the accuracy and completeness of the inventory aging statements. Then verify the rationality of the amount allocated as inventory obsolescence loss pursuant to the inventory evaluation policy.
3. Carry out inventory retrospectability testing. Review the status of inventory write-off and compare with the inventory obsolescence loss allocation policy to verify whether the inventory obsolescence loss allocated for the current period is proper.

Responsibilities of Management and those Charged with Governance for the Parent-company-only Financial Statements

Management is responsible for 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 also responsible for maintenance of the internal controls associated with the preparation of the parent-company-only financial statements, to ensure the parent-company-only financial statements free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is also responsible for assessing the ability of Leadtrend Technology Corporation to continue, as a going concern, disclosing any and all relevant matters and using the going concern basis of accounting unless management either intends to liquidate Leadtrend Technology Corporation or cease operations, or has no feasible alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Leadtrend Technology Corporation.

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 are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If misstatements could, individually or in the aggregate, be reasonably expected to influence the economic decisions of users taken based on the parent-company-only financial statements, then the misstatements are considered material.

In conducting the audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Leadtrend Technology Corporation.
3. Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made, by management.
4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists that is associated with any events or conditions casting significant doubt on the ability of Leadtrend Technology Corporation to continue as a going concern. If we believe that a material uncertainty exists, we are required to draw attention in our auditors' report to the relevant disclosures in the parent-company-only financial statements, or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or

conditions may cause Leadtrend Technology Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements (including the notes thereof) and whether the parent-company-only financial statements appropriately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities in Leadtrend Technology Corporation to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit, and also responsible for our audit opinion.

We have communicated with those charged with governance about the planned scope and timing of the audit, and significant audit findings (including any and all significant flaws identified, during our audit, in the internal controls).

We have also provided those charged with governance with a statement, declaring that we as CPAs comply with applicable ethical requirements regarding independence, and have communicated with them about all relationships and other matters that may reasonably be considered to influence our independence (including relevant protection measures).

From the matters communicated with those charged with governance, we have determined the key audit matters in the audit of the parent-company-only financial statements of Leadtrend Technology Corporation for the year ended Dec. 31, 2023. We have described these matters in our auditors' report unless any law or regulation prohibits the matters from being disclosed or when, in extremely rare circumstances, we decide that the matters should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests to be facilitated.

Deloitte & Touche

Huang Yu-Feng, CPA

Tsai Mei-Chen, CPA

Securities and Futures Bureau
Approval No.:
Tai-Cai-Zheng-6-Zi-0920123784

Financial Supervisory Commission
Approval No.:
Jin-Guan-Zheng-Shen-Zi-1010028123

Feb. 29, 2024

Leadtrend Technology Corporation
Parent-company-only Balance Sheet
Dec. 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Dec. 31, 2023		Dec. 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 439,220	24	\$ 223,300	12
1170	Accounts receivable (Notes 4, 5, 7 and 18)	108,662	6	103,592	5
1180	Accounts receivable – Related parties (Notes 4, 5, 7 and 25)	40,266	2	29,074	2
130X	Inventories (Notes 4, 5 and 8)	541,979	29	750,880	40
1470	Other current assets (Notes 13 and 25)	14,360	1	34,071	2
11XX	Total current assets	<u>1,144,487</u>	<u>62</u>	<u>1,140,917</u>	<u>61</u>
	Non-current assets				
1550	Investments accounted for using equity method (Notes 4 and 9)	235,499	13	207,124	11
1600	Property, plant and equipment (Notes 4 and 10)	431,913	23	480,674	26
1755	Right-of-use assets (Notes 4 and 11)	12,165	1	14,897	1
1780	Intangible assets (Notes 4 and 12)	11,132	1	13,829	1
1840	Deferred income tax assets (Notes 4 and 20)	541	-	91	-
1990	Other non-current assets (Notes 4 and 13)	5,272	-	7,788	-
15XX	Total non-current assets	<u>696,522</u>	<u>38</u>	<u>724,403</u>	<u>39</u>
1XXX	Total assets	<u>\$ 1,841,009</u>	<u>100</u>	<u>\$ 1,865,320</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2170	Accounts payable	\$ 94,183	5	\$ 58,122	3
2200	Remunerations payable to employees and directors (Note 19)	19,215	1	37,508	2
2230	Current tax liabilities (Notes 4 and 20)	10,844	1	15,120	1
2280	Lease liabilities – Current (Notes 4 and 11)	8,430	1	7,878	1
2399	Other current liabilities (Note 14)	60,912	3	81,510	4
21XX	Total current liabilities	<u>193,584</u>	<u>11</u>	<u>200,138</u>	<u>11</u>
	Non-current liabilities				
2580	Lease liabilities – Non-current (Notes 4 and 11)	4,232	-	7,189	-
2640	Net defined benefit liabilities – Non-current (Notes 4 and 15)	-	-	4,840	-
2645	Guarantee deposits received	232	-	202	-
25XX	Total non-current liabilities	<u>4,464</u>	<u>-</u>	<u>12,231</u>	<u>-</u>
2XXX	Total liabilities	<u>198,048</u>	<u>11</u>	<u>212,369</u>	<u>11</u>
	Equity (Notes 4, 16 and 17)				
	Share capital				
3110	Ordinary share	589,178	32	568,838	30
	Capital reserve				
3210	Share premium	254,672	14	258,027	14
3251	Donations received from shareholders	84,732	4	84,732	4
3273	Employee restricted stock award shares	50,306	3	47,567	3
3280	Others	125	-	106	-
	Retained earnings				
3310	Legal reserve	215,284	12	199,793	11
3350	Unappropriated earnings	485,253	26	520,231	28
	Other equity				
3410	Exchange differences on translation of foreign operations' financial statements	(786)	-	5,602	1
3491	Employees' unearned compensation	(35,803)	(2)	(31,945)	(2)
3XXX	Total equity	<u>1,642,961</u>	<u>89</u>	<u>1,652,951</u>	<u>89</u>
	Total liabilities and equity	<u>\$ 1,841,009</u>	<u>100</u>	<u>\$ 1,865,320</u>	<u>100</u>

The accompanying notes constitute part of the parent-company-only financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation
Parent-company-only Statement of Comprehensive Income
for the years ended Dec. 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 18 and 25)				
4110	Sales revenue	\$ 1,053,091	103	\$ 1,581,314	102
4170	Sales return and allowance	(25,955)	(3)	(25,452)	(2)
4000	Net operating revenue	1,027,136	100	1,555,862	100
	Operating cost (Notes 9, 15 and 19)				
5110	Cost of goods sold	677,439	66	949,915	61
5900	Gross profit	349,697	34	605,947	39
5910	Unrealized profit from sales (Note 4)	(28,146)	(3)	(55,786)	(4)
5920	Realized profit from sales (Note 4)	27,245	3	24,080	2
5950	Realized gross profit	348,796	34	574,241	37
	Operating expenses (Notes 15 and 19)				
6100	Selling expense	49,596	5	56,751	3
6200	Management expense	93,067	9	107,524	7
6300	Research and development expense	244,386	23	275,685	18
6000	Total operating expenses	387,049	37	439,960	28
6900	Net operating profit (loss)	(38,253)	(3)	134,281	9
	Non-operating incomes and expenses (Note 19)				
7100	Interest income	4,073	-	3,354	-
7010	Other incomes (Note 22)	18,377	2	12,991	1
7020	Other gains and losses	2,783	-	16,491	1
7050	Financial cost	(338)	-	(433)	-
7070	Share of profit or loss of subsidiaries accounted for using the equity method (Notes 4 and 9)	38,080	4	23,517	1
7000	Total non-operating incomes and expenses	62,975	6	55,920	3

(Continued on next page)

(Brought forward from previous page)

Code		2023		2022	
		Amount	%	Amount	%
7900	Profit before tax	\$ 24,722	3	\$ 190,201	12
7950	Tax (income) expense (Notes 4 and 20)	(4,142)	-	37,838	2
8200	Net profit of the year	28,864	3	152,363	10
	Other comprehensive incomes (losses)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement for defined employee benefit plan (Note 15)	-	-	2,552	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 16)	(6,388)	(1)	3,735	-
8300	Total other comprehensive incomes (losses) (Net)	(6,388)	(1)	6,287	-
8500	Total comprehensive incomes (losses) for the year	\$ 22,476	2	\$ 158,650	10
	Earnings per share (Note 21)				
9750	Basic	\$ 0.50		\$ 2.66	
9850	Diluted	\$ 0.49		\$ 2.59	

The accompanying notes constitute part of the parent-company-only financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation													
Parent-company-only Statement of Changes in Equity for the years ended Dec. 31, 2023 and 2022											(In thousands of New Taiwan Dollars, except as otherwise indicated herein)		
Code		Common share capital		Capital reserve				Legal reserve	Retained earnings		Other equity		Total equity
		Number of shares (In Thousands)	Amount	Share premium	Donations received from shareholders	Employee restricted stock award shares	Others		Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Employees' unearned compensation	
A1	Balance at Jan. 1, 2022	52,864	\$ 528,646	\$ 273,131	\$ 84,732	\$ 51,708	\$ 98	\$ 166,987	\$ 582,957	\$ 749,944	\$ 1,867	(\$ 42,573)	\$ 1,647,553
	Earnings distributed for 2021:												
B1	Legal reserve allocated	-	-	-	-	-	-	32,806	(32,806)	-	-	-	-
B5	Cash dividends to shareholders – NTD 2.800 per share	-	-	-	-	-	-	-	(147,868)	(147,868)	-	-	(147,868)
B9	Stock dividends to shareholders – NTD 0.700 per share	3,697	36,967	-	-	-	-	-	(36,967)	(36,967)	-	-	-
	Total earnings distributed	3,697	36,967	-	-	-	-	32,806	(217,641)	(184,835)	-	-	(147,868)
C15	Capital reserve used for distribution of cash dividends – NTD 0.500 per share	-	-	(26,405)	-	-	-	-	-	-	-	-	(26,405)
C17	Other changes in capital reserve	-	-	-	-	-	8	-	-	-	-	-	8
D1	Net profit of 2022	-	-	-	-	-	-	-	152,363	152,363	-	-	152,363
D3	Other comprehensive incomes (losses) for 2022	-	-	-	-	-	-	-	2,552	2,552	3,735	-	6,287
D5	Total comprehensive incomes (losses) for 2022	-	-	-	-	-	-	-	154,915	154,915	3,735	-	158,650
N1	Issuance of employee restricted stock award shares	420	4,200	-	-	15,582	-	-	-	-	-	(19,782)	-
N1	Employee restricted stock award shares granted to employees	-	-	11,301	-	(11,301)	-	-	-	-	-	-	-
N1	Cancelled employee restricted stock award shares	(98)	(975)	-	-	975	-	-	-	-	-	-	-
N1	Compensation cost for employee restricted stock award shares	-	-	-	-	(9,397)	-	-	-	-	-	30,410	21,013
Z1	Balance at Dec. 31, 2022	56,883	568,838	258,027	84,732	47,567	106	199,793	520,231	720,024	5,602	(31,945)	1,652,951
	Earnings distributed for 2022:												
B1	Legal reserve allocated	-	-	-	-	-	-	15,491	(15,491)	-	-	-	-
B5	Cash dividends to shareholders – NTD 0.550 per share	-	-	-	-	-	-	-	(31,286)	(31,286)	-	-	(31,286)
B9	Stock dividends to shareholders – NTD 0.300 per share	1,707	17,065	-	-	-	-	-	(17,065)	(17,065)	-	-	-
	Total earnings distributed	1,707	17,065	-	-	-	-	15,491	(63,842)	(48,351)	-	-	(31,286)
C15	Capital reserve used for distribution of cash dividends – NTD 0.350 per share	-	-	(19,909)	-	-	-	-	-	-	-	-	(19,909)
C17	Other changes in capital reserve	-	-	-	-	-	19	-	-	-	-	-	19
D1	Net profit of 2023	-	-	-	-	-	-	-	28,864	28,864	-	-	28,864
D3	Other comprehensive incomes (losses) for 2023	-	-	-	-	-	-	-	-	-	(6,388)	-	(6,388)
D5	Total comprehensive incomes (losses) for 2023	-	-	-	-	-	-	-	28,864	28,864	(6,388)	-	22,476
N1	Issuance of restricted stock award shares	420	4,200	-	-	23,730	-	-	-	-	-	(27,930)	-
N1	Employee restricted stock award shares granted to employees	-	-	16,554	-	(16,554)	-	-	-	-	-	-	-
N1	Cancelled employee restricted stock award shares	(92)	(925)	-	-	925	-	-	-	-	-	-	-
N1	Compensation cost for employee restricted stock award shares	-	-	-	-	(5,362)	-	-	-	-	-	24,072	18,710
Z1	Balance at Dec. 31, 2023	58,918	\$ 589,178	\$ 254,672	\$ 84,732	\$ 50,306	\$ 125	\$ 215,284	\$ 485,253	\$ 700,537	(\$ 786)	(\$ 35,803)	\$ 1,642,961

The accompanying notes constitute part of the parent-company-only financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation
Parent-company-only Statement of Cash Flows
for the years ended Dec. 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash flows from operating activities		
A10000	Profit before tax	\$ 24,722	\$ 190,201
A20010	Incomes, expenses and losses:		
A20100	Depreciation expense	79,199	81,204
A20200	Amortization expense	10,516	13,194
A20900	Financial cost	338	433
A21200	Interest income	(4,073)	(3,354)
A21900	Compensation cost for employee restricted stock award shares	18,710	21,013
A22400	Share of profit or loss of subsidiaries accounted for using the equity method	(38,080)	(23,517)
A23200	Proceeds from disposal of subsidiaries recognized by using equity method	(1,139)	-
A22500	Net gain on disposal of property, plant and equipment	(1,843)	-
A23900	Unrealized profit on intercompany sales	28,146	55,786
A24000	Realized profit on intercompany sales	(27,245)	(24,080)
A29900	Profit from lease modification	-	(20)
A24100	Net exchange loss	2,249	340
A30000	Net change in operating assets and liabilities		
A31150	Decrease (increase) in accounts receivable	(7,819)	119,474
A31160	Decrease (increase) in accounts receivable – Related parties	(11,165)	64,033
A31200	Decrease (increase) in inventories	208,901	(322,889)
A31240	Decrease in other current assets	4,843	3,892
A32150	Increase (decrease) in accounts payable	37,091	(189,607)
A32200	Decrease in remunerations payable to employees and directors	(18,293)	(40,813)

(Continued on next page)

(Brought forward from previous page)

Code		2023	2022
A32230	Decrease in other current liabilities	(\$ 17,316)	(\$ 3,911)
A32240	Decrease in net defined benefit liabilities	(4,840)	(2,302)
A33000	Net cash provided by (used in) operations	282,902	(60,923)
A33300	Interest paid	(338)	(433)
A33500	Income tax paid	(584)	(81,973)
AAAA	Net cash generated by operating activities	<u>281,980</u>	(<u>143,329</u>)
	Cash flows from investing activities		
B01900	Net cash generated from disposal of subsidiaries	3,555	-
B02700	Acquisition of property, plant and equipment	(31,095)	(118,835)
B02800	Proceeds from disposal of property, plant and equipment	10,395	-
B03700	Decrease (increase) in refundable deposits	15,227	(14,520)
B04500	Acquisition of intangible assets	(7,819)	(17,519)
B07500	Interest received	<u>3,903</u>	<u>3,432</u>
BBBB	Net cash used in investing activities	(<u>5,834</u>)	(<u>147,442</u>)
	Cash flows from financing activities		
C03000	Increase in guarantee deposits received	30	11
C04020	Payments of lease liabilities	(8,561)	(8,859)
C04500	Allocated cash dividends	(51,195)	(174,273)
C09900	Other financing activities	<u>19</u>	<u>8</u>
CCCC	Net cash used in financing activities	(<u>59,707</u>)	(<u>183,113</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>519</u>)	<u>103</u>
EEEE	Increase (decrease) in cash and cash equivalents for the year	215,920	(473,781)
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>223,300</u>	<u>697,081</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 439,220</u>	<u>\$ 223,300</u>

The accompanying notes constitute part of the parent-company-only financial statements.

Leadtrend Technology Corporation
Notes to Parent-company-only Financial Statements
for the years ended Dec. 31, 2023 and 2022

(In thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

Leadtrend Technology Corporation (hereinafter referred to as the Company), incorporated on Sep. 18, 2002 after the approval of Ministry of Economic Affairs, mainly engages in research, development, production, manufacturing and sale of analog integrated circuits.

Stocks of the Company have been traded at Taiwan Stock Exchange Corporation since Aug. 14, 2009.

The New Taiwan Dollar, the functional currency adopted by the Company, is used to express amounts indicated in the parent-company-only financial statements.

II. Date and Procedure of Adoption of Financial Statements

The parent-company-only financial statements were approved by the board of directors on Feb. 29, 2024 to be published.

III. Applicability of New and Amended Standards and Interpretations

- (A) We initially apply International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (hereinafter referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the FSC).

Application of the IFRSs, which are recognized and published by the FSC, does not cause any significant change in accounting policies of the Company.

- (B) IFRSs Recognized by the FSC and Applied by the Company for 2024

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	Jan. 1, 2024 (Note 2)
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	Jan. 1, 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	Jan. 1, 2024 (Note 3)

Note 1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

Note 2: The seller that is also a lessee shall adopt the amendments to IFRS 16 retroactively for the sale and leaseback transactions made after initially implementing IFRS 16.

Note 3: Initial application of the amendments is exempted from the provisions for partial disclosure.

As of the date of publication of the parent-company-only financial statements, the Company believed, based on its evaluation, that the amendments to the aforementioned standards and interpretations had no significant impact on its financial conditions and financial results.

(C) IFRSs Published by IASB already but Not Recognized or Published by FSC Yet:

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not decided yet.
IFRS 17 Insurance Contracts	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023
Amendments to IAS 21 Lack of Exchangeability	Jan. 1, 2025 (Note 2)

Note1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

Note2: They are applicable for the annual reporting periods beginning after January 1, 2025. When the amendments are initially applied, effects will be recognized in retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, effects will be applied to adjust the exchange differences on translating foreign operations under equity on the date of initial application.

As of the date of publication of the parent-company-only financial statements, the Company still continued evaluating the impact of the amendments to the aforementioned standards and interpretations on its financial conditions and financial results. Relevant impacts will be disclosed after the evaluation is completed.

IV. Explanations of Material Accounting Policies

(A) Declaration of Compliance

The parent-company-only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(B) Preparation Basis

The parent-company-only financial statements are prepared on the basis of historical cost, except for the financial instruments at fair value, and the net

defined benefit liability recognized based on the present value of defined benefit obligations less the fair value of plan assets.

Fair value measurement is classified from level 1 to level 3 based on observable level and importance of relevant inputs.

1. Level 1 Inputs: They refer to the prices of the same assets or liabilities obtained in the active market on measurement date (not adjusted).
2. Level 2 Inputs: They refer to direct inputs (i.e. prices) or indirect inputs (presumed from prices) observable, except level 1 prices, for assets or liabilities.
3. Level 3 Inputs: They refer to inputs not observable for assets or liabilities.

The Company used the equity method to treat investee subsidiaries when preparing the parent-company-only financial statements. To ensure that the profit or loss of the current year, other comprehensive incomes and equity specified in the parent-company-only financial statements are the same as the profit or loss of the current year, other comprehensive incomes and equity attributed to owners of the Company in the Company's consolidated financial statements, the Company adjusted the "investments accounted for using the equity method," "share of profit or loss of subsidiaries accounted for using the equity method" and relevant equity items to respond to accounting treatment differences when preparing the parent-company-only and consolidated financial statements.

(C) Standards of Distinguishing Current Assets and Liabilities from Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for sale;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including the same that would be used to exchange or pay off liabilities 12 months after the balance sheet date and be therefore restricted).

Current liabilities include:

1. Liabilities held primarily for sale;
2. Liabilities due and repaid within 12 months after the balance sheet date; and
3. Liabilities for which the repayment period cannot be unconditionally postponed to at least 12 months after the balance sheet date.

The assets and liabilities which are not listed as current assets and current liabilities above are classified as non-current assets and non-current liabilities.

(D) Foreign Currency

The functional currency adopted by the Company is the New Taiwan Dollar. For the transactions completed by the Company using a (foreign) currency rather than its functional currency, the Company converts the foreign currency to the functional currency at the exchange rate prevailing on the date of transaction in preparing the parent-company-only financial statements.

Foreign monetary items are converted at the closing rate on the balance sheet date. Exchange differences generated from the transfer or conversion of monetary items are recognized in profit or loss for the current year when the differences occur.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when fair value is determined. Exchange differences generated are listed as profits or losses for the current year. However, in case of changes in fair value recognized in other comprehensive incomes or losses, the exchange differences generated are listed as other comprehensive incomes or losses.

Foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be re-converted.

In preparing the parent-company-only financial statements, the Company converts the assets and liabilities of the foreign operations (including the subsidiaries using, and the subsidiaries operating in the countries using, any currency that differs from the currency used by the Company) to NT dollars at the exchange rate on the balance sheet date. Incomes and expenses are converted at the average exchange rate of the current year. Exchange differences generated are recognized as other comprehensive incomes or losses.

If the Company disposes all equity of a foreign operation, then the accumulate exchange differences relevant to the foreign operation will be reclassified to profits or losses.

(E) Inventories

Inventories include raw materials, work in process and finished goods. Inventories are measured by using the lower of cost or net realizable value method. Cost and net realizable value are compared base on each individual item, except the same type of inventories. Net realizable value refers to the amount of the selling price, estimated in normal circumstances, from which the estimated cost required to be put in prior to the completion and the estimated cost needed for the completion of sale are subtracted. Cost of inventories is calculated by use of the weighted average method.

(F) Investments in Subsidiaries

The Company uses the equity method to treat its investments in subsidiaries.

A subsidiary means an entity controlled by the Company.

With the equity method, investments are originally recognized at cost. After the date of acquisition, the book amount increases or decreases subject to the share of profits, losses, other comprehensive incomes and distributed profits to be enjoyed by the Company from subsidiaries. In addition, changes in other equity of subsidiaries to be enjoyed by the Company are recognized proportionally based on the ratio of shareholding.

When changes in the Company's ownership interests in a subsidiary do not cause the Company to lose its control over the subsidiary, the changes are treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received is recognized as equity directly.

When the Company's share of loss in a subsidiary equals or exceeds its interests in the subsidiary (including the book amount of investments in the subsidiary accounted for using the equity method, and other long-term interests substantially comprising the Company's net investments in the subsidiary), the Company shall recognize loss based on the ratio of shareholding.

Acquisition cost exceeding the Company's share of the identifiable assets and liabilities of subsidiaries in fair value on the date of acquisition is recognized as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized. When the share of the identifiable assets and liabilities of subsidiaries in fair value enjoyed by the Company on the acquisition date exceeds the amount of the acquisition cost, such excess is recognized as profit for the current year.

In evaluating impairment, the Company uses the financial statements as a whole to consider cash-generating units and compares the recoverable amount with the book amount. If the recoverable amount of the asset increases afterward, the reversal of impairment loss is recognized as profit. However, the book amount of the asset after the impairment loss is reversed shall not exceed the book amount of the asset from which the amortization to be allocated is subtracted before the impairment loss is recognized for the asset.

Unrealized profits or losses from downstream transactions between the Company and a subsidiary are eliminated from the parent-company-only financial statements. Profits or losses generated from upstream and sidestream transactions between the Company and a subsidiary are recognized in the parent-company-only financial statements only to the extent that the equity of the subsidiary owned by the Company is not relevant.

(G) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and measured subsequently based on the amount of cost less both accumulated depreciation and accumulated impairment loss.

The self-owned land is not depreciated while each important portion of other property, plant and equipment within service life is depreciated by use of the straight line method. The Company reviews the estimated service life, residual value and depreciation method at least at the end of every year and put off the impact on applicable changes in accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the net proceeds on disposal and the book amount of the assets is recognized in profits or losses.

(H) Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized within service life by use of the straight line method. Estimated service life, residual value and amortization method are reviewed at least at the end of every year and the impact on applicable changes in accounting estimates is put off.

2. Derecognition

Upon derecognition of intangible assets, the difference between the net disposal proceeds and the book amount to such assets is recognized in profits or losses for the current year.

(I) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Company evaluates on every balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets or intangible

assets may be impaired. In case of any sign of impairment, a recoverable amount is estimated for the assets. If a recoverable amount cannot be estimated for any individual asset, the Company will estimate the recoverable amount of the cash generating unit ("CGU") of the concerned asset. In case that corporate assets are shared among CGUs on the basis of reasonable consensus, corporate assets shall be shared among individual CGUs. Otherwise, corporate assets shall be shared among the smallest CGU groups that are shared on the basis of reasonable consensus.

The recoverable amount is the higher of fair value less costs to sell and use value. If the recoverable amount of individual assets or CGUs is less than the book amount thereof, then the book amount of the assets or CGUs will be reduced to the recoverable amount, and the impairment loss will be recognized in profits or losses.

Upon subsequent reverse of impairment loss, the book amount of the assets or CGUs is increased to the revised recoverable amount. However, the increased book amount shall not exceed the book value (less amortization or depreciation) that would be determined if the impairment loss of the assets or CGUs had not been recognized in the previous year. Reverse of impairment loss is recognized in profits or losses.

(J) Financial Instruments

Financial assets and financial liabilities are recognized in the parent-company-only balance sheet when the Company becomes a party to the contract concerning the instruments.

If financial assets or financial liabilities are not measured at fair value through profit or loss ("FVTPL"), the financial assets or financial liabilities, upon original recognition, are measured at fair value plus the transaction cost attributable directly to the obtained or issued financial assets or financial liabilities. The transaction cost attributable directly to the obtained or issued financial assets or financial liabilities at FVTPL is recognized as profits or losses immediately.

1. Financial Assets

Routine transactions of financial assets are recognized or derecognized on transaction date.

(1) Type of Measurement

Financial assets held by the Company are financial assets measured at amortized cost.

Financial Assets at Amortized Cost

Financial assets invested by the Company are classified as the financial assets measured at amortized cost if both of the following conditions are satisfied simultaneously:

- A. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and
- B. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

After being recognized originally, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable and refundable deposits) are measured at the amortized

cost of the total book amount less any impairment loss determined by the effective interest method. Foreign exchange gains or losses are recognized in profits or losses.

Interest income is computed based on the effective interest rate multiplied by the total book amount of financial assets, except in either of the following situations:

- A. For the credit-impaired financial assets purchased or established, interest income is computed based on the effective interest rate, after credit adjustment, multiplied by the amortized cost of the financial assets.
- B. If the financial assets without credit impairment upon purchase or establishment become credit-impaired subsequently, then interest income is computed based on the effective interest rate multiplied by the amortized cost of the financial assets.

Cash equivalents refer to the time deposits that are highly liquid and may be transferred to a fixed amount of cash any time with minimal risk of changes in value to fulfill short-term cash commitments.

(2) Impairment of Financial Assets

The Company evaluates impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss every balance sheet date.

Loss allowances for accounts receivable are recognized based on the expected credit loss for the duration of accounts receivable. As for other financial assets, the Company determines whether credit risk increases significantly after the original recognition of such other financial assets. If the risk does not increase significantly, then loss allowances for other financial assets are recognized based on the expected credit loss for 12 months. If the risk increases significantly, loss allowances are recognized based on the expected credit loss for the duration of such other financial assets.

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

The impairment loss of all financial assets is reflected by reducing the book amount of the financial assets through the allowance account.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets only when their rights to cash flows from financial assets under a contract expire or when financial assets have been transferred and almost all risks of ownership of the assets and payments of the assets have been transferred to other enterprises.

Upon derecognition of the entire financial assets measured at amortized cost, the difference between the book amount of the financial assets and the received consideration is recognized in profits or losses.

2. Equity Instruments

The equity instruments issued by the Company are classified as equity based on the substance of contractual agreements and the definition of equity instruments.

The equity instruments issued by the Company are recognized based on the obtained consideration less the cost of direct issuance.

The equity instruments of the Company taken back are recognized as and subtracted from equity. Their book value is calculated in a weighted average based on types of stocks. No purchase, sale, issuance or annulment of equity instruments of the Company shall be recognized in profits or losses.

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities of the Company are measured at amortized cost by use of the effective interest method.

(2) Derecognition of Financial Liabilities

With respect to derecognition of financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(K) Revenue Recognition

After identifying its obligations under a contract made with a customer, the Company amortizes the transaction price to each obligation and recognizes revenue upon fulfillment of each obligation.

Sales Revenue

Sales revenue comes from sale of integrated circuits. When integrated circuits products are shipped, the customer has already had the right to determine the price and use the products and had the primary responsibility for resale, and shall take the risk of obsolescence of the products, so the Company recognizes revenue and accounts receivables at that point of time.

For the goods delivered to be processed, revenue is not recognized upon such delivery as the ownership of processed goods is not transferred.

(L) Lease

Upon establishment of a contract, the Company evaluates whether the contract is (or includes) a lease.

1. The Company is a lessor.

If almost all of the risks and compensation pertaining to the ownership of the assets are required to be transferred to the lessee in accordance with the terms of the lease, then the lease is classified as a financed lease. All other leases are classified as operating leases.

Lease payments less lease incentives are recognized as incomes under the operating lease for the lease period on a straight-line basis.

2. The Company is a lessee.

For other leases, right-of-use assets and lease liabilities are recognized on the date of lease commencement, except for leases of low-value assets for

which exemptions can be recognized and short-term leases, in which case, lease payments are recognized as expenses for the lease period on a straight-line basis.

Right-of-use assets are originally measured at cost (including the amount of originally measured lease liabilities). They are subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss, and the remeasurement of lease liabilities is adjusted accordingly. Right-of-use assets are expressed separately in the parent-company-only balance sheet.

Right-of-use assets are depreciated on a straight-line basis between the date of lease commencement and the expiration of the service life or expiration of the lease period, whichever comes first.

Lease liabilities are originally measured based on the current value of lease payments. If a lease implies an interest rate that can be determined easily, then lease payments are discounted at the interest rate. If the interest rate cannot be determined easily, then the lessee's incremental borrowing rate of interest is used.

After that, lease liabilities are measured at amortized cost by use of the effective interest method, and interest expenses are amortized for the leasing. If the lease period, the amount expected to be paid to the extent of the guaranteed residual value, the evaluation of call options for subject assets, or the index or rate determined for lease payments changes so that future lease payments are varied accordingly, the Company would remeasure lease liabilities and adjust right-of-use assets accordingly. However, when the book amount of right-of-use assets is already reduced to zero, the rest of the remeasurement amount is recognized in profits or losses. Lease liabilities are expressed separately in the parent-company-only balance sheet.

(M) Government Subsidy

A government subsidy is recognized only when the Company is reasonably believed to comply with the conditions fixed to the government subsidy and will receive the subsidy.

A government subsidy relevant to benefits is recognized as other income on a systemic basis for the year in which the Company recognizes as expenses the costs to be covered by the subsidy.

(N) Employee Benefits

1. Short-term Employee Benefits

Liabilities relevant to short-term employee benefits are measured based on non-discounted amounts expected to be paid to exchange for employees' service.

2. Post-employment Benefits

As for retirement pensions under the defined contribution plan, the pension amounts allocated for the period during which employees provide service are recognized as expenses.

Defined costs (including service costs, net interest and remeasurements) of the defined benefit plan are calculated by use of the projected unit credit method. Service costs (including service costs for the current year) and net interest on defined benefit liabilities (assets) are recognized as employee benefit expenses upon their occurrence. Remeasurements

(including actuarial gains and losses, and return on plan asset less interest) are recognized in other comprehensive incomes or losses upon their occurrence and listed in retained earnings, and they will not be reclassified to profits or losses in a subsequent period.

Net defined benefit liabilities (assets) are allocated shortage (surplus) of the defined benefit plan. Net defined benefit assets shall not exceed the current value of the refund of contributions from the plan or the reduction in future contributions.

3. Other Long-term Employee Benefits

The accounting treatment of other long-term employee benefits is the same as that of the defined benefit plan. However, relevant remeasurements are recognized in profits or losses.

(O) Share-based Payment Arrangement

Employee stock options and employee restricted stock award shares granted by the Company to employees are recognized as expenses on a straight-line basis for the vesting period based on the fair value of equity instruments on the grant date and the expected best estimate, and the "capital reserve—employee stock options and other equity (unearned compensation)" is also adjusted simultaneously. If they are obtained immediately on the grant date, they are recognized as expenses on the grant date.

When the Company issues restricted stock award shares, other equity (employees' unearned compensation) is recognized on the grant date, and the "capital reserve—employee restricted stock award shares" is adjusted simultaneously. If such shares are issued for value and the amount of shares is agreed to be returned upon resignation of the employee, then relevant payables shall be recognized. If the employee who resigns within the vesting period is not required to return the dividends received already, then expenses are recognized upon announcement of the dividends to be distributed, and retain earnings and "capital reserve—employee restricted stock award shares" are adjusted simultaneously.

The Company amends the estimate of the obtained employee stock options and employee restricted stock award shares on each balance sheet date. If an originally estimated amount is amended, its effects are recognized as profits or losses so that the accumulated expenses reflect the amended estimate. The "capital reserve—employee stock option" and "capital reserve—employee restricted stock award shares" are also adjusted accordingly.

(P) Income Tax

The tax expense is the sum of current income tax and deferred income tax.

1. Current Income Tax

The Company determines its incomes (losses) for the current year in accordance with the regulations enacted by the Republic of China, and calculates income tax payable (refundable) based on such incomes (losses).

The income tax on undistributed earnings computed in accordance with the Income Tax Act of the Republic of China is recognized for the year when the resolution is adopted at the shareholders' meeting.

Adjustment made for the previous year's income tax payable is listed in current income tax.

2. Deferred Income Tax

Deferred income tax is computed based on temporary differences generated from the book amounts of assets and liabilities and the tax base used to compute taxable income.

Deferred income tax liabilities are generally recognized based on taxable temporary differences. Deferred income tax assets are recognized when there may probably be taxable incomes from which the tax credits generated from temporary differences and loss carryforwards can be subtracted.

Taxable temporary differences relevant to investments in subsidiaries are recognized as deferred income tax liabilities, except when the Company is able to control the point of reverse of temporary differences and the taxable temporary differences will not be reversed in the foreseeable future. Deductible temporary differences relevant to the investments are recognized as deferred income tax assets only to the extent of the foreseeable reverse expected in the future when there is taxable income sufficient to realize temporary differences.

The book amount of deferred income tax assets is reviewed again on every balance sheet date. For all or part of assets that taxable income may probably not be sufficient to recover, the book amount is reduced accordingly. Those that are not originally recognized as deferred income tax assets are also reviewed again on every balance sheet date. The book amount is increased when there may be any taxable income used to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate applicable to the year when liabilities are expected to be repaid or assets are expected to be realized. The interest rate refers to the interest rate determined by the tax law that is enacted or substantially enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences generated in the way that the Company expects to recover or repay the book amount of its assets or liabilities as of the balance sheet date.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profits or losses. However, the current and deferred income taxes relevant to the items recognized in other comprehensive incomes or losses or those included directly in equity are recognized in other comprehensive incomes or losses or included directly in equity respectively.

V. Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty

For relevant information not accessible by the Company from other resources in applying accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual result may probably differ from the estimate.

Main Sources of Estimates and Assumption Uncertainty

(A) Impairment of Financial Asset Estimates

Accounts receivable and liability instruments are estimated based on the assumptions of probability of default and loss-given default made by the Company. The Company considers historical experience, current market conditions and forward-looking information to make its assumptions and chooses input values for the impairment of estimates. If the actual cash flows in the future are less than those expected by the Company, a material impairment loss may occur.

(B) Impairment of Inventories

The net realizable value of inventories is an estimate of the difference obtained after the cost estimate to be spent until completion of the production and the cost estimate to be required for completion of the sale are subtracted from the selling price estimate. These estimates are evaluated based on current market conditions and historical sales of similar products. Changes in market conditions may affect these estimated results materially.

VI. Cash and Cash Equivalents

	Dec. 31, 2023	Dec. 31, 2022
Foreign currency deposits	\$ 63,088	\$ 58,549
Checks and saving deposits with the bank	32,998	38,032
Petty cash and cash on hand	434	519
Cash equivalents		
Time deposits	<u>342,700</u>	<u>126,200</u>
	<u>\$439,220</u>	<u>\$223,300</u>

The interest rate range of cash and cash equivalents as of the balance sheet date is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Bank deposits	0.1%~4.05%	0.1%~1.41%

VII. Accounts Receivable

	Dec. 31, 2023	Dec. 31, 2022
<u>Accounts receivable —</u>		
<u>Non-related parties</u>		
Measured at amortized cost		
Total book amount	\$108,662	\$103,592
<u>Accounts receivable — Related</u>		
<u>parties</u>		
Measured at amortized cost		
Total book amount	<u>40,266</u>	<u>29,074</u>
	<u>\$148,928</u>	<u>\$132,666</u>

As for the payments of products sold by the Company, the average credit period is between 30 and 45 days after the date of monthly settlement. No interest accrues for accounts receivable. The Company will rate main customers by using other publicly available financial information and historical transaction records. The Company continues monitoring credit risk exposure, and the credit rating of the counterparty to each transaction. To reduce credit risk, the management of the Company designates a team to take charge of the decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Company also reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has been reduced significantly.

The Company recognizes, based on expected credit loss for the duration, the allowance for losses on accounts receivable. The expected credit loss for the duration is calculated by use of the provision matrix, which considers the historical default records of customers, current financial conditions, state of industrial economy, and industrial development prospects. As shown in the history of credit loss incurred by the Company, there is no significant difference between loss types in terms of different customer bases. Thus the provision matrix is not used to distinguish customer bases, and the expected credit loss rates are determined based on the number of days that the accounts receivable are past due.

If evidence shows that the counterparty encounters serious financial difficulties and the Company is unable to reasonably expect a recoverable amount, then the Company will write off relevant accounts receivable directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profits.

Please refer to the following table for the analysis on aging of accounts receivable as of the end of the reporting period.

Analysis on Aging of Accounts Receivable

	Dec. 31, 2023	Dec. 31, 2022
Not overdue, and not impaired	<u>\$108,662</u>	<u>\$103,592</u>

VIII. Inventories

	Dec. 31, 2023	Dec. 31, 2022
Finished goods	\$ 86,618	\$118,812
Work in process	300,174	405,733
Raw materials and supplies	<u>155,187</u>	<u>226,335</u>
	<u>\$541,979</u>	<u>\$750,880</u>

Cost of goods sold relevant to inventories was NTD 677,439 thousand and NTD 949,915 thousand respectively in 2023 and 2022.

Cost of goods sold included an inventory valuation loss NTD 14,560 thousand and an obsolescence loss NTD 13,794 thousand respectively in 2023 and 2022.

IX. Subsidiaries

	Dec. 31, 2023	Dec. 31, 2022
Investee subsidiaries	<u>\$235,499</u>	<u>\$207,124</u>

Investee Subsidiaries

	Dec. 31, 2023	Dec. 31, 2022
Leadtrend (Shenzhen) Co., Ltd.	\$235,499	\$203,713
Leadtrend Technology (Samoa) Limited	<u>-</u>	<u>3,411</u>
	<u>\$235,499</u>	<u>\$207,124</u>

Percentage of ownership interest and voting rights

Name of subsidiary	Dec. 31, 2023	Dec. 31, 2022
Leadtrend (Shenzhen) Co., Ltd.	100%	100%
Leadtrend Technology (Samoa) Limited	-	100%

Leadtrend Technology (Samoa) Limited was liquidated and had registration nullified in November 2023, and returned the invested amount to the Company. Share of the current profit or loss and other comprehensive incomes of subsidiaries accounted for using the equity method for 2023 and 2022 was recognized based on the financial statements of each subsidiary audited by CPAs for the same periods.

X. Property, Plant and Equipment

Self-used

	Land	House and building	R&D equipment	Office equipment	Molding equipment	Lease improvement	Photomask	Total
<u>Cost</u>								
Balance at Jan. 1, 2023	\$ 86,200	\$ 304,083	\$ 271,094	\$ 31,544	\$ 26,082	\$ 22,475	\$ 275,274	\$ 1,016,752
Increase	-	1,055	7,511	771	581	121	20,063	30,102
Decrease	(2,101)	(7,055)	(296)	(217)	-	(1,512)	(49,480)	(60,661)
Balance at Dec. 31, 2023	<u>\$ 84,099</u>	<u>\$ 298,083</u>	<u>\$ 278,309</u>	<u>\$ 32,098</u>	<u>\$ 26,663</u>	<u>\$ 21,084</u>	<u>\$ 245,857</u>	<u>\$ 986,193</u>
<u>Accumulated depreciation</u>								
Balance at Jan. 1, 2023	\$ -	\$ 50,764	\$ 180,764	\$ 24,358	\$ 24,610	\$ 16,549	\$ 239,033	\$ 536,078
Increase	-	9,199	23,892	3,168	839	1,306	31,907	70,311
Decrease	-	(983)	(296)	(203)	-	(1,146)	(49,481)	(52,109)
Balance at Dec. 31, 2023	<u>\$ -</u>	<u>\$ 58,980</u>	<u>\$ 204,360</u>	<u>\$ 27,323</u>	<u>\$ 25,449</u>	<u>\$ 16,709</u>	<u>\$ 221,459</u>	<u>\$ 554,280</u>
Net at Dec. 31, 2023	<u>\$ 84,099</u>	<u>\$ 239,103</u>	<u>\$ 73,949</u>	<u>\$ 4,775</u>	<u>\$ 1,214</u>	<u>\$ 4,375</u>	<u>\$ 24,398</u>	<u>\$ 431,913</u>
<u>Cost</u>								
Balance at Jan. 1, 2022	\$ 72,270	\$ 258,236	\$ 244,564	\$ 29,627	\$ 25,356	\$ 17,523	\$ 242,950	\$ 890,526
Increase	13,930	45,847	27,058	2,620	726	4,952	32,324	127,457
Decrease	-	-	(528)	(703)	-	-	-	(1,231)
Balance at Dec. 31, 2022	<u>\$ 86,200</u>	<u>\$ 304,083</u>	<u>\$ 271,094</u>	<u>\$ 31,544</u>	<u>\$ 26,082</u>	<u>\$ 22,475</u>	<u>\$ 275,274</u>	<u>\$ 1,016,752</u>
<u>Accumulated depreciation</u>								
Balance at Jan. 1, 2022	\$ -	\$ 42,107	\$ 155,230	\$ 21,930	\$ 23,950	\$ 12,873	\$ 209,029	\$ 465,119
Increase	-	8,657	26,062	3,131	660	3,676	30,004	72,190
Decrease	-	-	(528)	(703)	-	-	-	(1,231)
Balance at Dec. 31, 2022	<u>\$ -</u>	<u>\$ 50,764</u>	<u>\$ 180,764</u>	<u>\$ 24,358</u>	<u>\$ 24,610</u>	<u>\$ 16,549</u>	<u>\$ 239,033</u>	<u>\$ 536,078</u>
Net at Dec. 31, 2022	<u>\$ 86,200</u>	<u>\$ 253,319</u>	<u>\$ 90,330</u>	<u>\$ 7,186</u>	<u>\$ 1,472</u>	<u>\$ 5,926</u>	<u>\$ 36,241</u>	<u>\$ 480,674</u>

No impairment loss was recognized or reversed in 2023 and 2022.

Depreciation expenses are allocated on a straight-line basis based on the following service lives:

House and building	10 ~ 50 years
R&D equipment	3 ~ 8 years
Office equipment	4 ~ 9 years
Molding equipment	3 years
Lease improvement	2 ~ 6 years
Photomask	2 ~ 3 years

XI. Lease Agreement

(A) Right-of-use Assets

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Book amount of right-of-use assets		
Building	<u>\$ 12,165</u>	<u>\$ 14,897</u>
	<u>2023</u>	<u>2022</u>
Added Right-of-use assets	<u>\$ 6,156</u>	<u>\$ -</u>
Depreciation expenses for right-of-use assets		
Building	<u>\$ 8,888</u>	<u>\$ 9,014</u>

(B) Lease Liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Book amount of lease liabilities		
Current	<u>\$ 8,430</u>	<u>\$ 7,878</u>
Non-current	<u>\$ 4,232</u>	<u>\$ 7,189</u>

The range of discount rates for lease liabilities is as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Building	<u>1.96%~2.10%</u>	<u>1.96%~2.10%</u>

(C) Important Lease Activities and Terms

The Company as a lessee has leased some buildings to be used as office space, and the lease periods are from 2 to 5 years. The Company does not have the right of first refusal for the buildings leased by the Company upon expiration of a lease period. It has been agreed that the Company shall not relet or assign the whole or part of the leased buildings to third parties without the consent of a lessor.

(D) Other Lease Information

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 1,103</u>	<u>\$ 1,982</u>
Low-value asset lease expenses	<u>\$ 54</u>	<u>\$ 53</u>
Total cash provided by (used in) leases	<u>(\$ 10,055)</u>	<u>(\$ 11,327)</u>

The Company chooses to recognize exemptions applicable to the office equipment that is in line with short-term leases and the office equipment rental that is in line with low-value asset leases, and does not recognize right-of-use assets or lease liabilities relevant to such leases.

XII. Intangible Assets

	Computer software	Know-how	Patent right	Others	Total
<u>Cost</u>					
Balance at Jan. 1, 2023	\$ 100,064	\$ 27,972	\$ 8,383	\$ 2,922	\$ 139,341
Increase	<u>2,357</u>	<u>5,462</u>	<u>-</u>	<u>-</u>	<u>7,819</u>
Balance at Dec. 31, 2023	<u>\$ 102,421</u>	<u>\$ 33,434</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 147,160</u>
<u>Accumulated amortization</u>					
Balance at Jan. 1, 2023	\$ 92,181	\$ 26,984	\$ 3,425	\$ 2,922	\$ 125,512
Increase	<u>3,684</u>	<u>5,995</u>	<u>837</u>	<u>-</u>	<u>10,516</u>
Balance at Dec. 31, 2023	<u>\$ 95,865</u>	<u>\$ 32,979</u>	<u>\$ 4,262</u>	<u>\$ 2,922</u>	<u>\$ 136,028</u>
Net at Dec. 31, 2023	<u>\$ 6,556</u>	<u>\$ 455</u>	<u>\$ 4,121</u>	<u>\$ -</u>	<u>\$ 11,132</u>
<u>Cost</u>					
Balance at Jan. 1, 2022	\$ 92,524	\$ 17,993	\$ 8,383	\$ 2,922	\$ 121,822
Increase	<u>7,540</u>	<u>9,979</u>	<u>-</u>	<u>-</u>	<u>17,519</u>
Balance at Dec. 31, 2022	<u>\$ 100,064</u>	<u>\$ 27,972</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 139,341</u>
<u>Accumulated amortization</u>					
Balance at Jan. 1, 2022	\$ 90,351	\$ 16,459	\$ 2,586	\$ 2,922	\$ 112,318
Increase	<u>1,830</u>	<u>10,525</u>	<u>839</u>	<u>-</u>	<u>13,194</u>
Balance at Dec. 31, 2022	<u>\$ 92,181</u>	<u>\$ 26,984</u>	<u>\$ 3,425</u>	<u>\$ 2,922</u>	<u>\$ 125,512</u>
Net at Dec. 31, 2022	<u>\$ 7,883</u>	<u>\$ 988</u>	<u>\$ 4,958</u>	<u>\$ -</u>	<u>\$ 13,829</u>

Amortization expenses are allocated for the aforementioned intangible assets on a straight-line basis based on the following service lives:

Computer software	3 ~ 6 years
Know-how	5 years
Patent right	10 years
Others	3 ~ 5 years

XIII. Other Assets

	Dec. 31, 2023	Dec. 31, 2022
<u>Current</u>		
Prepayment for purchases	\$ 4,396	\$ 4,107
Temporary payments	993	905
Income tax refund receivable	813	2,709
Tax overpaid retained for offsetting the future tax payable	1	4,726
Refundable deposits	-	15,000
Others	<u>8,157</u>	<u>6,624</u>
	<u>\$ 14,360</u>	<u>\$ 34,071</u>

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Non-current</u>		
Prepayments for business facilities	\$ 2,781	\$ 5,070
Refundable deposits	<u>2,491</u>	<u>2,718</u>
	<u>\$ 5,272</u>	<u>\$ 7,788</u>

XIV. Other Current Liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Bonuses payable	\$ 32,305	\$ 39,336
Unused leave payments	5,273	9,050
Insurance premium payable	3,853	4,197
Professional service fees payable	3,296	3,473
Others	<u>16,185</u>	<u>25,454</u>
	<u>\$ 60,912</u>	<u>\$ 81,510</u>

XV. Post-employment Benefit Plan

(A) Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to the Company, refers to the defined contribution plan managed by the government. The 6% of the monthly wages of an employee is allocated to the specific account of the individual with Bureau of Labor Insurance.

(B) Defined Benefit Plan

The retirement pension system adopted by the Company in accordance with the Labor Standards Act of the Republic of China is the defined benefit plan managed by the government. The retirement pension to an employee is computed based on the employee's service time and average wage of the 6 months immediately before the date of retirement approval. The Company allocates the 2% of the monthly wages of an employee to the employee's retirement funds and transfers it to Supervisory Committee of Business Entities' Labor Retirement Reserve. Then the committee deposits it to the specific account with Bank of Taiwan in the name of the committee. If the balance of the specific account at the end of a fiscal year is estimated not to be enough to be paid to the employees who will meet the requirements of retirement in the next year, the difference will be allocated in full by the end of March in the next year. The specific account is entrusted to Bureau of Labor Funds, Ministry of Labor to manage. The Company has no right to influence investment and management strategies.

The Company reached an agreement with employees in Aug. 2023 to settle the years of service accumulated in the old system and settle pension amounts in accordance with relevant regulations. Such settlement was approved by the competent authority. The Company was under no obligation to pay either the balance recovered from the specific pension accounts or the book amount of net defined benefit liability. The balance and the book amount were transferred to income. Such income, totaling NTD 15,045 thousand, was listed as other income. Please refer to Note 19 (B) Other Income.

Amounts for the defined benefit plan in the parent-company-only balance sheet are listed as follows:

	<u>Dec. 31, 2022</u>
Present value of a defined benefit obligation	\$ 24,101
Fair value of plan assets	(<u>19,261</u>)
Net defined benefit liabilities	<u>\$ 4,840</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
	<u>\$</u>	<u>(\$</u>	<u>\$</u>
Jan. 1, 2022	24,933	15,239	9,694
Service cost			
Current service cost	\$ 480	\$ -	\$ 480
Interest expense (income)	<u>125</u>	(<u>85</u>)	<u>40</u>
Recognized in profit (loss)	<u>605</u>	(<u>85</u>)	<u>520</u>
Remeasurements			
Return on plan assets (except the amount included in net interest)	-	(1,115)	(1,115)
Actuarial gains — Changes in financial assumptions	(1,970)	-	(1,970)
Actuarial losses — Experience adjustments	<u>533</u>	<u>-</u>	<u>533</u>
Recognized in other comprehensive incomes (losses)	(<u>1,437</u>)	(<u>1,115</u>)	(<u>2,552</u>)
Employer contributions	<u>-</u>	(<u>2,822</u>)	(<u>2,822</u>)
Dec. 31, 2022	<u>\$ 24,101</u>	(<u>\$ 19,261</u>)	<u>\$ 4,840</u>

The Company is exposed to the following risks with respect to the retirement pension system provided by the Labor Standards Act.

1. Investment Risk: Bureau of Labor Funds, Ministry of Labor invests the labor pension fund by itself or through an agent in domestic (foreign) domestic equity securities and debt securities, bank deposits and other subject matters. However, the distributable amount of the Company's plan assets is the income calculated at an interest rate not inferior to that announced by the local bank for 2-year time deposits.
2. Interest Rate Risk: Reduction of interest rates for government bonds/corporate bonds will result in an increase in the present value of defined benefit obligations. However, the return on debt investments

with respect to plan assets will increase accordingly. Both offset the impact on the net defined benefit liabilities partially.

3. Wage Risk: The present value of defined benefit obligations is calculated by taking future wages of plan members into account. Thus the increase in wages of plan members will result in an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of the Company is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

	<u>Dec. 31, 2022</u>
Discount rate	1.375%
Expected rate of wage increments	4.000%

In case of a reasonable and possible change in any material actuarial assumption, the increase (decrease) in the present value of defined benefit obligations on the premise that other assumptions remain unchanged is as follows:

	<u>Dec. 31, 2022</u>
Discount rate	
Increased by 0.25%	(\$ <u>527</u>)
Decreased by 0.25%	<u>\$ 543</u>
Expected rate of wage increments	
Increased by 0.25%	<u>\$ 519</u>
Decreased by 0.25%	(<u>\$ 507</u>)

The aforementioned sensitivity analysis may probably not reflect actual changes in the present value of defined benefit obligations as actuarial assumptions may correlate mutually and changes in only one assumption are not quite possible.

	<u>Dec. 31, 2022</u>
Amount expected to be contributed in one year	<u>\$ 1,086</u>
Average expiration period of defined benefit obligations	9 years

XVI. Equity

(A) Stock Capital Common Shares

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Authorized number of shares (In thousand shares)	<u>200,000</u>	<u>200,000</u>
Authorized stock capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of issued and paid-in shares (In thousand shares)	<u>58,918</u>	<u>56,883</u>
Issued stock capital	<u>\$ 589,178</u>	<u>\$ 568,838</u>

Common shares are issued with par value NTD 10. A shareholder is entitled to one vote for each share the shareholder holds, and has the right to receive dividends.

The stock capital in authorized stock capital reserved for issuance of employee stock options was 7,800 thousand shares.

(B) Capital Reserve

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Used to make good of loss, distribute cash or appropriate to be stock capital (1)</u>		
Additional paid-in capital in excess of par (including exercised or invalid employee stock options)	\$254,672	\$258,027
Donated assets received from shareholder (2)	84,732	84,732
<u>Used to make good of losses only</u>		
Others	125	106
<u>Not used for any purpose</u>		
Employee restricted stock award shares	<u>50,306</u>	<u>47,567</u>
	<u>\$389,835</u>	<u>\$390,432</u>

1. Such capital reserve may be used to make good of loss, and may also be used to distribute cash or expand stock capital when the Company does not have a loss; however, the amount used to expend stock capital is limited to a certain percentage of the paid-in capital.
2. It was cash given as a gift by Delaware Asia Pacific Investment Corp.

(C) Retained Earnings and Dividend Policies

According to the earning distribution policy provided by the Company's articles of incorporation, net profits after tax at the final settlement of each fiscal year, if any, shall be allocated, in the following order, for:

1. Making good of accumulated loss (including adjustment of the amount of undistributed earnings);
2. Setting aside 10% as legal reserve; however, no legal reserve shall be allocated if the total legal reserve has reached the amount of the paid-in capital of the Company;
3. Allocating or reversing special reserve in accordance with statutes or as required by the competent authority.
4. The rest of profits together with the undistributed earnings at the beginning of the year (including the adjusted amount of undistributed earnings), for which the board of directors shall prepare a proposal of earning distribution, to be distributed by means of issuance of new shares, are distributed after being resolved at the shareholders' meeting.

In case that the Company distributes the whole or part of dividends and bonuses or legal reserve and capital reserve in cash, the distribution shall be adopted only when more than two-thirds of directors are present at the board meeting and more than a half of the directors present approve, and shall be reported at the shareholders' meeting.

For the policy of the allocation of remunerations to employees and directors as stated in the Company's articles of incorporation, refer to Note 19(G) Remunerations to Employees and Directors.

Dividends are distributed by the Company based on the status of earnings for the current year, including distributable earnings, capital reserve and other sources distributable in accordance with laws. The percentage of total distributions shall not be less than 30% of the profit after tax for the current year. Cash dividends distributed every year shall not be less than 10% of the total of the cash dividends and stock dividends distributed for the current year.

Legal reserve shall be allocated until the balance thereof reaches the total paid-in capital of the Company. Legal reserve may be used to make good of loss. When the Company has no loss, the portion of legal reserve in excess of 25% of paid-in capital can be used to expand stock capital or be distributed in cash.

The Company's earning distributions for 2022 and 2021 are as follows:

	2022	2021
Allocated legal reserve	<u>\$ 15,491</u>	<u>\$ 32,806</u>
Cash dividends	<u>\$ 31,286</u>	<u>\$147,868</u>
Stock dividends	<u>\$ 17,065</u>	<u>\$ 36,967</u>
Cash dividends per share (NTD)	\$ 0.550	\$ 2.8000
Stock dividends per share (NTD)	\$ 0.300	\$ 0.700

The board of directors of the Company resolved on May 2, 2023 that the capital reserve of 2022 should be used to distribute cash dividends NTD 19,909 thousand (NTD 0.350 per share). In addition to cash dividends, other earning distribution items were already resolved at the general meeting of shareholders held on June 13, 2023.

Besides, the board of directors of the Company resolved on Apr. 29, 2022 that the capital reserve of 2021 should be used to distribute cash dividends NTD 26,405 thousand (NTD 0.500 per share). In addition to cash dividends, other earning distribution items were already resolved at the general meeting of shareholders held on June 9, 2022.

(D) Other Equity

1. Exchange Differences on Translation of Financial Statements of Foreign Operations:

	2023	2022
Beginning balance	<u>\$ 5,602</u>	<u>\$ 1,867</u>
Generated in the current year		
Differences on translating foreign operations	(5,249)	3,735
Reclassification adjustment		
Disposal of the share of subsidiaries accounted for using the equity method	(1,139)	-
Other comprehensive incomes (losses) for the current year	(6,388)	3,735
Ending balance	<u>(\$ 786)</u>	<u>\$ 5,602</u>

Exchange differences arising on translating the net assets of foreign operations in the functional currency to those in the presentation currency used by the Company (i.e. NTD) are recognized directly as “exchange differences on translation of financial statements of foreign operations” under other comprehensive incomes. The previously accumulated exchange differences on translation of financial statements of foreign operations are reclassified as profits or losses upon disposal of the foreign operations.

2. Employees’ Unearned Compensation

Issuance of restricted stock award shares was resolved at the shareholders’ meeting of the Company held on June 13, 2023, June 9, 2022 and June 23, 2020 respectively. For relevant explanation, please refer to Note 17.

	2023	2022
Beginning balance	(\$ 31,945)	(\$ 42,573)
Granted in the year	(27,930)	(19,782)
Recognized share-based payment expenses	18,710	21,013
Revoked and cancelled in the year	5,362	9,397
Ending balance	(\$ 35,803)	(\$ 31,945)

XVII. Share-based Payment

Employee Restricted Stock Award Share

Information relevant to the employee restricted stock award shares issued by the Company is as follows:

Date of approval by the shareholders’ meeting	Number of shares expected to be issued (In thousand shares)	Number of shares resolved by the board of directors (In thousand shares)	Grant date	Base date for capital increase	Number of actually issued shares (In thousand shares)	Fair value on the grant date
2020.06.23	1,200	900	2020.09.11	2020.11.06	900	34.35
2020.06.23	1,200	300	2021.08.03	2021.08.03	300	122
2022.06.09	420	420	2022.10.07	2022.10.12	420	47.1
2023.06.13	420	420	2023.10.06	2023.10.11	420	66.5

Issuance of restricted stock award shares in a total amount of NTD 12,000 thousand was resolved at the shareholders’ meeting of the Company on June 23, 2020. A total of 1,200 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of “Satisfactory” or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 15 of the 1st year following the grant date	1/6
From the grant date to Apr. 15 of the 2nd year following the grant date	1/6
From the grant date to Oct. 15 of the 2nd year following the grant date	1/6
From the grant date to Apr. 15 of the 3rd year following the grant date	1/6
From the grant date to Oct. 15 of the 3rd year following the grant date	1/6
From the grant date to Apr. 15 of the 4th year following the grant date	1/6

Measures Taken for Employee Failing to Satisfy the Vesting Conditions:

- (A) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (B) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (C) The Company will give to the employees, without payment, the dividends allocated based on the award shares prior to the expiration of the vesting period.
- (D) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2020-1 <u>Unit (Thousand)</u>	Employee restricted stock award shares for 2020-2 <u>Unit (Thousand)</u>
<u>2023</u>		
Outstanding at the beginning of the year	424.5	192.5
Vested for the current year	(266.5)	(69.5)
Recovered for the year	(26.0)	(18.0)
Outstanding at the end of the year	<u>132.0</u>	<u>105.0</u>
Granted weighted average fair value	<u>\$ 34.35</u>	<u>\$ 122</u>

	Employee restricted stock award shares for 2020-1	Employee restricted stock award shares for 2020-2
	<u>Unit (Thousand)</u>	<u>Unit (Thousand)</u>
<u>2022</u>		
Outstanding at the beginning of the year	740.0	291.0
Vested for the current year	(287.0)	(38.5)
Recovered for the year	(28.5)	(60.0)
Outstanding at the end of the year	<u>424.5</u>	<u>192.5</u>
Granted weighted average fair value	<u>\$ 34.35</u>	<u>\$ 122</u>

Issuance of restricted stock award shares in a total amount of NTD 4,200 thousand was resolved at the shareholders' meeting of the Company on June 9, 2022. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (A) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (B) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (C) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.

- (D) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2022
	Unit (Thousand)
<u>2023</u>	
Outstanding at the beginning of the year	420.0
Granted for the current year	(61.5)
Recovered for the year	(66.0)
Outstanding at the end of the year	<u>292.5</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>
<u>2022</u>	
Outstanding at the beginning of the year	-
Granted for the current year	<u>420.0</u>
Outstanding at the end of the year	<u>420.0</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>

Issuance of restricted stock award shares in a total amount of NTD 4,200 thousand was resolved at the shareholders' meeting of the Company on June 13, 2023. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (A) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (B) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (C) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (D) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	<u>Employee restricted stock award shares for 2023</u>
	<u>Unit (Thousand)</u>
<u>2023</u>	
Outstanding at the beginning of the year	-
Granted for the current year	<u>420.0</u>
Outstanding at the end of the year	<u>420.0</u>
Granted weighted average fair value (NTD)	<u>\$ 66.5</u>

Due to resignation of employees, 100 thousand and 98.5 thousand restricted stock award shares were recovered in 2023 and 2022 respectively, and there were 17.5 thousand and 10 thousand shares among such recovered shares to be revoked.

The compensation cost recognized for restricted stock award shares in 2023 and 2022 was NTD 18,710 thousand and NTD 21,013 thousand respectively.

XVIII. Operating Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Integrated circuits	<u>\$ 1,027,136</u>	<u>\$ 1,555,862</u>

(A)	Contract Balance	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Jan. 1, 2022</u>
	Accounts receivable (including those from related parties) (Note 7)	<u>\$ 148,928</u>	<u>\$ 132,666</u>	<u>\$ 317,439</u>

(B) Itemized Revenue from Contracts with Customers

Itemized by Areas

	<u>2023</u>	<u>2022</u>
Taiwan (where the Company is located)	\$ 598,364	\$ 850,257
Mainland China	419,849	685,069
Korea	2,187	5,201
Other countries	<u>6,736</u>	<u>15,335</u>
	<u>\$ 1,027,136</u>	<u>\$ 1,555,862</u>

XIX. Net Profit of Operations

(A)	Interest Income	<u>2023</u>	<u>2022</u>
	Bank deposits	\$ 3,883	\$ 3,187
	Deposit interest	36	22
	Commercial paper	25	44
	Put-table bonds	-	101
	Others	<u>129</u>	<u>-</u>
		<u>\$ 4,073</u>	<u>\$ 3,354</u>

(B)	Other Incomes	<u>2023</u>	<u>2022</u>
	Lease income		
	Other operating leases	\$ 2,188	\$ 2,182
	Government subsidy income	-	9,327
	Others (Note)	<u>16,189</u>	<u>1,482</u>
		<u>\$ 18,377</u>	<u>\$ 12,991</u>

Note: Mainly consisting of pension payment income

(C)	Other Gains and Losses	<u>2023</u>	<u>2022</u>
	Gains on disposal of property, plant and equipment	\$ 1,843	\$ -
	Gains on disposal of subsidiaries	1,139	-
	Net gain (loss) on foreign exchange	(199)	16,550
	Others	<u>-</u>	<u>(59)</u>
		<u>\$ 2,783</u>	<u>\$ 16,491</u>

(D) Financial Cost

	2023	2022
Interest on lease liabilities	\$ 337	\$ 433
Other interest expenses	<u>1</u>	<u>-</u>
	<u>\$ 338</u>	<u>\$ 433</u>

(E) Depreciation and Amortization

	2023	2022
Depreciation expenses by functions:		
Operating cost	\$ 18,501	\$ 26,140
Operating expenses	<u>60,698</u>	<u>55,064</u>
	<u>\$ 79,199</u>	<u>\$ 81,204</u>
Amortization expenses by functions:		
Operating cost	\$ 1,177	\$ 707
Operating expenses	<u>9,339</u>	<u>12,487</u>
	<u>\$ 10,516</u>	<u>\$ 13,194</u>

(F) Employee Benefit Expenses

	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 10,922	\$ 11,123
Defined benefit plan (Note 15)	<u>216</u>	<u>520</u>
	11,138	11,643
Share-based payment (Note 17)		
Equity settlement	18,710	21,013
Other employee benefits	<u>257,948</u>	<u>315,186</u>
Total employee benefit expenses	<u>\$287,796</u>	<u>\$347,842</u>
By functions:		
Operating cost	\$ 44,750	\$ 58,201
Operating expenses	<u>243,046</u>	<u>289,641</u>
	<u>\$287,796</u>	<u>\$347,842</u>

(G) Remunerations to Employees and Directors

The Company allocated employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate no less than 5% and at a rate no more than 2% respectively in accordance with the articles of incorporation. The remunerations to employees and directors estimated for the years 2023 and 2022 were resolved at the board meeting on Feb. 29, 2024 and Mar. 16, 2023 respectively as follows:

Estimated Percentage

	<u>2023</u>	<u>2022</u>
Remuneration to employees	17%	14%
Remuneration to directors	2%	1%

Amount

	<u>2023</u>		<u>2022</u>	
	<u>Cash</u>	<u>Stock</u>	<u>Cash</u>	<u>Stock</u>
Remuneration to employees	\$ 5,197	\$ -	\$ 32,060	\$ -
Remuneration to directors	489	-	2,581	-

If any amount is changed after the date when the annual parent-company-only financial report is announced, then such change is treated as a change in accounting estimate and entered into the account for the following year after adjustment.

There is no difference between the amount of the employees' remuneration and directors' remuneration distributed actually for the years 2022 and 2021 and the corresponding amount recognized in the parent-company-only financial statements of the years 2022 and 2021.

For information of the remunerations to employees and directors resolved by the board of directors of the Company, please check at the market observatory post system of Taiwan Stock Exchange.

(H) Foreign Exchange Gain (Loss)

	<u>2023</u>	<u>2022</u>
Total foreign exchange gains	\$ 14,756	\$ 38,740
Total foreign exchange losses	(14,955)	(22,190)
Net (loss) gain	(\$ 199)	\$ 16,550

XX. Income Tax(A) Income Tax Recognized in Profit or Loss

The tax (income) expense mainly comprises the items listed as follows:

	<u>2023</u>	<u>2022</u>
Current income tax		
Incurred for the current year	\$ 1,321	\$ 43,261
Adjusted for the previous year	(5,013)	(5,355)
	(3,692)	37,906
Deferred income tax		
Incurred for the current year	(450)	(68)
Tax expense (income) recognized in profit or loss	(\$ 4,142)	\$ 37,838

The accounting income and the tax (income) expense are reconciled as follows:

	<u>2023</u>	<u>2022</u>
Net profit (loss) before tax of continuing operations	<u>\$ 24,722</u>	<u>\$190,201</u>
Tax expense computed based on the net profit before tax at the legal tax rate	\$ 4,944	\$ 38,040
Permanent difference	(7,616)	(4,703)
Effect of temporary difference	3,543	9,856
Current adjustment of the tax expense of the previous year	(5,013)	(5,355)
Tax (income) expense recognized in profit or loss	(<u>\$ 4,142</u>)	<u>\$ 37,838</u>

(B) Current Tax Liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Current tax liabilities		
Income tax payable	<u>\$ 10,844</u>	<u>\$ 15,120</u>

(C) Deferred Tax Assets

Changes in deferred tax assets are as follows:

2023

	Beginning balance	Changes for the year	Ending balance
Deferred tax assets			
Temporary difference	<u>\$ 91</u>	<u>\$ 450</u>	<u>\$ 541</u>

2022

	Beginning balance	Changes for the year	Ending balance
Deferred tax assets			
Temporary difference	<u>\$ 23</u>	<u>\$ 68</u>	<u>\$ 91</u>

(D) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by the Company as of 2021 have been assessed by the tax authority.

XXI. Earnings Per Share

	<u>2023</u>	Unit: NTD per share <u>2022</u>
Basic earnings per share	<u>\$ 0.50</u>	<u>\$ 2.66</u>
Diluted earnings per share	<u>\$ 0.49</u>	<u>\$ 2.59</u>

The effect of stock grants was retroactively adjusted already in calculating earnings per share. The base date for stock grants was determined to be July 21, 2023. Due to retroactive adjustment, changes in basic and diluted earnings per share for 2022 are as follows:

	Before retroactive adjustment	Unit: NTD per share After retroactive adjustment
Basic earnings per share	<u>\$ 2.74</u>	<u>\$ 2.66</u>
Diluted earnings per share	<u>\$ 2.66</u>	<u>\$ 2.59</u>

Both the net profit and the weighted average number of common shares outstanding that were used to calculate earnings per share are disclosed as follows:

Net Profit of the Year

	2023	2022
Net profit used to calculate basic and diluted earnings per share	<u>\$ 28,864</u>	<u>\$152,363</u>

Number of Shares

	2023	Unit: In thousand shares 2022
Weighted average number of common shares outstanding used to calculate basic earnings per share	57,721	57,285
Impact of potential common shares with dilutive effect:		
Employee restricted stock award shares	710	829
Remuneration to employees	<u>184</u>	<u>811</u>
Weighted average number of common shares outstanding used to calculate diluted earnings per share	<u>58,615</u>	<u>58,925</u>

If the Company chooses to distribute employees' remuneration in stock or cash, then for calculation of diluted earnings per share, employees' remuneration is assumed to be distributed in stock and the weighted average number of common shares outstanding is included when potential common shares have dilutive effect. When calculating diluted earnings per share before the number of shares distributed as employees' remuneration is resolved at the shareholders' meeting in the next year, the Company will continue to consider dilutive effect of the potential common shares.

XXII. Government Subsidy

The Company was granted a subsidy of NTD 16,000 thousand for its "Advanced Power Delivery Management Technology Research and Development Center Program" under the A+ Industrial Innovation R&D Program initiated by Ministry of Economic Affairs in 2021. In 2022, The Company obtained a subsidy amount of NTD 9,327 thousand. As of Dec. 31, 2022, the Company obtained accumulatively subsidy amounts of NTD 16,000 thousand.

XXIII. Capital Risk Management

The Company conducts capital management to ensure the maximum of return on equity on the premise that the Company operates on an ongoing basis. No significant changes in the overall strategy of the Company.

The capital structure of the Company comprises stock capital, capital reserve, retained earnings and other equity.

The Company is not required to meet other external capital requirements.

XXIV. Financial Instruments

(A) Information of Fair Value — Financial Instruments Not Measured at Fair Value

The management of the Company believes that the book amounts of the financial assets and financial liabilities not measured at fair value are close to fair value.

(B) Types of Financial Instruments

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$439,220	\$223,300
Accounts receivable	108,662	103,592
Accounts receivable —		
Related parties	40,266	29,074
Refundable deposits	2,491	17,718
<u>Financial liabilities</u>		
Measured at amortized cost		
Accounts payable	94,183	58,122
Guarantee deposits received	232	202

(C) Purpose and Policy of Financial Risk Management

Main financial instruments of the Company include accounts receivable (including those from related parties), refundable deposits, accounts payable and lease liabilities. The financial risk management objective of the Company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk relevant to operating activities. For reducing relevant financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential negative impact of market changes on the financial performance of the Company.

Important financial activities of the Company are reviewed by the board of directors pursuant to applicable regulations and internal control systems. During the implementation of the financial plan, the Company shall comply with applicable financial operating procedures for overall financial risk management and division of powers and responsibilities.

1. Market Risk

Main financial risks assumed by the Company for its operating activities are exchange rate risk (as stated in (1) below) and interest rate risk (as stated in (2) below).

The Company does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(1) Currency Risk

Part of cash used or generated by the Company is in foreign currencies, so the effect of natural hedge exists. The Company manages exchange rate risk just for the purpose of hedging, not for profit.

The exchange rate risk management strategy is established to review net positions of various currency assets and liabilities, and conduct risk management on net positions.

For book amounts of monetary assets and monetary liabilities of the Company in non-functional currencies on the balance sheet date, please refer to Note 27.

Net investments made by foreign operations of the Company are strategic investments; therefore, the Company does not hedge investment risk.

Sensitivity Analysis

The Company is mainly impacted by fluctuation of USD and CNY exchange rates.

The table below shows the Company's sensitivity analysis for the situations when the exchange rate of the NTD (the functional currency) to each foreign currency increases or decreases by 5%. Sensitivity analysis considers outstanding foreign currency monetary items, and the conversion made at the end of the period is adjusted by 5% exchange rate fluctuation. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including those from related parties), other receivables (including those from related parties), accounts payable and other payables. The positive number in the table below shows the amount increasing in the pretax net profit when the NTD against each foreign currency depreciates by 5%. If the NTD against each foreign currency appreciates by 5%, the impact on the pretax net profit will be a negative of the same amount.

	Effect of USD		Effect of CNY	
	2023	2022	2023	2022
Profit (loss) before tax	\$ 4,035	\$ 5,228	\$ 2,503	\$ 1,782

Effects mainly derived from the receivables and payables in USD and CNY which were still outstanding on the balance sheet date and of which the cash flows were not hedged by the Company.

The Company's sensitivity to the USD exchange rate decreased for the current period. It was mostly because the balance of accounts

payable in USD increased so that net USD assets decreased at the end of the year. Increase in sensitivity to the CNY exchange rate was mostly because cash and cash equivalents and accounts receivable in CYN increased so that net CNY assets increased at the end of the year.

(2) Interest Rate Risk

As consolidated entities of the Company possess fixed rate and floating rate assets, interest rate risk exposure is therefore incurred. The book amounts of financial assets of the Company exposed to interest rate risk on the balance sheet date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
With fair value interest rate risk		
— Financial assets	\$342,700	\$126,200
— Financial liabilities	12,662	15,067
With cash flow interest rate risk		
— Financial assets	96,086	96,581

Sensitivity Analysis

The following sensitivity analysis is determined based on interest rate exposure with respect to non-derivative instruments on the balance sheet date. For the assets with floating interest rates, the analysis is made based on the assumption that the assets outstanding on the balance sheet date are still outstanding during the reporting period.

If the interest rate is increased/decreased by 0.1%, then in the situation where all other variables remain unchanged, the pretax net profit for 2023 and 2022 would increase/decrease by NTD 96 thousand and NTD 97 thousand, which is due to the Company's interest rate exposure with respect to net assets with variable interest rates.

2. Credit Risk

Credit risk refers to the risk incurred when the counterparty to a transaction delays its contractual obligations and thus causes financial loss of the Company. As of the balance sheet date, the maximum credit risk to which the Company was exposed due to possible failure by the counterparty to perform its obligations so as to cause a financial loss of the Company mainly results from the book amounts of financial assets recognized in the parent-company-only balance sheet.

To mitigate credit risk, the management of the Company has designated a team to take charge of the decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Company has also reviewed recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has significantly reduced.

The entities from which accounts receivable shall be collected cover many customers engaging in different industries and located in different geographical areas. The Company continues evaluating financial conditions of each customer from which accounts receivable shall be collected.

As stated below, the Company does not have material credit risk exposure to any single counterparty to a transaction or any group of counterparties with similar characteristics, except for Customers A, B, C and D. When one of the counterparties is an affiliated enterprise of the other counterparty, the Company defines these counterparties as the counterparties with similar characteristics. As of Dec. 31, 2023, no credit risk focusing on counterparties, except Customers A, B, C and D, exceeded 5% of the total accounts receivable. However, as Customers A, B, C and D are reputable entities, credit risk is therefore limited.

3. Liquidity Risk

The Company keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents.

(1) Liquidity of Non-derivative Financial Liabilities

The table below shows the maturity analysis for the remaining contracts of non-derivative financial liabilities, which is conducted based on the undiscounted cash flows of financial liabilities, including cash flows of interest and principal, on the earliest date that the Company is requested to make the repayment.

Dec. 31, 2023

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	\$ 60,587	\$ 33,596	\$ -	\$ -	\$ 94,183
Lease liabilities	\$ 772	\$ 1,544	\$ 6,286	\$ 4,370	\$ 12,972
Other current liabilities	\$ 13,175	\$ 5,613	\$ -	\$ -	\$ 18,788

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1~5 years	Over 5 years
Lease liabilities	\$ 8,602	\$ 4,370	\$ -

Dec. 31, 2022

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	\$ 19,122	\$ 39,000	\$ -	\$ -	\$ 58,122
Lease liabilities	\$ 699	\$ 1,398	\$ 6,021	\$ 7,264	\$ 15,382
Other current liabilities	\$ 14,827	\$ 9,235	\$ -	\$ -	\$ 24,062

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1~5 years	Over 5 years
Lease liabilities	<u>\$ 8,118</u>	<u>\$ 7,264</u>	<u>\$ -</u>

XXV. Transactions with Related Parties

Transactions between the Company and related parties are as follows:

(A) Name of and Relationship with a Related Party

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Leadtrend (Shenzhen) Co., Ltd.	A subsidiary

(B) Operating Revenue

<u>Type of Related Party</u>	<u>2023</u>	<u>2022</u>
Subsidiaries	<u>\$276,569</u>	<u>\$397,335</u>

Payment collection conditions between the Company and a related party are identical to general transaction conditions.

(C) Accounts Receivable from Related Parties

<u>Account</u>	<u>Type of Related Party</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Accounts receivable— Related parties	A subsidiary	<u>\$ 40,266</u>	<u>\$ 29,074</u>

(D) Other Receivables

<u>Account</u>	<u>Type of Related Party</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Other current assets	A subsidiary	<u>\$ 514</u>	<u>\$ 552</u>

(E) Remunerations to Main Managements

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 26,412	\$ 22,405
Post-employment benefits	818	1,278
Share-based payment	<u>4,015</u>	<u>4,422</u>
	<u>\$ 31,245</u>	<u>\$ 28,105</u>

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXVI. Material Contingent Liabilities and Unrecognized Contractual Commitments

The material commitments of the Company as of the balance sheet date are as follows:

(A) Material Commitments

The Company signed a patent technology transfer agreement with a company in March 2018. The consideration for the transfer was agreed to be made in

installations for 3 terms. The total contract amount for the 1st and 2nd terms was USD 600 thousand. The amount to be paid for the 3rd term was calculated at a certain percentage of the proceeds of patent derivatives earned for 3 years from the launch date, and should be no less than USD 300 thousand.

XXVII. Information of Foreign Currency Assets and Liabilities Having a Material Impact

The following information is expressed in foreign currencies, rather than the functional currency used by the Company. The disclosed exchange rate refers to the exchange rate of the foreign currency to the functional currency. Foreign currency financial assets and liabilities having a material impact are as follows:

Dec. 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book amount</u>
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 4,808	30.705 (USD:NTD)	\$ 147,642
CNY	11,569	4.327 (CNY:NTD)	50,058
			<u>\$ 197,700</u>

Non-monetary item

Subsidiaries
accounted for using
the equity method
CNY

54,425 4.327 (CNY:NTD) \$ 235,499

Foreign currency liabilities

Monetary item

USD 2,180 30.705 (USD:NTD) \$ 66,952

Dec. 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book amount</u>
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 4,748	30.710 (USD:NTD)	\$ 145,819
CNY	8,084	4.408 (CNY:NTD)	35,635
			<u>\$ 181,454</u>

Non-monetary item

Subsidiaries
accounted for using
the equity method

CNY 46,215 4.408 (CNY:NTD) \$ 203,713

USD 111 30.710 (USD:NTD) 3,411

\$ 207,124

(Continued on next page)

(Brought forward from previous page)

	Foreign currency	Exchange rate	Book amount
Foreign currency liabilities			
<u>Monetary item</u>			
USD	\$ 1,356	30.710 (USD:NTD)	\$ <u>41,269</u>

The realized and unrealized net foreign exchange (losses) gains for 2023 and 2022 was (NTD199) thousand and NTD 16,550 thousand respectively. As foreign currency transactions are diversified, disclosing foreign exchange gains or losses based on each foreign currency with material impact is not feasible.

XXVIII. Disclosures in the Notes

(A) Material Transactions, and (B) Reinvestment-related Information:

1. Funds lent to others: None
2. Endorsement and guarantee for others: None
3. Negotiable securities held at the end of the year:

Company holding securities	Type of negotiable securities	Name of negotiable securities	Relation with the issuer of negotiable securities	Account	End of year				Remark
					Number of shares or units (Thousand)	Book amount	Shareholding%	Fair value	
Leadtrend Shenzhen	Funds	CR Yuanta Cash Money Market Fund B	—	Financial assets at FVTPL— Current	-	\$ 83,823		\$ 83,823	Note 1

Note 1: It was calculated based on the net worth on Dec. 31, 2023.

Note 2: There were not any users providing collaterals or pledges for loans or being restricted by other agreements with respect to the negotiable securities listed above as of Dec. 31, 2023.

4. Accumulated purchases or sales of negotiable securities up to NTD 300 million or 20% of the paid-in capital: None
5. An amount of obtained real estate up to NTD 300 million or 20% of the paid-in capital: None
6. Proceeds up to NTD 300 million or 20% of the paid-in capital from disposal of real estate: None
7. Purchases from or sales to related parties up to NTD 300 million or 20% of the paid-in capital:

Selling (purchasing) company	Name of counterparty	Relation	Transaction				Transaction terms different from those for general transactions, and reasons		Notes and accounts receivable (payable)		Remark
			Sale (purchase)	Amount	Of total purchase (sale)(%)	Credit period	Unit price	Credit period	Balance	Of the total notes and accounts receivable (payable) (%)	
The Company	Leadtrend (Shenzhen) Co., Ltd.	Parent company and subsidiary	Sale	\$ 276,569	27	60 days after monthly settlement	Note	Corresponding	\$ 40,266	27	—

Note: The selling price at which the Company sold products to the related party was determined based on the arm's length principle.

8. Receivables from related parties up to NTD 100 million or 20% of the paid-in capital: None
9. Transactions of derivatives: None
10. Information of Investee Companies:

Unit: In thousands of NTD; in thousands of USD

Name of investee company	Location	Main business activities	Original investment amount		Held at the end of the year			Current profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
			End of the year	End of last year	Number of shares	Ratio%	Book amount			
Leadtrend Technology (Samoa) Limited	Samoa	Investments	USD	USD 768	-	-	\$ -	(\$ 23)	(\$ 23)	A subsidiary

Note: Leadtrend Technology (Samoa) Limited was liquidated and had registration nullified in November 2023.

(C) Information of Investments in Mainland China:

1. Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China:

Unit: In thousands of NT\$; in thousands of USD

Name of investee company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered in the year		Accumulated investment amount remitted from Taiwan at the end of the year	Investee company's profit (loss) of the year	Percentage of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the year (Note 2)	Ending book value of investment (Note 2)	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Recovered						
Leadtrend (Shenzhen) Co., Ltd.	Design and R&D of computer application software and system integration; wholesale of computer software, integrated circuits, semiconductor chips and related electronic parts and components; manufacturing of electronic components, manufacturing of integrated circuit chips and products, manufacturing of computer software, hardware and peripheral equipment	\$ 303,980 (USD 9,900)	Note 1	\$ 216,470 (USD 7,050)	\$ -	\$ -	\$ 216,470 (USD 7,050)	\$ 38,103 (USD 1,223)	100%	\$ 38,103 (USD 1,223)	\$ 235,499 (USD 7,670)	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	60% of net worth, the limit of investment provided by Investment Commission, Ministry of Economic Affairs
\$216,470 (USD 7,050)	\$303,980 (USD 9,900)	\$985,777

Note1: The investment was made physically in Mainland China.

Note2: It was calculated based on the financial statements of the same accounting period audited by CPAs.

Note3: The figures in a foreign currency indicated in the table were converted into NT dollars at the exchange rate announced on the reporting date.

Note4: The Company was approved, by the Investment Commission, Ministry of Economic Affairs on Oct. 24, 2016, to make investments in an amount of USD 6 million. If the Company fails to complete such investments within 3 years after the date of approval, the approved investment amount shall be invalid. On July 17, 2018, the Investment Commission, Ministry of Economic Affairs approved that Leadtrend Technology (Samoa) Limited, an investee company in a third area, should use its own funds, instead of USD 2.8 million in the investment amount, to invest in Leadtrend (Shenzhen) Co., Ltd. directly. As of Dec. 31, 2023, the Company and Leadtrend Technology (Samoa) Limited remitted USD 1 million and USD 1.85 million, respectively, for investment. The rest of the aforementioned investment amount has been invalidated.

Note5: The Company was approved, by the Investment Commission, Ministry of Economic Affairs on Dec. 12, 2019, to make investments in an amount of USD 8 million, and Leadtrend Technology (Samoa) Limited, an investee company in a third area, was also approved to use its own funds in an amount of USD 1 million to invest in Leadtrend (Shenzhen) Co., Ltd. directly. As of Dec. 31, 2023, Leadtrend and Leadtrend Technology (Samoa) Limited remitted USD 5.15 million and USD 1 million, respectively, for investment. The rest of the aforementioned investment amount has been invalidated.

2. Material transactions with investee companies in Mainland China directly or through a third region, the prices, payment terms, unrealized gains (losses) with respect to the transactions, and relevant information helpful for understanding the impact of investments in Mainland China on the financial statements: Refer to (A) 7.

(D) Information of Key Shareholders: Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Percentage of Shareholding:

Name of key shareholder	Shares	
	Number of shares held	Percentage of shareholding (%)
Jie Neng Investment Co., Ltd.	4,784,628	8.12

通嘉科技股份有限公司

Leadtrend Technology Corp.



負責人:高育坤



Chairman: Yu- Kun, Kao