



Time and Date of Meeting : May 28, 2024(Tuesday) at 9:00 am

Location of Meeting: No. 3, Taiyuan 1st Street, Zhubei City, Hsinchu County (2nd Floor, Phase III Multi-functional meeting room)

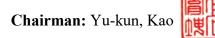
Meeting type : Physical shareholders' meeting

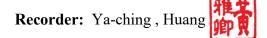
Total outstanding shares: 58,900,343 shares

Total shares represented by shareholders present in person or by proxy: 32,669,031 shares (among them, 5,200,106 shares voted via electronic transmission) Percentage of shares held by shareholders present in person or by proxy: 55.46%

Directors present: Power Investments Limited representative name: Chairman Yu-kun, Kao Director Ming-Nan, Chuang Director Chuei-Hua, Chiou and Independent Director Jian Guo, Yang (The Convenor of The Audit Committee) 4 directors present and more than half of total directors.

Attendance: Yu-Fong, Huang (Deloitte & Touche) Chao-Tsung Huang (Chen & Lin Attorneys -At- Law)





The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

A.Chairman Address (omitted)

B. Report Items:

- (1) Annual Business Report of the 2023 (please see Attachment 1)
- (2) Audit Report of Audit Committee of the 2023 (please see Attachment 2)
- (3) The report of distribution of remunerations to employees and directors for 2023 (please reference Meeting Hankbook)
- (4) The report of cash distributed from capital surplus for 2023 (please reference Meeting Hankbook)



C. Ratification Items :

Motion 1

Subject: The 2023 Business Report and financial statements are presented for recognition.

[Proposed by Board of Directors]

Explanation:

- (1) The financial statements of 2023 have been audited by Huang Yu-Fong and Tsai Mei-Chen CPAs of Deloitte & Touche, who have also issued an auditors' report containing their unqualified opinion.
- (2) For the 2023 Business Report, Independent Auditor's Report and financial statements, please see Attachment 1 and Attachment 3.

Resolution: Approved, the voting result of this proposal had reached the standard by the law

Voting Results: 32,669,031 shares were represented at the time of voting (including 5,200,106 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor: 30,505,698 votes(including 3,036,773 shares voted via electronic transmission)	93.37%
Votes against: 9,404 votes (including 9,404 shares voted via electronic transmission)	0.02%
Votes invalid/ abstained:2,153,929 votes (including 2,153,929 shares voted via electronic transmission)	6.59%

Motion 2

Subject: The revised distribution of earnings for 2023 is presented for recognition.

[Proposed by Board of Directors]

Explanation:

- (1) The company's earnings distribution statement for 2023 includes other rights in accordance with the letter No. 1090150022 dated March 31, 2021, adds a special surplus reserve of NT\$786,216 related to the net deduction of other equity items.
- (2) The revised earnings distribution statement in this case was approved by the audit committee and the board of directors on May 9, 2024. The revised earnings distribution table is as follows:
 Leadtrend Technology Propagation

		Unit: NTS
Item		Amount
Undistributed earnings at the beginning of	f the year	456,387,231
Net profit after tax this year		28,865,007
Allocated 10% of legal reserve		(2,886,501)
Provision of special surplus reserve		(786,216)
Distributable earnings this year		25,192,290
Accumulated distributable earnings		481,579,521
Allocation		
Dividends to shareholders-Stocks (N	T\$0.2 per share)	(11,637,570)
Undistributed earnings at the end of the ye	ear	469,941,951
Note 1: The allocated dividends are calculated based participation in allocation of rights, i.e. 58,187,8 of Apr. 11, 2024. Note 2: The board of directors, which has been authorize of Incorporation, resolves to distribute all or pa	343 shares, upon resoluti d in accordance with Ar	ticle 20-1 of the Article



Resolution: This amendment approved, the voting result of this proposal had reached the standard by the law

Voting Results: 32,669,031 shares were represented at the time of voting (including 5,200,106 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor: 27,468,925 votes(including 0 shares voted via electronic transmission)	84.08%
Votes against: 0 votes (including 0 shares voted via electronic transmission)	0.00%
Votes invalid/ abstained:5,200,106 votes (including 5,200,106 shares voted via electronic transmission)	15.91%

D.Discussion Items

Motion 1

Subject: The new restricted employee shares to be issued for 2024 are presented for discussion.

[Proposed by Board of Directors]

Explanation:

- (1) We intend to issue restricted stock awards in accordance with Article 267 of the Company Act and applicable provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.
- (2) With respect to the restricted stock awards to be issued this time, the total amount and the conditions of the issue are stated as follows:
 - A.Total amount for the issue: The total amount is NT\$4,200,000 and a total of 420,000 shares are issued, with par value of NT\$10 per share. The board of directors is authorized to issue them all or separately in accordance with applicable laws within a year from the date of resolution made at the shareholders' meeting.
 - B. Conditions of the issue:

(i)Expected issue price:The price for issuance is NT\$0 per share.

(ii)Vesting Conditions:

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
From the vesting date to Oct. 11 of the next year	1/6
From the vesting date to Apr. 11 of the next 2 nd year	1/6
From the vesting date to Oct. 11 of the next 2 nd year	1/6
From the vesting date to Apr. 11 of the next 3 rd year	1/6
From the vesting date to Oct. 11 of the next 3 rd year	1/6
From the vesting date to Apr. 11 of the next 4 th year	1/6

(iii)The restricted stock awards issued to employees this time are common shares.



(iv)Measures to be taken when an employee fails to satisfy vesting conditions, or upon inheritance:

When an employee fails to satisfy vesting conditions, we will take back and cancel, without compensation payment and in accordance with the law, the restricted stock awards given to the employee. In case of occurrence of inheritance, the inheritance shall be dealt with in accordance with the Regulations for Issue of Restricted Stock Awards.

- C. Employees' Qualifications and Conditions, and Number of Shares Allocated or Subscribed:
 - (i)Full-time employees of Leadtrend and its subordinate companies who have reported for duty already as of the date on which new restricted stock awards are vested are eligible. The subordinate companies stated herein are defined in Article 369-2 of the Company Act.
 - (ii)The actual employees in whom stock awards are vested and the quantity of the new restricted stock awards obtainable, which are determined based on years of service, rank, work performance, overall contribution, special achievement and other conditions to be taken into account for management, shall be approved by Chairman and then reported to the board of directors for its consent. However, if any of the employees also serves as a director and/or manager, the consent of the remuneration committee shall be obtained first. Non-managerial employees shall be reported to the audit committee.
- D. Necessary reasons for issuance of restricted stock awards:

To attract, retain and motivate talents and enhance employees' centripetal force to develop Leadtread's business consistently and stably and create the maximum benefits for Leadtread and its shareholders.

- E. Possible expensable amount, dilution of Leadtread's earnings per share, and other impacts on shareholders' equity
- (i)Possible expensable amount: No more than 420,000 shares for restricted stock awards are issued this time, and a holder is not permitted to assign before satisfying vesting conditions. After the issuance, the possible expensable amount is estimated to be NT\$47,040 thousand. The expensable amount to be amortized every year is estimated to be NT\$5,203 thousand for 2024, NT\$23,343 thousand for 2025, NT\$12,617 thousand for 2026, NT\$5,224 thousand for 2027, and NT\$635 thousand for 2028. (Because of gratuitous issuance, the current price is estimated temporarily based on NT\$112, the closing price on Feb. 27, 2024.)
- (ii)Dilution of Leadtread's earnings per share, and other impacts on shareholders' equity:

As for the impact of the vesting conditions and the amount amortized annually for the temporarily estimated expensable amount on earnings per share, the earnings per share for 2024, 2025, 2026, 2027 and 2028 will be probably reduced by NT\$0.06, NT\$0.28, NT\$0.15, NT\$0.06 and NT\$0.008 respectively (which are calculated based on 58,917,843 shares, issued on Feb. 27, 2024, plus restricted stock awards). The dilution of earnings per share is limited, so there is no significant impact on shareholders' equity.

(3) The Regulations for Issue of Restricted Stock Awards for 2024 are established. Please see Attachment 4. After the motion is approved, if the Regulations need to be revised



due to changes in laws or upon request by the competent authority, Chairman is fully authorized to deal with all relevant matters.

Resolution: Approved, the voting result of this proposal had reached the standard by the law

Voting Results: 32,669,031 shares were represented at the time of voting (including 5,200,106 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor: 28,318,765 votes(including 849,840 shares voted via electronic transmission)	86.68%
Votes against: 2,188,432 votes (including 2,188,432 shares voted via electronic transmission)	6.69%
Votes invalid/ abstained: 2,161,834 votes (including 2,161,834 shares voted via electronic transmission)	6.61%

Motion 2

Subject: 2023 capital increase by retained earning for discussion.

[Proposed by Board of Directors]

Explanation:

- (1) We intend to withdraw NT\$11,637,570 from the earnings distributable for 2023 and increase capital by issuing 1,163,757 new shares, with par value of NT\$10 per share.
- (2) The new shares issued this time for capital increase based on the shareholding of each shareholder recorded in the register of shareholders as of the record date with respect to the share allocation (capital increase). Every shareholder is entitled to 20 new shares for every 1,000 shares.
- (3) In case of allocation of any fractional shares less than a share, a shareholder may request the stock agency of Leadtrend, within 5 days from the date of suspension of stock transfer upon ex-rights, to put the fractional shares held together. For all transaction shares held still less than a share, an amount calculated at par value (rounded to the whole number) is distributed in cash in accordance with Article 240 of the Company Act. Chairman is authorized to request specific persons to subscribe fractional shares at par value. Monies of fractional shares held by the shareholders participating in book-entry allocation of shares will be the funds to pay expenses of the book-entry operation.
- (4) Rights and obligations for the new shares issued for capital increase this time are the same as those for the common shares issued originally.
- (5) After the new shares to be issued for capital increase have been approved at the shareholders' meeting and reported to and approved by the competent authority, the board of director is authorized to determine record date for share allocation (capital increase) and relevant matters. The board of directors is authorized to handle relevant matters if the number of outstanding shares is so impacted that the share allocation ratio changes due to any changes in legal requirements or any adjustments made by the competent authority, or any shares purchased back or cancelled, debentures converted or new shares issued by Leadtrend or other reasons that may influence changes in shares.



Resolution: Approved, the voting result of this proposal had reached the standard by the law Voting Results: 32,669,031 shares were represented at the time of voting (including 5,200,106 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor: 30,500,940 votes(including 3,032,015 shares voted via electronic transmission)	93.36%
Votes against: 10,454 votes (including 10,454 shares voted via electronic transmission)	0.03%
Votes invalid/ abstained: 2,157,637 votes (including 2,157,637 shares voted via electronic transmission)	6.60%

E. Extraordinary Motions: None

F. Adjournment: Meeting ended at 9:21 am

(There was no questions from shareholders at this shareholders' meeting.)

2023 Business Report

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 highlyintegrated 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 guickly 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/processoptimized 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

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.

Leadtrend Technology Corporation

Convenor of Audit Committee:

Jian Guo, Yang Apr. 11, 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)

		Dec. 31, 20	23	Dec. 31, 20	122
Code	Assets	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)	19,210	1	36,407	2
11XX	Total current assets	1,359,959	72	1,320,369	70
1600	Non-current assets 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	20	19,712	20
1755 1780	Intangible assets (Notes 4 and 13)	11,132	1	13,829	1
1730 1840	Deferred income tax assets (Notes 4 and 13)	541	1	91	T
1940 1990	Other non-current assets (Notes 4 and 14)	7,747	-	8,871	-
155X	Total non-current assets	518,130	28	572,033	30
15/0/	Total holi-cultent assets				
1XXX	Total assets	<u>\$1,878,089</u>	100	<u>\$1,892,402</u>	100
	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)	75,259	4	97,519	5
21XX	Total current liabilities	224,739	12	226,129	12
	Non-current liabilities	0.500	_		
2580	Lease liabilities – Non-current (Notes 4 and 12)	9,529	1	7,568	1
2640	Net defined benefit liabilities – Non-current (Notes 4				
0.4.5	and 16)	-	-	4,840	-
2645	Guarantee deposits received	860		914	
25XX	Total non-current liabilities	10,389	1	13,322	1
2XXX	Total liabilities	235,128	13	239,451	13
	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	-
2210	Retained earnings	015 004	11	100 702	11
3310	Legal reserve	215,284	11	199,793	11
3350	Unappropriated earnings	485,253	26	520,231	27
3410	Other equity				
5410	Exchange differences on translation of foreign	(796)		5 602	
3491	operations' financial statements Employees' unearned compensation	(786) (35,803)	(2)	5,602 (<u>31,945</u>)	$(\underline{2})$
3471	Employees unearried compensation	(<u> </u>	(<u>2</u>)	(<u>31,945</u>)	()
3XXX	Total equity	1,642,961	87	1,652,951	87_
	Total liabilities and equity	<u>\$1,878,089</u>	100	<u>\$1,892,402</u>	100

The accompanying notes constitute part of the consolidated financial statements.

Manager: Chi Heng-Chung

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)

		2023		2022	
Code		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	(<u>27,170</u>)	(<u>2</u>)	(<u>33,444</u>)	()
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				
(000	development expense	267,371	23	312,978	19
6000	Total operating expenses	435,233	38	508,104	31
6900	Net operating profit (loss)	(<u>5,705</u>)	(<u>1</u>)	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)		$(\underline{564})$	
7000	Total non-operating				
	incomes and expenses	30,427	3	35,157	2
7900 (Contin	Profit before tax nued on next page)	24,722	2	190,201	11

(Brought forward from previous page)

		2023		2022	
Code		Amount	%	Amount	%
7950	Tax (income) expense (Notes 4 and 21)	(<u>\$ 4,142</u>)	(<u>1</u>)	<u>\$ 37,838</u>	2
8200	Net profit of the year	28,864	3	152,363	9
8310	Other comprehensive incomes (losses) 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				
8300	17) Total other comprehensive	(6,388)	(<u>1</u>)	3,735	<u>1</u>
	incomes (losses) (Net)	(<u>6,388</u>)	(<u>1</u>)	6,287	1
8500	Total comprehensive incomes (losses) for the year	<u>\$ 22,476</u>	2	<u>\$ 158,650</u>	<u> 10</u>
	Earnings per share (Note 22)				
9750 9850	Basic Diluted	\$ 0.50 \$ 0.49		\$ <u>2.66</u> \$2.59	

The accompanying notes constitute part of the consolidated financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung Accounting Manager: Huang Ya-Ching

		Common share capital	tare capital		Capital reserve	reserve					Other equity Exchange differences	-	
щ	Balance at lan. 1, 2022	Number of shares (In Thousands) 52,864	Amount \$ 528,646	Share premium \$ 273,131	Donations received from shareholders \$ 84,732	Employee restricted stock award shares \$ 51,708	Others \$ 98	Legal reserve \$ 166,987	Retained earnings Unappropriated earnings \$ 582,957	Total \$ 749,944	on translation of financial statements of foreign operations \$ 1,867	unearned compensation (\$ 42,573)	Total equity \$ 1,647,553
щ	Earnings distributed for 2021: Legal reserve allocated		,				,	32,806	(32,806)				
	Cash dividends to shareholders – NTD 2.800 per share	1	ı	ı		ı	ı	1	(147,868)	(147,868)		,	(147,868)
	Stock dividends to shareholders—	3,697	36,967						(36,967)	(36,967)	1		
	N 1.D 0.700 per share Total earnings distributed	3,697	36,967	1	1	1		32,806	(217,641)	(184,835)		"	(147,868)
) is	Capital reserve used for distribution of stock dividends -NTD 0.500 per share			(26,405)					·			·	(26,405)
0	Other changes in capital reserve						8	'					8
4	Net profit of 2022	,	ı	,			,	,	152,363	152,363			152,363
) u	Other comprehensive incomes (losses) for 2022								2,552	2,552	3,735		6,287
- 0	Total comprehensive incomes (losses) for 2022								154,915	154,915	3,735		158,650
a	lssuance of employee restricted stock award shares	420	4,200			15,582						(19,782)	
ш 60	Employee restricted stock award shares granted to employees		ı	11,301		(11,301)	ı		ı	,			
a	Cancelled employee restricted stock award shares	(86))	(975)			975	,			,		·	
Υī	Compensation cost for employee restricted stock award shares					()				Ĩ		30,410	21,013
ц	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
Ι	Earnings distributed for 2022: Legal reserve allocated Cash dividends to shareholders— Netro GEO and Ano Shareholders—							15,491 -	(15,491) (31,286)	- 31,286)	1 1		- 31,286)
	Stock dividends to shareholders—	1,707	17,065						(17,065)	(17,065)	1		"
	Total earnings distributed	1,707	17,065		'	'		15,491	(63,842)	(48,351)	1		(31,286)
00	Capital reserve used for distribution of cash dividends NTD 0.350 per share			(19,909)						,			(19,909)
0	Other changes in capital reserve						19						19
4	Net profit of 2023								28,864	28,864			28,864
) æ	Other comprehensive incomes (losses) for 2023								Ϊ		(6,388)		(6,388)
- 0	Total comprehensive incomes (losses) for 2023								28,864	28,864	(6,388)		22,476
ï	Issuance of restricted stock award shares	420	4,200	,		23,730			ı		ı	(27,930)	
н ю	Employee restricted stock award shares granted to employees			16,554		(16,554)	ı						
a	Cancelled employee restricted stock award shares	(92)	(925)	ı		925							
Ύ	Compensation cost for employee restricted stock award shares					(5,362)				1		24,072	18,710
щ	Balance at Dec. 31, 2023	58,918	\$ 589,178	\$ 254,672	\$ 84,732	\$ 50,306	\$ 125	\$ 215,284	\$ 485,253	\$ 700,537	(<u></u>	(<u>\$ 35,803</u>)	\$ 1,642,961

Accounting Manager: Huang Ya-Ching

Manager: Chi Heng-Chung

19

Chairman: Kao Yu-Kun

Leadtrend Technology Corporation and Subsidiaries

Consolidated Statement of Cash Flows

for the years ended Dec. 31, 2023 and 2022

	(1	n Ino	usands of N	lew Tai	wan Dollars)
Code			2023	_	2022
A10000	Cash flows from operating activities Profit before tax	\$	24,722	\$	190,201
A20010	Incomes, expenses and losses:	Ψ		Ψ	170/201
A20100	Depreciation expense		87,235		89,102
A20200	Amortization expense		10,516		13,194
A20400	Net gain on financial assets		10,010		10,171
	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				
A31130	and accounts receivable	(24,531)		151,993
A31200		(24,331)		131,993
A31200	Decrease (increase) in inventories		200,249	(349,783)
A31240	Decrease in other current		200,249	(349,703)
A31240	assets		2,367		1,832
A32150	Increase (decrease) in		2,507		1,002
1132130	accounts payable		45,099	(191,586)
A32200	Decrease in remunerations		40,077	(171,000)
1132200	payable to employees and				
	directors	(18,293)	(40,813)
A32230	Increase (decrease) in other	(10,290)	(40,010)
1132230	current liabilities	(18,978)		6,831
A32240	Decrease in net defined	(10,770)		0,001
1132240	benefit liabilities	(4,840)	(2,302)
A33000	Net cash provided by (used in)	((<u></u>)
11330000	operations		318,943	(116,176)
A33300	Interest paid	(461)		564)
A33500	Income tax paid	(584	(81,973)
AAAA	Net cash generated by	((
1 11 11 11 1	operating activities		317,898	(198,713)
(Continuo)	t on next nage)		017/070	(<u> </u>

(In Thousands of New Taiwan Dollars)

(Continued on next page)

(Brought forward	from	previous	nage)
(Diougin ioi waru	monn	previous	page

· O	1 1 0 /				
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		4,037		3,550
BBBB	Net cash used in investing				
	activities	(40,603)	(95,862)
<u>C00000</u>	Cash flows from financing activities				
C03000	Decrease in guarantee deposits	((222)
C040 2 0	received		54) 12 762)	(332) 12 417)
C04020 C04500	Payments of lease liabilities Allocated cash dividends		12,762) 51 105)		13,417)
C04300 C09900	Other financing activities	(51,195) 19	(174,273) 8
CCCC	Net cash used in financing		19		0
cccc	activities	(63,992)	(188,014)
	activities	(00,772)	(100,014)
DDDD	Effect of exchange rate changes on				
	cash and cash equivalents	(6,238)		3,838
		(0,200)		0,000
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		250,680		729,431
T a a c - -					
E00200	Balance of cash and cash equivalents	<i>ф</i>		<i>ф</i>	
	at the end of the year	\$	457,745	<u>\$</u>	250,680

The accompanying notes constitute part of the consolidated financial statements.

Chairman: Kao Yu-Kun

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

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

$ \begin{array}{c ccccc} & & & & & & & & & & & & & & & & &$			Dec. 31, 20		ands of New Taiwa	,
	Code	Assets				
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	Coue		Amount	/0	Amount	/0
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	1100		\$ 439,220	24	\$ 223.300	12
$\begin{array}{c c c c c c c c c c c c c c c c c c c $. ,			
$\begin{array}{c c c c c c c c c c c c c c c c c c c $,			
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			40,266	2	29,074	2
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	130X					
11XX Total current assets 1,144,487 62 1,140,917 61 Non-current assets 1500 Investments accounted for using equity method (Notes 4 and 9) 255,499 13 207,124 11 1600 Property, plant and equipment (Notes 4 and 10) 431,913 480,674 26 1780 Intanghie assets (Notes 4 and 12) 11,152 1 13,829 1 1940 Other non-current assets 666,522 38 72,728 - 195X Total non-current assets 666,522 38 72,728 - 195X Total non-current assets 5 5,8122 3 100 Liabilities and Equity Current liabilities 19,215 1 37,508 2 1700 Accounts payable to employces and directors 94,183 5 \$ 5,8122 3 2290 Current liabilities (Notes 4 and 11) 8,021 37,508 2 2 2280 Lcase liabilities - Non-current (Notes 4 and 11) 4,232 - 7,189 - 2500 Lcase liabilities - Non-current (Notes 4	1470			1	34,071	
	11XX	Total current assets	1,144,487	62	1,140,917	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	1 = = 0					
	1550		225 400	10	007 104	11
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	1(00					
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$						
$\begin{array}{c c c c c c c c c c c c c c c c c c c $				1		1
15XX Total non-current assets $\underline{696,522}$ $\underline{38}$ $\overline{724403}$ $\underline{99}$ 1XXX Total assets $\underline{51,841.009}$ $\underline{100}$ $\underline{51,865,320}$ $\underline{100}$ Liabilities Current liabilities $\underline{594,183}$ 5 $5,58,122$ 3 2200 Remunerations payable $\underline{594,183}$ 5 $5,58,122$ 3 2230 Current tax liabilities (Notes 4 and 20) 10.844 $1,51,20$ 1 2280 Lease liabilities (Note 4 and 11) $8,430$ 1 $7,878$ 1 2290 Other current liabilities (Note 14) $\underline{609,122}$ 3 $81,510$ 4 21XX Total current liabilities (Note 14) $\underline{609,12}$ 3 $81,510$ 4 21XX Total current liabilities (Note 4 and 11) $4,232$ $ 7,189$ $-$ 2640 Lease liabilities -Non-current (Notes 4 and 11) $4,232$ $ 202$ $-$ 255X Total on-current liabilities $ 4,840$ $ 12,2369$ 11 2645 Guarantee deposits received <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td>				-		-
Light Light Light Light Light Light Light 2170 Accounts payable \$ 94,183 5 \$ 58,122 3 2200 Remunerations payable to employees and directors $19,215$ 1 $37,508$ 2 2230 Current tabilities $19,215$ 1 $37,508$ 2 2230 Current tax habilities (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 193,584 11 200,138 11 2400 Lease liabilities - Non-current (Notes 4 and 11) $4,232$ - $7,189$ - 240 Net defined benefit liabilities - Non-current (Notes 4 and 11) $4,232$ - $7,189$ - 2405 Guarantee deposits received 222 222 222 $222,262$ 11 2500 Lease liabilities 198,048 11 $212,230$ 11 2101 Share capital 11 $212,236$ 11 <tr< td=""><td></td><td></td><td></td><td></td><td></td><td></td></tr<>						
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	1577	Total non-current assets	696,522		724,403	
Current liabilities \$ 94,183 5 \$ 58,122 3 2170 Accounts 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 7,578 1 2399 Other current liabilities (Note 14) 60,912 3 81,510 4 21XX Total current liabilities 193,584 11 200,138 11 Non-current liabilities Non-current liabilities $-$ 4,840 - 2640 Net defined benefit liabilities $-$ - 4,840 - 255X Total non-current liabilities $-$ - 4,840 - 25XX Total non-current liabilities 198,048 11 212,369 11 210 Share capital 11 212,369 11 122,369 14 3210 Ordinary share 589,178 32	1XXX	Total assets	<u>\$1,841,009</u>	100	<u>\$1,865,320</u>	100
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		1 9				
2200 Remunerations payable to employees and directors (Note 19) 19,215 1 37,508 2 2230 Current xa 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 Other current liabilities 1 200,138 11 21XX Total current liabilities 19,215 1 200,138 11 209 Other current liabilities 19,254 1 200,138 11 21XX Total current liabilities 93,584 11 201,38 11 2640 Net defined benefit liabilities - Non-current (Notes 4 and 11) 4,232 - 7,189 - 2645 Guarantee deposits received 232 - 202 - 25XX Total liabilities 198,048 11 212,369 11 212 Share capital 11 212,369 11 3110 Ordinary share 589,178 32 568,838 30 3210 Share premium						
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			\$ 94,183	5	\$ 58,122	3
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	2200					
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$						
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$						1
21XXTotal current liabilities193,58411200,13811Non-current liabilities2580Lease liabilities – Non-current (Notes 4 and 11) $4,232$ $ 7,189$ $-$ 2640Net defined benefit liabilities – Non-current (Notes 4 and 15) $ 4,840$ $-$ 2645Guarantee deposits received 232 $ 202$ $-$ 25XXTotal non-current liabilities 44.64 $ 12,231$ $-$ 2XXXTotal liabilities $198,048$ 11 $212,369$ 11 Equity (Notes 4, 16 and 17) Share capital3110Ordinary 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 $ 8410$ Legal reserve $215,284$ 12 $199,793$ 11 3350 Unappropriated earnings $485,253$ 26 $520,231$ 28 Other equity 0 Exchange differences on translation of foreign operations' financial statements (786) $ 5,602$ 1 3491 Employees' unearned compensation $(35,803)$ (2) $(35,951)$ 89 $34XX$ Total equity $1.642,961$ <t< td=""><td></td><td></td><td></td><td></td><td></td><td>1</td></t<>						1
$\begin{array}{c c c c c c c c c c c c c c c c c c c $						
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	21XX	Total current liabilities	193,584	11	200,138	11
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		Non-current liabilities				
2640Net defined benefit liabilitiesNon-current (Notes 4 and 15)-4,840-2645Guarantee deposits received 232 - 202 -25XXTotal non-current liabilities $4,464$ - $12,231$ -2XXXTotal liabilities $198,048$ 11 $212,369$ 11 Equity (Notes 4, 16 and 17) Share capitalShare capital3110Ordinary share $589,178$ 32 $568,838$ 30 Capital reserve3210Share premium $254,672$ 14 $258,027$ 14 3251Donations received from shareholders $84,732$ 4 $84,732$ 4 3273Employee restricted stock award shares $50,306$ 3 $47,567$ 3 3280Others 125 $ 106$ $-$ Retained earnings3310Legal reserve $215,284$ 12 $199,793$ 11 3350Unappropriated earnings $485,253$ 26 $520,231$ 28 Other equity $485,253$ 26 $520,231$ 28 0ther equity (786) $ 5,602$ 1 3491Employees' uncarned compensation $(35,803)$ (-2) $(31,945)$ (-2) 3XXXTotal equity $1,642,961$ 89 $1,652,951$ 89	2580		4,232	_	7.189	-
and 15)4,840-2645Guarantee deposits received 232 - 202 -25XXTotal non-current liabilities $4,464$ - $12,231$ -2XXXTotal liabilities $198,048$ 11 $212,369$ 11 Equity (Notes 4, 16 and 17)Share capital3110Ordinary share $589,178$ 32 $568,838$ 30 Capital reserve3210Share premium $254,672$ 14 $258,027$ 14 3273 Employee restricted stock award shares $50,306$ 3 $47,567$ 3 3280 Others 125 - 106 -Retained earnings 3310 Legal reserve $215,284$ 12 $199,793$ 11 350 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) (-2) (-2) $3XXX$ Total equity $1,642,961$ 89 $1,652,951$ 89			1/202		7,105	
2645 25XXGuarantee deposits received Total non-current liabilities 232 $4,464$ $ 202$ $12,231$ $-$ 2XXXTotal liabilities $ 202$ $12,231$ $-$ 2XXXTotal liabilities $ -$ 2XXXTotal liabilities $ -$ 2XXXTotal liabilities $ -$ 2XXXTotal liabilities $ -$ <	2010		_	_	4 840	_
25XXTotal non-current liabilities 4.464 - $12,231$ -2XXXTotal liabilities $198,048$ 11 $212,369$ 11 Equity (Notes 4, 16 and 17) Share capital3110Ordinary share Capital reserve $589,178$ 32 $568,838$ 30 3210Share premium Share premium $254,672$ 14 $258,027$ 14 3273 Employee restricted 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 $1,642,961$ 89 $1,652,951$ 89	2645		232	_		_
2XXXTotal liabilities198,04811212,36911Equity (Notes 4, 16 and 17) Share capital3110Ordinary share Capital reserve589,17832568,838303210Share premium Capital reserve254,67214258,027143251Donations received from shareholders 328084,732484,73243273Employee restricted stock award shares50,306347,56733280Others Retained earnings125-106-3310Legal reserve215,28412199,793113350Unappropriated earnings Other equity485,25326520,23128Other equity0Exchange differences on translation of foreign operations' financial statements ((786)-5,60213491Employees' unearned compensation(35,803)(2)(31,945)(2)3XXXTotal equity1,642,961891,652,951893939						
Equity (Notes 4, 16 and 17) Share capital3110Ordinary share Capital reserve $589,178$ 32 $568,838$ 30 Capital reserve3210Share premium Share premium $254,672$ 14 $258,027$ 14 3251 Donations received from shareholders $84,732$ $84,732$ 4 $84,732$ 4 3273 Employee restricted stock award shares 3280 $50,306$ 3 $47,567$ 3 3280 Others Retained earnings 125 $ 106$ $ 3310$ Legal reserve $215,284$ 12 $199,793$ 11 3350 Unappropriated earnings Other equity $485,253$ 26 $520,231$ 28 0 Other equity $485,253$ 26 $520,231$ 28 0 The equity $162,961$ $ 5,602$ 1 3491 Employees' unearned compensation $(\underline{35,803})$ $(\underline{-2})$ $(\underline{-31,945})$ $(\underline{-2})$ $3XXX$ Total equity $1,642,961$ 89 $1,652,951$ 89	20/01					
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	2XXX	Total liabilities	198,048	11	212,369	11
3110 Ordinary share 589,178 32 568,838 30 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 125 - 106 - 3310 Legal reserve 215,284 12 199,793 11 3350 Unappropriated earnings 485,253 26 520,231 28 Other equity 0 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 1,642,961 89 1,652,951 89		Equity (Notes 4, 16 and 17)				
Capital reserve3210Share premium254,67214258,027143251Donations received from shareholders84,732484,73243273Employee restricted stock award shares50,306347,56733280Others125-106-Retained earnings3310Legal reserve215,28412199,793113350Unappropriated earnings485,25326520,23128Other equity3410Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(35,803)(_2)(31,945)(_2)3XXXTotal equity1,642,961891,652,95189		Share capital				
3210Share premium $254,672$ 14 $258,027$ 143251Donations received from shareholders $84,732$ 4 $84,732$ 43273Employee restricted stock award shares $50,306$ 3 $47,567$ 33280Others 125 - 106 -Retained earnings3310Legal reserve $215,284$ 12 $199,793$ 113350Unappropriated earnings $485,253$ 26 $520,231$ 28Other equity3410Exchange differences on translation of foreign operations' financial statements (786) - $5,602$ 13491Employees' unearned compensation $(35,803)$ (2) $(31,945)$ (2) 3XXXTotal equity $1,642,961$ 89 $1,652,951$ 89	3110	Ordinary share	589,178	32	568,838	30
3251Donations received from shareholders $84,732$ 4 $84,732$ 43273Employee restricted stock award shares $50,306$ 3 $47,567$ 33280Others125-106-Retained earnings3310Legal reserve215,28412199,793113350Unappropriated earnings $485,253$ 26520,23128Other equity3410Exchange differences on translation of foreign operations' financial statements(786)- $5,602$ 13491Employees' unearned compensation($35,803$)(2)($31,945$)(2)3XXXTotal equity1,642,961 89 1,652,951 89 89		Capital reserve				
3273Employee restricted stock award shares50,306347,56733280Others125-106-Retained earnings3310Legal reserve215,28412199,793113350Unappropriated earnings485,25326520,23128Other equity0-5,60213410Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(35,803)(2)(31,945)(2)3XXXTotal equity1,642,961891,652,9518938	3210	Share premium	254,672	14	258,027	14
3280Others Retained earnings125-106-3310Legal reserve215,28412199,793113350Unappropriated earnings485,25326520,23128Other equity0Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(35,803)(2)(31,945)(2)3XXXTotal equity1,642,961891,652,95189	3251	Donations received from shareholders	84,732	4	84,732	4
Retained earnings3310Legal reserve215,28412199,793113350Unappropriated earnings Other equity485,25326520,231283410Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(35,803)(2)(31,945)(2)3XXXTotal equity1,642,961891,652,95189	3273	Employee restricted stock award shares	50,306	3	47,567	3
3310 Legal reserve 215,284 12 199,793 11 3350 Unappropriated earnings 485,253 26 520,231 28 Other equity 0 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 1,642,961 89 1,652,951 89	3280	Others	125	-	106	-
3350Unappropriated earnings Other equity485,25326520,231283410Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(<u>35,803</u>)(<u>2</u>)(<u>31,945</u>)(<u>2</u>)3XXXTotal equity <u>1,642,961</u> <u>89</u> <u>1,652,951</u> <u>89</u>		Retained earnings				
Other equity3410Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(35,803)(2)(31,945)(2)3XXXTotal equity1,642,961891,652,95189	3310	Legal reserve	215,284	12	199,793	11
Other equity3410Exchange differences on translation of foreign operations' financial statements(786)-5,60213491Employees' unearned compensation(35,803)(2)(31,945)(2)3XXXTotal equity1,642,961891,652,95189	3350	Unappropriated earnings	485,253	26	520,231	28
operations' financial statements (786) - 5,602 1 3491 Employees' unearned compensation (35,803) (2) (31,945) (2) 3XXX Total equity 1,642,961 89 1,652,951 89						
3491 Employees' unearned compensation (<u>35,803</u>) (<u>2</u>) (<u>31,945</u>) (<u>2</u>) 3XXX Total equity <u>1,642,961</u> <u>89</u> <u>1,652,951</u> <u>89</u>	3410					
3XXX Total equity 1,642,961 89 1,652,951 89			(786)	-	5,602	
	3491	Employees' unearned compensation	(<u>35,803</u>)	(<u>2</u>)	(<u>31,945</u>)	(<u>2</u>)
Total liabilities and equity \$1,841,009 100 \$1,865,320 100	3XXX	Total equity	1,642,961	89	1,652,951	89
		Total liabilities and equity	<u>\$1,841,009</u>	100	<u>\$1,865,320</u>	100

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)

			2023			2022	
Code			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	(25,055)	$(\underline{3})$	(25 452)	(2)
4000	Net operating	(25,955)	$\left(\underline{}\right)$	(25,452)	$(\underline{}2)$
1000	revenue		1,027,136	100		1,555,862	100
	Organization a cost (Nictor 0, 15						
	Operating cost (Notes 9, 15 and 19)						
5110	Cost of goods sold		677,439	66		949,915	61
	C C						
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						
0720	(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		711 206	22		275 (95	10
6000	development expense Total operating		244,386	23		275,685	18
0000	expenses		387,049	37		439,960	28
(000	-		20.252			101 001	
6900	Net operating profit (loss)	(38,253)	(<u>3</u>)		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		20,000	<u> </u>			<u> </u>
	incomes and expenses		62,975	6		55,920	3
(Conti	nued on next page)						

(Continued on next page)

(Brought forward from previous page)

			2023		2022				
Code		Ar	nount	%	A	mount	%		
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:		-	-		2,332	-		
8361	Exchange differences on translation of foreign financial								
8300	statements (Note 16) Total other comprehensive	(6,388)	(<u>1</u>)		3,735			
	incomes (losses) (Net)	(6,388)	(<u>1</u>)		6,287			
8500	Total comprehensive incomes (losses) for the year	<u>\$</u>	22,476	2	<u>\$</u>	158,650	10		
9750 9850	Earnings per share (Note 21) Basic Diluted	<u>\$</u>	0.50 0.49		<u>\$</u>	<u>2.66</u> 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

indicated herein)	Total equity	funda mar	\$ 1,647,553		(147,868)		(147,868)	(26,405)	8	152,363	6,287	158,650				21,013	1,652,951	- (31,286)	1	(31,286)	(19,909)	19	28,864	(6,388)	22,476			•	18,710	<u>\$ 1,642,961</u>
(In thousands of New Taiwan Dollars, except as otherwise indicated herein)	squity Employees' unearned	•	(\$ 42,573)		ı				•		1		(19,782)			30,410	(31,945)			"]	(27,930)			24,072	(<u>\$ 35,803</u>)
ds of New Taiwan Doll	Other equity Exchange differences on translation of	financial statements of foreign operations	\$ 1,867		ı		"				3,735	3,735					5,602		"	"		ı		((,				(<u>\$ 786</u>)
(In thousan	Total		\$ 749,944		(147,868)	(36,967)	(184,835)		,	152,363	2,552	154,915					720,024	- (31,286)	(17,065)	(48,351)		,	28,864		28,864	,				\$ 700,537
2022	Retained earnings Unappropriated	earnings	\$ 582,957	(32,806)	(147,868)	(36,967)	(217,641)			152,363	2,552	154,915	·				520,231	(15,491) (31,286)	(17,065)	(63,842)		'	28,864		28,864	,				\$ 485,253
Leaturetia technology Corporation Parent-company-only Statement of Changes in Equity for the years ended Dec. 31, 2023 and 2022	Legal reserve		\$ 166,987	32,806	'		32,806				•	1	ı				1 99,793	15,491 -	1	15,491		'	ı			,				\$ 215,284
orporation uity for the years end	Others		\$ 98		'	1			ø		1		·				106		1	1		19	ı							\$ 125
Leaurend Technology Corporation tement of Changes in Equity for th	Capital reserve ns Employee rom restricted stock	award shares	\$ 51,708		1		1						15,582	(11,301)	975	()	47,567			"						23,730	(16,554)	925	(5,362)	\$ 50,306
-company-only Stater	Capital Donations received from	shareholders	\$ 84,732		'		1		'		1		·				84,732		1	1			ı							<u>\$ 84,732</u>
Parent	Share premium		\$ 273,131		'	1	1	(26,405)			•	1	ı	11,301		ľ	258,027		1		(19,909)	'	ı			,	16,554			\$ 254,672
	Common share capital of shares Amount		\$ 528,646		'	36,967	36,967		'		1		4,200		(275)		568,838		17,065	17,065			ı			4,200		(925)		\$ 589,178
	Common s Number of shares	(In Thousands)	52,864		'	3,697	3,697		'		1		420		(86))		56,883		1,707	1,707			ı			420		(92)		58,918
			Balance at Jan. 1, 2022	Earnings distributed for 2021: Legal reserve allocated	Cash dividends to shareholders— NTD 2.800 per share	Stock dividends to shareholders—	Total earnings distributed	Capital reserve used for distribution of cash dividends—NTD 0.500 per share	Other changes in capital reserve	Net profit of 2022	Other comprehensive incomes (losses) for 2022	Total comprehensive incomes (losses) for 2022	Issuance of employee restricted stock award shares	Employee restricted stock award shares granted to employees	Cancelled employee restricted stock award shares	Compensation cost for employee restricted stock award shares	Balance at Dec. 31, 2022	Earnings distributed for 2022: Legal reserve allocated Cash dividends to shareholders-	N 11/ 0.200 per snare Stock dividends to shareholders – NTD 0.300 per share	Total earnings distributed	Capital reserve used for distribution of cash dividends—NTD 0.350 per share	Other changes in capital reserve	Net profit of 2023	Other comprehensive incomes (losses) for 2023	Total comprehensive incomes (losses) for 2023	Issuance of restricted stock award shares	Employee restricted stock award shares granted to employees	Cancelled employee restricted stock award shares	Compensation cost for employee restricted stock award shares	Balance at Dec. 31, 2023
	Code		A1	B1	B5	B9		C15	C17	D1	D3	D5	IN	IN	IN	IN	IZ	B5 B5	B9		C15	C17	D1	D3	D5	IN	IN	IN	N1	IJ

Leadtrend Technology Corporation

The accompanying notes constitute part of the parent-company-only financial statements.

Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Chairman: Kao Yu-Kun

29

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	X		Ň	
	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	X		× ×	
	subsidiaries recognized by				
	using equity method	(1,139)		-
A22500	Net gain on disposal of	X			
	property, plant and				
	equipment	(1,843)		-
A23900	Unrealized profit on	X			
	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)
(Continue	d on next page)				
	30				

(Brought f Code	forward from previous page)	2023	2022
A32230	Decrease in other current liabilities	(\$ 17,316)	(\$ 3,911)
A32240	Decrease in net defined benefit liabilities	(4,840)	(<u>2,302</u>)
A33000	Net cash provided by (used in) operations	282,902	(60,923)
A33300	Interest paid	(338)	(433)
A33500	Income tax paid	(584)	(<u>81,973</u>)
AAAA	Net cash generated by	(/	(/
	operating activities	281,980	(<u>143,329</u>)
D 01000	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	``````````````````````````````````````	(110,000)
B03700	property, plant and equipment Decrease (increase) in	10,395	-
	refundable deposits	15,227	(14,520)
B04500	Acquisition of intangible assets	(7,819)	(17,519)
B07500	Interest received	3,903	3,432
BBBB	Net cash used in investing		/
	activities	(5,834)	(<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	(51,155)	(174,273)
CCCC	Net cash used in financing		0
cece	activities	(<u>59,707</u>)	(<u>183,113</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>519</u>)	103
EEEE	Increase (decrease) in cash and cash equivalents for the year		(473,781)
E00100	Balance of cash and cash equivalents at the beginning of the year	223,300	697,081
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.

Chairman: Kao Yu-Kun Manager: Chi Heng-Chung

Accounting Manager: Huang Ya-Ching

Leadtrend Technology Corporation

Regulations for Issue of Restricted Stock Awards 2024

Article 1. Purpose

To attract and retain the talents required by Leadtrend and facilitate and enhance employees' centripetal force to create the maximum benefits for Leadtread and its shareholders, the Regulations for Issue of Restricted Stock Awards 2024 are hereby established in accordance with Article 267 of the Company Act and the applicable provisions of Regulations Governing the Offering and Issuance of Securities by Securities Issuers (hereinafter referred to as the RGOISSI) published by Financial Supervisory Commission.

Article 2. Issuance Period

Stock awards are issued in full or separately within 2 years from the date of receipt of the notice of effective registration sent by the competent authority. The date of actual issue date shall be determined by Chairman, who is authorized by the board of directors.

Article 3. Qualifications and Conditions for Share Allocation

- (1) Full-time employees of Leadtrend and its subordinate companies who have reported for duty already as of the date on which new restricted stock awards are vested are eligible. The subordinate companies stated herein are defined in Article 369-2 of the Company Act.
- (2) The actual employees in whom stock awards are vested and the quantity of the new restricted stock awards obtainable, which are determined based on years of service, rank, work performance, overall contribution, special achievement and other conditions to be taken into account for management, shall be approved by Chairman and then reported to the board of directors for its consent. However, if any of the employees also serves as a director and/or manager, the consent of the remuneration committee shall be obtained first. Non-managerial employees shall be reported to the audit committee.
- (3) The sum of the accumulated shares subscribable by a single employee per stock warrant that are vested by Leadtrend and issued in accordance with Subparagraph 1 of Article 56-1 (1) of the RGOISSI, plus the new restricted stock awards obtained accumulatively, shall not exceed 0.3% of the total shares issued already. In addition, the sum plus the accumulated shares subscribable by a single employee per stock warrant that are vested by Leadtrend and issued in accordance with Article 56 (1) of the RGOISSI shall not exceed 1% of the total shares issued already. However, with special approval from the central competent authority governing the industry, the total number of employee stock warrants and new restricted stock awards obtained by a single employee shall be exempted from the aforementioned restriction.
- Article 4. Total Amount of the Issue

The total amount is NT\$4,200,000 and a total of 420,000 shares are issued, with par value of NT\$10 per share.

Article 5. Vesting Conditions for New Restricted Stock Awards and the Content of Restriction

(1) Issue Price:

New restricted stock awards are issued for free to eligible employees, who may obtain stock awards at NT\$0 per share.

- (2) The restricted stock awards issued to employees this time are common shares. Relevant rights and obligations, except those provided in Paragraph (7), are the same as those for other outstanding shares.
- (3) Vesting Conditions:

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
From the vesting date to Oct. 11 of the	1/6
From the vesting date to Apr. 11 of the 2^{nd}	1/6
next 2^{nd} year From the vesting date to Oct. 11 of the	1/6
next 2^{nd} year From the vesting date to Apr. 11 of the	1/6
next 3 rd year From the vesting date to Oct. 11 of the	1/6
next 3 rd year From the vesting date to Apr. 11 of the	1/6
next 4 th year	

- (4) Measures Taken When Employees Fail to Meet Vesting Conditions:
 - A. 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.
 - B. 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.
- (5) Under the following circumstances, the new restricted stock awards not vested yet shall be handled in the following manners:
 - A. If an employee resigns because an occupational injury causes him/her to be disabled physically so that he/she becomes incapable of performing his/her duties, then for the new restricted stock awards for which he/she has not satisfied vesting conditions, all vesting conditions shall be deemed to have been satisfied

upon his/her resignation.

- B. If an employee dies from an occupational injury, the new restricted stock awards not vested in the employee yet shall be deemed to have been vested upon death of the employee. Inheritors shall complete legal necessary procedures and provide relevant supporting documents to apply for receipt of the stocks to be inherited or the interests been disposed.
- (6) The new restricted stock awards taken back, without compensation payment, by Leadtrend will be cancelled by Leadtrend.
- (7) Restrictions of the Rights to Stock Awards Prior to Satisfaction of Vesting Conditions:
 - A. 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.
 - B. 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.
 - C. 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.
 - D. 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.
 - E. During the vesting period, in case that Leadtrend return some capital in cash for capital reduction, the amount returned in cash for capital reduction which is allocated to but not vested in an employee shall be entrusted in trust. After the satisfaction of vesting conditions by the deadline, the amount and the vested stocks shall be given to the employee without interest payment. However, if vesting conditions are not satisfied by the deadline, Leadtrend shall take back the said amount in cash.
- (8) Other Agreed Matters:

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 disposalrelated instructions for trust property.

Article 6. Contract Execution and Non-disclosure

Employees to whom new restricted stock awards are allocated shall comply with nondisclosure rules and shall not divulge the number of shares allocated or relevant content unless otherwise requested by the law or the competent authority. If an employee violates and such violation is deemed by Leadtrend to be material, the employee shall be disqualified from obtaining the new restricted stock awards for which the employee has not satisfied vesting conditions, and Leadtrend has the right to take back, without compensation payment, and cancel such stock awards.

Article 7. Implementation Rules:

The list of employees to whom new restricted stock awards are allocated, procedures relevant to execution and other matters, and timeframes of relevant operations under the Regulations will be informed separately by Leadtrend's unit in charge of such matters.

Article 8. Taxation

Taxes imposed on the new restricted stock awards allocated in accordance with the Regulations shall be paid in accordance with the law of the Republic of China.

Article 9. Other Important Matters

- (1) The board of directors agrees that in case the Regulations need to be revised due to changes in laws, upon request by the competent authority, or based on any change of the objective environment, the board of director shall authorize Chairman to fully deal with all relevant matters.
- (2) Before an employee satisfies vesting conditions, a custodian trust institution shall be commissioned to attend a Leadtrend meeting of shareholders and propose, speak and vote at the meeting for the employee, and deal with all matters relevant to the shareholder's equity.
- (3) Matters not provided for in the Regulations shall be handled in accordance with applicable laws.
- (4) The vesting date stated in the Regulations shall be determined pursuant to the document No. (101)-Ji-Mi-Zi-139 "Dealing with Issues about New Restricted Stock Awards" sent by Accounting Research and Development Foundation.