



光環科技股份有限公司

TrueLight Corporation

Stock Code:3234

TrueLight Corporation

2023

Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System :

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TrueLight Corporation

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Letter to Shareholders

Dear Shareholders,

In 2023, the global market was suppressed by inflation and high interest rates. In addition, the Russia-Ukraine war, the Israeli-Palestinian conflict, the US-China technology dispute, etc. made the economic momentum even weaker and the global economy uncertain. TrueLight was affected by the slowdown in manufacturing activities and poor demand for consumer products in 2023 and its operations continued to suffer losses.

1. FY2023 Consolidated Operating Results:

Operating revenue was NT\$630 million, a decrease of 36% from 2022 Net loss for the period was NT\$426 million, basic loss per share was NT\$4.68, and net value per share was NT\$7.62.

(1) Business Plan Implementation Results

Unit: NT\$ thousand

Project	Year	Y2023	Y2022
Operating revenue		630,266	989,635
Net gross profit from operations		23,996	256,604
Net(loss) of operating		(328,649)	(58,328)
Net(loss) for the period		(425,611)	(46,094)
Total comprehensive income for the year		(431,897)	(44,554)
Basic loss per share		(4.68)	(0.34)

(2) Estimated implementation status: The Company does not announce financial forecasts, so they are not applicable.

(3) Analysis of Financial Income and Expenditure and Profitability

Project	Year	Y2023	Y2021
Financial Income and Expenditure (NT\$ thousand)	Net cash inflow (outflow) from operating activities	(131,122)	155,640
	Net cash outflow from investing activities	(6,282)	(53,914)
	net cash inflow (outflow) from fundraising	101,543	(34,787)
Profitability (%)	Return on assets	(27.84)	(1.91)
	Return on equity	(57.63)	(5.89)
	Ratio of income before tax to paid-in capital	(43.61)	(6.05)
	Net profit rate (%)	(67.53)	(4.66)

(4) Research and Development Status in the 2023

In 2023, TrueLight accomplished a significant breakthrough in the realm of high-speed data transmission with the successful development of the 56G PAM4 DFB LD/PD terminal. This achievement marked a pivotal moment in the industry, as the collaborative efforts with strategic partners led to the realization of a remarkable 28Gbps data transmission rate. The adoption of PAM4 technology, facilitating the transmission of four distinct amplitude levels at each instance, substantially enhanced data transmission efficiency. Through meticulous control and optimization, TrueLight's DFB LD terminal guarantees signal stability and consistency, thereby unlocking new possibilities for long-distance high-speed communication. This accomplishment not only addresses the immediate needs of current communication technologies but also positions TrueLight as a trailblazer in shaping the future of data transmission. The impact of this achievement extends to various application areas, including optical communication and data centers. It promises faster and more reliable connections, charting a course for the continued advancement of data transmission technology.

The development of VCSEL products for 28Gbaud applications has been successfully concluded, with ongoing efforts to enhance components for even higher speeds (50Gbaud) and specific specifications, including ultra-wide temperature ranges and different wavelengths. This initiative is

targeted at the short-distance high-speed optical communication market. Alongside the continuous progress in high-speed VCSEL components for optical communication, there is a proactive exploration of VCSEL applications in the consumer market. VCSELS with wavelengths ranging from 850 to 940nm (small angles, high power, and high conversion efficiency) are being employed in diverse consumer devices, such as mobile phone proximity sensors, flash systems, 3D sensing, Bluetooth earphones, eye tracking, and smartphone sensing. A significant accomplishment in 2023 was the successful development of SWIR 1130nm VCSEL and PD, seamlessly integrated into the next generation of optical sensing products. This breakthrough not only highlights TrueLight's dedication to innovation but also unveils new possibilities for medium to long-term technological advancements in the optical sensing industry.

The 56G APD-TIA ROSM is employed for high-speed transmission. TrueLight utilizes a self-developed 56G Avalanche Photodiode (APD) in conjunction with an industry-leading high-speed Transimpedance Amplifier (TIA) to enhance coupling accuracy. Laser welding technology is employed for packaging ROSM, replacing traditional sealing methods. This product has successfully been integrated into customer solutions for distances exceeding 10 kilometers in 100G ER and 400G ER4 products, introducing innovative solutions to the high-speed data transmission field. This internally developed research not only represents a technological breakthrough but also underscores our commitment to quality, reliability, and innovation.

Introducing 200G and 400G high-speed pluggable optical transceiver modules. Our accelerated development, based on proprietary VCSEL products, is tailored for deployment in 200G QSFP56 SR4 and 400G QSFP56-DD SR8 COB module products. To minimize module power consumption, we have opted for LDD and TIA featuring integrated CDR functionality, discarding DSP configuration. Through meticulous optimization of PCB SI and module thermal design, the COB module product has successfully achieved a TDECQ of less than 1.8dB. This product not only highlights the outstanding features of TrueLight's VCSEL products but also serves as a valuable design reference for traditional copper wire manufacturers venturing into the AOC industry.

2. FY2024 Business Plan Overview

(1) Business Principles:

Our company adheres to the corporate culture of "Integrity, Pragmatism, Excellence, Sharing" and utilizes our existing advantages.

A.To provide customers with high quality products with mature technology and complete mass production line of optical communication active components.

B.To Provide customers with solutions through vertical integration.

C.Combining the strengths of our subsidiary YLT, we have established a foundation for the future growth of TrueLight's third-generation semiconductor business.

(2) Expected sales and its basis

The Company's sales products and markets are diversified. Based on market estimates and information provided by customers, FTTX related applications are estimated to account for 27% of total revenue, wireless network applications account for 26% of total revenue, and data storage and cloud applications accounts for 10% of the total revenue, sales of consumer products are estimated to account for 28% of the total revenue, and products for OEM and other applications account for 9% of the total revenue.

(3) Important production and marketing policies:

A.Transformation of TrueLight:

Based on the existing products, we will expand professional III-V compounds foundry business and work more closely with epitaxial manufacturers to form a vertically integrated fab (IDM, Integrated Design and Manufacture) with virtual design, epitaxial and wafer manufacturing.

B.Continuous and timely adjustment of sales strategy:

As the trade war between the U.S. and China is gradually slowing down, except for Mainland China, the high-end, high-price, high-margin products are gradually warming up, the Company will actively promote the sales of these products, which can be utilized to increase profitability.

C.Continuously optimize existing products to increase market competitiveness:

We will continue to improve and upgrade our manufacturing processes to minimize the occurrence of production errors and provide high quality and stable products to maintain customer loyalty. In terms of new products, we will actively invest in the development of high-price and high-value-added

products and continue to research and develop and design new and more stable products to satisfy customers' needs, so that we can maintain our competitive edge with the help of greatly improved product functions and stability. We will continue to develop and design more stable new products to meet customers' needs.

3. The Future Development Strategy of the Company

TrueLight faces a diversity of challenges and opportunities in its future development strategy. The Company will move towards:

- (1) Emphasis on Technological Innovation and R&D Investment: Continuous technological innovation promotes the development of new technologies and products to meet growing needs.
- (2) Strategic Market Expansion: In the fiercely competitive optical communication sector, TrueLight may strategically expand market share by diversifying product and service offerings (ODM/OEM), thereby broadening their customer base.
- (3) Globalization and Market Diversification: Recognizing the optical communication industry's global nature, TrueLight will seek to broaden their international footprint, entering emerging markets, and fortifying their position in the global landscape while mitigating regional risks.
- (4) Cultivation of Strategic Partnerships: Collaborative endeavors TrueLight with other industry players, particularly in research and development and market outreach, can optimize efficiency and foster innovation.
- (5) As the demand for sustainable development increases, TrueLight will move towards developing green technologies, reducing energy consumption, and improving environmentally friendly products.
- (6) Heightened Focus on Data Security and Privacy: As data usage continues to surge, TrueLight will prioritize robust measures to fortify data security and privacy protection within optical communication products and services, meeting the escalating demand for data security.

4. Impact of external competitive environment, regulatory environment and general business environment

Due to the slowdown in global economic growth and weak terminal demand, customers have become conservative in placing orders. In addition, uncertain factors such as geopolitical risks have not abated, which will affect the acquisition of export orders. In addition, China's economy will be hindered from recovering in 2024 due to "weakening rebound from "zero-COVID" measures, weak real estate, and sluggish external demand," which will also affect product demand in the Chinese market.

In terms of changes in laws and regulations, we will continue to pay attention to the implementation of information on amendments to various laws and regulations, such as amendments to company laws, labor standards laws, industrial safety and environmental protection, and corporate governance, so as to meet the requirements of laws and regulations. In terms of the overall economy, due to the frequent impact of global economic changes and the impact of geopolitical conflicts, growth variables are still very large.

The company continues to uphold the belief of honesty, practicality, pursuit of excellence, and sharing of results, as the goal of creating maximum benefits for shareholders and employees, and abides by government regulations and fulfills corporate social responsibilities. We sincerely thank shareholders, customers, suppliers and correspondent banks for their trust and support in TrueLight. Thank you!

Thank you!

Liu, Sheng Hsien, Chairman

2. Company Profile

2.1 Established Date: September 1st, 1997

2.2 History:

Y1997	TL was established in ITRI with a capital of 30 million NTD.
Y1998	TL was moved to Hsinchu Science Park, set up a fab and became the 1st company of Taiwan to sell VCSELS.
Y1999	Obtained the permission and began operations in the factory. Introduced VCSEL-based 100M Transceiver products.
Y2000	Procurement of the building at Hsinchu Science Park. Recipient of "TAIWAN OUTSTANDING PHOTONICS PRODUCT AWARD 2000". Mass production of VCSEL and PIN series products (Chip, TO-Can).
Y2001	Established TrueLight (B.V.I.) Ltd. ISO 9001 certification. Capacity expansion by new TO-Can production line setup. Introduced VCSEL/PIN for SAN/Ethernet application to the U.S.
Y2002	Became a public listing company in Taiwan Emerging Stock Market. Became the main PINTIA supplier of FTTH/FTTx market.
Y2003	Listed on Taiwan OTC Market (Stock Code: 3234)
Y2004	TL obtained opinion book of "Technology-Based Enterprise with Successful Product or Technique Development and Marketing Potential" from Industrial Development Bureau, Ministry of Economic Affairs. New OSA production line setup.
Y2005	ISO 14001 EMS International Certification Began mass production of OSA outsourcing to expand the business scale.
Y2006	Introduced the components of Laser mouse in CE market.
Y2007	The conversion of employee stock option certificates into ordinary shares: NTD105,630thousand, and the paid-in capital increased to NTD705,630thousand.
Y2008	Capital increase of NTD21,056thousand from surplus transfer, increased paid-in capital to NTD726,686thousand. Expansion capacity of FP LD chips, DFP LD chips and TO-Cans. BOD approved the setup of China subsidiary thru OBU.
Y2009	Setup H.K. ProRay Limited and approved its reinvestment in ProRay Limited Zhuhai, China. Private placement of the 1st convertible bonds. Capital alteration to NTD1,200thousand. Occupational Safety and Health System OHSAS 18001 and TOSHMS Certificate approved. LD TO assembly capacity expansion. Introduced FP LD TO-Can for E-PON and Ethernet/SONET application.
Y2010	Conversion of employee shares subscription warrant into ordinary shares: NTD5,520thousand; the paid-in capital increased to NTD732,206thousand. Began mass production of FP LD series.
Y2011	Stock began trading on Taiwan Stock Exchange: TWSE: 3234 9,900,990 ordinary shares converted from privately placed convertible corporate bonds; The paid-in capital increased to NTD831,216thousand. OTC cash capital increase: 98,400thousand shares; The paid-in capital increased to NTD929,616thousand. Conversion of employee stock warrants to common stocks: NTD1,840thousand; The paid-in capital increased to NTD931,456thousand Treasury stock buyback: 1,717thousand shares BOD resolved cash capital increase for the 2 subsidiaries, BOSA Tech and ProRay Limited. BOD resolved to establish the remuneration committee.

	<p>Began mass production of 10Gbps GaAs PINTIA TO-CAN assembly, OSA, pigtail, Near infrared high-speed photodiode array and APD chips.</p>
Y2012	<p>Conversion of employee stock warrants to common stocks: NTD4,560thousand; The paid-in capital increased to NTD936,016thousand.</p> <p>Introduced the InGaAs PINTIA TO series products for 3G LTE application to Korea market.</p> <p>Began mass production of 1310nm High Power FP LD Chip/TO, 8G GaAs PINTIA ROSM (for SR Application) series.</p>
Y2013	<p>Treasury stock transferred to employees: 1,717thousand shares</p> <p>Issuance of new restricted employee shares: 1,900thousand shares; The paid-in capital increased to NTD955,016thousand.</p> <p>Conversion of employee stock warrants to common stocks: NTD300thousand; The paid-in capital increased to NTD955,316thousand.</p> <p>Surplus transferred to the paid-in capital: NTD56,510,770; The paid-in capital increased to NTD 1,011,827thousand.</p> <p>Obtained the Certification of CG6008 General Assessment Criteria for Corporate Governance System.</p> <p>TIPS 2007 Certificate approved.</p> <p>IECQ QC 080000 Certificate approved.</p> <p>Got the incentives of Advanced Technology Development Project from Central Taiwan Science Park (Project of finger point /vein biometric module development).</p> <p>Expanded the capacity of TO assembly production lines.</p> <p>Introduced OEM of G-PON DFB TO-Can.</p> <p>Scale expansion by introduced 40Gbps SR4 chip-on-board (COB), 10Gbps InGaAs PINTIA LC ROSM (For LR Application), 10Gbps GaAs PINTIA LC ROSM (For SR Application) series of products.</p> <p>Successfully developed the manual tester for Edge-emitting lasers, the simple type auto tester for chip visual inspection, and the auto tester for SMSR of DFB lasers.</p> <p>Began mass production of 5Gbps Analog PD pigtail module and 6Gbps 1310nm LD pigtail module related products.</p>
Y2014	<p>Cancellation of the new restricted employee shares and their dividends: 147,408 shares; The paid-in capital decreased to NTD1,010,353thousand.</p> <p>Treasury stock buyback: 5,000thousand shares.</p> <p>Officially established the Remuneration Committee.</p> <p>BOD resolved the NTD. 800 million of capital expenditure increase.</p> <p>Scale expansion by introduced the OEM of 40G QSFP, 10Gbps VCSEL TOSM and APDTIA TO-Can series products.</p> <p>Successfully developed the auto feeding tester of PINTIA DC/AC, the tray tester for VCSEL QC, the tray tester for auto alignment of APD chips, and the auto tester for TO-Can Lens inspection.</p> <p>Began mass production of 10Gbps 1310nm Fabry-Perot Edge-Emitting Lasers, 1.25Gbps 4QW FP LD devices, and EPON series assembly.</p>
Y2015	<p>Treasury stock transferred to employees: 2,350thousand shares</p> <p>Issuance of new restricted employee shares: 2,865thousand shares; The paid-in capital increased to NTD1,039,003thousand.</p> <p>Cancellation of the new restricted employee shares: 74,200 shares; The paid-in capital decreased to NTD1,038,261thousand.</p> <p>Approved the 1st Issuance of domestic secured convertible bonds.</p> <p>Approved the 2nd Issuance of domestic unsecured convertible bonds.</p> <p>Expansion of Fab and assembly line.</p> <p>Introduced modules of finger point /vein biometric product.</p> <p>Introduced the process of Shrink Epitaxy Top InP.</p> <p>Completed the subsidy case of The High Scope Research and Development Plan of the Central Science Park (Fingerprint and Finger vein Dual Biometric Module Development Plan)</p>

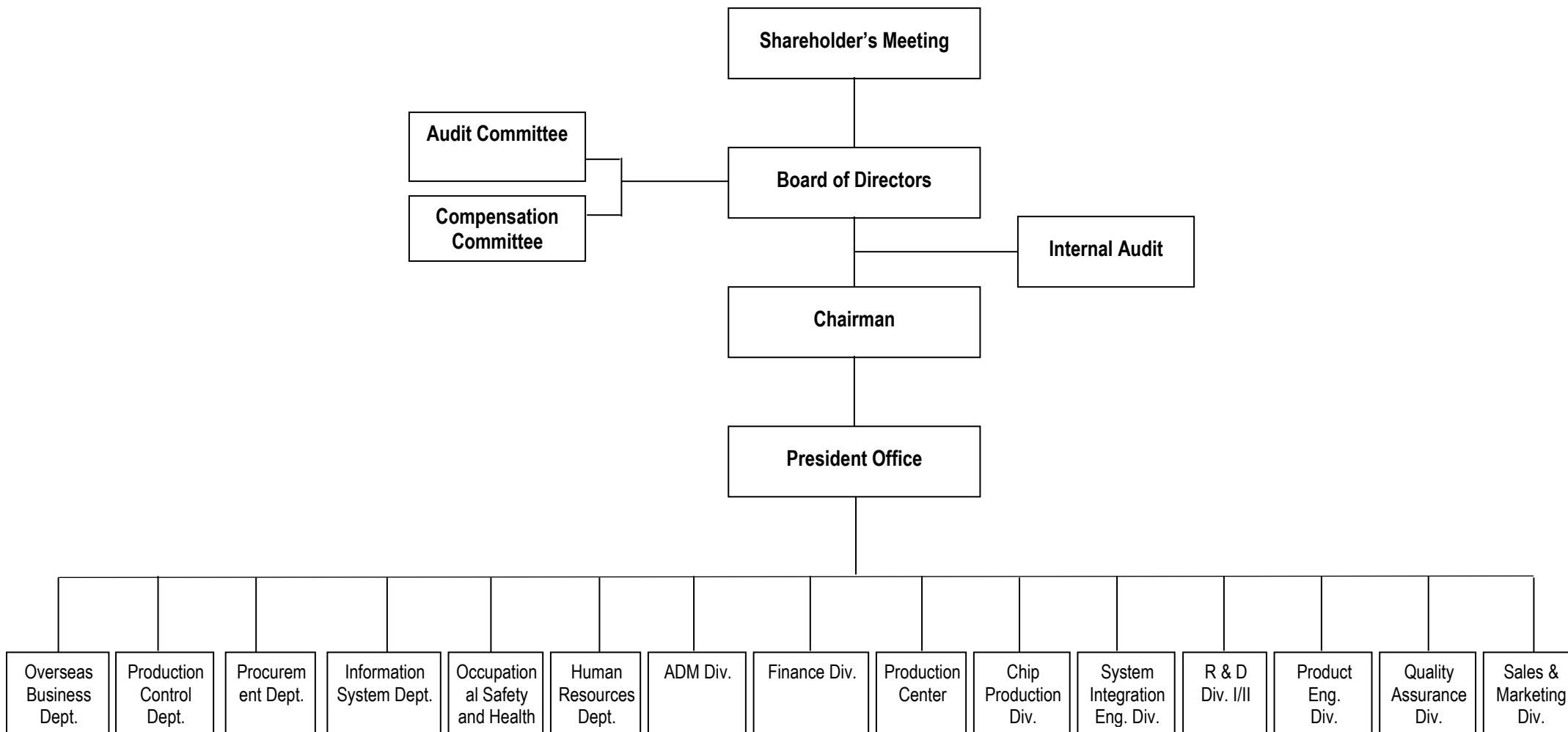
<p>Y2016</p>	<p>BOD approved the disposal of BosaComm Ltd, BOSA TECH INTERNATIONAL LIMITED and BOSA-OPTO Technologies (Shen Zhen) Co., LTD. BOD passed the cash capital reduction proposal, and 31,148thousand shares were canceled in June; The paid-in capital decreased to NTD726,783thousand. Treasury shares transferred to employees: 2,420thousand shares Cancellation of the new restricted employee shares: 68,600 shares; The paid-in capital decreased to NTD726,097thousand. Treasury stock buyback: 220thousand shares. The resolution of BOD approved the capital increase of US\$9,500thousand for the subsidiary, ProRay. BOD resolved to expand production capacity and increase capital expenditure. The total transaction amount should not exceed NT\$500 million. BOD approved the sale of machinery and equipment to ProRay with a total amount of NT\$247,798thousand (approximately equal to US\$7,744thousand) Expanded the OSA Subassembly line; Introduced COB (chip-on-board) production technology, and successfully developed VR component series products for HMD applications.</p>
<p>Y2017</p>	<p>Cancellation of the new restricted employee shares: 81,970 shares; The paid-in capital decreased to NTD725,277thousand. Treasury shares transferred to employees: 161thousand shares. Introduced advanced wafer process technology / equipment to enhance the manufacturing and production capacity. Introduce MOCVD (Metal-organic Chemical Vapor Deposition) production technology to enhance product development and manufacturing capabilities. Successfully developed CoS (chip-on-submount) series products. Successfully developed and introduced self-made VCSEL epitaxial wafers and high-efficiency VCSEL components for consumer 3D sensing products.</p>
<p>Y2018</p>	<p>BOD resolved to issue 3,606thousand new shares with restrictions on employee rights in installments, and 2,600thousand shares were issued on August; The paid-in capital increased to NTD751,277thousand. Successfully developed VCSEL chips for 3D sensing, 40Gbps SR4 QSFP+ (Quad Small Form-factor Pluggable) and 100G QSFP28 SR4 COB series products for enriching the company's operating scale.</p>
<p>Y2019</p>	<p>Issuance of new restricted employee shares: 1,006thousand shares (January); The paid-in capital increased to NTD761,337thousand. Cancellation of the new restricted employee shares: 145thousand shares; The paid-in capital decreased to NTD759,887thousand. Capacity expansion of VCSEL for consumer products.</p>
<p>Y2020</p>	<p>BOD resolved to issue 3,794thousand new shares with restrictions on employee rights in installments, and 486thousand shares were issued on October; The paid-in capital increased to NTD764,747thousand. VCSEL components for optical communication have been successfully imported into self-made VCSEL epitaxial wafers. 128 Gbps VCSELs are used in high-speed data centers and high-security data security markets. 25 Gbps 1270/1290/1310/1330/1350/1370 nm industrial-grade DFB is a WDM solution for 5G base station transmission. 2W/ 4W VCSEL array: Applied in the field of ToF sensing, such as the standard equipment included in Apple's new generation of mobile phones, will drive other mobile phone manufacturers to follow up.</p>
<p>Y2021</p>	<p>Apply CoC/CoB Submodule in cloud computing /data center to enrich the operation scale. 850/ 940nm single-mode and polarization-stable VCSELs are used in the precision sensing market.</p>

	Development of small angle (15-18°) VCSEL components.
Y2022	Mid power O-band laser components are used in cloud data centers. 56G GaAs, 56G InGaAs, and 56G DFB photodetectors are used in cloud data centers. 940nm small angle (18~20 degree) oxide VCSEL Development of 850nm 56G PAM4 VCSEL. 850nm 32Gps industrial-grade VCSEL chip (Rms<0.45nm)
Y2023	New shares were issued in August through cash capital increase: 20,000 thousand shares, and the paid-in capital was NTD964,747 thousand. QSFP-DD SR8 optical modules are designed to support 400G Ethernet, suitable for data center links up to 100m over multi-mode fiber with FEC. 56G APD-TIA ROSM is used in high-speed transmission. Successfully developed 1310nm PD with low visible light interference (proximity sensor for mobile phone).
Y2024 (as of the printed date of the annual report)	Private placement of common shares in March: 15,000 thousand shares, with paid-in capital of NTD1,114,747 thousand. 200G QSFP-DD SR8. 100G~400G customized module (OEM/ODM). 100G~400G high speed Active Optical Cable (OEM/ODM). SWIR 1130nm VCSEL and PD.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Main Duty Of the Department

Dept.	Main Duty
President Office	1.The President Office is the staff unit of President, adhering to President's instructions to plan the operation and track the business of each department. 2.Responsible for contract review and related legal advice.
Internal Audit	1.Annual audit plan formulating, regular and irregular audit work executing. 2.Independently evaluate and confirm the effectiveness of internal control, risk management and governance processes.
Overseas Business Dept.	1.Manpower, production, business planning and management of overseas subsidiaries. 2.Provide overseas subsidiaries with technical and management support.
Production Control Dept.	1.According to the operation plan and sales demand, formulate and implement the production schedule. 2.Control the schedule of supply demand, initiate production orders, control the progress, and monitor the performance to ensure the achievement of production goals. 3.Coordinate and manage the company's import, export and bonded examine business.
Procurement Dept.	Purchasing affairs and supplier management.
Information System Dept.	1.In response to operational production and marketing needs, plan and construct an integrated information system to promote the improvement of overall operational performance 2.Plan and establish software, hardware, and network architecture of information systems 3.Plan and develop information systems, establish databases, integrate internal and external information of the company, and provide effective information 4.Provide employee information application, education training and technical assistance 5.Establish a control mechanism to ensure the security and confidentiality of information systems
Occupational Safety and Health Office	1.Planning, implementation, and supervision of labor safety and health management, training, and various environmental protection tasks. 2.Responsible for occupational disaster investigation and follow-up processing; promote and implement ISO14001, OHSAS 18001, TOSHMS.
Human Resources Dept.	1.Personnel recruitment, appointment, promotion, transfer, resignation, retirement, assessment, rewards and punishments, insurance, salary and benefits and other personnel operations. 2.Management and maintenance of rules and regulations, staff training; study and implementation of human resource plans. 3.Responsible for the maintenance and communication between labor and management.
ADM Div.	Operation, maintenance and regular detection of equipment for treating waste water/waste gas/waste solvent; waste removal and management.
Finance Div.	Financial budget preparation, execution, supervision and integration; accounting and financial related operation review, external merger and division planning; risk managing, report preparing, analyzing and stock affairs processing.
Production Center	Responsible for the input and output of production resources in production stage (epi. wafer production, wafer production, chip production, TO production, OSA & OSM module production)
Chip Production Div.	1.Planning, execution, and control of operations for wafer/chip products. 2.The process control and maintenance of wafer/chip products. 3.The transfer of new products from R&D to manufacturing, increase product yield and improve process. 4.The process control and maintenance of products such as TO-Can/OSA/Submodule. 5.Manufacturing and OEM of TO-Can products
System Integration Eng. Div.	1.Cross-product and cross-process engineering problem analysis and improvement. Development of new process modules and introduction of new equipment. 2.Update and improvement of existing process design
R&D I/II Div.	1.Coordinate R&D management, formulating strategies and goals for "product development, technology development, and intellectual property management". 2.Establish new product and technology projects, plan, control, maintain, and improve their

Dept.	Main Duty
	<p>implementation and sustainability.</p> <ol style="list-style-type: none"> 3. Execute research and development cycle and design development control, manage and maintain process management. 4. Establish the R&D team's awareness and enhance intellectual property energy according to the TIPS (Taiwan Intellectual Property Management System) regulations, ensuring R&D compliance with relevant intellectual property laws and regulations. 5. Apply for and manage external projects and alternative personnel, maintain and manage product or technology implementation and data maintenance management. 6. Supervise the implementation of design development control procedures, research and development cycle, ISO 9000, ISO 14001, RoHS, PFOS, GP, Halogen Free, OHSAS18001 & TOSHMS, green design, TIPS (Taiwan Intellectual Property Management System, including intellectual property management manual), and intellectual property (IP, including NDA), ensuring that products meet environmental regulations, quality systems, customer requirements, environmental-related substances, and intellectual property regulations.
Product Eng. Div.	<ol style="list-style-type: none"> 1. Responsible for the development, publication, design and display of extensible technologies and products, and engaging in engineering introduction. 2. Planning, control, implementation and closure of project plans (internal research projects and external subsidy plans), research and development of customized products, technology/engineering introduction. 3. Validation analysis of products, customer complaints, materials or customer applications.
Quality Assurance Div.	<ol style="list-style-type: none"> 1. Set up the company's quality goals. 2. Plan and execute the quality control of incoming, process and outputs. 3. Maintenance and management the calibration system and document control system. 4. Maintenance and execute the ISO 9001 and QC 080000 system. 5. Response to customer's quality feedback cases and promotion of internal improvement.
Sales and Marketing Division	<ol style="list-style-type: none"> 1. Managing and expanding foreign and domestic market, deal with customer inquiry and maintain the customer relationship 2. Market research and information collection, analyze market competitors, and develop countermeasures 3. Coordinating for product portfolio and marketing plan 4. Supporting for strategic planning for business model and product development

3.2 Directors and Management Team

3.2.1 Directors

As of 2024/4/18

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and /or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Liu Sheng Hsien	Male 66~70	2021/7/15	3	1999/6/21	2,234,753	2.92	2,639,045	2.37	1,704,340	1.53	0	0	University of Illinois-BSEE Paradium Tech- Manager of Prod./Eng. Dept., ISSI-Division Director, Manufacturing, Best Integrated Technology- Chairman, UTC-VP, Sales Opnet Technologies Co., Ltd. -Independent Director, BOSA Tech International (HK) Limited -Director BOSA Tech (SZ) Limited-Director YLTLINK Technology Corp. -Corporate representative director of TL Corp.	YLTLINK Technology Corporation - Chairman -Corporate representative director of TL Corp. ProRay Limited -Director Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. -Director -Legal Representative	None	None	None	CEO retired on 2023/8/15

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and /or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Liu, Han Xing	Male 71~75	2021/7/15	3	2015/5/28 (Director) 2012/5/30 ~ 2014/7/31 (Independent Director)	145,600	0.19	180,139	0.16	756,868	0.68	0	0	University of California, Berkeley -PhD, Electrical Prime Education and Experience Engineering Hitron Technologies Inc. Hsinchu SBIP Subsidiary- President, Bell Communications Research -Researcher -Manager TrueLight Corporation- Independent Director Chief Telecom Inc.- Independent Director	TrueLight Corp. -President ProRay Limited -Director Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. -Director YLTLINK Technology Corporation -Director -CEO -Corporate representative director of TL Corp.	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and /or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Lai, Jiun Hao	Male 61~65	2021/7/15	3	2018/6/21	0	0	0	0	0	0	0	0	NTU-BSEE UC Santa Barbara -MSEE ASICtronics Solutions (San Jose, CA)-Co-founder TSMC North America -Department Manager, ASIC -Director, Div. of Design Service -Director, Div. of Start-up customers Global Unichip Corp. -President Megachips Corp. (TSE:6875)- Director	Xconn(USA) -Consultant SOI-Independent Director -Member of the Remuneration Committee Andes Technology- Independent Director -Member of the Remuneration Committee Focal Tech- Independent Director -Member of the Remuneration Committee Giga Solution Tech. Co., Ltd- Director, Legal Representative of Ardentec Corp. Wolley, Inc. (San Jose, CA, USA)- Director Oomii, Inc(USA) -Director Skymizer Taiwan Inc.-Chairman M31 Technology Corporation- Director -Member of the Remuneration Committee	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and /or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Chien, Yi Sen	Male 66~70	2021/7/15	3	2006/6/27~ 2014/5/30 (Supervisor) 2003/6/26~ 2006/6/26 (Independent Director)	0	0	0	0	0	0	0	0	NCTU -BS, Transportation Management Indiana University -MBA Citibank Taipei Branch -Second VP Antay Securities Investment Consultant -President Ting Kong Securities Co., Ltd. -President Pixon Technologies Corporation -Chairman OptoMedia Technology Inc. -Director Myson Century, Inc. -President/Chairman (Director, Legal Representative of China Motor Corporation)	CFP Technology Corp. -Chairman Taiwan Artificial Intelligence Agricultural Technology Co., Ltd. -Chairman Lianxin Energy Co., Ltd. -Chairman (Director, Legal Representative of Taiwan Artificial Intelligence Agricultural Technology Co., Ltd.) Changyang Energy Co., Ltd. -Chairman (Director, Legal Representative of Taiwan Artificial Intelligence Agricultural Technology Co., Ltd.)	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and /or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	U.S.	Juine- Kai Tsang	Male 71~75	2021/7/15	3	2015/5/28	0	0	0	0	0	0	0	0	NTU-BS, Physics University of Illinois, Urbana- Champaign -MS, Physics -Ph.D, Physics VentureTech Alliance-Managing Partner Sentelic Corporation -Director, Legal Representative of VentureTech Alliance Fund II, L.P. Cayman	VentureTech Alliance Management Company- Managing Partner Great Team Backend Foundry, Inc. (BVI)-Director LIQUIDLEDS Lighting Corp. - Director, Legal Representative of VentureTech Alliance Fund II, L.P., Cayman Aether Systems Inc. -Director, Legal Representative of VentureTech Alliance Fund II, L.P., Cayman MA-tek -Independent Director -Member of Audit / Remuneration Committee	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Position(s) held concurrently in the company and /or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Yang, Tsen Shau	Male 66~70	2021/7/15	3	2018/6/21	1,729	0	4,729	0	0	0	0	0	Stanford University -PhD, EE Myson Technology, Inc. -VP -President Century Technology, Inc. -VP Wuhan Trimode Technology Inc. -President Intelligent Silicon Solution Corporation -Consultant	Wuhan Trimode Technology Inc. -Consultant Intelligent Silicon Solution Corporation -Director -President	None	None	None	None

Major shareholders of corporate shareholders: The directors of the company are not represented by the shareholder, so this form is not applicable.

3.2.1.1 Professional qualifications and independence analysis of directors and supervisors :

All the directors of the company are currently not involved in any of the provisions of Article 30 of Company Act.

Title	Name	Member of Audit/ Compensation	Professional Qualification Requirements, and Work Experience (Please refer to P.11-16 of the Annual Report)	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman	Liu, Sheng Hsien	-	The chairman has extensive industrial experience as well as skills in operations management, leadership policy and marketing, leading the company's sustainable operations.	N.A.	0
Director and President	Liu, Han Xing	-	Possesses abundant experience and qualifications as well as skills in operations, marketing, optical communication technology, business administration, etc., leading the company to grasp industrial needs and related operating risks. The company will continue to rely on the expertise of Director Liu, Han Xing to continuously improve the quality of corporate governance.		0
Independent Director	Lai, Jiun Hao	V	He has many years of experience in the field of ASIC/CAD. During his stay in the United States, he worked for LSI Logic and Toshiba, and founded the ASICtronics Solutions company. Later on, he worked in the office of TSMC North America, where he was in charge of design services and emerging customer groups. The independent director Lai, Jiun Hao actively assists TrueLight in innovation, enhancement of competitiveness, and expansion of the international market. The company will continue to rely on the expertise of the independent director Lai, Jiun Hao in the fields of industry, business planning, business administration, corporate governance, etc. to assist in continuous refinement of corporate governance quality.	All the independent directors meet the following requirements: 1. Compliance with the provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission as well as the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies 2.No amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years	3
	Tsang, Juine Kai	V	He has extensive experience and qualifications in the industry as well as complete and abundant experience and qualifications in corporate governance, market information, product application, and expanding domestic and overseas markets. The independent director Tsang, Juine Kai takes the initiative to assist TrueLight in grasping product information, understanding the pulse of the market, and expanding domestic and foreign markets. The company will continue to rely on the expertise of the independent director Tsang, Juine Kai in the fields of industry, business planning, overseas business expansion, business administration, corporate governance, enhancement of the company's competitiveness, etc. to assist TrueLight in continuous refinement of corporate governance quality and operations.		1
	Chien, Yi Sen	V	He specializes in the field of finance, and the company will continue to rely on the expertise of the independent director Chien, Yi Sen in the fields of finance, business administration, corporate governance, etc. to assist in continuous refinement of corporate governance quality.		0

Title	Name	Member of Audit/ Compensation	Professional Qualification Requirements, and Work Experience (Please refer to P.11-16 of the Annual Report)	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Yang, Tsen Shau	V (Convenor of the Audit and Compensation Committee)	He has abundant experience and qualifications in the field of IC design, and extensive experience in corporate management, marketing, research and development, etc. The independent director Yang, Tsen Shau takes the initiative to assist TrueLight in consulting on product issues and marketing. The company will continue to rely on the expertise of the independent director Yang, Tsen Shau in the fields of industry, business administration, corporate governance, etc. to assist in continuous refinement of corporate governance quality.		0

3.2.1.2 The diversity policy and status of independence of the board of directors:

A. The diversity policy :

The " Corporate Governance Best Practice Principles " and " Procedures for Election of Directors" formulated by the company stipulate that the composition of the board of directors should consider diversity, and formulate appropriate and diversified policies for the company's operations, business models and development needs. It is appropriate to evaluate various aspects of diversity, for example: A. Basic conditions and values (such as: gender, age, nationality and culture, etc.) B. Professional knowledge and skills: professional background (such as: law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc. Board members should generally have the knowledge, skills and accomplishments necessary to perform their duties. The overall capabilities they should possess include operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market outlook, leadership, and decision-making.

The professional background of the directors covers electrical machinery, telecommunications, physics, financial accounting, etc. The members of the board of directors have industrial experience and diverse knowledge backgrounds, and can give professional advice from different aspects.

The implementation situation is as follows:

Name	Title	Gender	Nationality	Age	Employee of the company	Independent Director term of office	Diversified Core Projects					
						3~9 years	Management	Leadership Decision	Optical Communication Technology	Marketing	Finance	Bank/ Securities
Liu, Sheng Hsien	Chairman	Male	R.O.C.	66~70			✓	✓		✓		
Liu, Han Xing	Director and President	Male	R.O.C.	71~75	✓		✓	✓	✓	✓	✓	
Tsang, Juine Kai	Independent Director	Male	U.S.	71~75		✓	✓	✓	✓			
Yang, Tsen Shau	Independent Director	Male	R.O.C.	66~70		✓	✓	✓	✓			
Lai, Jiun Hao	Independent Director	Male	R.O.C.	61~65		✓	✓	✓		✓		
Chien, Yi Sen	Independent Director	Male	R.O.C.	66~70		✓	✓	✓			✓	✓

B. 2023 Board of Directors Goals and Achievements :

Goal	Achievement
Directors who concurrently serve as company managers should not exceed one-third of the directors' seats	1 director has the status of company managers, accounting for 16.66% of the total, less than one-third. Achieved.
Independent directors shall serve no more than three consecutive terms	None of the 4 independent directors have served for more than three terms. Achieved.
The number of independent directors exceeds half of all directors	4 independent directors, accounting for 66.66% of the total. Achieved.
Directors shall have more than half of the seats, and shall not have spouses or relatives within the second degree of kinship	The directors of the company and the independent directors do not have a spouse or a relationship within the second degree of relatives. Achieved.
The Chairman and the President or other persons of equivalent rank (top managers) are not the same person or spouses or first-degree relatives of each other.	The Chairman and President of the Company have not met any of the conditions listed below and have reached an agreement.
Add at least one female board member	Although there are no female members in the current session of directors, the company attaches great importance to gender equality and will increase the number of female directors in the future. Not achieved.

C. The status of independence: There are 6 incumbent directors in the ninth term, including 4 independent directors, accounting for 66.66% of all directors respectively. There is no spouse or second-degree relative relationship among the Directors; no Independent Director has served more than 3 consecutive terms. No violation of Article 26-3, Paragraph 3 and Paragraph 4 of the Securities Exchange Act. Therefore.

3.2.2 Management Team

As of 2024/4/18 Unit: share

Title	Nationality	Name	Gender	Date Elected	Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in The Name of Others		Prime Education and Experience	Current Position in The Company	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Liu, Sheng-Hsien	Male	90.1.1	2,639,045	2.37	1,704,340	1.53	0	0	University of Illinois-BSEE Paradium Tech-Manager of Prod./Eng. Dept., ISSI-Division Director, Manufacturing, Best Integrated Technology-Chairman, UTC-VP, Sales Opnet Technologies Co., Ltd. -Independent Director, BOSA Tech International (HK) Limited -Director BOSA Tech (SZ) Limited-Director YLTLINK Technology Corp. -Corporate representative director of TL Corp.	YLTLINK Technology Corporation - Chairman -Corporate representative director of TL Corp. ProRay Limited -Director Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. -Director -Legal Representative	None	None	None	CEO retired on 2023/8/15
President	ROC	Liu, Han-Xing	Male	103.8.8	180,139	0.16	756,868	0.68	0	0	University of California, Berkeley -PhD, Electrical Prime Education and Experience Engineering Hitron Technologies Inc. Hsinchu SBIP Subsidiary-President, Bell Communications Research -Researcher -Manager TrueLight Corporation-Independent Director Chief Telecom Inc.-Independent Director	ProRay Limited -Director Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. -Director YLTLINK Technology Corporation -Director -CEO -Corporate representative director of TL Corp.	None	None	None	Plans to retire on May 2024

Title	Nationality	Name	Gender	Date Elected	Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in The Name of Others		Prime Education and Experience	Current Position in The Company	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Executive VP	ROC	Wu, Cheng-Zu	Male	102.3.27	202,244	0.18	0	0	0	0	National Cheng Kung University-Master degree of Electrical Engineering Industrial Technology Research Institute EOSL-Section Manager OCP ASIA, INC. (GIGACOMM CORP.) -Product Integration Manager	YLTLINK Technology Corporation -Supervisor Zhuhai FTZ. ProRay Optoelectronic Technology Co., Ltd. -Director TrueLight (BVI)Limited - Director Opto Radiant Enterprise Ltd-Director (Note.1) ProRay Limited-Director	None	None	None	None
VP/ Finance officer / Accounting officer / Corporate governance officer	ROC	Chen, Ping-Lin (Note.2)	Female	99.3.1	205,594	0.18	48,033	0.04	0	0	Newport International University-MBA Microelectronics Technology Inc. -Assistant Manager of Finance Dept. Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd.-Supervisor	None	None	None	None	None
VP	ROC	Fu, Hsueh-Hsing (Note.3)	Male	94.4.1	23,922	0	0	0	0	0	NTHU University-Master of IEEM, UMAX Computer Co., Ltd.-Engineering Manager PRORAY Technology Co., Ltd.-Director Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd.-Legal Representative, Director TrueLight (BVI) Limited-Director	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in The Name of Others		Prime Education and Experience	Current Position in The Company	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
VP	ROC	Chen, Chih-Cheng	Male	106.5.12	78,054	0.07	0	0	0	0	National Taiwan University-Ph.D. EE, Copax Photonics, Corp. -Senior Engineer -Assistant Project Manager Arima Lasers Corp.-Senior Engineer TrueLight Corp. -Project Manager /Manager /Senior Manager -Director /Senior Director	None	None	None	None	None
Senior Director	ROC	Ou, Chun-Miao	Female	104.1.5	70,734	0.06	0	0	0	0	National Chung Hsing University-MBA	None	None	None	None	None
Senior Director	ROC	Wu, Jun-Han	Male	105.3.26	77,041	0.07	0	0	0	0	National Sun Yat-sen University (NSYSU)- Master of the Graduate Institute of Photonics	None	None	None	None	None
Director/ Finance officer / Corporate governance officer	ROC	Chang, Ching-Fang	Female	104.1.5	77,040	0.07	0	0	0	0	Chung Hua University-Bachelor of Finance Cameo Communications, Inc.-Project Manager W-LINK Systems Inc.-Project Manager AnaChip Corp.-Assistant Project Manager	None	None	None	None	None
Director	ROC	Wu, Tsan-Hung	Male	107.7.02	50,533	0.05	0	0	0	0	Tatung Institute of Technology -Bachelor, Dept. of Business Management Chung Hua University -Master, Dept. of Information Management, Lam Soon Industries Inc-System Analyst E-Tech Corporation-Session Manager TrueLight Corporation -Session Manager /Assistant Manager /Manager /Senior Manager	None	None	None	None	None
Director	ROC	Tai, Chuan-Chia (Note.3)	Male	107.7.02	59,807	0.05	0	0	0	0	NSYSU-Bachelor, EE NSYSU-Master, Dept. of Photonics TrueLight Corp. -Engineer /Section Manager /Deputy Manager /Manager /Senior Manager	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in The Name of Others		Prime Education and Experience	Current Position in The Company	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Huang, Chia-Ming	Male	2021/4/9	22,373	0.02	0	0	0	0	NCKU-Bachelor, Department of Physics National Yang Ming Chiao Tung University -Master of Science, Electrical and Computer Engineering program, Vate Technology-Senior Engineer, TrueLight Corp. -Section Manager /Manager /Senior Manager	None	None	None	None	None
Director/ Accounting officer	ROC	Wu, Heng-Yi	Male	2023/12/1	0	0	0	0	0	0	Providence University- Bachelor of Accountancy Chief Financial Officer of Onward Security Corporation. Manager of Wellstech Optical CO., LTD. and TECHNEW CO., LTD. Manager of PricewaterhouseCoopers Taiwan	None	None	None	None	None

Note1: BOD of the company approved the establishment of an overseas company on August 26, 2016, but the investment funds have not been remitted as of the publication date of the Annual Report.

Note2: Chen, Ping-lin's positions as Vice President and Financial Officer and Accounting Officer had been adjusted on December 5, 2023. The position of Financial Officer was assumed by Director Chang, Ching- Fang; the position of Accounting Officer was assumed by Director Wu, Hengyi. In addition, the position of Corporate Governance Officer was assumed by Director Chang, Ching- Fang on April 18, 2024.

Note3: VP Fu, Hsueh-Hsing demitted on September 25, 2023, and Director Tai, Chuan-Chia adjusted his position on October 6, 2023. Their relevant information was disclosed until the date of dismissal.

3.3 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents in Y2023

3.3.1 Remuneration of Directors and Independent Directors (Individual disclosure of name and method of remuneration)

Unit: NT\$ thousand

Title	Name	Remuneration of Directors								Total Remuneration(A+B+C+D) and the Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who Are Also Employees						Total Compensation (A+B+C+D+E+F+G) and the Ratio to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		Base Compensation (A)		Severance Pay and Pensions (B)		Bonus to Directors (C)		Business Execution (D)				Salary Bonuses and Allowances (E)		Severance Pay and Pensions (F)		Profit Sharing Employee Bonus (G)						
		The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	All Companies in the consolidated financial statements
Chairman and Chief Executive Officer (Note)	Liu Sheng Hsien	0	0	0	0	0	0	0	0	0	0	6,098	6,098	11,600	11,600	0	0	0	0	17,698 (4.53%)	17,698 (4.53%)	0
Director	Liu, Han Xing	0	0	0	0	0	0	0	0	0	0	5,575	6,575	108	108	0	0	0	0	5,683 (1.46%)	6,683 (1.71%)	0
Independent Director	Juine Kai Tsang	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Independent Director	Lai, Jiun Hao	420	420	0	0	0	0	0	0	420 (0.11%)	420 (0.11%)	0	0	0	0	0	0	0	0	420 (0.11%)	420 (0.11%)	0
Independent Director	Yang, Tsen Shau	420	420	0	0	0	0	0	0	420 (0.11%)	420 (0.11%)	0	0	0	0	0	0	0	0	420 (0.11%)	420 (0.11%)	0
Independent Director	Chien, Yi Sen	420	420	0	0	0	0	0	0	420 (0.11%)	420 (0.11%)	0	0	0	0	0	0	0	0	420 (0.11%)	420 (0.11%)	0

1. Please describe the policy, system, standard, and structure of remuneration to Director and independent directors, and the correlation between duties, risk, and time input with the amount of remuneration :

(1) Base Compensation:

(A) The compensation to directors is based on the overall operating performance of the company, and the degree of the directors' participation in the company's operations and contribution. The amount of the compensation is based on the industry standard, reviewed by Compensation Committee, and approved by Board of Directors. A general director who executes the company's business will receive his compensation (salary) for concurrently serving the company's duties but not the compensation. The compensation is paid in accordance with Articles of Incorporation, according to the degree of his participation in the company's operations and contribution, and in consideration of domestic and foreign industry standards, the Board of Directors are authorized to agree.

(B) The compensation to independent directors is based on the overall operating performance of the company. The amount of the compensation is based on the industry standard, reviewed by Compensation Committee, and approved by Board of Directors.

(2) Bonus to Directors: According to Articles of Incorporation, no more than 4% of profit will be appropriated as the director's remuneration. Directors draw up distribution the proposal and submit it to the shareholders' meeting for resolution. The distribution of remuneration is based on comprehensive consideration of directors' responsibilities to Board of Directors, degree of participation and contribution.

2. Except as disclosed in the preceding table, the remuneration received by the directors of the Company in recent years for the services provided to all companies in the financial statements (e.g. as consultants to non-employees, etc.):
None

Note : CEO retired on 2023/8/15

3.3.2 Remuneration for President and VP (disclose their names and remuneration method)

Unit: NT\$ thousands / thousands Share

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)(Note 3)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman & CEO	Liu, Sheng-Hsien (Note1)	18,225	19,465	13,119	13,119	3,743	3,743	0	0	0	0	35,087 (8.99%)	36,327 (9.30%)	0
President	Liu, Han-Xing													
Executive VP	Wu, Cheng-Zu													
VP / Finance Officer / Accounting Officer / Corporate governance officer	Chen, Ping-Lin (Note2)													
VP	Fu, Hsueh-Hsing (Note2)													
VP	Chen, Chih-Cheng													

Note 1: CEO retired on 2023/8/15

Note 2: Please refer to Note 2 of 3.2.2

Note 3: The bonus includes the expensed amount of cash capital increase and employee stock subscription.

Remuneration Range

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Wu, Cheng-Zu, Chen, Ping-Ling, Fu, Hsueh-Hsing, Chen, Chih-Cheng	Chen, Ping-Ling, Fu, Hsueh-Hsing, Chen, Chih-Cheng,
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	Wu, Cheng-Zu
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Liu, Han-Xing	Liu, Han-Xing
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	Liu, Sheng-Hsien	Liu, Sheng-Hsien
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total number of people	6	6

3.3.3 Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company (disclose their names and remuneration method)

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman & CEO	Liu, Sheng-Hsien (Note1)	5,276	5,276	11,600	11,600	822	822	0	0	0	0	17,698 (4.53%)	17,698 (4.53%)	0
President	Liu, Han-Xing	4,775	5,775	108	108	800	800	0	0	0	0	5,683 (1.46%)	6,683 (1.71%)	0
Executive VP	Wu, Cheng-Zu	2,589	2,829	108	108	638	638	0	0	0	0	3,335 (0.85%)	3,575 (0.92%)	0
VP / Finance Officer/ Accounting Officer/ Corporate governance officer	Chen, Ping-Lin (Note2)	2,336	2,336	100	100	786	786	0	0	0	0	3,222 (0.83%)	3,222 (0.83%)	0
VP	Fu, Hsueh-Hsing (Note2)	1,371	1,371	1,095	1,095	368	368	0	0	0	0	2,834 (0.73%)	2,834 (0.73%)	0

Note 1: CEO retired on 2023/8/15

Note 2: Please refer to Note 2 of 3.2.2

Note 3: The bonus includes the expensed amount of cash capital increase and employee stock subscription.

3.3.4 Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:
None

3.3.5 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

3.3.5.1 Analysis of the ratio of the total amount of remuneration paid to the company's Directors, President and VPs by the company and all companies with consolidated statements in the last two years to the net (profit) after tax of the individual financial report: The net loss after tax in 2023 is NT\$390,437 thousands and the net loss after tax in 2022 is NT\$26,187 thousands.

Item Title	The Company				All companies with Consolidated Statements			
	Y2023		Y2022		Y2023		Y2022	
	Total Amount	Proportion of net (loss) profit after tax	Total Amount	Proportion of net (loss) profit after tax	Total Amount	Proportion of net (loss) profit after tax	Total Amount	Proportion of net (loss) profit after tax
Director	1,260	(0.32%)	1,850	(7.06%)	1,260	(0.32%)	1,850	(7.06%)
President & VPs	35,087	(8.99%)	24,571	(93.83%)	36,327	(9.30%)	26,011	(99.33%)

3.3.5.2 The company's remuneration policy, criteria and composition, the procedure for determining remuneration, and its correlation with business performance and future risks:

A. Policy, criteria and composition of remuneration payment:

Director remuneration: Director remuneration is paid in accordance with Article 20 of the company's Articles of Incorporation, determined by the company in accordance with their level of participation in the company's operations and the value of their contribution and taking into account the standards of six companies in the peer industry, reviewed by the Remuneration Committee, and then submitted to the Board of Directors for a resolution.

The payment of director remuneration is in accordance with Article 24 of the company's Articles of Incorporation. If the company makes a profit in the year, no more than 4% of the profit shall be set aside as the director remuneration, which shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for a resolution, and then reported to the shareholders meeting.

Manager remuneration: The payment of salaries, bonuses, separation pays and pensions and special allowances is handled based on the content of their duties and work responsibilities, taking into account the salary criteria in the peer industry and considering the company's future development, profit situation and the company's performance appraisal guidelines, reviewed by the Remuneration Committee, and then submitted to the Board of Directors for a resolution.

The payment of employee remuneration is in accordance with Article 24 of the company's Articles of Incorporation, reviewed by the Remuneration Committee, submitted to the Board of Directors for a resolution, and then reported to the shareholders meeting.

B. Procedures for determining remuneration: In accordance with the company's Remuneration Committee Organizational Rules, the Remuneration Committee

shall review the policy, system, criterion and structure of the annual and long-term performance goals as well as salary and remuneration for directors and managers, and then submit them to the Board of Directors for review.

The 2023 director performance evaluation has been completed on 2024/3/6. The director remuneration structure is in line with the company's current operating conditions as well as the correlation between performance and remuneration. If the current remuneration needs to be adjusted due to changes in the business environment in the future, the management may draw up a plan and submit it to the Remuneration Committee for a project review.

Manager performance evaluation: It is conducted in accordance with the company's Performance Appraisal Guidelines by the manager's superior every year in comprehensive consideration of the overall performance within the scope of their duties and personal work results, communication and coordination, organizational skills, innovation and seeking for improvement, proposal quality, continuous learning, moral integrity, and other items. The 2023 performance appraisal operation has been completed. The manager remuneration structure and performance system are both in line with the company's current operating conditions and the correlation between performance and remuneration.

- C. The correlation between remuneration and business performance as well as future risks: The remuneration paid to the company's directors, president and vice presidents may be properly adjusted in response to changes in the overall economy and industrial prosperity and in consideration of the company's future development, profitability and operating risks as well as risk factors in the future. In addition, the directors, president, and vice presidents shall not be led to engage in acts in pursuit of remuneration beyond the company's risk appetite, so as to avoid inappropriate situations such as the company's incurring losses after paying remuneration.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

7 meetings of the Board of Directors (A) have been held in 2023, and the attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Liu, Sheng Hsien	7	0	100	
Director	Liu, Han-Xing	7	0	100	
Independent Director	Tsang, Juine-Kai	7	0	100	
	Lai, Jiun-Hao	6	1	85.71	
	Yang, Tsen-Shau	6	1	85.71	
	Chien, Yi-Sen	7	0	100	

Other mentionable items:

1.If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.: The Company has established an audit committee and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. For a description of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the operation of the Audit Committee on pages 33 to 34 of this annual report.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors:None.

2.If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Proposal Content	The Directors' Names, Contents of Motion, Causes for Avoidance and Voting Should Be Specified
3/ 8/ 2023 The 8th Session of the 9th Term	1. The Company plans to release the prohibition on Directors from participation in competitive business.	In accordance with the provisions of Article 206 of the Company Law, the Independent Directors Yang, Tsen-Shau and Lai, Jiun-Hao in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Chairman consulted with the other 4 Directors present, the resolution was passed without objection.
	2 .The Company plans to examining the case of the subsidiary YLTLink Technology Corporation Technology Co., Ltd.'s plan to apply for a quota from Chailease Hsinchu	In accordance with the provisions of Article 206 of the Company Law, the Directors Liu, Sheng Hsien's spouse is one of the top 10 shareholders of YLTLink Technology Corp. and Liu Han-Xing is also the CEO of YLTlink in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Acting Chairman Yang, Tsen-Shau consulted with the other 4 Directors present, the resolution was passed without objection.
4/ 12/ 2023 The 9th Session of the 9th Term	1. The Company plans to conduct private placement common stock.	In accordance with the provisions of Article 206 of the Company Law, the Directors Liu, Sheng Hsien and Liu Han-Xing are currently tentatively included in the list of insiders participating in private placements in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Acting Chairman Tsang, Juine-Kai consulted with the other 4 directors present, the resolution was passed without objection.
5/ 10/ 2023 The 10th Session of the 9th Term	1. The Company plans to provide endorsement guarantee to subsidiary Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd.	In accordance with the provisions of Article 206 of the Company Law, the Directors Liu, Sheng Hsien and Liu Han-Xing are the Directors of Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd.in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Acting Chairman Yang, Tsen-Shau consulted with the other 4 Directors present, the resolution was passed without objection.
	2. The Company plans to evaluate the	In accordance with the provisions of Article 206 of the Company Law, the Directors Liu, Sheng Hsien's spouse is one of the top 10

	significant accounts receivable and other receivables that are overdue (more than three months) in the 1st quarter of 2023.	shareholders of YLTLINK Technology Corp. and Liu Han-Xing is also the CEO of YLTLINK in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Acting Chairman Yang, Tsen-Shau consulted with the other 4 Directors present, the resolution was passed without objection.
7/ 4/ 2023 The 11th Session of the 9th Term	1. The CEO of the Company has volunteered to retire.	In accordance with the provisions of Article 206 of the Company Law, the Director Liu, Sheng Hsien's retirement application as CEO in this case explained that he would not participate in the voting due to his own interests in the resolutions of the meeting. After the Acting Chairman Yang, Tsen-Shau consulted with the other 5 Directors present, the resolution was passed without objection.
8/ 3/ 2023 The 12th Session of the 9th Term	1. The Company plans to release the prohibition on Directors from participation in competitive business.	In accordance with the provisions of Article 206 of the Company Law, the Independent Director Lai, Jiun-Hao entrusted Independent Director Tsang, Juine-Kai to attend the meeting. The Independent Director Tsang, Juine-Kai would like to explain on his behalf that because the content discussed in this proposal is about the Independent Director Lai, Jiun-Hao's release of non-competition restrictions, the Independent Director Tsang, Juine-Kai will not exercise voting rights on his behalf in this case in accordance with regulations. After the Chairman consulted with the other 5 Directors present, the resolution was passed without objection.
	2. The Company plans to evaluate the significant accounts receivable and other receivables that are overdue (more than three months) in the 2nd quarter of 2023.	In accordance with the provisions of Article 206 of the Company Law, the Directors Liu, Sheng Hsien's spouse is one of the top 10 shareholders of YLTLINK Technology Corp. and Liu Han-Xing is also the CEO of YLTLINK in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Acting Chairman Yang, Tsen-Shau consulted with the other 4 Directors present, the resolution was passed without objection.
9/ 27/ 2023 The 13th Session of the 9th Term	1. The Company plans to release the prohibition on Directors from participation in competitive business.	In accordance with the provisions of Article 206 of the Company Law, the Director Liu, Sheng Hsien in this case explained in order that he would not participate in the voting due to his own interests in the resolutions of the meeting. After the Acting Chairman Yang, Tsen-Shau consulted with the other 5 Directors present, the resolution was passed without objection.
	2. The Company plans to agree to the remuneration of directors.	
11/ 8/ 2023 The 14th Session of the 9th Term	1. The Company plans to agree to the remuneration of directors.	In accordance with the provisions of Article 206 of the Company Law, the Independent Directors Yang, Tsen-Shau, Lai, Jiun-Hao, Chien, Yi-Sen, Tsang, Juine-Kai in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Chairman consulted with the other 2 Directors present, the resolution was passed without objection.
	2. Proposal of the Company's 2024 Manager Remuneration Plan.	In accordance with the provisions of Article 206 of the Company Law, the Director Liu Han-Xing is also the President of the Company in this case explained that he would not participate in the voting due to his own interests in the resolutions of the meeting. After the Chairman consulted with the other 5 Directors present, the resolution was passed without objection.

3. TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations" :

The Board of Directors of the company passed the Board of Directors Performance Evaluation Guidelines on March 13, 2012, which stipulates that the internal performance evaluation of the Board of Directors shall be carried out at least once a year, and an evaluation conducted by an external professional independent organization or a team of external experts and scholars shall be carried out once every three years as necessary. The evaluation scope may include the performance evaluation of the overall Board of Directors, individual director members and functional

committees. The evaluation methods include internal self-evaluation by the Board of Directors, self-evaluation by directors, peer evaluation, external professional institutions or experts commissioned, or by other appropriate means for conducting the performance evaluation.

The 2023 performance evaluation of the overall Board of Directors, individual directors, and functional committees (Audit Committee and Remuneration Committee) adopted self-evaluation questionnaires, and the evaluation results have been discussed and approved by the Remuneration Committee on March 6, 2024, and submitted to and passed by the Board of Directors on March 6, 2024. For the evaluation scope, please refer to Note.

4.Measures taken to strengthen the functionality of the board: please refer to page 17~19.

Note :

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items	Evaluation result
Once a year	2023/1/1~2023/12/31	1. The entire Board of Directors 2. Individual board members 3. Audit Committee 4. Remuneration Committee	1. Internal self-assessment of the board of directors 2. Internal self-assessment of the board members 3. Internal self-evaluation of the audit committee 4. Internal self-evaluation of the remuneration committee	1. Board of directors' performance: The degree of participation in the company's operation(10Qs) The enhancement of decision quality(11Qs) The composition and the structure of board of directors(6Qs) The elections and continuing education of directors(5Qs) The internal controls(6Qs) A total of 38 evaluation indicators 2. Individual board members performance: The understanding of the company's objects and tasks(3Qs) The awareness of director's duties(4Qs) The degree of participation in the company's operation(6Qs) The development and communication of internal relationship(3Qs) The profession of directors and continuing education(4Qs) The internal controls(3Qs) A total of 23 evaluation indicators 3. Audit Committee' performance: The degree of participation in the company's operation(4Qs) The awareness of the duties(5Qs) The enhancement of decision quality(4Qs) Composition and member appointment of the committee(3Qs) The internal controls(3Qs) A total of 19 evaluation indicators 4. Remuneration Committee' performance: The degree of participation in the company's operation(4Qs) The awareness of the duties(5Qs) The enhancement of decision quality(4Qs)	1. The evaluation result is "excellent". The board's performance evaluation is in line with expectations, and the operation is in good condition. 2. The evaluation result is "excellent". The directors' performance evaluation is in line with expectations, and the operation is in good condition. 3. The evaluation result of the audit committee is "excellent". The audit committees' performance evaluation is in line with expectations, and the operation is in good condition. 4. The evaluation result of the remuneration committee is "excellent". The remuneration committee s'

				Composition and member appointment of the committee(3Qs) The internal controls(1Qs) A total of 17evaluation indicators	performance evaluation is in line with expectations, and the operation is in good condition.
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3.4.2 Audit Committee :

7 meetings of the Audit Committee (A) have been held in 2023, and the attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Yang, Tsen-Shau (Convener)	7	1	85.71	
	Lai, Jiun-Hao	7	1	85.71	
	Chien, Yi-Sen	7	0	100	
	Tsang, Juine-Kai	7	0	100	

Other mentionable items: :

A.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

a. Matters referred to in Article 14-5 of the Securities and Exchange Act.:

Date (Term)	Motion Contents	Resolution of the Audit Committee	Company's Handling of the Audit Committee's Opinion
3/ 8/ 2023 The 7th Session of the 4th Term	1.The company's 2022 financial report and business report 2.Independence of certified accountants for financial reports of the company and the appointment and remuneration of certified accountants in 2023 3.The company's 2022 annual assessment of the effectiveness of the internal control system and the approval of the statement of the internal control system 4.Proposal to release the restriction on non-competition of directors of the company	Passed without objection	Resolution submitting to the BOD: Passed without objection
4/ 12/ 2023 The 8th Session of the 4th Term	1.The company plans to conduct a private placement of common shares	Passed without objection	Resolution submitting to the BOD: Passed without objection
5/ 10/ 2023 The 9th Session of the 4th Term	1.The company intends to endorse the subsidiary Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. 2.The company plans to conduct the cash capital increase and issuance of new shares in 2023	Passed without objection	Resolution submitting to the BOD: Passed without objection
7/ 4/ 2023 The 10th Session of the 4th Term	1.Formulate relevant measures for the company's cash capital increase and issuance of new shares in 2023.	Passed without objection	Resolution submitting to the BOD: Passed without objection
8/ 3/ 2023 The 11th Session of the 4th Term	1.Proposal to release the restriction on non-competition of directors of the company	Passed without objection	Resolution submitting to the BOD: Passed without objection
11/ 8/ 2023 The 13th Session of the 4th Term	1.Proposal of amending the regulations of the company's *Internal Control System, *Internal Audit Implementation Rules, *Operation Procedures of Funds Lending,	Passed without objection	Resolution submitting to the BOD: Passed without objection

*Procedures for the Prevention of Insider Trading,

b. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors. : None.

B.If there are independent directors' avoidance of motions in conflict of interest, the director's names, contents of motion, causes for avoidance and voting should be specified :

Date	Proposal Content	The Independent Directors' names, contents of motion, causes for avoidance and voting should be specified
3/ 8/ 2023 The 7th Session of the 4th Term	1.Proposal to release the restriction on non-competition of directors of the company	This case was discussed and voted on in stages. The Independent Directors Yang, Tsen-Shau and Lai, Jiun-Hao in this case explained in order that they would not participate in the voting due to their own interests in the resolutions of the meeting. After the Chairman consulted with the other 3 Independent Directors present, the resolution was passed without objection.
8/ 3/ 2023 The 11th Session of the 4th Term	1.Proposal to release the restriction on non-competition of directors of the company	This case was discussed and voted on in stages. The Independent Director Lai, Jiun-Hao entrusted Independent Director Tsang, Juine-Kai to attend the meeting. The Independent Director Tsang, Juine-Kai would like to explain on his behalf that because the content discussed in this proposal is about the Independent Director Lai, Jiun-Hao's release of non-competition restrictions, the Independent Director Tsang, Juine-Kai will not exercise voting rights on his behalf in this case in accordance with regulations. After the Chairman consulted with the other 3 Independent Directors present, the resolution was passed without objection.

C.Communications between the independent directors, the Company's chief internal auditor and CPAs :

a. The internal auditor supervisor attends meetings on a quarterly basis, and communicates the result of the audit report and the situation of internal control with the independent directors not only face-to-face but also thru email or phone if necessary. The internal audit supervisor will deliver the audit report and follow-up report to the independent directors for review before the end of the next month.

Date	Reporting Summary	Result
11/08/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	1. Execution reporting : - Procurement and payment cycle - Electronic data processing cycle 2. Candidate for the Chief Officer of the Dedicated Information Security unit reporting 3. Discussion on the revision of the internal control system and the implementation rules of the internal audit operation 4. The arrangement of Y2024 annual audit plan discussing	All presented members had agreed to pass and submitted to the board of directors for discussion. No objection No objection No objection
09/27/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	Execution reporting : - R&D Cycle	All presented members had no objection.
08/03/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	Execution reporting : - Property, plant and equipment cycle	All presented members had no objection.
07/04/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	1. Execution reporting : - Finance cycle—Other activities - Production & warehousing cycle	All presented members had no objection.

05/10/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	Execution reporting : - Labor and wage cycle - Sale and receipt cycle	All presented members had no objection.
04/12/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	Discussion on Common Stock Private Placement	No objection
03/08/2023 Pre-meeting of Audit Committee Meeting / Board Meeting	1. Execution reporting : -Investment cycle—Other activities - Finance cycle—Other activities - Supervision and management of subsidiaries 2. Annual self-assessment of the internal control systems effectiveness and Internal Control System Statements discussing	All presented members had agreed to pass and submitted to the board of directors for discussion. No objection

b. The accountant had attended 4 meetings of the audit committee in 2023, and fully communicated with the independent directors on the company's overall operation, internal control inspection situation, audit scope and findings of the audit process in written or face-to-face communication. The Company's audit committee and accountants had good communication.

Date	Summary of Report/Discussion Communication Items	Recommendations and Implementation Results
03/08/2023	2022 annual financial report instructions.	The accountant participated in the Audit Committee meeting, and communicated, reported and discussed with the governance unit and the independent directors on the audit and review matters before the Audit Committee meeting officially started. During the meeting, the accountant made a full explanation on the questions raised by the independent directors, which were reported to the Board of Directors after the approval of the Audit Committee.
05/10/2023	Q1, 2023 financial statement instructions.	
08/03/2023	Q2, 2023 financial statement instructions.	
11/08/2023	Q3, 2023 financial statement instructions.	

Audit Committee's functions and powers as well as annual focus of work:

1. The Audit Committee of the company is composed of 4 independent directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its supervision of the company's implementation of the fair presentation of its financial statements, the selection (removal) as well as independence and performance of certified public accountants, the effective implementation of the company's internal control, the company's compliance with laws and regulations, and the management and control of the company's existing or potential risks.
2. The Audit Committee held 7 meetings in 2023. The main points of deliberation matters are as follows:
 - (1)Formulation of or amendment to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act
 - (2)Assessment of the effectiveness of the internal control system
 - (3)Formulation of or amendment to the handling procedures for significant financial and business activities such as acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, and providing endorsements or guarantees to others in accordance with Article 36-1 of the Securities and Exchange Act
 - (4)Matters involving directors' own interests
 - (5)Significant asset or derivatives trading
 - (6)Significant loans, endorsements or guarantees provided
 - (7)Offering, issuing or privately placing securities of equity nature
 - (8)Appointment, dismissal or remuneration of certified public accountants

(9)The annual financial report signed or sealed by the chairman, manager and accounting supervisor and the second quarter financial report that must be audited and attested by an accountant

(10)Other major events stipulated by the company or the competent authority

3. Review of financial reports

The Board of Directors prepared the company's 2023 business report, financial statements, and the proposal for loss provision. Among them, the financial statements have been completed with the audit by the appointed PwC Taiwan, and an audit report was issued. The aforementioned statements and documents have been completed with the audit by the Audit Committee applying mutatis mutandis the rules for supervisors, which found no discrepancy therein.

4. Assessment of the effectiveness of the internal control system

In accordance with the provisions of the Regulations Governing Establishment of Internal Control Systems by Public Companies, the audit unit shall evaluate the effectiveness of the overall internal control system based on the self-evaluation report, the deficiencies found, the improvement status of abnormal events and information from other sources, and propose 2023 Statement of the Internal Control System based on the evaluation results.

3.4.3 If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed:

3.4.3.1. Information on Remuneration Committee Members

Date:2024/4/18

Capacity	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent Director	Yang, Tsen-Shau (Convener)	Please refer to page 11~19		0
	Lai, Jiun-Hao			3
	Chien, Yi-Sen			0
	Tsang, Juine-Kai			1

3.4.3.2 Operation of the Remuneration Committee

A. There are 4 members in the 5th Salary and Remuneration Committee of the company.

B. The term of office of the fifth committee member: 2021/8/10/~2024/7/14.

4 meetings(A) in 2023. The qualifications and attendance of the members were as follows:

Title Name	Title Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remarks
Independent Director	Yang, Tsen-Shau (Convener)	4	0	100	
	Lai, Jiun-Hao	4	0	100	
	Chien, Yi-Sen	4	0	100	
	Tsang, Juine-Kai	4	0	100	

Other information required to be disclosed:

- 1.If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons). : None.
- 2.With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion. : None.
- 3.Operation of the Remuneration Committee:

Date	Proposal Content and Subsequent Handling	Resolution	The company's handling of the opinions of the Remuneration Committee
2023/3/8 The 4th Session of the 5th Term	1. Review the annual and long-term performance goals as well as the salary and remuneration policies, systems, criteria and structure for the company's directors 2. Review the annual and long-term performance goals as well as the salary and remuneration policies, systems, criteria and structure for the company's managers	Approved by all members present	Submitted to the Board of Directors and approved by all directors' present

2023/07/04 The 5th Session of the 5th Term	<ol style="list-style-type: none"> 1. Proposal of the pension upon retirement for CEO of the company 2. Allocation of subscription quota for managers in the Company's 2023 cash capital issue 	All the proposals were passed with the consent of all directors' present, except for Proposal 1 where some of the directors voluntarily recused themselves from discussion and voting due to their own interests therein. Please refer to the information on the operation of the Board of Directors for the content of recusal.
2023/09/27 The 6th Session of the 5th Term	<ol style="list-style-type: none"> 1. Proposal of the remuneration for Chairman of the company 	The proposal where some of the directors voluntarily recused themselves from discussion and voting due to their own interests therein. Please refer to the information on the operation of the Board of Directors for the content of recusal.
2023/11/08 The 7th Session of the 5th Term	<ol style="list-style-type: none"> 1. Proposal of the remuneration for director of the company 2. Review of the company's 2024 manager compensation planning 3. Review of the company's 2024 estimated percentages for director remuneration and employee remuneration 4. Review of the 2024 work plan of the company's Remuneration Committee 	All the proposals were passed with the consent of all directors' present, except for Proposal 1 and Proposal 2 where some of the directors voluntarily recused themselves from discussion and voting due to their own interests therein. Please refer to the information on the operation of the Board of Directors for the content of recusal.
<p>4. Responsibilities of the Remuneration Committee</p> <p>The committee faithfully performs the following functions and powers with the due care of a good administrator, and submits its recommendations to the Board of Directors for discussion.</p> <p>(1) Formulate and regularly review the policy, system, criterion and structure of the performance goals and remuneration for directors and managers.</p> <p>(2) Regularly evaluate and determine the remuneration of directors and managers.</p>		

3.4.3.3 Nomination committee : None.

3.4.4 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The company has formulated the Corporate Governance Best Practice Principles and disclosed them on the company's website and Market Observation Post System.	No major difference
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(1) A spokesperson and acting spokesperson have been appointed, and an e-mail address is located on the company's website, to handle questions raised by shareholders.	No major difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(2) The company regularly updates the register of shareholders and the register of major shareholders based on the data maintained by the stock affairs agency unit, grasps major shareholders and their ultimate controllers, and regularly reports changes in equity of insiders.	No major difference
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		(3) The Subsidiary Management Operational Guidelines and the internal control system have been formulated.	No major difference
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		(4) The Procedures for Preventing Insider Trading, the Procedures for Handling Material Inside Information, and the Ethical Corporate Management Best Practice Principles have been formulated to prevent company insiders from accidentally violating insider trading rules due to unawareness of laws and regulations or deliberately violating insider trading rules. The implementation status of educational advocacy in 2023 was as follows: A. Directors and managers: The financial unit provided the laws and regulations as well as instructions advocacy manual and briefing files related to insider trading and insider equity for directors and managers to refer to. In addition, the Company's Board of	No major difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Directors approved the amendment of the "Management Procedures for Preventing Insider Trading" on November 8, 2023, adding stock trading control measures for company insiders from the date they learn about the company's financial reports or related performance contents, including (but not Limited) Directors are not allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and the 15 days before the announcement of the quarterly financial report.</p> <p>B. Employees: Please refer to page 60 of the annual report.</p>	
<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p> <p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	<p>(1) Please refer to page 17~19 of the annual report.</p> <p>(2) In accordance with Article 26 of the company's Corporate Governance Best Practice Principles, the Board of Directors may establish nomination, risk management, and other functional committees, in consideration of the size of the Board of Directors and the number of independent directors, in order to improve the supervisory function and strengthen management functions, and may also establish the environmental protection or other committees based on the concept of corporate social responsibility and sustainable management, which are also clearly stipulated in the Articles of Incorporation.</p> <p>(3) Please refer to pages 32 and 33 of the annual report.</p>	<p>No major difference</p> <p>In the future, the company will evaluate whether to establish other functional committees in accordance with laws and regulations or depending upon operational needs.</p> <p>No major difference</p>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons																
	Yes	No	Summary description																	
<p>directors and their nomination and additional office terms?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	✓		<p>(4) The Audit Committee of the company evaluates the independence and competency of certified public accountants every year. The certified public accountants issue a statement of independence and conduct the evaluation by reference to the audit quality indicators (AQIs) - 5 major aspects, 13 indicators and the evaluation content as shown in the table below. After the evaluation, there was no situation where the accountants' independence was compromised and thus their participation in the audit and attestation for the company was inappropriate, and therefore the independence of the certified public accountants was not in doubt. The independence of certified public accountants for the company's financial reports as well as the appointment and remuneration of certified public accountants in 2024 have been discussed and approved by the Audit Committee and the Board of Directors on 2024/3/6. The evaluation content is as follows:</p> <table border="1" data-bbox="974 938 1769 1450"> <thead> <tr> <th>Item</th> <th>Evaluation content</th> <th>Conformed</th> <th>Not conformed</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Not in circumstances affecting independence due to direct or significantly indirect financial interests with the company</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>2</td> <td>Having not served as a director, supervisor, manager of the company or in a position that has a significant impact on the attestation work currently or in the past two years</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>3</td> <td>Not in a relationship of a spouse, direct blood relative, a direct relative by marriage, or a collateral blood relative within the second degree with the</td> <td style="text-align: center;">✓</td> <td></td> </tr> </tbody> </table>	Item	Evaluation content	Conformed	Not conformed	1	Not in circumstances affecting independence due to direct or significantly indirect financial interests with the company	✓		2	Having not served as a director, supervisor, manager of the company or in a position that has a significant impact on the attestation work currently or in the past two years	✓		3	Not in a relationship of a spouse, direct blood relative, a direct relative by marriage, or a collateral blood relative within the second degree with the	✓		No major difference
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			responsible person or manager of the company	
			4 No in a close relationship with the company and its related parties, directors, supervisors, managers, which is likely to compromise their objectivity or affect their independence	✓
			5 The certified public accountants have not provided audit services for the company for seven consecutive years	✓
			6 Whether the certified public accountants have complied with the Certified Public Accountant Norm of Professional Ethics Bulletin No. 10 regarding independence, and whether the audit quality indicators (AQIs) information and the Independence Statement issued by the certified public accountants have been obtained	✓
			7 Not in circumstances otherwise that may affect their independence	✓
			8 The quality and timeliness of auditing and taxation services have met the needs	✓
			9 Having taken the initiative to keep the company updated on taxation, securities management laws and regulations as well as newly revised IFRS accounting standards	✓
			10 Provided the company with financial and tax consulting services from time to time	✓

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons																	
	Yes	No	Summary description																		
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		<p>On November 9, 2022, the Board of Directors appointed the Vice President Chen, Ping Lin of the Company to serve concurrently as the Corporate Governance Officer with the purpose to assist the directors in faithfully performing their duties with the due care of a good administrator so as to achieve the benefits of strengthening the efficiency and implementation skills of the Board of Directors. The following affairs are jointly handled by the chief corporate governance officer and the finance division:</p> <ol style="list-style-type: none"> 1. Assist the Board of Directors, Audit Committee, Remuneration Committee and shareholders meetings in handling related matters in accordance with the law 2. Assist directors in their assuming office and continuing education 3. Provide information required by directors to perform their duties 4. Assist the Board of Directors in implementing corporate governance and regulatory compliance 5. Other matters stipulated in the company's Articles of Incorporation or contracts, etc. 6. Prepare the minutes of the Board of Directors and shareholders meetings, handle amendments of company registration and other related matters. <p>Details of The Corporate Governance Officer training:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Host By</th> <th>Training Title</th> <th>Duration</th> </tr> </thead> <tbody> <tr> <td>2022/11/30</td> <td rowspan="4">ARDF</td> <td>Practical Cases of Breach of Trust and Analysis of Legal Responsibilities</td> <td>6hrs</td> </tr> <tr> <td>2022/12/21</td> <td>Analysis of Common Deficiencies of Internal Control Management in Enterprises and Practical Cases</td> <td>6hrs</td> </tr> <tr> <td>2023/05/12</td> <td>Analysis of Common Corporate "Tax Planning" Strategies and Related Legal Responsibilities</td> <td>3hrs</td> </tr> <tr> <td>2023/05/19</td> <td>Analysis of The Latest Corporate Governance Policies and Laws and Common Deficiencies</td> <td>3hrs</td> </tr> </tbody> </table>	Date	Host By	Training Title	Duration	2022/11/30	ARDF	Practical Cases of Breach of Trust and Analysis of Legal Responsibilities	6hrs	2022/12/21	Analysis of Common Deficiencies of Internal Control Management in Enterprises and Practical Cases	6hrs	2023/05/12	Analysis of Common Corporate "Tax Planning" Strategies and Related Legal Responsibilities	3hrs	2023/05/19	Analysis of The Latest Corporate Governance Policies and Laws and Common Deficiencies	3hrs	No major difference
Date	Host By	Training Title	Duration																		
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The company has the spokespersons and acting spokesperson as well as stock affairs personnel in place, has communication channels such as investor relations and the stakeholder mailbox on the company website, and provides sound responses to issues and inquiries. Please refer to page 46~47 of the annual report.	No major difference
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The company commissioned the Stock Affairs Agency Department of Yuanta Securities Co., Ltd. to handle the affairs of the shareholders meeting.	No major difference
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓ ✓	 ✓	(1) The website of the company is: http://www.truelight.com.tw , which discloses the company profile, business information, as well as financial and corporate governance related information. (2) The company assigned a dedicated person to be in charge of the collection and disclosure of company information, as well as regular or irregular disclosure of information relating to the company on the Market Observation Post System. The company's website can also be linked to the Market Observation Post System in the hope of promptly and appropriately disclosing information that is likely to affect the decision-making of shareholders and stakeholders. The company is invited to participate in institutional investor conferences from time to time, so that investors can understand the company's operating conditions. (3) The company has not yet announced and filed its annual financial report within two months after the end of the fiscal year. In addition, the financial reports for the first, second, and third quarters and the operating conditions of each month were all announced and filed prior to the prescribed deadlines.	No major difference No major difference As the preparation period for the annual financial report coincided with the Lunar New Year holiday, we will evaluate the required manpower and work schedule, etc. to decide whether to make filings in advance.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> 1. The company has always regarded employees as the biggest asset, and pays special attention to the rights and interests as well as benefits of employees. In addition to complying with government regulations for labor insurance and health insurance, it also provides group insurance and arranges health checkups, has established the welfare committee to organize activities such as: year-end lottery drawing party, travel subsidies, Labor Day and Mid-Autumn Festival cash gift, and offers employees a variety of skill-training opportunities so as to cultivate talent. 2. As to suppliers, based on the relationship of coexistence and co-prosperity, the company gives suppliers the profits they deserve so as to create a win-win situation. The company also attaches great importance to the rights of stakeholders. When stakeholders intend to view and copy company registration information, they may do so in accordance with the laws and regulations. 3. All directors of the company have a professional background and have completed continuing education courses in accordance with laws and regulations. 4. The directors of the company recused themselves from any proposals involving their interests. Please refer to the annual report on the Operational Status of the Board of Directors and Audit Committee. 5. The dedicated personnel are in charge of the company's risk management policies and risk measurement standards, and the internal control system has been formulated in accordance with the law and audited by the internal audit. The implementation is in good condition. In addition, the company also takes out insurance such as property insurance and product transportation insurance to avoid risks. 6. The company maintains smooth communication channels with customers, and the implementation is in good condition. 7. The company has taken out liability insurance for the directors and managers, and the insurance amount is US\$3 million. 	No major difference

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.

9.1 The company has improved the situation as follows:

Index No.	Improved situation:
1.15	Please refer to page 39~40 of the Annual Report about the explanation of whether the company has established internal regulations to prohibit company insiders from using undisclosed information in the market to buy and sell securities.
2.3	The Chairman served as the CEO and his position as CEO had retired on August 15, 2023.

9.2 Items and measures that have not yet been improved and need to be strengthened:

Index No.	Item	Strengthening Items and Measures
2.6	Does the Company's board of directors contain at least one Director of different genders?	Will be announced according to the index content
4.1	Does the Company set up a dedicated (part-time) unit to promote sustainable development and base on the principle of materiality, conduct risk assessments on environmental, social or corporate governance issues related to the Company's operations, formulate relevant risk management policies or strategies, supervise the promotion of sustainable development by the Board of Directors, and disclose it on the Company's website and Annual Report?	
4.3	Does the Company regularly disclose its specific promotion plans and implementation results of corporate sustainable development (ESG) on its website, Annual Report or Sustainability Report?	
4.7	Does the Company upload the English version of its Sustainability Report to MOPS and company website?	
4.8	Has the Sustainability Report produced by the Company been submitted to the Board of Directors for approval?	

Communication between the company and stakeholders: The communication for 2022 has been reported to the board of directors on May 10, 2023. The status of communication with stakeholders during 2023 will be reported to BOD in Q2 of 2024.

Stakeholder	Important Issues of Concern	Communication Channels and Responses	Communication with Stakeholders in 2023
Investor Relations	Financial condition and profit performance Industry outlook and competitiveness R&D and innovation Sustainable operations Risk management	Contact Person : Spokesperson, J. S. Pan TEL : +886-35780080 Answer investor questions by phone and email Irregularly release significant information on the Market Observation Post System or release company news on the company's website Irregularly hold institutional investor conferences	1. There is an e-mail box and a contact number in place on the company's website to handle related questions raised by shareholders. 2. 23 announcements of significant information and regularly or irregularly disclosed information required by laws and regulations on the Market Observation Post System. 3. The Investor Conference has been held on 2023/12/8.
Customer Relations	Customer relationship maintenance Product quality and competitiveness R&D and innovation Risk management Product liability	Contact Person : Senior Director, Ou, Chun-Miao TEL : +886-35780080 Customer satisfaction survey Irregular customer meetings Customer audit Respond to issues of customers' concerns via email Intellectual property management and non-disclosure agreement	1. Customer satisfaction survey: Taking the top 20 customers in the company's performance ranking as samples, the response rate was 100%. After calculating the scores of each aspect with the responding weighted ratio, the total average was 93.68. 2. Customer audit: With 7 copies of document assessments and 5 actual audits, the assessment results

	Green product Environmental policy	Foreign exhibitions	were all passed.
Supplier Relations	Product quality and Competitiveness R&D and innovation Product liability Supplier environmental assessment Procurement practices	Contact Person : Manager, Christine Yeh TEL : +886-35780080 Supplier meeting Annual evaluation and assessment of suppliers and contractors Evaluation, guidance and assessment of supplier quality capabilities The products provided must pass the third-party accredited inspection Supplier environmental safety and health performance assessment Respond to issues of suppliers' concerns via email Intellectual property management and non-disclosure agreement	1. With 47 copies of supplier assessment sheets, the assessment results were all Grade A. 2. Supplier audit: With 3 copies of document assessments and 2 actual audits, the assessment results were all passed.
Employee Relations	Labor and employment relations, salary and benefits Occupational safety and health Employee welfare human rights protection Talent training	Contact Person : Manage, Eva Lin TEL : +886-35780080 Company announcement Irregularly hold employee forums Regularly hold labor-management meetings Dedicated nursing staff to provide health consultation and emergency medical treatment Employee health check Physician's visit at the factory every month to provide health services Set up suggestion boxes on each floor Sexual harassment prevention advocacy and complaint handling channel	1. Labor-management meetings were held 4 times. 2. The Occupational Safety, Health and Fire Prevention Management Committee held 4 meetings. 3. Internally announced 12 pieces or more information on employee welfare, training, and medical information to employees so as to improve medical health. 4. Physicians provide 12 sessions of health services, and 1 session of intraocular pressure test for employees.

Succession planning and operation for members of the Board of Directors and important management

(1) Director selection and succession planning and operation

The company has established a comprehensive director selection system, carefully considering the composition and diversity criteria of the Board of Directors. The selection process of all directors is fair, open and just, in line with the provisions of the company's Articles of Incorporation, Director Election Guidelines and Corporate Governance Principles. The company selects directors who possess the knowledge, technology and literacy necessary to perform their duties based on their professional

background in the industry, fields of work and practical experience.

The succession planning of the board members of the company, in addition to conforming with the requirements stipulated by laws and regulations, shall be based on the company's developmental direction as well as medium and long-term strategic goals, considering the professional knowledge, skills, experience, gender and other diversified backgrounds and independence criteria required for the board members, based on which we seek suitable candidates. In addition to possessing diversified professional knowledge and skills (such as law, accounting, industry, finance, marketing, or technology) and industry experience, director succession candidates shall possess overall capabilities including operational judgment skills, accounting and financial analysis skills, business management skills (including the operation and management of subsidiaries), crisis handling skills, industry knowledge, international market outlook, leadership, decision-making skills, as well as the ability to be in line with the company's business axis, medium and long-term steady growth and development strategy, and the ability to continuously improve corporate governance, risk management knowledge and skills so as to give full play to the decision-making and supervisory functions of the Board of Directors.

The company conducts performance appraisals for directors every year, and also has performance target appraisals for senior management personnel, both of which can be used as a reference for the selection of director successors in the future.

The disclosure of the background information, educational background, concurrent positions in other companies, and information on the operation of the Board of Directors and functional committees of the Board of Directors of the company has been released on the company's annual report. Also, in response to international emphasis on concerns and trends in issues such as corporate governance and corporate social responsibility development in recent years, directors are encouraged to participate in continuing education and report continuing education certificates to the company. The company discloses records of directors' participation in continuing education as well as information contained in the company's annual report on the Market Observation Post System.

(2) Succession selection of important management levels

The selection and cultivation of important management successors are critical to the sustainable operation of an enterprise. The successor plan is to undertake the corporate management and to keep pace with the times providing the manpower required for the sustainable operation of the enterprise. When working on the succession plan for important management levels, TrueLight's successors shall not only possess excellent work abilities, but also have values consistent with those of the company, with their personality traits of honesty and integrity. At present, in terms of the company's talent cultivation and training, the average age of the company's vice presidents and assistant managers is 50.75 years old, and 2 of them are female and 6 of them are male, which is at the mature and stable stage in life. Successors (candidates) must have excellent executive power and ability to take action, and their values and concepts as well as personality attributes need to align with the company's expectations, including integrity, innovation, and winning customer satisfaction.

The company's vice president-level employees are important management levels, and there are currently 2 of them in total. Each of them has completed the job description and job planning, appointed and trained the substitute for the duties. The company uses the existing performance appraisal system to evaluate and review the company's future potential successor candidates to facilitate future development and progress. In addition to retaining talents, the company also recruits outstanding talents externally, making use of internal and external talents collected to increase the breadth and depth of the company's succession candidates.

3.4.5 Promotion of Sustainable Development-Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons :

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Yes	No	Summary description							
1.Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?		✓	The company has not yet established a dedicated (or non-dedicated) unit to promote sustainable development. The company actively practices sustainable development with integrity, pragmatism, excellence, and sharing to be in line with international development trends. Through the responsibility of corporate citizenship, we strive to enhance our contribution to the economy of country, improve the quality of life of employees and society, and promote sustainable development.	It will be discussed in the future.						
2.Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>The risk assessment boundary is mainly based on the company. In addition, in order to strengthen the control and supervision of the operating risks of subsidiaries, the Subsidiary Management Operational Guidelines were formulated to establish the overall operating risk management mechanism of the company and its subsidiaries.</p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Evaluation item</th> <th>Risk management policies and measures</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and management</td> <td>The company has formulated the Environmental Management Manual, the Risk and Opportunity Management Procedures, and the Environmental Aspect Identification and Management Procedures to implement environmental risk assessments related to the company's operations, and to formulate corresponding control strategies for dealing with risks and opportunities so as to grasp the environmental impact and safety and health risks related to company activities and services, to provide safe, healthy and environmentally friendly working</td> </tr> </tbody> </table>	Topic	Evaluation item	Risk management policies and measures	Environment	Environmental impact and management	The company has formulated the Environmental Management Manual, the Risk and Opportunity Management Procedures, and the Environmental Aspect Identification and Management Procedures to implement environmental risk assessments related to the company's operations, and to formulate corresponding control strategies for dealing with risks and opportunities so as to grasp the environmental impact and safety and health risks related to company activities and services, to provide safe, healthy and environmentally friendly working	No major difference
Topic	Evaluation item	Risk management policies and measures								
Environment	Environmental impact and management	The company has formulated the Environmental Management Manual, the Risk and Opportunity Management Procedures, and the Environmental Aspect Identification and Management Procedures to implement environmental risk assessments related to the company's operations, and to formulate corresponding control strategies for dealing with risks and opportunities so as to grasp the environmental impact and safety and health risks related to company activities and services, to provide safe, healthy and environmentally friendly working								

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons											
	Yes	No	Summary description												
			<table border="1"> <tr> <td></td> <td></td> <td>conditions, and to reduce occupational accidents and environmental impacts.</td> </tr> <tr> <td>Social</td> <td>Occupational safety product safety and supply chain management</td> <td> <ol style="list-style-type: none"> 1. Passed the ISO 45001 Occupational Safety and Health Management System Certification and the CNS 45001/TOSHMS Taiwan Occupational Safety and Health Management System Certification. 2. Continued to promote green manufacturing, and the green supply chain control of RoHS (EU) 2015/863, establish a responsible supply chain so to comply with RoHS, REACH, China RoHS and other directives, including requiring suppliers to abide by the Responsible Business Alliance Code of Conduct (RBA) and Conflict-free minerals and other directives. </td> </tr> <tr> <td rowspan="2">Corporate governance</td> <td>Regulatory compliance</td> <td> <ol style="list-style-type: none"> 1. Implement the internal control system, continue to deepen the corporate governance policy, review the company's internal norms in accordance with the amendments to laws and regulations, ensure that employees abide by laws and regulations, and reduce the risk of violations. 2. Apply for a patent to protect the rights and interests of the products developed by the company. </td> </tr> <tr> <td>Strengthen the functions of directors</td> <td> <ol style="list-style-type: none"> 1. Plan annual continuing education courses for directors, and provide directors with the necessary information for business execution and regulatory compliance. 2. Take out director liability insurance for directors to protect them from lawsuits or claims. </td> </tr> </table>			conditions, and to reduce occupational accidents and environmental impacts.	Social	Occupational safety product safety and supply chain management	<ol style="list-style-type: none"> 1. Passed the ISO 45001 Occupational Safety and Health Management System Certification and the CNS 45001/TOSHMS Taiwan Occupational Safety and Health Management System Certification. 2. Continued to promote green manufacturing, and the green supply chain control of RoHS (EU) 2015/863, establish a responsible supply chain so to comply with RoHS, REACH, China RoHS and other directives, including requiring suppliers to abide by the Responsible Business Alliance Code of Conduct (RBA) and Conflict-free minerals and other directives. 	Corporate governance	Regulatory compliance	<ol style="list-style-type: none"> 1. Implement the internal control system, continue to deepen the corporate governance policy, review the company's internal norms in accordance with the amendments to laws and regulations, ensure that employees abide by laws and regulations, and reduce the risk of violations. 2. Apply for a patent to protect the rights and interests of the products developed by the company. 	Strengthen the functions of directors	<ol style="list-style-type: none"> 1. Plan annual continuing education courses for directors, and provide directors with the necessary information for business execution and regulatory compliance. 2. Take out director liability insurance for directors to protect them from lawsuits or claims. 	
		conditions, and to reduce occupational accidents and environmental impacts.													
Social	Occupational safety product safety and supply chain management	<ol style="list-style-type: none"> 1. Passed the ISO 45001 Occupational Safety and Health Management System Certification and the CNS 45001/TOSHMS Taiwan Occupational Safety and Health Management System Certification. 2. Continued to promote green manufacturing, and the green supply chain control of RoHS (EU) 2015/863, establish a responsible supply chain so to comply with RoHS, REACH, China RoHS and other directives, including requiring suppliers to abide by the Responsible Business Alliance Code of Conduct (RBA) and Conflict-free minerals and other directives. 													
Corporate governance	Regulatory compliance	<ol style="list-style-type: none"> 1. Implement the internal control system, continue to deepen the corporate governance policy, review the company's internal norms in accordance with the amendments to laws and regulations, ensure that employees abide by laws and regulations, and reduce the risk of violations. 2. Apply for a patent to protect the rights and interests of the products developed by the company. 													
	Strengthen the functions of directors	<ol style="list-style-type: none"> 1. Plan annual continuing education courses for directors, and provide directors with the necessary information for business execution and regulatory compliance. 2. Take out director liability insurance for directors to protect them from lawsuits or claims. 													
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		The company is a professional supplier of optical communication parts and components, and has established an ISO14001 environmental management system and obtained certification. (Certification date 2005/7/14, validity period 2022/7/11~2024/7/15)	No major difference											

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																																		
	Yes	No	Summary description																																			
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		The company has prescribed a written environmental policy to implement affairs in accordance with the spirit of environmental protection, and to educate employees and inform suppliers thereof so that they understand the company's philosophy of supporting green environmental protection and responding to the sustainable operations of the global environment. The company also takes practical actions to reduce paper consumption, adopts an electronic online paperless sign-off system, encourages employees to print on both sides, reduces the use of paper cups, sorts garbage, as well as recycles and reuse of resources.	No major difference																																		
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		The company has assessed the risks and opportunities in the ISO14001 environmental management system, and continues to pay attention to issues in order to take follow-up response measures.	No major difference																																		
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		<p>1. Greenhouse gas emissions: (Unit: metric tons of CO₂e)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Company Name</th> <th>Scope 1</th> <th>Scope 2</th> <th>Sum</th> <th>GHG emissions intensity (ton-CO₂e/NTD million)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2023</td> <td>TrueLight</td> <td>487</td> <td>5,703</td> <td>6,190</td> <td rowspan="3">17.40</td> </tr> <tr> <td>Subsidiary – YLTLink</td> <td>-</td> <td>1,431</td> <td>1,431</td> </tr> <tr> <td>Subsidiary – ProRay</td> <td>-</td> <td>3,342</td> <td>3,342</td> </tr> <tr> <td rowspan="3">2022</td> <td>TrueLight</td> <td>488</td> <td>5,875</td> <td>6,363</td> <td rowspan="3">11.74</td> </tr> <tr> <td>Subsidiary – YLTLink</td> <td>-</td> <td>1,603</td> <td>1,603</td> </tr> <tr> <td>Subsidiary – ProRay</td> <td>-</td> <td>3,653</td> <td>3,653</td> </tr> </tbody> </table> <p>The total amount of Scope 1 and Scope 2 GHG emissions in 2023 mainly came from Scope 2 electricity emissions, which accounted for 93.6% of the total plant emissions; followed by the use of GHG in the Scope 1 process, which accounted for 6.4%.</p> <p>The main carbon emissions of subsidiaries were Scope 2 electric energy emissions.</p> <p>In order to achieve energy conservation and carbon reduction, the Company continues to promote various energy conservation plans and strive to achieve total carbon emission reduction.</p> <p>Power monitoring system: Through the smart monitoring system, the power consumption status of each load is analyzed to formulate an energy-saving plan, which is expected to reduce electricity consumption by 200,000 kWh per year.</p>	Year	Company Name	Scope 1	Scope 2	Sum	GHG emissions intensity (ton-CO ₂ e/NTD million)	2023	TrueLight	487	5,703	6,190	17.40	Subsidiary – YLTLink	-	1,431	1,431	Subsidiary – ProRay	-	3,342	3,342	2022	TrueLight	488	5,875	6,363	11.74	Subsidiary – YLTLink	-	1,603	1,603	Subsidiary – ProRay	-	3,653	3,653	No major difference
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			<p>Air conditioning system: Depending on the load in the factory and adjusting the ice and water host system according to weather conditions, it is expected to reduce electricity consumption by 200,000 kWh per year.</p> <p>The target is to save about 1% of energy every year, and it is expected to reduce GHG emissions by about 0.5~2%.</p> <p>2. Water resources:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Company Name</th> <th>Total water consumption (metric tons)</th> <th>Manufacturing process recovery rate</th> <th>Factory-wise recovery rate</th> <th>Density ton/NTD million</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2023</td> <td>TrueLight</td> <td>61,101</td> <td>69.31</td> <td>37.91</td> <td rowspan="3">113.64</td> </tr> <tr> <td>Subsidiary-YLTLINK</td> <td>1,336</td> <td>57.60</td> <td>32.90</td> </tr> <tr> <td>Subsidiary-ProRay</td> <td>9,157</td> <td>-</td> <td>-</td> </tr> <tr> <td rowspan="3">2022</td> <td>TrueLight</td> <td>64,461</td> <td>65.69</td> <td>36.63</td> <td rowspan="3">77.93</td> </tr> <tr> <td>Subsidiary-YLTLINK</td> <td>1,448</td> <td>60.20</td> <td>37.10</td> </tr> <tr> <td>Subsidiary-ProRay</td> <td>11,242</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>As for water resources, part of the process water is reused. The process recovery rate was 69.31% in 2023, and efforts would be made to achieve a plant-wide recovery rate of more than 35%. The subsidiary YLTLINK strives to maintain the water recycling rate above 33% every year.</p> <p>3. Waste management policy and targets:</p> <p>Waste output (Unit: metric tons)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Company Name</th> <th>General industry</th> <th>Hazardous industry</th> <th>Total</th> <th>Density ton/NTD million</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2023</td> <td>TrueLight</td> <td>25.89</td> <td>51.33</td> <td>77.22</td> <td rowspan="3">0.13</td> </tr> <tr> <td>Subsidiary-YLTLINK</td> <td>2.35</td> <td>1.74</td> <td>4.09</td> </tr> <tr> <td>Subsidiary-ProRay</td> <td>0.45</td> <td>0.34</td> <td>0.79</td> </tr> </tbody> </table>	Year	Company Name	Total water consumption (metric tons)	Manufacturing process recovery rate	Factory-wise recovery rate	Density ton/NTD million	2023	TrueLight	61,101	69.31	37.91	113.64	Subsidiary-YLTLINK	1,336	57.60	32.90	Subsidiary-ProRay	9,157	-	-	2022	TrueLight	64,461	65.69	36.63	77.93	Subsidiary-YLTLINK	1,448	60.20	37.10	Subsidiary-ProRay	11,242	-	-	Year	Company Name	General industry	Hazardous industry	Total	Density ton/NTD million	2023	TrueLight	25.89	51.33	77.22	0.13	Subsidiary-YLTLINK	2.35	1.74	4.09	Subsidiary-ProRay	0.45	0.34	0.79	
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Year	Resource recovery rate	Target Achieved																									
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2022	64.64%	V																									
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		<p>The company has formulated the Work Rules for employees in accordance with the Labor Standards Act and related laws regulations, respects the principles and spirit of international initiatives such as the United Nations Universal Declaration of Human Rights, advocates and clearly discloses the elimination of any human rights violations, and has formulated the Employee Code of Conduct, pays attention to gender equality, right to work, bans the use of child labor and strictly prohibits any illegal discrimination, etc. so as to protect the legitimate rights and interests of employees and implement fair and non-discriminatory treatment employment policies, and conducts online tests on the human rights policy for all employees.</p>				No major difference																				
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		<p>The company has formulated the work rules, which cover the company's salary assessment principles, bonus distribution rules, leave rules, pension payments, occupational accident compensation, performance appraisal, as well as reward and punishment rules. The Employee Welfare Committee was also established in accordance with the regulations to handle employee welfare measures. The company's remuneration policy is based on the principle of salary assessment. The Articles of Incorporation also stipulate that if the company makes annual profits, 4%–10% thereof shall be appropriated as employee remuneration. The company's remuneration policy is based on the employee's educational background and work experience, professional knowledge, contribution to the company, to be linked to the company's operating performance and personal performance evaluation items: work</p>				No major difference																				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			results demonstration, communication and coordination, organizational skills, innovation and seeking improvement/quality of proposals, continuous learning, moral integrity and other items. In addition, for other benefits of the company and the pension system, please refer to pages 91-95 of the annual report.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		<p>The company's workplaces are all equipped with safety and health devices that meet the standards, and the company properly implements safety and health laws and regulations; and regularly conducts training on professional knowledge, safety and health education, disaster prevention and protection of employee health. We also carry out regular health checks for active employees in accordance with the Labor Health Protection Regulations. We publish medical information every month to improve medical health and other related knowledge for employees.</p> <p>Information on employee occupational accidents in 2023: Number of employee occupational accidents: 1 Number of occupational accidents and ratio to total number of employees: (1/315)=0.003%</p> <p>Improvement measures related to occupational accidents: 1. Added hazard identification and risk assessment #9320-02-003 for dismantling customer kits (file operations). 2. Added safety and hygiene standards for file grinding operations. 3. Personnel should wear safety glasses and non-slip gloves when working. 4. Provide education and training for workers on safe file operations.</p> <p>Fire information for 2023: Number of fire incidents: 0. The number of fire fatalities and injuries and the ratio of the number of fatalities and injuries to the total number of employees: 0% Improvement measures in response to fire: No fire occurred during the period, so no improvements are required.</p>	No major difference
(4) Has the Company established effective career development training programs for employees?	✓		Please refer to pages 91-95 of the annual report.	No major difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The company shall collect and understand laws and regulations as well as international standards for products and services provided in order to comply therewith, and summarize the matters to be paid attention to and make announcements, so as to encourage the company's personnel to ensure information transparency and security of products and services in the course of research and develop, procurement, manufacture, provision or sale of the products and services. The company has formulated the Customer Complaint Handling Procedure to solve problems such as product abnormalities, and also conducts a customer satisfaction survey every year. Please refer to pages 46-47 of the annual report. And by obtaining the opinions of customers, we expect to achieve a win-win situation between the company and customers.	No major difference
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		In the Supplier Control Procedures, the company lists environmental protection, occupational safety and intellectual property as evaluation items. The company's dealings with suppliers also follow the company's Purchase Order, Purchase and Lease Contract Safety, Health and Environmental Protection Requirements Guidelines, no hazardous substance requirements, no infringement of other people's trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights, and other norms. The company has established a long-term close cooperative relationship with its suppliers. On the basis of mutual trust and mutual benefit, the rights and interests of both parties are protected. The company also supports green environmental protection, fulfills corporate social responsibilities and responds to the global environmentally sustainable operations concept in the supply chain so as to jointly pursue win-win growth. For the 2023 evaluation results, please refer to pages 46-47 of the annual report.	No major difference
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	The company has not yet prepared a sustainability report.	In the future, the company will evaluate and compile the sustainability report in accordance with laws and regulations or in accordance with operational needs.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons								
	Yes	No	Summary description									
6.			If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The company has not yet formulated "Sustainable Development Best Practice Principles".									
7.			Other important information to facilitate better understanding of the company's promotion of sustainable development: (1)The company respects and embraces multiculturalism, and provides equal job opportunities to job seekers and employees. Employee recruitment, salary, promotion and remuneration are based on their job category, educational background and work experience, professional knowledge and technology, professional seniority and experience as well as personal performance, regardless of their race, religion, nationality, gender, or age. Proportions of female employees in 2023 <table border="1" data-bbox="114 678 987 826"> <thead> <tr> <th>Index</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Female accounted for total employees (%)</td> <td>54.95</td> </tr> <tr> <td>Female accounted for all supervisors (%)</td> <td>28.17</td> </tr> <tr> <td>Female accounted for senior executives (%)</td> <td>20.00</td> </tr> </tbody> </table>	Index	%	Female accounted for total employees (%)	54.95	Female accounted for all supervisors (%)	28.17	Female accounted for senior executives (%)	20.00	
Index	%											
Female accounted for total employees (%)	54.95											
Female accounted for all supervisors (%)	28.17											
Female accounted for senior executives (%)	20.00											
			(2)In order to protect the natural environment for coexistence and common prosperity, the company fulfills its corporate social responsibilities, has formulated environmental policies as well as safety and health management, implements them through the introduction of management systems, and continuously improves environmental management performance, so as to achieve the goal of sustainable corporate operations. (3)The company actively stays on top of service technology manufacturing processes and packaging materials that meet customer needs, such as: lead-free, halogen-free, or in compliance with EU ROHs directives on environmental protection as well as environmental protection regulations and decrees for the prohibition from or restriction on hazardous substances. (4)The company strictly implements the contents of the industrial waste disposal plan, has commissioned professional and legitimate suppliers to clean up waste, and recycles resource waste in accordance with regulations. (5)Encourage the use of environmentally friendly packaging materials, reduce waste, and strengthen resource recycling and reuse. (6)Through education and training, we advocate the basic awareness of responsibility for employees to recognize environmental protection, resource recycling and energy conservation. (7)Comply with government laws and regulations on environmental protection, and fully assist government agencies in promoting environmental protection affairs. (8)Actively participate in a variety of activities organized by the Science Park Bureau and maintain a harmonious relationship with neighboring manufacturers. (9)System certificate: a. Quality management system: ISO 9001: 2015 (certification date 2001/9/19, validity period 2022/7/11–2024/7/21) b. Environmental management system: ISO 14001: 2015 (certification date 2005/7/14, validity period 2022/7/11–2024/7/15) c. Occupational safety and health management system: ISO 45001: 2018 (certification date 2019/4/14, validity period 2021/4/20–2024/4/20) d. Taiwan occupational safety and health management system: CNS45001 (certification date 2020/4/13, validity period 2021/4/20–2024/4/19) e. Hazardous substance management system IECQ QC080000: 2017 (certification date 2013/8/28, validity period 2022/8/28–2025/8/27)									

3.4.6 Climate-Related Information of TWSE/TPEX Listed Company:

3.4.6.1 Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>According to the "Sustainable Development Roadmap" plan issued by the Financial Supervisory Commission, the Company belongs to the category of companies with paid-in capital of less than NT\$5 billion. It should complete the inventory in 2026 and the verification in 2028. Subsequently, it will follow the instructions of the competent authority. Refer to the guidelines and relevant regulations to perform greenhouse gas inventory and assurance operations.</p> <p>The Company reports to the Board of Directors on a quarterly basis the detailed promotion schedule of each greenhouse gas inventory project, the formulation of complete inventory procedures, and the implementation progress of plans such as the Board of Directors' supervision and control phased goals. Subsequently, the relevant complete information will be provided to the Board of Directors in accordance with legal requirements. After completion, it will be disclosed on the MOPS.</p> <p>Facing the challenge of climate change, the Company has begun to implement internal resource conservation and carbon emission reduction plans. Please refer to pages 51 to 53 of the annual report for relevant measures and results.</p> <p>The Company will continue to pay attention to possible changes in market risks in the medium to long term, especially the trends in carbon pricing and carbon taxation, which may lead to rising costs, thereby affecting the research and development, production and sales of the Company's products. Comprehensive financial planning will be carried out, including considering the possibility of product and industry transformation, to reduce the impact of climate change and transformation risks on the Company, and to timely adjust the business model to cope with the new market environment.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	
3. Describe the financial impact of extreme weather events and transformative actions.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

<p>1-1-1 Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years. Please refer to pages 51-52 of the annual report.</p>
<p>1-1-2 Greenhouse Gas Assurance Information Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion. The Company has not yet prepared a sustainability report, and the relevant complete assurance information will be disclosed on the MOPS upon completion, and the complete assurance information will be disclosed in the next annual report.</p>
<p>1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets. According to the "Sustainable Development Roadmap" plan issued by the Financial Supervisory Commission, the Company belongs to the category of companies with paid-in capital of less than NT\$5 billion. It should complete the inventory in 2026 and the verification in 2028. Subsequently, it will follow the instructions of the competent authority. Refer to the guidelines and relevant regulations to perform greenhouse gas inventory and assurance operations.</p>

3.4.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	✓		(1) The company has formulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to regulate the company's business execution, under which we shall act honestly and justly, and abide by government laws and regulations. The Board of Directors and management also promise to actively implement the business philosophy of ethical corporate management.	No major difference
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7,</p>	✓		(2) The company operates in accordance with the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, and has signed the Supplier Integrity Pledge with manufacturers/suppliers, which stipulates that if the manufacturer/suppliers are suspected of unethical conduct, the Company may withhold payment of all	No major difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies and the Reasons
	Yes	No	Summary description	
<p>paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	✓		<p>accounts payable. If it is verified that the unethical conduct of the manufacturer/supplier is true, TrueLight may immediately terminate the procurement contract.</p> <p>(3) The company has formulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, which specifically prescribes the matters to be paid attention to when performing business, and have been announced on the company website.</p>	No major difference
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p>	✓		<p>(1) The same as the description in Item 1 (2) above.</p> <p>(2) The company's dedicated unit for promoting ethical corporate management is the President's Office, which acts as a consultation contact point on ethical corporate management. The company's implementation status of ethical corporate management was reported to the Board of Directors on March 6, 2024. No offering or acceptance of any form of improper benefits was found, nor was there any report of unethical conduct or misconduct by internal or external personnel.</p> <p>Implementation status of the ethical corporate management policy in 2023: Regulatory compliance advocacy: Every year, high-level management conveys the importance of integrity to all employees, and the human resources unit conducts educational advocacy on ethical corporate management to all employees, including continuous advocacy to employees through the company's internal webpages, internal emails, and by other means on related issues and making the available for employees to refer to on a constant basis, so as to strengthen employees' awareness of professional ethics and regulatory compliance.</p>	<p>No major difference</p> <p>No major difference</p>
<p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate</p>	✓		<p>(3) Handled in accordance with Article 11 of the company's Procedures for Ethical Management and Guidelines for Conduct.</p> <p>(4) The company has established a complete accounting system and internal control system. The internal audit conducts in</p>	<p>No major difference</p> <p>No major difference</p>

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	✓		<p>accordance with the internal audit plan and internal audit implementation rules. If any major abnormalities are found, the internal audit will immediately report it to the chairman as well as the Board of Directors.</p> <p>(5) The company adheres to the principles and obligations of ethical corporate management, and follows the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In 2023, the internal and external education and training related to ethical corporate management issues (including courses related to regulatory compliance with ethical corporate management, corporate governance, accounting system, and internal control):</p> <p>A. Training for directors, managers and internal audit supervisors: a total of 9 person-times, totaling 66 hours.</p> <p>B. In 2023, the education and training courses for all new recruits included the educational advocacy on Ethical Corporate Management Laws and Regulations, and the Code of Ethical Corporate Management was advocated to all employees. There was also an online test for 1 hour. In 2023, there was a total of 289 person-times, with a completion rate of 100%, totaling 289 hours. In addition, the internal education and training courses included “Advocacy on the Code of Integrity”, “Personal Data Protection”, and “Preventing Insider Trading” for a total of 3 person-times and a total of 3 hours. It is expected that through in-person courses, advocacy and online tests, the concept of ethical corporate management can be conveyed to all employees.</p>	No major difference
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p>	✓		<p>(1) In accordance with the Company's Procedures for Ethical Management and Guidelines for Conduct, the company encourages internal and external personnel to report unethical conduct or misconduct, and has established a dedicated unit to handle reported cases so as to fully protect/keep confidential whistleblowers' identities. Bonuses will be given where appropriate in accordance with the severity of the violation. Internal staff who make false reporting or malicious accusations</p>	No major difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2)Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3)Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	✓ ✓		shall be subject to disciplinary action. If the violation is severe, the violators involved shall be removed from office or dismissed in accordance with the company's personnel rules. The company has established an independent reporting e-mail: <u>GMO@truelight.com.tw</u> Reporting dedicated hotline 03-5780080#2801 Reporting delivery address: No. 21, Prosperity Road 1, Hsinchu City, Hsinchu Science Park, 30078 The above reporting information is for internal and external use of the company. (2) Same as the description (1) (3) The company's personnel handling the reported case shall make a written statement to keep the identity of the reporter and the reported content confidential, and the company undertakes to protect the reporter from being improperly dealt with due to the reporting.	No major difference No major difference
4.Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The company has fully disclosed related information on the company website and Market Observation Post System for investors' reference.	No major difference
5.If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No major difference				
6.Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles). The company upholds the integrity of business dealings with suppliers, and also promotes the company's determination to operate with integrity to suppliers.				

3.4.8. If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched. :

The company has formulated “Regulations Governing the Acquisition and Disposal of Assets”, “Operating Procedures of Endorsement / Guarantees”, “Procedure for Lending Funds to Other Parties and or Guarantee”, “Rules and Procedures of Board Meetings”, “Rules of Procedure for Shareholders Meeting”, “Corporate Governance Best Practice Principles”, “Guidelines for the Adoption of Codes of Ethical Conduct of directors /supervisors”, “Procedures for Ethical Management and Guidelines for Conduct”, “Ethical Corporate Management Best Practice Principles”, “Rules Governing the Scope of Powers of Independent Directors”, “Directions for the Implementation of Continuing Education for Directors and Supervisors”, “Procedures for Handling Material Inside Information”, “Procedures for the Prevention of Insider Trading”.

The disclosure of important company information is handled in accordance with the "Securities and Exchange Act" and "Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities" The company adheres to three principles in the disclosure of information: (1) accurate, complete and timely (2) information disclosure that should be based on evidence (3) fair disclosure to ensure the rights and interests of the company and all stakeholders.

For Details please check from the "Investor Relations/Important Corporate Rules" on our Company's website <https://www.truelight.com.tw/> or MOPS.

3.4.9 Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed. :

3.4.9.1 Continuing education/training of directors in 2023

Date	Title	Name	Duration	Host by	Training Title
2023/10/6	Chairman	Liu, Sheng-Hsien	3 hrs	TPEX	Forum of New Horizons in Sustainable Investment and Financing
2023/8/21			3 hrs		OTC/ Emerging Company Insider Equity Promotion Meeting
2023/11/3	Director	Liu, Han-Xing	3 hrs	Securities & Futures Institute	Seminar of Insight into the Derivative Financial Market and Move towards Corporate Sustainability
2023/8/21			3 hrs	TPEX	OTC/ Emerging Company Insider Equity Promotion Meeting
2023/9/8	Independent Director	Lai, Jiun-Hao	3 hrs	TCGA	Inheritance Succession plan started-Employee reward plan and equity succession
2023/7/31			3 hrs	Taiwan Academy of Banking and Finance	Corporate Governance Forum
2023/9/4	Independent Director	Yang, Tsen-Shau	6 hrs	FSC R.O.C.(Taiwan)	The 14th Taipei Corporate Governance Forum
2023/9/4	Independent Director	Chien, Yi-Sen	3 hrs	FSC R.O.C.(Taiwan)	The 14th Taipei Corporate Governance Forum
2023/7/13			3 hrs	TPEX	Advocacy of Sustainable Development Action Plans For TWSE/TPEX Listed Company
2023/5/19	Independent Director	JUINE-KAI TSANG	3 hrs	TCGA	Business Secret Protection and Non-competition
2023/2/14			3 hrs		The new look of corporate governance under the ESG trend

3.4.9.2 The company purchased liability insurance for directors and managers as follows, and submitted a report to BOD on November 08, 2023:

Object	Insurance Company	Insured amount	Insurance Period(Note)
Directors and Managers	Fubon Insurance Co., Ltd.	USD3,000,000	2023.11.10~2024.11.10



Note: Previous period: 2022.11.10~2023.11.10

3.4.9.3 Training status of managers and internal auditors in 2023:

Date	Training Type	Name	Duration	Host by	Training Title
2023/5/19	Corporate governance officer	Chen, Ping-Lin	3 hrs	ARDF	Analysis of the latest corporate governance policies and laws and common deficiencies
2023/5/12			3 hrs		Analysis of common "tax planning" strategies for enterprises and related legal responsibilities
2023/11/7	The agent of Accounting/Finance/Internal Audit Officer - Chang, Ching-Fang	Chang, Ching-Fang	6 hrs		Common internal control management deficiencies in enterprises and analysis of practical cases
2023/10/24			6 hrs		Common deficiencies in financial report review and practical analysis of important internal control regulations
2023/12/19	Internal Audit Officer	Liao, Shiou-Ping	6 hrs	IAA	Policy analysis of "self-preparation of financial statements" and "sustainability reporting" and key discussions on internal audit and internal control practices
2023/9/7			6 hrs		Practical discussion and countermeasures on "insider trading" and "false financial reporting"

3.4.10 The section on the state of implementation of the company's internal control system shall furnish the following :

3.4.10.1 Statement on Internal Control. :

<p style="text-align: center;">TrueLight Corporation Internal Control System Statement</p> <p style="text-align: right;">Date: Mar. 06, 2024</p> <p>TL states the following with regard to its internal control system during fiscal year 2023, based on the findings of a self-evaluation:</p> <ol style="list-style-type: none">1. TL is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. TL has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of TL contains self-monitoring mechanisms, however, and TL takes corrective actions as soon as a deficiency is identified.3. TL judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control:<ol style="list-style-type: none">I. control environmentII. risk assessmentIII. control activitiesIV. information and communicationsV. monitoring.Each element further contains several items. Please refer to the Regulations for details.4. TL has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.5. Based on the findings of the evaluation mentioned in the preceding paragraph, TL believes that as of Dec. 31st, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.6. This Statement will become a major part of the content of TL's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.7. This Statement has been passed by the Board of Directors Meeting of TL held on Mar. 06, 2024, where 0 of the 6 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement. <p style="text-align: center;">TrueLight Corporation</p> <p style="text-align: center;">Sam Liu, Chairman</p> <p style="text-align: center;"> Hanxing Liu, President</p> <p style="text-align: center;"></p>

3.4.10.2 Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report. : **None.**

3.4.11 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement : **None**.

3.4.12 Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.:

3.4.12.1 Shareholder Meeting Major Resolution and Execution:

Date	Proposal	Resolution
2023/5/24	1. Adoption of the 2022 Business Report and Financial Statements	Passed as proposed via Board of Directors vote
	2. Adoption of the Proposal for 2022 Deficit Compensation	Passed as proposed via Board of Directors vote not to distribute dividends.
	3. To amend the "Articles of Incorporation"	Passed as proposed via Board of Directors vote and announced on the company website.
	4. To amend the "Rules of Procedure for Shareholders' Meetings"	Passed as proposed via Board of Directors vote and announced on the company website and Market Observation Post System
	5. To release the Directors from non-competition restrictions	Passed as proposed via Board of Directors vote and announced on the Market Observation Post System
	6. The company has intent to conduct a private placement of securities	Passed as proposed via Board of Directors vote and announced on the Market Observation Post System

3.4.12.2 Board Meeting Major Resolutions:

Date	Important Resolutions
2023/3/8	<ol style="list-style-type: none"> 1. Approved the proposal of the Company plans to release the prohibition on Directors from participation in competitive business. 2. Approved the proposal of the Company plans to examining the case of the subsidiary YLTLINK Technology Corporation Technology Co., Ltd.'s plan to apply for a quota from Chailease Hsinchu 3. Approved the proposal of the Company's 2022 annual financial report and business report 4. Approved the company's 2022 loss provision 5. Approved the review on the policy, system, criterion and structure of the company's annual and long-term performance goals as well as salary and remuneration for directors 6. Approved the independence of certified public accountants for the company's financial report as well as the appointment and remuneration of certified public accountants in 2023 7. Approved the company's 2022 internal control system effectiveness assessment and the issuance of an internal control statement 8. Approved the review on the credit line extended by the company's financial institutions 9. Approved the company's 2023 business plan 10. Approved the proposed amendments to some provisions of "Articles of Incorporation" and "Rules and Procedures of the Shareholders Meetings" 11. Approved the related matters on the convening of the 2023 Regular Shareholders Meeting.
2023/4/12	<ol style="list-style-type: none"> 1. Approved the proposal of the Company plans to conduct private placement common stock 2. Approved the proposed amendments to some provisions of "Articles of Incorporation"

Date	Important Resolutions
	3. Approved the proposal of adding convening matters of the Company's 2023 Regular Shareholders' Meeting
2023/5/10	<ol style="list-style-type: none"> 1. Approved the proposal of the Company plans to provide endorsement guarantee to subsidiary Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. 2. Approved the financial report for the 1st quarter of 2023 3. Approved the proposal of the Company planned to conduct the cash capital increase and issuance of new shares in 2023 4. Approved the proposal of formulating the Company's sound operation plan 5. Approved the proposed assessment of significant accounts receivable and other receivables that are overdue (more than three months) in the 1st quarter of 2023
2023/7/4	<ol style="list-style-type: none"> 1. Approved the proposal of the CEO's retirement application. 2. Approved the review of qualified employees who are managers in the Company's 2023 cash capital increase and new stock subscription case. 3. Approved the matters related to the issuance of new shares through the Company's cash capital increase in 2023. 4. Approved the review on the credit line extended by the company's financial institutions. 5. Approved the proposal of the Competition case involving non-appointed managers of the Company
2023/8/3	<ol style="list-style-type: none"> 1. Approved the financial report for the 2nd quarter of 2023 2. Approved the release of the non-compete restrictions for the directors of the Company 3. Approved the proposal of the Company plans to evaluate the significant accounts receivable and other receivables that are overdue (more than three months) in the 2nd quarter of 2023
2023/09/27	<ol style="list-style-type: none"> 1. The Company plans to release the prohibition on Directors from participation in competitive business 2. The Company plans to agree to the remuneration of directors.
2023/11/8	<ol style="list-style-type: none"> 1. Approved the Company's director remuneration 2. Approved the company's 2024 manager salary and remuneration planning 3. Approved the company's 2024 director and employee remuneration estimated percentages 4. Approved the financial report for the 3rd quarter of 2023 5. Approved the discussion on the 2024 work plan of the Company's Remuneration Committee 6. Approved the amendments to the Company's Internal Control System, Internal Audit Operation Implementation Rules, Operation Procedures of Funds Lending, and Procedures for the Prevention of Insider Trading. 7. Approved the Company's 2024 audit plan
2024/01/23	1. Approved the recognition of asset impairment in accordance with IAS36
2024/3/6	<ol style="list-style-type: none"> 1. Approved the assessment of the significant accounts receivable and other receivables that are overdue for more than 3 months. 2. Approved the changes in important personnel of the Company. 3. Approved the Company's 2023 financial report and business report. 4. Approved the loss of the Company's appropriation of the FY2023 and the loss reaching half of the paid-in capital. 5. Approved the review of annual and long-term performance goals as well as the salary and remuneration policies, systems, criteria and structure for the company's directors. 6. Approved the independence of certified accountants for financial reports of the company and the appointment and remuneration of certified accountants in 2024. 7. Approved the Company's 2023 annual assessment of the effectiveness of the internal control system and the approval of the statement of the internal control system 8. Approved the proposal for approving the credit limit of the company's financial institutions. 9. Approved the Company's 2024 operating plan. 10. Approved the amendments to "Procedures for Board of Directors Meetings of the Company" and "Procedures for Ethical Management and Guidelines for Conduct". 11. Approved the Company's 1st private placement of common shares in 2023 issuance of new shares.

Date	Important Resolutions
	12.Approved the Company's 2nd private placement of common shares in 2023 issuance of new shares. 13.Approved the Company's 3rd private placement of common shares in 2023 issuance of new shares. 14.Approved the Company's 4th private placement of common shares in 2023 issuance of new shares. 15.Approved the Company's 5th private placement of common shares in 2023 issuance of new shares. 16.Approved the re-election plan of the Company's all directors. 17.Approved the proposal of releasing the Directors from non-competition restrictions. 18.Approved the convening matters related to the 2024 regular shareholders meeting
2024/4/18	1. Approved the amendment of the loss of the Company's appropriation of the FY2023 and the loss reaching half of the paid-in capital. 2. Approved the review of director and independent director candidate lists. 3. Approved the releasing of non-competition restriction for new directors of the Company. 4. Approved the Company to commission a securities underwriter to issue an opinion on the necessity and reasonableness of the private placement. 5. Approved the additional matters for convening the regular shareholders meeting in 2024. 6. Approved the changes in the salary and remuneration of the Company's managers and in Corporate governance officer. 7. Approved the pension application of the Company's President. 8. Approved the remuneration of the Company's Founder.

3.4.13 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof : **None**.

3.4.14 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer :

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
CEO	Liu, Sheng Hsien	2012/6/8	2023/8/15	Retirement
President, R&D Officer	Liu, Han-Xing	2014/8/8	Plan to apply for retirement on May 2024	Retirement
Financial officer, Accounting officer	Chen, Ping-Lin	2018/3/27	2023/12/5	Position adjustment
Corporate governance officer	Chen, Ping-Lin	2022/11/9	2024/4/18	Position adjustment

3.5 Information on CPA (External Auditor) Professional Fees

Unit: NT\$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees (Note)	Total	Remarks
PricewaterhouseCoopers, Taiwan	Cheng, Ya-Huei Chiang, Tsai-Yen	2023/1/1-2023/12/31	2,135	1,015	3,150	-

Note: NT\$585,000 for tax attestation, NT\$250,000 for legal consultation, NT\$140,000 for transfer pricing report, and NT\$40,000 for others.

3.5.1 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed. : **None**.

3.5.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed : **None.**

3.6 Information on replacement of certified public accountant: If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period, it shall disclose the following information : **None.**

3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant. : **None.**

3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

3.8.1 Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: : Share

Job title	Name	2023		Current fiscal year as of 2024/4/18	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Liu, Sheng Hsien	470,292	0	0	0
Director and President	Liu, Han Xing	29,539	0	0	0
Independent Director	Juine-Kai Tsang	0	0	0	0
Independent Director	Lai, Jiun Hao	0	0	0	0
Independent Director	Chien, Yi Sen	0	0	0	0
Independent Director	Yang, Tsen Shau	0	0	0	0
Major Shareholder	Taiwan Mask Corp.	0	0	13,500,000	0
Executive VP	Wu, Cheng-Zu	58,244	0	0	0
VP/ Finance Officer/ Accounting Officer	Chen, Ping-Lin (Note)	8,632	0	0	0
VP	Fu, Hsueh-Hsing (Note)	(898)	0	0	0
VP	Chen, Chih-Cheng	(21,996)	0	0	0

Senior Director	Ou, Chun-Miao	11,107	0	0	0
Senior Director	Wu, Jun-Han	15,141	0	0	0
Director	Chang, Ching-Fang (Note)	1,764	0	0	0
Director	Wu, Heng-Yi (Note)	0	0	0	0
Director	Wu, Tsan-Hung	(43,716)	0	0	0
Director	Tai, Chuan-Chia (Note)	6,807	0	0	0
Director	Huang, Chia-Ming	15,373	0	0	0

Note: Please refer to Note 2 of 3.2.2

3.8.2 Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged : **None**.

3.9 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another :

Relationships Among the Top 10 Shareholders

April 1, 2024

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	% (Note1)	Shares	% (Note1)	Shares	% (Note1)	Name of entity or individual	Relationship	
Taiwan Mask Corp. Representative: Chen, Sean	13,500,000 0	12.11 0	0 Note2	0 Note2	0 Note2	0 Note2	None None	None None	
Liu, Sheng- Hsien	2,639,045	2.37	1,704,340	1.53	0	0	Chou, Lu-Lu	Spouse	
Chou, Lu-Lu	1,704,340	1.53	2,639,045	2.37	212,817	0.19	Liu, Sheng-Hsien	Spouse	
Ontario Capital Co., Ltd. Representative: Wu,Chao-Yi	1,500,000 0	1.35 0	0 Note2	0 Note2	0 Note2	0 Note2	None None	None None	
Hung, Jui- Jung	1,246,000	1.12	0	0	0	0			
Cheng yi Investment Limited Representative: Chao, Ying Cheng	1,023,061 0	0.92 0	0 Note2	0 Note2	0 Note2	0 Note2	None None	None None	
Ezconn Corporation Representative: Chen, Steve	1,000,000 0	0.90 0	0 Note2	0 Note2	0 Note2	0 Note2	None None	None None	
Li, Bi-Cin	809,000	0.73	0	0	0	0	None	None	

Duan, An Ci	756,868	0.68	0	0	0	0	None	None	
CTBC bank is entrusted with the custody of the Prosperity Capital Fund Portfolio - Exclusive Investment Account for the Prosperity Capital Fund No. 1 Portfolio	700,000	0.63	0	0	0	0	None	None	

Note1. The actual number of shares issued was 111,474,692.

Note2. Due to non-insider access to the relevant information.

3.10 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company :

Total Ownership of Shares in Investee Enterprises

Date:2024/4/18 Unit: Share; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
TrueLight (B.V.I.) Limited	13,000,000	100%	0	0	13,000,000	100%
ProRay Limited	12,500,000	100%	0	0	12,500,000	100%
Zhuhai FTZ ProRay Co., Ltd	0	100%	0	0	0	100%
Optomedia Technology Inc.	2,435,913	30%	0	0	2,435,913	30%
YLTLINK Technology Corporation	7,398,456	41%	0	0	7,398,456	41%

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

4. Capital Overview

4.1 Capital and Shares:

4.1.1 Sources of Capital :

Sources of Capital

Date:2024/4/18 Unit: NT\$ thousand/ Shares in thousand

Year/Month	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
2023/9 (Note1)	18	150,000	1,500,000	96,475	964,747	Cash to increase capital and issue new shares NT\$200,000 thousand	None	-
2024/3 (Note2)	30.4	150,000	1,500,000	111,476	1,114,765	Private placement of cash to increase capital and issue new shares NT\$150,000 thousand	None	-

Note1: It was approved by the Hsinchu Science Park Bureau of the National Science and Technology council with the approval letter No.: Chu-Shan-Tzu-1120030087 on September 13, 2023.

Note2: It was approved by the Hsinchu Science Park Bureau of the National Science and Technology council with the approval letter No.: Chu-Shan-Tzu-1130009018 on March 28, 2024.

Date:2024/4/18 unit : share

Type of stock	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered Common Stock	111,474,692	38,525,308	150,000,000	The issued shares include 15,000 thousand private placement ordinary shares, and the rest are Listed on OTC

Information Relating to the Shelf Registration System : None.

4.1.2 Shareholder Composition :

Date:2024/4/1 unit : share

Shareholder Composition Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
	No. of Shareholders	0	0	221	34,524	38	34,783
No. of Shares Held	0	0	18,876,326	89,693,547	2,904,819	111,474,692
Shareholding Ratio	0	0	16.93	80.46	2.61	100

4.1.3 Distribution of Shareholding :

Date:2024/4/1 unit : shares

Range of No. of Shares Held	No. of Shareholders	Shareholding (share)	Shareholding (%)
1~999	21,534	1,202,442	1.08
1,000~5,000	10,406	21,202,044	19.02
5,001~10,000	1,465	11,482,427	10.30
10,001~15,000	449	5,731,047	5.14
15,001~20,000	265	4,828,863	4.33
20,001~30,000	252	6,323,882	5.67
30,001~40,000	109	3,950,089	3.54
40,001~50,000	68	3,108,366	2.79
50,001~100,000	149	10,741,669	9.64
100,001~200,000	43	6,327,584	5.68
200,001~400,000	23	6,561,941	5.89
400,001~600,000	9	4,500,873	4.04
600,001~800,000	3	2,092,019	1.88
800,001~1,000,000	2	1,809,000	1.62
Add additional ranges above 1,000,001 if necessary, based on actual circumstances	6	21,612,446	19.38
Total	34,783	111,474,692	100

Note: Issuance of Preferred Shares : None.

4.1.4 Major Shareholders (Shareholdings more than 5% or the Top 10 Shareholders)

2024/4/1 Unit: Shares

Names of Major Shareholders	Shares	Shareholding (shares)	Shareholding (%) (Note)
Taiwan Mask Corp.		13,500,000	12.11%
Liu, Sheng- Hsien		2,639,045	2.37%
Chou, Lu-Lu		1,704,340	1.53%
Ontario Capital Co., Ltd.		1,500,000	1.35%
Hung, Jui- Jung		1,246,000	1.12%
Cheng yi Investment Limited		1,023,061	0.92%
Ezconn Corporation		1,000,000	0.90%
Li, Bi-Cin		809,000	0.73%
Duan, An Ci		756,868	0.68%
CTBC bank is entrusted with the custody of the Prosperity Capital Fund Portfolio - Exclusive Investment Account for the Prosperity Capital Fund No. 1 Portfolio		700,000	0.63%

Note: Outstanding shares 111,474,692 (Including private placement 15,000,000 Shares)

4.1.5 Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information.

Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$/ thousand share

Item		Year		
		2022	2023	As of 2024/04/18 (Note8)
Market Price Per Share (Note1)	Highest	30.6	36.5	41.85
	Lowest	18.15	20.75	25.50
	Average	25.91	28.37	36.85
Net Worth Per Share (Note2)	Before Distribution	10.06	7.62	-
	After Distribution	10.06	(Note9)	-
Earnings Per Share (Note3)	Weighted Average Shares	76,475	83,343	-
	Before Adjustment	(0.34)	(4.68)	-
	After Adjustment	(0.34)	(Note9)	-
Dividends Per Share	Adjustment	0	(Note9)	-
	Share Dividend	0	-	-
		0	-	-
	Cumulative Unpaid Dividends (Note 4)	0	-	-
Return On Investment Analysis	Price/Earnings Ratio (Note5)	(76.21)	(6.06)	-
	Price/Cash Dividends Ratio (Note6)	-	-	-
	Cash Dividend Yield (Note7)	-	-	-

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report. As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

Note 9: The resolution made by the Board of Directors in 2022 not to distribute the dividends, which has not yet passed by the shareholders meeting.

4.1.6 Company's dividend policy and implementation thereof

4.1.6.1 Dividend policy: The company's Articles of Incorporation stipulate that if the company has a surplus in its annual final accounts, it shall pay taxes in accordance with the law, and after making up for the accumulated losses, another 10% thereof shall be set aside as the statutory surplus reserve. However, when the statutory surplus reserve has reached the paid-in capital of the company, it may not be set aside, and the special surplus reserve shall be set aside or reversed from the rest to in accordance with laws and regulations; If there is still any surplus, together with the accumulated undistributed surplus, the Board of Directors shall draw up a surplus distribution proposal and submit it to the shareholders meeting for a resolution.

The company's dividend policy adopts the principle of stability and balance, considering the company's environment and growth stage and in response to future capital needs and long-term financial planning, so as to meet shareholders' needs for cash inflows. The company allocates no less than 5% of the distributable surplus every year to distribute dividends to shareholders. However, when the accumulated distributable surplus is less than 10% of the paid-in share capital, it may decide not to distribute dividends; when distributing dividends to shareholders, they may be paid in cash or stock, among which the cash dividend shall not be less than 10% of the total amount of the dividends and bonuses to shareholders.

4.1.6.2 Distribution status of dividends proposed at this shareholders meeting: The company has no distributable surplus in 2023. It has been approved by the company's Board of Directors on 2024/3/6 that no dividends will be distributed, and it has been submitted to the regular shareholders meeting for approval.

4.1.6.3 If a material change in dividend policy is expected : None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting : None.

4.1.8 Profit-sharing compensation of employees, directors :

4.1.8.1 The percentages or ranges with respect to employee, director, and supervisor profit-sharing compensation, as set forth in the company's articles of incorporation.: If the company makes profits in the year, 4%–10% thereof shall be allocated as employee remuneration, and the Board of Directors shall resolve to distribute them in the form of stocks or cash. The distribution targets include employees of subordinate companies who meet certain conditions; The Board of Directors of the company may resolve to set aside no more than 4% of the foregoing amount of profit as remuneration for directors and supervisors. Proposals on the distribution of employee remuneration as well as remuneration for directors and supervisors shall be reported to the shareholders meeting. However, if the company still has accumulated losses, it shall reserve the amount for making up for the loss in advance, and then allocate the amount for employee remuneration as well as director and supervisor remuneration in accordance with the percentages mentioned in the preceding paragraph.

4.1.8.2 The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period and information on any approval by the board of directors of distribution of profit-sharing compensation : On 2024/3/6, the resolution of the Board of Directors approved that the company will not set aside and distribute the remuneration for employees and directors in accordance with the regulations due to the loss of the current period in 2023.

4.1.8.3 The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated. : The company had not made a profit in 2022, so the employees and directors had not been paid.

4.1.9 Status of a company repurchasing its own shares : None

4.2 Issuance of Corporate Bonds: None

4.3 Issuance of Preferred Shares : None

4.4 Issuance of Global Depository Receipts : None

4.5 Issuance of Employee Stock Warrants : None

4.6 Issuance of New Restricted Employee Shares : None

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions : None

4.8 Financing Plans and Implementation :

4.8.1 2023 annual cash capital increase and issuance of new shares plan content and implementation :

4.8.1.1 Approval date and document number of competent authority : On June 16, 2023, the Company was approved by the Securities and Futures Commission, Ministry of Finance, Approval Document Number : Jin-Guan-Zheng-Fa-Zi No.1120344601.

4.8.1.2 Source of funds : Cash capital increase to issue 20,000 thousand new shares with a par value of NT\$10 per share and an issue price of NT\$18 per share, raising an amount of NT\$360,000 thousand.

4.8.1.3.Implementation status :

Unit : NT\$ thousand

Planned item	Implementation status in the 3 rd quarter of 2023			Situations /Reasons/ Improvement Plans for the Progress ahead or behind schedule
		Estimated	Actual	
Repay the bank loans	Amount Used	Estimated	290,000	Not applicable, fully implemented in the 3 rd quarter of 2023.
		Actual	290,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	
Enrich operating capital	Amount Used	Estimated	70,000	
		Actual	70,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	
Total	Amount Used	Estimated	360,000	
		Actual	360,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	

4.8.2 2023 cash capital increase private placement of common stock content and implementation:

4.8.2.1 On May 24, 2023, the Company's Annual Shareholders Meeting resolved to issue a total of up to 15,000 thousand shares of common stock. The Annual Shareholders meeting resolved to issue a total of up to 15,000,000 thousand shares of common stock, and

authorized the Board of Directors to raise and issue the shares in one or more installments (up to a maximum of five installments) within one year from the date of the resolution of the Shareholders Meeting. Each use of funds is to supplement operating working capital and meet the Company's long-term operational development needs.

4.8.2.2 Sources of funds:

Installment	11201	11202	11203	11204	11205	
Type of Securities Privately Placed	Common share					
Date of Payment of The Subscription Price	March 15, 2024					
Actual Subscription Price Per Share	NTD30.40					
Placees	Taiwan Mask Corp.			Taiwan Mask Corp.	Ontario Capital Co., Ltd.	
Number of Shares Subscribed (Thousand)	3,000	3,000	3,000	3,000	1,500	1,500
Subscription Amount (NTD: Thousand)	91,200	91,200	91,200	91,200	45,600	45,600

4.8.2.3 Planned Projects and Scheduled Fund Utilization Progress:

Unit : NT\$ thousand

Planned item	Scheduled Completion Date	Required Amount of Funds	Estimated Expenditures Progress				
			Y2024			Y2025	
			Q2	Q3	Q4	Q1	Q2
Enrich Operating Capital	2025Q2	456,000	100,000	110,000	110,000	110,000	26,000
Total		456,000	100,000	110,000	110,000	110,000	26,000

4.8.2.4 Expected benefits: Improved operational liquidity and increased flexibility in capital deployment will help to enhance the bargaining power of procurement and business negotiations and strengthen the Company's operational competitiveness.

4.8.2.5 The content of previous changes to the plan, the reasons for the change, the benefits before/after the change, and the date the change plan was submitted to the Shareholders Meeting: None.

4.8.2.6 Declaration Date:

4.8.2.6.1 Relevant information should be reported within 2 days from the date of the board of directors' resolution: April 12, 2023.

4.8.2.6.2 Relevant information should be reported within 2 days from the actual pricing date: March 6, 2024

4.8.2.6.3 Relevant information should be reported within 15 days from the date of completion of payment of shares or price: March 27, 2024

4.8.2.7 Execution situation:

Planned item	Quarter	Estimated Expenditures (NTD-thousand)	Actual Expenditures (NTD-thousand)	Cumulative Actual Expenditure / %	Description of Unspent Balance and Uses of Funds	Reasons /Improvement Plans for Being Ahead or Behind
Enrich operating capital	113Q2	100,000	0	0 / 0%	Operating capital is utilized quarterly in accordance with the Company's operations. Unexpended funds totaled \$456,000,000.	N/A
	113Q3	110,000	0	0 / 0%		
	113Q4	110,000	0	0 / 0%		
	114Q1	110,000	0	0 / 0%		
	114Q2	26,000	0	0 / 0%		
	Total	456,000	0	0 / 0%		

4.8.2.8 Compared with the originally expected benefit assessment: It is expected to be spent in 2024Q2 according to the progress of the project implementation. As of the printing date of the annual report, it has not been used, so the benefits have not yet appeared.

5. Operational Profiles

5.1 Description of the business

5.1.1 Business Scope

The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.

Provide necessary assistance and services for the inspection, maintenance, processing and installation of the products related to the preceding paragraph, as well as their import and export trade business.

5.1.1.1 The company's current products (services) and the proportion of sales in 2023

Product Category	%
Chips and components	73%
Optical transmission and connection modules	24%
Others	3%
Total	100%

5.1.1.2 New products (services) planned for development

In response to the growth of broadband communication needs and the rise of the Internet of Things, the construction and upgrade of infrastructure such as cloud data centers and 4G/5G/6G wireless network base stations are continuously carried out, which also drives the growth of new applications such as active optical cables (AOC, HDMI ...), sensing elements (3D sensing), and ranging elements (proximity sensor). This further accelerates the evolution of optoelectronic component product technology and the thriving market.

TL adheres to the principles of self-developed and proprietary manufacturing technology, and establishes a production chain from upstream Epitaxy design and manufacturing, to midstream chip design and production, to downstream active component packaging and manufacturing, to strengthen the company's core competitiveness. It also establishes different product lines (including surface-emitting lasers, edge-emitting lasers and related optical detection components, module components, and active optical cables) to serve different market demands. In addition to continuously supplying different bandwidth optical communication components, TL is also focused on developing VCSEL components for applications in the consumer market (including smartphone proximity sensors, lighting, 3D sensing, Bluetooth headphones, eye tracking, smartphone sensing), security and surveillance, and industrial automation products. TL's long-term product technology development direction is summarized as follows:

- A. Vertical-Cavity Surface-Emitting Laser (VCSEL) for Optical Communication
Applications: Development and production of VCSEL chips, optical sub-modules (TO, OSA, OSM) and fiber optic communication transceiver modules with high-speed data rates of 10Gbps, 14Gbps, 25Gbps, and 28Gbps, primarily at a wavelength of 850 nm.
- B. VCSELs for Consumer Applications: Development of VCSEL chips or arrays with different features such as small angle, high power, and high conversion efficiency at wavelengths between 850 nm and 940 nm, for use in products such as mobile phone proximity sensors, flash, 3D sensing, Bluetooth earphones, eye tracking, and

smart phone sensing.

- C. Edge-Emitting Lasers (FP/DFB): Development of FP and DFB chips and optical sub-modules (TO, OSA, OSM) with data rates of 10Gbps and 25Gbps, at wavelengths of 1270nm, 1290nm, 1310nm, 1330nm, 1350nm, 1370nm, 1490nm, 1550nm, and 1610nm.
- D. Joint Development of High-Power DFB Light Sources for use in high-speed modules for data centers.
- E. Photodetectors (PD/APD): Development of PIN chips, APD and optical sub-modules (TO, OSA, OSM) with data rates of 10Gbps and 25Gbps, at wavelengths of 850nm, 1310nm, 1550nm, and 1610nm.
- F. Single Fiber Bi-Directional Sub-Module (BOSA): Applications of high-speed 10GEPON/XGPON/XGSPON Single Fiber Bi-Directional Sub-Modules (BOSA) in high bandwidth fiber optic communication (FTTx).
- G. High-speed 25G DFB/APD/PD Sub-Module (OSA) products for use in 5G base station transmission.
- H. High-density high-speed pluggable 100G QSFP28 SR4/ 200G QSFP-DD SR8 and 400G QSFP56-DD SR8 for use in active optical cables and modules in data centers and cloud computing.
- I. Chips and optical sub-modules at frequencies of 2.2GHz, 2.5GHz, 3.5GHz, 5GHz, and 6GHz for special CATV and video system applications.
- J. Development of in-house MOCVD epitaxy technology for more efficient and independent product development, strengthening the company's core competitiveness and future growth potential.
- K. Development of automated production systems.
- L. Development of 56G/112G GaAs PD and 56G/112G InGaAs PD for cloud data centers.
- M. CPO (Co-Packaged Optics) Package Technology Development.
- N. High-speed Next-Generation Silicon Photonics Product Development.
- O. SWIR (short-wave infrared) 1130nm VCSEL and PD Development for 3D sensing.

5.1.2 Industry Overview

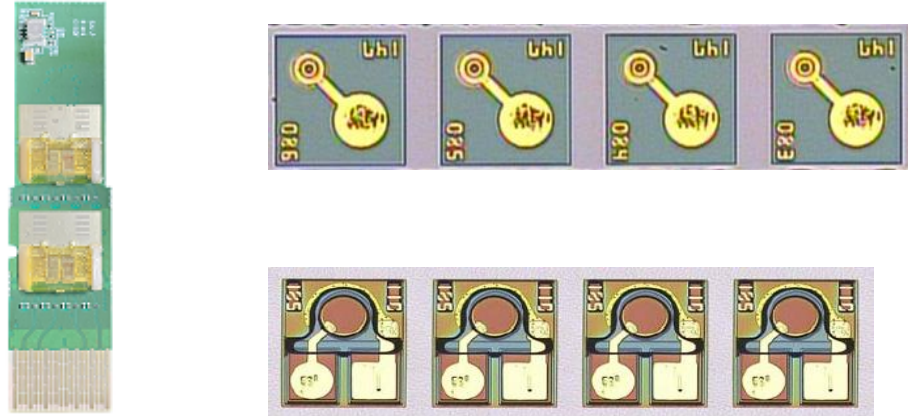
5.1.2.1 Current Status and Development of the Industry

The upstream core technology and products of the optical communication industry supply chain are related components of laser diodes (VCSEL, FP LD, DFB LD) and photodetectors (PIN and APD). Based on the demand for fiber-optic two-way transmission, the company has developed various optical and electronic components and components that can be paired at both the transmitting end laser diode and the corresponding receiving end photodetector, such as: 850nm/940nm VCSEL and GaAs PD components, 1270nm/1290nm/1310nm/1330nm/1490nm/1530nm/1550nm/1610nm FP, DFB, and InGaAs PD, APD components that receive long-wavelength 1260~1620nm.

The current development of the industry mainly focuses on fiber-to-the-home (FTTx) EPON/GPON, future 10GEPON/XGPON/XGSPON, 4G/5G/6G LTE base stations, data center 40GBE/100GBE/200GBE/400GBE AOC (Active Optical Cable), consumer virtual reality (VR), Internet of Things (IoT), Co-packaged optics (CPO) and Silicon Photonics (SiPh).

In addition, in terms of consumer electronics (CE) and computer information (IT)

product applications, the company sells chips that customers can package into various modules; for example, the VCSEL chip is packaged into proximity sensors, 3D sensing modules or smartphone sensing, applied to the market of smart phones and Bluetooth headsets and other 3C products. These products are representative of this type of product.



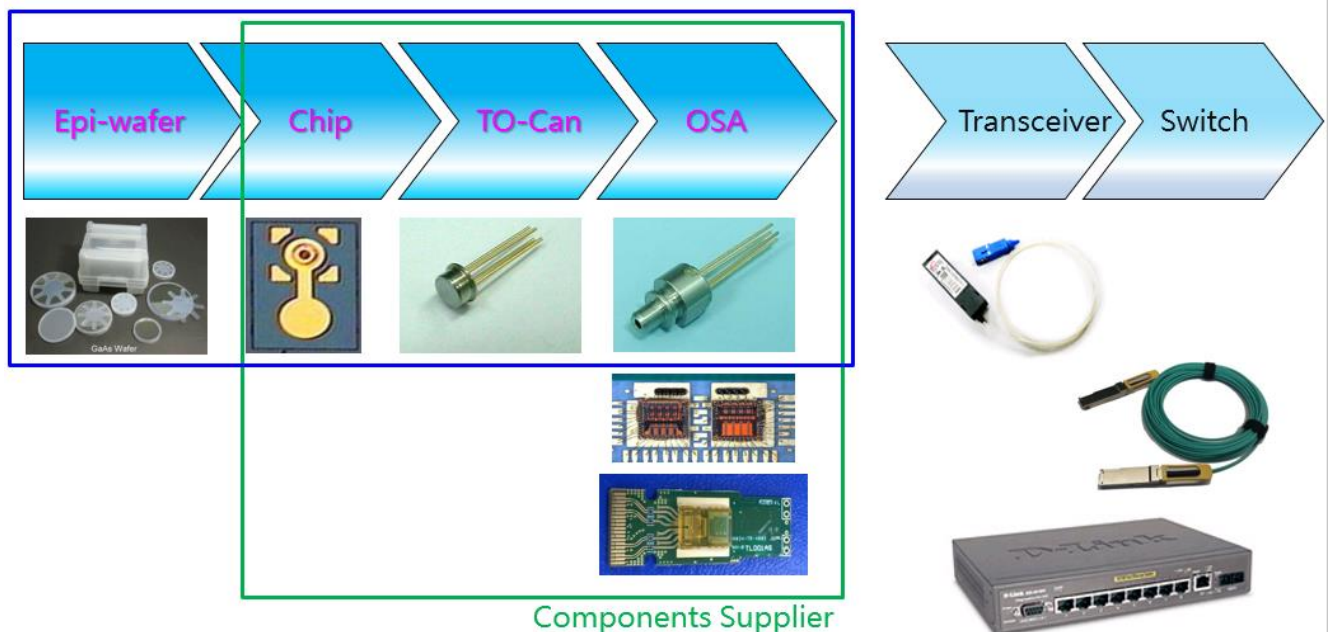
COB prototype with TrueLight's Standard 10Gbps/25Gbps GaAs and VCSEL Array (For Non-Hermetic Application) and in-house High Precise Assembly Technology.

5.1.2.2 Relationships between the upstream, midstream, and downstream in the industry

TL positions itself as a professional component supplier and belongs to the midstream to upstream in the optical communication industry chain. We provide optical communication components (chips, TOs, OSAs, OSMs, BOSAs, COBs, etc.) to customers for assembling transceiver modules or AOC cables, which are then sold to downstream communication equipment manufacturers. We also provide ODM and OEM services for communication optical receiving and transmitting components.

In the application of consumer electronics (CE) and computer information (IT) products, we sell chips to customers who package them into various module types, which are then sold to downstream smartphone operators or 3C product manufacturers.

Our Supply Chain (major in Industry of Fiber-Optics)



5.1.2.3. Product Development Trends

With the rise of the internet, the demand for massive data centers and high-bandwidth last-mile networks is growing, and FTTH-related PON network technologies require low-cost, high-transmission efficiency long-wavelength (1270nm, 1290nm, 1310nm, 1330nm, 1490nm, 1530nm, 1550nm, 1610nm) fiber-optic transmission modules. At the same time, due to the trend of integrating data (Data), audio (Audio), and video (Video), as well as the future Internet of Things (IoT) and the increasing demand for cloud network data access speed and data processing capacity, the market continues to grow for higher-capacity broadband networks. Furthermore, the future HDTV, 3D TV, 3G Wireless, 4G/5G/6G LTE (Long-Term Evolution), mobile communication 6G ecosystem, and high-speed, high-capacity data centers (Data Center) and cloud computing will further drive the demand and growth momentum of optical communication components.

TL has been continuously developing key chip-on-board (COB) technology for VCSEL, FP-LD, DFB-LD, and PINTIA, APDTIA, and cloud computing Active Optical Cable, as well as prototype products and higher-density high-speed pluggable 100G QSFP28 SR4/ 200G QSFP-DD SR8 and 400G QSFP56-DD SR8 products that are required. All products meet strict quality requirements for Datacom and Telecom industry standards and have been recognized by customers.

Poised to enter the supply chain of network service providers' data centers with its cutting-edge 200G and 400G high-speed QSFP AOC. By delivering products with enhanced speeds, TrueLight is strategically positioned to seize opportunities in Silicon Photonics.

With VCSEL laser light source as the core technology, various VCSEL products are developed for sensor applications, such as proximity sensors, 3D sensors, ToF (Time-of-Flight) distance sensors, and other consumer applications, suitable for smart phones, Bluetooth headphones, eye-tracking, smart home appliances, and 3C products. In addition, through the development process of biometric recognition technology, the laser and photovoltaic response technology related to the human body obtained from the development of biometric recognition technology will occupy a place in the future application of laser in biomedical photonics.



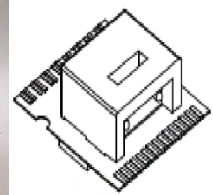
Biometric Authentication Device



palmar digital veins module



200G QSFP-DD SR8/ 100G~400G AOC / 400Gbps Parallel Optical Engine



5.1.2.4. Competitive situation

TL is the first company in the Asia-Pacific region to possess the research and development, manufacturing, and sales capabilities for both long-wave and short-wave products. The company is based in Taiwan and leverages its expertise in component development and production to manufacture high-quality and high-performance critical optical communication components, which are primarily used by the company itself, but also sold to countries such as the US, South Korea, Japan, and mainland China. The company also possesses fully automated packaging and testing equipment and technology with a large production scale, allowing it to market high-quality, high-performance, and competitive TO products to the major manufacturers in the optical communication market. It is worth mentioning that the

PINTIA TO-46 and LD/DFB TO-56 produced by the company have a high market share in the global FTTX market.

In recent years, although components manufactured in China have made some gains in some low-speed and ultra-low-cost optical communication markets, the company continues to develop high-performance cutting-edge products, introduces advanced wafer manufacturing technology and machines, establishes its own MOCVD epitaxy technology, and improves its product research and development and manufacturing capabilities. The company also continues to manufacture high-quality and competitively priced products while strengthening its control over production costs, thereby enhancing the overall competitiveness of its products for customers and providing prompt engineering and customer support services.

5.1.3 An overview of the company's technologies and its research and development work

5.1.3.1 Expenses for R&D: Unit: NT\$ thousands

Year	Amount
2023	210,864
2024/1/1~2024/4/18	33,096

5.1.3.2 Research and Development Achievements of Patents

Date:2024/4/18

Country		Taiwan	USA	China	Japan	Total
Patents	Granted	25	23	18	5	71
	Applying	1	2	1	0	4

A. Total of Patent Rights in Taiwan, 25 Pieces:

01. Manufacturing method of oxide-confined semiconductor laser 【Patent Reg. No.I 274449】
02. Method For Producing An Oxide Confined Semiconductor Laser 【Patent Reg. No.I 268030】
03. Light transceiver for fiber communication 【Patent Reg. No.I365623】
04. Avalanche Photodiode Fabricating Method And Photo Mask Thereof【Patent Reg. No. I 491057】
05. Method For Fabricating Oxide-confined Vertical-cavity Surface-emitting Laser 【Patent Reg. No.I 497854】
06. Two-piece Casing Structure Of Transceiver Optical Sub-assembly And Fabrication Method Thereof 【Patent Reg. No.I 490581】
07. Vertical Cavity Surface Emitting Laser And Manufacturing Method Thereof 【Patent Reg. No.I 405379】
08. Vertical Cavity Surface Emitting Laser And Manufacturing Method Thereof 【Patent Reg. No.I 459670】
09. Inputting Module And Submount Thereof And Manufacturing Method Of The Submount 【Patent Reg. No.I 437477】
10. Optical Inputting Module And Its Light Source Unit Background Of The Invention 【Patent Reg. No.I 504026】
11. Edge Emitting Semiconductor Laser Element, Method For Manufacture The Same, And Chip Bar Having The Laser Element 【Patent Reg. No.I 573172】
12. Transceiver Optical Sub-assembly Having A Positioning Connecting Module And Method For Fabricating The Same 【Patent Reg. No.I 581028】

13. Biometric Authentication Device And Method 【Patent Reg. No. I 536272】
14. A Laser Cutting Method For Semiconductor Chip 【Patent Reg. No. I 603391】
15. Alignment Jig For Optical Lens Array 【Patent Reg. No. I 616691】
16. Beam Shaping Lens For Coherent Light Source Applications 【Patent Reg. No.M500899】
17. Thin Optical Imaging Module Of A Biometric Apparatus 【Patent Reg. No. I 557403】
18. Optical Coupling Module And Light Communication Apparatus Using The Same 【Patent Reg. No. I 667505】
19. Structure Of Vcsel And Method For Manufacturing The Same 【Patent Reg. No. I 710187】
20. A Receptacle Component For Pin And A Socket Having The Receptacle Component 【Patent Reg. No.I 671956】
21. High-speed Multi-channel Optical Transmitter Module And Method For Fabricating The Same 【Patent Reg. No. I 729066】
22. Edge-emitting Laser Having Small Vertical Emitting Angle 【Patent Reg. No. I721167】
23. Structure And Fabricating Method Of Distributed Feedback Laser 【Patent Reg. No. I 710186】
24. Burn-in Testing Machine Having Monitoring Device And Monitoring Method Thereof 【Patent Reg. No. I 760611】
25. Structure Of Vertical Cavity Surface Emitting Laser 【Patent Reg. No. I 791116】

B. Total of Patent Rights in U.S.A, 23 Pieces:

01. Method For Producing An Oxide Confined Semiconductor Laser 【Patent Reg. No. US 7,416,930 B2】
02. Multiple Function Thin-film Resistor-capacitor Array 【Patent Reg. No. US 7,625,775 B2】
03. Bi-directional Optical Signal Transmitting And Receiving Device 【Patent Reg. No. US 7,364,374 B2】
04. Method For Fabricating Oxide-confined Vertical-cavity Surface-emitting Laser 【Patent Reg. No. US 8,679,873 B2】
05. Packaging Device For Matrix-arrayed Semiconductor Light-emitting Elements Of High Power And High Directivity 【Patent Reg. No. US 8,324,722 B2】
06. Packaging Device For Matrix-arrayed Semiconductor Light-emitting Elements Of High Power And High Directivity 【Patent Reg. No. US 8,786,073 B2】
07. Packaging Device For Matrix-arrayed Semiconductor Light-emitting Elements Of High Power And High Directivity 【Patent Reg. No. US 8,786,074 B2】
08. Vertical Cavity Surface Emitting Laser And Manufacturing Method Thereof 【Patent Reg. No. US 8,530,358 B2】
09. Inputting Module And Submount Thereof And Manufacturing Method Of The Submount 【Patent Reg. No. US 8,658,961 B2】
10. Optical Inputting Module And Its Light Source Unit Background Of The Invention 【Patent Reg. No. US 8,653,438 B2】
11. Biometric Authentication Device And Method 【Patent Reg. No. US 9,245,164 B2】
12. Biometric Authentication Device And Method 【Patent Reg. No. US 9,830,498 B2】

13. Chip Array Structure For Laser Diodes And Packaging Device For The Same
【Patent Reg. No. US 9,293,893 B2】
14. Alignment Jig For Optical Lens Array 【Patent Reg. No. US 9,400,358 B2】
15. Thin Optical Imaging Module Of A Biometric Apparatus 【Patent Reg. No. US 9,854,141 B2】
16. Structure Of Vcsel And Method For Manufacturing The Same
【Patent Reg. No. US 9,929,536 B1】
17. Structure Of Vcsel And Method For Manufacturing The Same
【Patent Reg. No. US 10,122,152 B1】
18. High-speed Multi-channel Optical Transmitter Module And Method For Fabricating The Same
【Patent Reg. No. US 10,191,236 B1】
19. Edge-emitting Laser Having Small Vertical Emitting Angle
【Patent Reg. No. US 10,014,663 B1】
20. Edge-emitting Laser Having Small Vertical Emitting Angle
【Patent Reg. No. US 10,522,974 B2】
21. Structure And Fabricating Method Of Distributed Feedback Laser
【Patent Reg. No. US 10,581,223 B2】
22. Structure Of Vertical Cavity Surface Emitting Laser 【Patent Reg. No. US 11,831,125 B2】
23. Surface Emitting Laser With Hybrid Grating Structure 【Patent Reg. No. US 11,791,609 B2】

C. Total Of Patent Rights in China, 18 Pieces:

01. Light Transceiver For Fiber Communication 【Patent Reg. No.1427547】
02. Vertical Cavity Surface Emitting Laser And Manufacturing Method Thereof
【Patent Reg. No.1292231】
03. Vertical Cavity Surface Emitting Laser And Manufacturing Method Thereof
【Patent Reg. No.1385148】
04. Inputting Module And Submount Thereof And Manufacturing Method Of The Submount
【Patent Reg. No.1781626】
05. Optical Inputting Module And Its Light Source Unit Background Of The Invention
【Patent Reg. No.1974915】
06. Edge Emitting Semiconductor Laser Element, Method For Manufacturing The Same, And Chip Bar Having The Laser Element 【Patent Reg. No.1641237】
07. Biometric Authentication Device And Method 【Patent Reg. No.3057490】
08. Chip Array Structure For Laser Diodes And Packaging Device For The Same
【Patent Reg. No.2991233】
09. A Laser Cutting Method For Semiconductor Chip 【Patent Reg. No.3226968】
10. Alignment Jig For Optical Lens Array 【Patent Reg. No.2449399】
11. Beam Shaping Lens For Coherent Light Source Applications 【Patent Reg. No.4395017】
12. Thin Optical Imaging Module Of A Biometric Apparatus 【Patent Reg. No.3908453】
13. A Receptacle Component For Pin And A Socket Having The Receptacle Component
【Patent Reg. No.3808465】
14. High-speed Multi-channel Optical Transmitter Module And Method For Fabricating The Same

【Patent Reg. No.4253481】

15. Edge-emitting Laser Having Small Vertical Emitting Angle 【Patent Reg. No.4590982】
16. Structure And Fabricating Method Of Distributed Feedback Laser 【Patent Reg. No.4067688】
17. Structure Of Vertical Cavity Surface Emitting Laser 【Patent Reg. No.5971646】
18. Surface Emitting Laser With Hybrid Grating Structure 【Patent Reg. No.6090894】

D. Total Of Patent Rights in Japan, 5 Pieces:

01. 酸化物閉じ込め型の垂直共振器型面発光半導体レーザの製造方法
Method For Producing An Oxide Confined Semiconductor Laser
【Patent Reg. No.特許 4852305】
02. 二つのスタックを備えた酸化物閉じ込め型の垂直共振器型面発光半導体レーザ装置
Dual Platform Semiconductor Laser Device 【Patent Reg. No. 特許 4988193】
03. 生体認証装置及び生体認証方法
Biometric Authentication Device And Method 【Patent Reg. No. 特許 5851385】
04. 薄型生体認証装置の光学結像装置
Thin Optical Imaging Module Of A Biometric Apparatus 【Patent Reg. No. 特許 6462385】
05. 光結合構造及び光通信装置
Optical Coupling Module And Light Communication Apparatus Using The Same
【Patent Reg. No. 特許 6335240】

E. Total Of Patent Application in Progress, 4 Pieces:

01. Burn-in Testing Machine Having Monitoring Device And Monitoring Method Thereof
【Patent Application No.201910425443.8】
02. Surface Emitting Laser With Hybrid Grating Structure 【Patent Application No.108141251】
03. Surface Emitting Laser With Hybrid Grating Structure 【Patent Application No.18/199,960】
04. Surface Emitting Laser With Hybrid Grating Structure 【Patent Application No.18/427,644】

5.1.4 Short and Long-Term Business Development Plan

5.1.4.1 Short-term Plan

- A. Promote new products and technologies to existing customers, increase the variety of product transactions with customers and immediately develop products according to customer needs in order to stabilize long-term relationships with customers.
- B. Design high-speed optical sub-module components to meet customers' needs for development cost and timeliness in receiving and transmitting optical module products.
- C. Actively establish overseas service centers, develop potential markets and customers, and enhance operational performance.
- D. Actively participate in international commercial exhibitions to expand sales channels, quickly gather industry information, and enhance marketing ability.

5.1.4.2 Long-term Plan

- A. Continuously strengthen the development capability of optical communication products and technologies, pay attention to the future development trend of the industry and product demand, so as to better meet the growth needs of each customer.
- B. Long-term training of reserve research and development, technical, business, and management personnel to enhance human capital and solidify the company's potential

- for development.
- C. Develop a diverse application market using existing optical and electronic component technology.
- D. Continuously improve production capabilities, increase product yield and effectively reduce costs.

5.2 The overview of Business

5.2.1 Market Analysis

5.2.1.1 Major Selling Product:

In the year of 2023, the main revenue of fiber optics application is come from metal-can (TO) and optical sub-assemblies (OSA) product. The two types of products were sold to BOSA or Transceiver manufacturer and provided to worldwide equipment and system suppliers. The consumer products are mainly sold in chips, which are delivered to the Sensor module manufacturer then provided to mobile phone and true wireless blue-tooth headset manufacturers. TrueLight's product are key optical component and end market is worldwide fiber optics and sensor market. The market is diverse with different application, so there is low risk of excessive concentration and able to lower the impact of seasonal demand changes.

The company's 2023 domestic/export sales ratios are approximately 32.66% and 67.34%. The sales ratio of each regional market is shown in the table below:

Geographic areas \ Year		2023	
		Amount (Unit: NT\$ thousands)	%
Export	China	137,358	21.79%
	Others in Asia	150,425	23.87%
	Europe and America	136,659	21.68%
Domestic - Taiwan		205,824	32.66%
Total		630,266	100.00%

5.2.1.2 Major Selling Market

TrueLight is a leading manufacturer of optical communication components, providing various types of high-quality components. Customers are main manufacturers of optical communication modules, located in Japan, South Korea, China and Taiwan. In recent years, the popularization of service content created more demand of bandwidth, many governments treat optical communication is important infrastructure and expand the investment. In addition, due to the popularity of smart phones and mobile devices, 3G/4G/5G base stations became the necessary basic construction and the rise of artificial intelligence will also drive a wave of demand for bandwidth which lead the growth of optical communication components.

TrueLight major product is for fiber optical communication, the product can meet the demand of fiber optical network construction of Taiwan, Japan, South Korea, China, European and American markets. Besides, TrueLight has also actively developed consumer product in recent years and successfully introducing proximity sensor into mobile phones and true wireless Bluetooth earphones and other applications such as TOF for several international manufacturers. The success is helpful to expand the new application market. With the trend of increasing screen ratio and screen resolution of mobile phones, there is a demand for thinner and more sensitive components. Compared with traditional LEDs, lasers will have more significant advantages in

packaging size, better S/N ratio and lower power consumption, so the future demand will be expected.

FTTX became the major fixed network solution around the world, markets in the Asia-Pacific region such as Japan and South Korea currently use GE-PON solution; Europe and America regions, India markets, and China markets use GPON as major solution. And the demand of XG-PON and XGS-PON are gradually increasing, and large-scale deployments have started in China, Europe and the United States. The FTTX solutions is gradually replace the xDSL and became the major network construction. With the popularization of mobile devices such as smart phones and handy deice, more user is relying on online content service. The telecom operators will have strong intension to increase the investment of 4G/5G networks so the growth of global mobile broadband is expected.

As far as the development of FTTX in Taiwan, Chunghwa Telecom is a leading domestic manufacturer, also mainly promotes fiber-to-the-home services. The plan to increase bandwidth has been a firm policy of governments around the world. In addition, the development of cloud applications has also driven strong demand for data computing centers. TrueLight has the ability to produce laser (VCSEL) and photodetector (PIN) for this application with mass production capability from Chip, TO to OSA. The market is expected to growth in the future.

5.2.1.3 Competition analysis:

A. Advantage:

TrueLight is a leading manufacturer in the design, and manufacture optical component. We are familiar with market and application. We are devoting in the fiber optics market for over 20 years. As a result of our efforts, TrueLight not only won the Year 2000 Outstanding Optoelectronic Product Award in Taiwan for "surface-emitting laser diode", but also was invited to hold a speech at the internationally renowned exhibition Photonics West, which received a lot of response from the business community. These activities prove and recognize Taiwan's position in the research, development and manufacturing of VCSEL and related laser products.

a. Great market potential:

The optical communication construction has been identified as important national infrastructure by governments of various countries. With the popularity of mobile devices, coupled with the rise of cloud applications and artificial intelligence, the demand for bandwidth will continue to increase. TrueLight has developed in this industry for a long time, has a complete product line and strong relationship with customers with good market reputation. Furthermore, compared to well-known manufacturers in the United States and Japan, TrueLight also has the cost advantage, which also increases the chances of OEM/ODM business with foreign manufacturers.

b. Own Production Line:

TrueLight own factory with more than 5,000 pings, which has the flexibility to expand the capacity at any time according to the market and business situation. TrueLight self-owned production line is complete from the wafer process, TO packaging to the Optical sub-module assembly, the production technology can fully meet customer needs. In recent years, in order to strengthen the competitiveness of TO and OSA product lines, we have established stable outsourcing (subcontract) partners in mainland China to provide a strong logistics system with flexible delivery.

c. Strong professional talent and R&D capability:

TrueLight main management team are come from early founder and professional managers in the industry, devoting for stable and healthy growth of the company. In respect of professional talent, TrueLight has strong technical team from epitaxy growth,

device manufacturing, characteristic measurement, TO packaging, and reliability testing, TrueLight team has strong knowledge for the product and market, that is also the reason why TrueLight can take the good market place in the industry for over 20 years.

d. The diversity of products:

TrueLight not only provides high-quality VCSEL (surface-emitting laser), FP/DFB laser, high-speed PD/APD photodetector chip and array but also provides corresponding assembly platform such as TO-46, TO38, TO-56, OSA and COB package, which demonstrates the technical strength of TrueLight, is also a strong foundation for building customer trust. In addition to selling our own brand products, TrueLight's strength also attract OEM/ODM customers for strategic alliance. In recent years, besides the fiber optics market, TrueLight is also trying to explore the consumer application market of VCSEL (surface-emitting laser) to expand sales opportunities.

B. Disadvantage:

a. Price Pressure:

With the advancement of technology; the increasing of market demand and competition. The price of modules for fiber optical communication continues to decline. TrueLight is not only improving automation but also continuously developing and improving process technologies to further save manpower, operation time, materials cost, etc. These efforts are able to reduce product costs, accelerate output efficiency, and increase output yield. TrueLight commits to customers for on-time delivery with good quality to increase customer satisfaction. On the other hand, TrueLight is also investing new high-tech production line to develop better value-added products and minimize the impact of low-price competition in the market.

b. Lack of high-tech labor

The optical communication industry is already a star industry with great potential in Taiwan. However, the government focuses on supporting the semiconductor industry, which makes the difficult to recruit new talents in optical communication technology. In the long term, it may affect our R&D training plan and increase the overall R&D cost. TrueLight actively participates in the recruit plan of the Ministry of the R&D substitute service, it has been able to obtain quotas every year to enrich our R&D manpower. Besides, TrueLight also encouraged employees to attend internal and external education and training course to improve the professional skills of employees. TrueLight also has various welfare measures and employee dividends, so that employees can share the results of profit. These activities are able to gather the centripetal force of company member.

c. The risk of Exchange Rate Changes:

TrueLight's quote is mainly in US dollars, and the receipt of payment is also affected by international exchange rate fluctuations, which in turn affects the revenue and gross profit of the product. For domestic company who quote in U.S. dollars, also pay in U.S. dollars to reduce the exchange risk of converting into Taiwan dollars. On the other hand, our financial team will always pay attention to the change in exchange rates, and will use financial instruments to conduct hedging operations if necessary to ensure the operation interests of the group.

5.2.2 The important application and product manufacturing process of major products

5.2.2.1 Important application

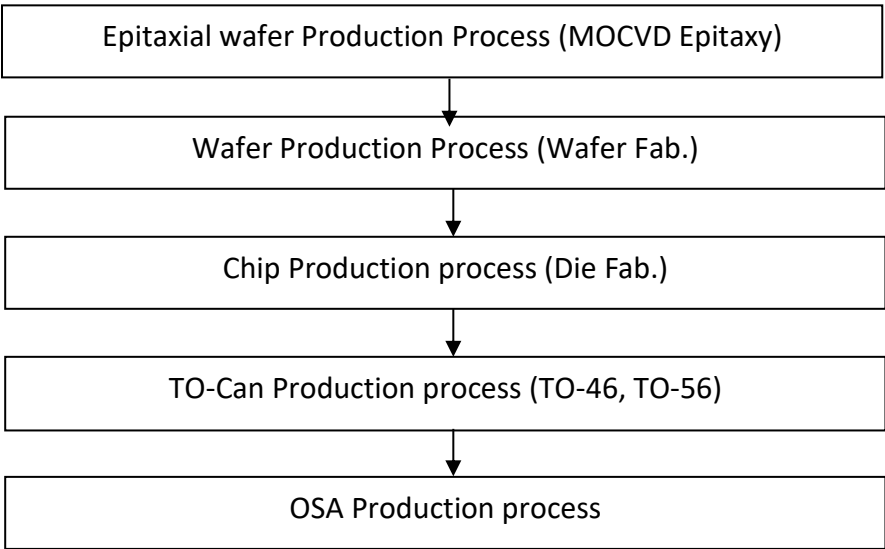
TL, based on core technologies such as vertical cavity surface emitting lasers (VCSELs), edge-emitting lasers (FP/DFBs), and photodetector components (GaAs PIN, InGaAs PIN, InGaAs APD), has developed various optical and photonic components and sub-modules suitable for fiber optic communication applications (Chip, TO, and OSA product lines). In recent years, the company has continued to actively develop products for 4G LTE, 5G base

station transmission, the needs of new-generation broadband fixed networks, as well as high-speed products for the cloud and data center (COB, QSFP, AOC), becoming a driving force for the next wave of growth.

In addition, TL has also successfully developed VCSEL components of different power levels, used in security and monitoring, vein recognition systems, smartphone proximity sensors, 3D sensing and eye-tracking applications in consumer electronics, and has completed customer validation and begun production. Furthermore, the company has actively laid out and developed its own VCSEL wafer and successfully applied it to consumer VCSEL products and 25/28G high-speed VCSEL products, with the goal of developing more diverse photonic applications as a long-term development objective for the company.

5.2.2.2 Product manufacturing process

Our production process are as follows. Each product can be sold separately or be put into downstream applications as the final product.



5.2.3 Supply situation for the company's major raw materials.

The company's main raw materials are III-V compound semiconductor epitaxial wafers, TO packaging metal seats, integrated circuits (TIA, etc.), precious metals, resistors, capacitors, and flexible printed circuit boards.

The company chooses suppliers with stable supply and high quality; suppliers are distributed in Taiwan, Germany, the United States, Japan, South Korea, Singapore and China.

The company has cooperated with domestic and foreign suppliers for many years and has maintained a good cooperative relationship. For important raw materials, we adopt a decentralized procurement method to achieve the stability and autonomy of the supply of goods, and the supply status is good. For the quality of incoming materials and supplier management, quality inspection is carried out in accordance with ISO 9001, ISO 14001 and ISO45001 policies, which meet international standards.

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

5.2.4.1 Information on Major Suppliers for the Most Recent 2 Years :

Unit: NT\$ thousands

Item	2023				2022			
	Name	Amount	% of annual net purchases	Relationship with the issuer	Name	Amount	% of annual net purchases	Relationship with the issuer
1	AL006	33,786	23	None	AL006	44,618	14	None
2	KS005	22,933	16	None	KS005	36,783	11	None
3	SM002	17,701	12	None				
4	LY002	15,872	11	None				
	Others	57,525	38		Others	141,964	75	
	Net purchases	147,817	100		Net purchases	223,365	100	

Reasons for increase or decrease: There were no significant changes in the last two years.

As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

5.2.4.2 Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NT\$ thousands

Item	2023				2022			
	Name	Amount	% of annual net sales	Relationship with the issuer	Name	Amount	% of annual net sales	Relationship with the issuer
1	E0113	100,028	16	None	E0113	178,357	18	None
-	Others	530,238	84		Others	811,278	82	
-	Net sales	630,266	100		Net sales	989,635	100	

Reasons for increase or decrease: There were no significant changes in the last two years.

As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

5.2.5 Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: thousands PCE · NT\$ thousands

Year · Output	2023			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Chips and components	394,800	218,417	615,252	510,000	356,432	738,735
Optical transmission and connection modules	12,300	1,529	79,689	12,180	3,668	82,953
Total	407,100	219,946	694,941	522,180	360,100	821,688

5.2.6 Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: thousands PCE · NT\$ thousands

Year · Sales	2023				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Chips and components	24,259	106,586	179,199	352,858	29,164	176,736	269,684	528,669
Optical transmission and connection modules	1,271	90,390	200	63,217	2,677	162,400	1,287	92,824
Others	9	8,848	7	8,367	16	18,154	1,639	10,852
Total	25,539	205,824	179,406	424,442	31,857	357,290	272,610	632,345

5.3 The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

Date:2024/4/18

Year		2023	2022	2024/4/18
Number of employees	Operators	137	160	134
	Engineering Staff	153	189	147
	Management Staff	69	77	64
	Total	359	426	345
Average age		42.00	40.86	42.48
Average years of service		11.77	10.69	12.2
Education distribution percentage (%)	Ph.D.	2.51%	2.14%	2.32%
	Master's degree	12.26%	16.94%	11.59%
	College	49.58%	51.16%	50.14%
	Senior high school	27.58%	27.66%	27.83%
	Below senior high school	8.07%	2.1%	8.12%

5.4 Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. : None

5.5 Labor relations

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

5.5.1.1 Employee welfare measures and implementation

TrueLight has always attached great importance to employee welfare. In addition to welfare measures stipulated by the government, including Labor Insurance Act, National Health Insurance Act, regular employee health checks and employee group insurance provided in accordance with the law, and free parking space, the Employee Welfare Committee was also established in accordance with the law to implement the operation of employee welfare matters to provide multiple welfare measures including the provision of birthday and Mid-Autumn Festival gift certificates, anti-pandemic supply subsidies, wedding gift money, maternity gift money, funeral and hospitalization condolence money, club activity space, etc.

5.5.1.2 Employee continuing education, training and implementation status

Various types of education and training courses such as new employee training, professional knowledge and skills training, supervisor training were offered in accordance with the development needs of employees and the company, providing

subsidies to employees for participating in the training courses organized by training institutions, and rewarding employees for participating in the continuing education for degrees issued by the school.

Category	Number of sessions	Total person-times	Total hours
Supervisory skills training	4	4	19
Health promotion course	3	195	595
Professional skills training	54	616	2,032
Liberal education on the job training	14	666	2,293
On-the-job Training for new recruits	2	28	182
Total	77	1,509	5,121

5.5.1.3 Retirement system and its implementation status

A. The company's retirement system is handled in accordance with the provisions of the Labor Standards Act and the Labor Pension Act.

a. The company's retirement system is all handled in accordance with the provisions of the Labor Standards Act. For those who have seniority under the old system, pensions under the old system have been settled in 2016 through a labor/management agreement, and all the procedures have been completed with the pension dedicated account with the Bank of Taiwan having been settled.

b. In accordance with the Labor Pension Act, the company formulated the retirement guidelines with the defined contribution scheme in July 1, 2005, which is applicable to employees of Taiwan nationality. For employees who select to adopt the labor pension system stipulated in the Labor Pension Act, the company will contribute 6% of the monthly salary as the labor pension to the employee's personal account with the Bureau of Labor Insurance on a monthly basis.

B. Zhuhai FTZ ProRay Optoelectronics Technology Co., Ltd., allocates the pension insurance funds in accordance with a certain percentage of the total salary of local employees every month in accordance with the pension insurance system stipulated by the government of the People's Republic of China.

5.5.1.4 Labor-management agreement situation

The company's labor and management get along well, and the communication channels are smooth. The opinions of the labor can be valued by the management and quickly resolved. Therefore, the relationship between the labor and management is harmonious, and there are no major labor disputes.

5.5.1.5 Protection measures for the workplace and personal safety of employees:

A. Occupational safety and health management

a. Passed CNS45001:2018 Taiwan Occupational Safety and Health Management System certification.

b. Passed ISO 45001:2018 Occupational Safety and Health Management System certification.

c. Established the Occupational Safety Office in accordance with the law, staffed with occupational safety and health management personnel (Level A occupational safety and health managers, Level A occupational safety management technicians,

and Level B occupational safety and health management technician).

B. Training and audit

- a. Safety and health education and training for new/in-service personnel.
- b. Regularly convene the Occupational Safety and Health Committee meeting to review the effectiveness of safety and health management.

C. Control of environmental hazard factors in workplaces

- a. The environmental monitoring in workplaces is conducted every six months, including physical and chemical factors defined by laws and regulations, such as carbon dioxide concentration, lighting, noise, and hazardous chemical substances stipulated by laws and regulations.
- b. Carry out hierarchical management of chemicals with health hazards in accordance with different assessment results to ensure a good working environment.

D. Access control security

- a. Installed with access control card swiping and image monitoring system.
- b. Hired full-time security personnel and security guards dispatched by the security company to maintain the safety of the factory 24 hours a day.

E. Maintenance and inspection of equipment

- a. Carry out fire equipment maintenance and building public safety inspections every year in accordance with fire protection and building laws and regulations.
- b. Factory staff conduct daily patrol inspections to ensure equipment safety.

F. Disaster prevention measures and response

- a. The emergency response management procedures were formulated for factory-wise emergency response grouping, and to conduct fire protection and emergency response drills every six months.
- b. The hazardous event management procedures were formulated to implement handling as well as investigation and analysis of occupational disasters.
- c. The hazard identification and risk assessment management procedures were formulated to conduct annual assessments for operational safety.
- d. The emergency response equipment is in place to ensure that there would be sufficient emergency response equipment in case of emergency.
- e. The safety and health protective equipment is in place in accordance with the law to ensure that personnel can be fully protected during operations.

G. Health management

- a. The modern nursing rooms, medical rooms and full-time nursing staff are in place to provide health care services, health advocacy and consultation, as well as emergency medical treatment.
- b. The special occupational medical doctor visits the factory every month to provide health services.
- c. Provide physical exams for new recruits, regular health checks for current employees, and health checks for special operations.
- d. Set up first aid personnel in accordance with the law to provide first aid treatment for personnel for each shift and in each region.
- e. Health in the workplace: We organize health lectures, health promotion activities, monthly health information advocacy, and provide correct health education and follow-up care as well as tracking in accordance with employee physical condition.
- f. Employee health and care: Maternal risk assessment, abnormal workload assessment and psychological counseling for employees to take care of the physical and mental health of each employee.

H. Insurance and medical condolence money:

- a. Take out labor insurance (including occupational accident insurance) for employees, health insurance, and free group insurance for employees, life insurance, first diagnosis cancer insurance, accident insurance, accident medical insurance,

hospitalization medical insurance, and cancer medical insurance.

- b. For group insurance, we also provide additional insurance for employees' family members. Different insurance contents are provided in accordance with the target to enjoy preferential premium rates, including life insurance, first diagnosis cancer insurance, accident insurance, accidental medical insurance, hospitalization medical insurance, and cancer medical insurance.

I. Mental health:

- a. Communication and complaint channels: We hold employee forums from time to time, and convene regular labor-management meetings. Employees may express their opinions through e-mail, general letters, telephone calls, etc.
- b. Advocacy on the prevention of unlawful infringements in the performance of duties: We formulated a prevention plan for unlawful infringements in the performance of duties as well as complaint handling channels, and disclose them publicly.

J. Contractor management

- a. The safety, health and environmental protection management procedures are in place for contractors, which require contractors to apply for approval before entering the site for operations and special hazardous operations, and we implement hazard notification before operations.
- b. The contractors are evaluated every year, and the occupational safety unit has the right to make suggestions on the selection of contractors.

5.5.1.6 Employee Code of Conduct or Ethics:

In order to enable employees to understand and follow the code of conduct, rights, obligations and workplace ethics of employees, the company has formulated employee handbooks and rules. In addition to internal disclosure of relevant rules, employee handbooks will be provided when new employees report for duty. We also organize education and training for new employees to help employees understand the norms.

The main contents of the guidelines and codes are as follows:

- A. Formulated work rules: stipulating the rights and obligations of both employers and employees to promote employees to work together with concerted efforts, improve the company's organization and management, and abide by government regulations.
- B. The recruit of employees is based on the needs of the company's business, combined with personal expertise, knowledge, and skills, so that employees can be placed in the right position as they are talented for, and to develop their potential and contribute their enthusiasm.
- C. Performance appraisal guidelines: The company implements performance appraisal operations based on employee performance as the basis for duty assignments, rank promotions, salary adjustments, and training and development.
- D. Attendance of employees and requests for leaves: In order to establish good discipline and improve work efficiency, employees shall abide by the company's attendance, leave, and vacation rules.
- E. Clear reward and punishment guidelines: In order to allow employees to follow the reward and punishment rules and achieve the effect of motivation or vigilance, the company has formulated reward and punishment guidelines to regulate the ethical and moral conduct of employees.
- F. Sexual harassment prevention and handling measures: In order to maintain gender equality in work and strictly prohibit sexual harassment in the workplace, the company not only clearly stipulates the norms in the work rules, but also announces relevant laws and regulations as well as the complaint channels on the company's internal website so as to regulate employee conduct in the workplace.
- G. Employees shall abide by the computer use rules, which are clearly stipulated in the employee handbook, strictly prohibiting the use of unauthorized reproduced

software and illegal software, and requiring employees to pay attention to and check the legality of software on computer hard disks used on a constant basis.

- H. Confidential document control and business secret agreement: In order to ensure the company's business interests and maintain the company's information security, employees shall have the obligation to strictly keep confidential the company's business secrets, and sign a personnel work contract when new recruits report for duties so as to ensure that they understand the related company rules.
- I. The company has formulated work rules and codes of conduct for employees regarding severance and resignation, retirement, occupational accident compensation and condolence money, as well as welfare measures.
- J. Employees shall take good care of company supplies and not arbitrarily damage or waste them. There are also instructions for the use of public environments. The company regularly advocates and formulates management rules to remind employees to jointly maintain the public environment and use order.
- K. Clearly formulated the ethical corporate management policy and other norms to properly implement the ethical corporate management policy, and the company's employees shall abide by the code of conduct when performing their duties. Unethical conduct shall be prohibited.

5.5.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. :

5.5.2.1 Since the establishment of the company, the relationship between labor and management has been harmonious, and no loss has been incurred due to labor disputes. It is estimated that the possibility of losses due to labor disputes in the future is extremely low.

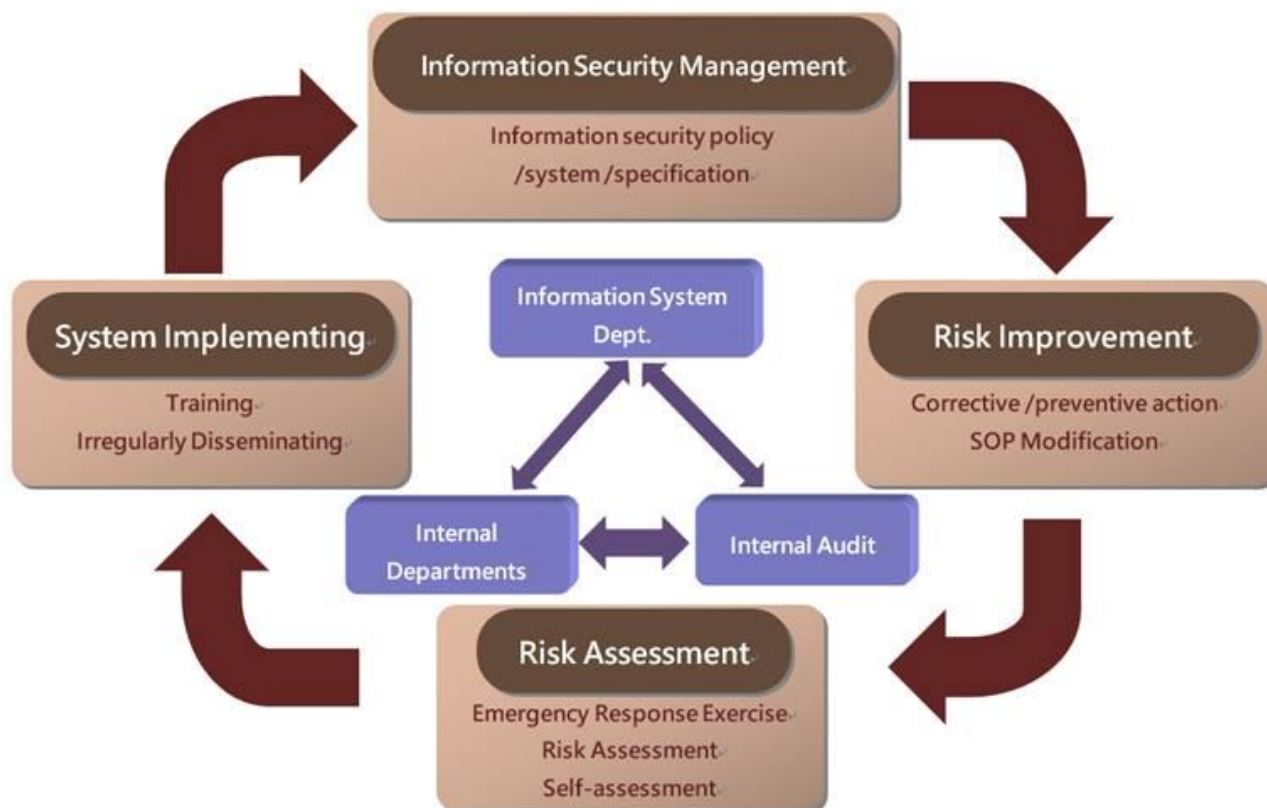
5.5.2.2 Current and future possible losses
The company attaches great importance to employee opinions, and provides a variety of channels (e.g., employee suggestion boxes, opinion survey forms, employee forums, and labor-management meetings) to promote labor and management relations and in-depth understanding of employees' satisfaction level with management and welfare systems, so as to maintain good labor-management relations. The company's labor-management relationship is good, and labor and management have reached a consensus, and therefore there are no labor disputes and related losses.

5.5.2.3 Response measures: N/A.

5.6 Cyber security management :

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

5.6.1.1 Framework of Information Security Risk Management



The company's Information System Department is the dedicated unit in charge of information security. The head of the Information System Department serves as the information security supervisor, who appoints 2 persons who are familiar with the field in information security to perform tasks of information security. The Information System Department is in charge of formulating the company's information security policy, planning and implementing information security operations, as well as promoting and implementing the information security policy. In 2023, the company published 18 pieces of messages of information security on the internal webpage from time to time for employees to refer to; we also timely guide users on how to distinguish the authenticity of emails so as to strengthen the importance of employee information security, preventing malicious hackers from inserting computer viruses, destructive software or ransomware into the company's network system to steal confidential information and affect company operations.

The internal auditors regularly audit the implementation status of information security and report them to the Board of Directors. Once any deficiencies are found, they immediately request the inspected unit to propose improvement plans and specific actions, track the improvement results, so as to reduce internal and external information security risks. The internal audit supervisor of the company submitted the audit report to each independent director on 2023/10/30, and submitted the audit results to the Board of Directors on 2023/11/8.

In addition, as information security insurance involves information security level inspection institutions, claims verification institutions, claim settlement conditions, scope, and related supporting measures, before the assessment is completed, the information security protection mechanism will still be strengthened in accordance with the company's Information Security Policy.

5.6.1.2 Cyber security policy

- A. Ensure the confidentiality of the company's business secrets and important customer information.

- B. Ensure the availability and integrity of information applications and support services as well as equipment for core operations.
- C. Ensure the effectiveness and continuity of the information security management mechanism.

In order to ensure the sustainable development of the enterprise and fulfill our commitments to customers, the company has formulated the company information security policies, operating norms and guidelines so as to improve information risk management, strengthen information security management mechanisms, implement information security protection, improve information security standards, and enable all related company personnel of each unit and important cooperative partners to follow the norms.

5.6.1.3 Specific management plan and resources invested in cyber security management

A. Information architecture inspection

Check whether the measures taken in relation to the ongoing operation are appropriate:

Check whether there is a single point of failure risk in the structure and maintenance mechanism of the measures taken; conduct risk analysis on the suitability of the continuous operation of the business, and propose the results and suggestions of the information architecture security assessment.

B. Network activity inspection

Check device access records and account permission settings:

Whether the access records of network equipment, information security equipment and servers, the authorization of account permissions and the monitoring mechanism conform to the internal control operating rules; use the principle of least privilege to check the account permissions and access records of equipment, servers, etc., and identify abnormal records and confirm the warning mechanism.

C. Detection of network equipment, servers and user terminal equipment

Vulnerability scanning and patching operations

Regularly or timely conduct vulnerability scans of network equipment, servers, and user terminal equipment, and improve and patch the discovered vulnerabilities. Assess the scope of the vulnerability scanning operation, the operation mode, the improvement plan and patching status of the vulnerability, and provide evaluation suggestions for the scanning results. Find out possible vulnerabilities and loopholes in the structure, improve and patch them, and focus on reducing overall information security risks.

Continue participating in the Science Park Information Sharing and Analysis Center (SP-ISAC), share information security intelligence and integrate with international information security technology through research and analysis, and information personnel participate in technical training, personnel training, and seminars held by the unit from time to time and assist in information security drills, so that the company can grasp the latest attack methods and propose countermeasures to achieve early warning, improvement and other protection goals, so as to strengthen internal information security management and protection capacity.

The company joined the Taiwan CERT_CSIRT alliance in 2022 to obtain information security consultation and exchange of information from related enterprises on a constant basis. In 2023, we participated in the information security courses offered by SP-ISAC and CERT_CSIRT: 2 people, 12 sessions in total so as to enrich information security knowledge and increase defense and detection skills.

D. Security settings inspection

Server security policy settings

- a. Set a strong password and keep it in a safe place and require frequent changes.
- b. Turn off the server insecure protocol.

- c. USB control.
 - d. The server audit log is kept for future reference.
 - e. Remote desktop connection control.
 - f. Establish a complete firewall.
 - g. The system is updated in real time
- E. Internet fraud protection
- a. Regularly advocate and continuously remind employees to pay attention to messages on Internet fraud.
 - b. Cooperate in information security software or equipment to intercept as much as possible in advance on the company's edge network.
 - c. Continue to conduct education and training to strengthen employees' understanding of the risks of email fraud, enhance employees' crisis awareness of social engineering fraud, reduce risks and losses caused by social engineering fraud, and achieve the purpose of protecting customer information and important operational information and services.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.: None.

5.7 Important contracts :

Important contracts

Nature of Contract	Parties	Beginning and End Dates of Contract	Major Content	Restrictive clauses
Long-term loan	Hua Nan Commercial Bank	2017/12/18~2025/5/23	Unsecured Loan	None
Long-term loan	Taiwan Business Bank	2021/1/4~2026/1/4	Credit guarantee fund loan	None
Long-term loan	First Commercial Bank	2022/12/30~2028/2/24	Credit guarantee fund loan	None
Land lease	Hsinchu Science Park Bureau, National Science and Technology Council	2020/8/8~2039/12/31	1. Lease a piece of public land in the park to the company. 2. The rent is paid once a month. During the lease period, the land lease fee can be adjusted at any time in case of relevant laws and regulations.	None

6. Financial Information

6.1 Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

6.1.1 Condensed Balance Sheet–Consolidated

Unit: NT\$ thousands

Item	Year	Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		924,492	901,565	815,828	793,433	669,688
Property, Plant and Equipment		1,177,138	957,358	730,134	583,713	419,976
Intangible assets		20,346	19,323	17,653	15,164	12,883
Other assets		241,250	229,624	218,368	250,153	202,059
Total assets		2,363,226	2,107,870	1,781,983	1,642,463	1,304,606
Current liabilities	Before distribution	1,125,574	1,012,489	792,737	602,950	390,282
	After distribution	1,125,574	1,012,489	792,737	602,950	Note 1
Non-current liabilities		329,672	174,271	196,383	266,214	210,602
Total liabilities	Before distribution	1,455,246	1,186,760	989,120	869,164	600,884
	After distribution	1,455,246	1,186,760	989,120	869,164	Note 1
Equity attributable to owners of the parent company		893,568	908,716	787,880	769,559	735,010
Share capital		759,887	764,747	764,747	764,747	964,747
Capital surplus		471,197	173,917	173,917	180,243	342,417
Retained earnings	Before distribution	(309,940)	4,325	(128,810)	(166,074)	(556,511)
	After distribution	(309,940)	4,325	(128,810)	(166,074)	Note 1
Other equity		(27,576)	(34,273)	(21,974)	(9,357)	(15,643)
Treasury shares		-	-	-	-	-
Non-controlling interests		14,412	12,394	4,983	3,740	(31,288)
Total equity	Before distribution	907,980	921,110	792,863	773,299	703,722
	After distribution	907,980	921,110	792,863	773,299	Note 1

Note 1: The 2023 loss compensation statement has not yet been approved by the resolution of the shareholders' meeting.

Note 2: As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

6.1.2 Condensed Balance Sheet - Parent Company Only

Unit: NT\$ thousands

Item	Year	Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		884,814	876,027	776,682	754,284	685,101
Property, Plant and Equipment		886,890	703,607	512,782	363,706	346,918
Intangible assets		1,554	2,031	1,861	872	91
Other assets		576,338	615,134	630,014	603,893	385,436
Total assets		2,349,596	2,196,799	1,921,339	1,722,755	1,417,546
Current liabilities	Before distribution	1,146,588	1,113,505	959,608	751,890	487,890
	After distribution	1,146,588	1,113,505	959,608	751,890	Note 1
Non-current liabilities		309,440	174,578	173,851	201,306	194,646
Total liabilities	Before distribution	1,456,028	1,288,083	1,133,459	953,196	682,536
	After distribution	1,456,028	1,288,083	1,133,459	953,196	Note 1
Share capital		759,887	764,747	764,747	764,747	964,747
Capital surplus		471,197	173,917	173,917	180,243	342,417
Retained earnings	Before distribution	(309,940)	4,325	(128,810)	(166,074)	(556,511)
	After distribution	(309,940)	4,325	(128,810)	(166,074)	Note 1
Other equity		(27,576)	(34,273)	(21,974)	(9,357)	(15,643)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	893,568	908,716	787,880	769,559	735,010
	After distribution	893,568	908,716	787,880	769,559	Note 1

Note 1: The 2023 loss compensation statement has not yet been approved by the resolution of the shareholders' meeting.

Note 2: As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

6.1.3 Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$ thousands

Item \ Year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Operating Revenue	1,456,876	1,522,134	1,313,847	989,635	630,266
Gross Profit	70,595	345,050	232,201	256,604	23,996
Operating Income	(307,388)	42,212	(120,670)	(58,328)	(328,649)
Non-operating income and expenses	(16,029)	(34,474)	(13,021)	12,028	(92,058)
Profit (loss) before income tax	(323,417)	7,738	(133,691)	(46,300)	(420,707)
Net income (loss) for the period from continuing operations	(323,417)	1,651	(140,546)	(46,094)	(425,611)
Net income (loss) for the period	(323,417)	1,651	(140,546)	(46,094)	(425,611)
Other comprehensive income (loss) for the period (net of income tax)	(9,671)	4,687	(1,282)	1,540	(6,286)
Total comprehensive income for the period	(333,088)	6,338	(141,828)	(44,554)	(431,897)
Net income (loss) attributable to owners of parent	(321,426)	7,257	(132,770)	(26,187)	(390,437)
Net income (loss) attributable to non-controlling interests	(1,991)	(5,606)	(7,776)	(19,907)	(35,174)
Total comprehensive income attributable to owners of parent	(331,097)	11,944	(134,052)	(24,647)	(396,723)
Total comprehensive income, attributable to non-controlling interests	(1,991)	(5,606)	(7,776)	(19,907)	(35,174)
Earnings per share	(4.39)	0.10	(1.74)	(0.34)	(4.68)

Note :As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

6.1.4 Condensed Statement of Comprehensive Income- Parent Company Only

Unit: NT\$ thousands

Item \ Year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Operating Revenue	1,452,767	1,520,980	1,317,997	987,858	622,423
Gross Profit	46,511	289,551	169,120	271,212	86,224
Operating Income	(299,076)	20,128	(138,753)	12,540	(202,513)
Non-operating income and expenses	(22,350)	(12,871)	5,983	(38,830)	(183,020)
Profit (loss) before income tax	(321,426)	7,257	(132,770)	(26,290)	(385,533)
Net income (loss) for the period from continuing operations	(321,426)	7,257	(132,770)	(26,187)	(390,437)
Net income (loss) for the period	(321,426)	7,257	(132,770)	(26,187)	(390,437)
Other comprehensive income (loss) for the period (net of Income Tax)	(9,671)	4,687	(1,282)	1,540	(6,286)
Total comprehensive income for the period	(331,097)	11,944	(134,052)	(24,647)	(396,723)
Net income (loss) attributable to owners of parent	(321,426)	7,257	(132,770)	(26,187)	(390,437)
Total comprehensive income attributable to owners of parent	(331,097)	11,944	(134,052)	(24,647)	(396,723)
Earnings per share	(4.39)	0.10	(1.74)	(0.34)	(4.68)

Note :As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

6.1.5 Auditors and Auditors' Opinions for recent five years

Year	CPA	Audit Opinion
2019	Lin Yu Kuan, Chiang Tsai Yen	Unqualified opinion
2020	Lin Yu Kuan, Chiang Tsai Yen	Unqualified opinion
2021	Cheng Ya Huei, Chiang Tsai Yen	Unqualified opinion
2022	Cheng Ya Huei, Chiang Tsai Yen	Unqualified opinion
2023	Cheng Ya Huei, Chiang Tsai Yen	Unqualified opinion

6.2 Financial analyses for the past 5 fiscal years

6.2.1 Consolidated

Item (Note)		Financial Information for the Most Recent 5 Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	61.58	56.30	55.51	52.92	46.06
	Ratio of long-term capital to property, plant and equipment	105.14	114.42	135.49	178.09	217.71
Solvency (%)	Current ratio	82.14	89.04	102.91	131.59	171.59
	Quick ratio	45.37	40.70	49.96	63.19	82.43
	Times interest earned	(1,264)	109	(814)	(245)	(2,659)
Operating performance	Accounts receivable turnover (times)	4.19	5.65	6.21	5.88	5.28
	Average collection days	87	65	59	62	69
	Inventory turnover (times)	1.99	1.91	1.84	1.39	1.28
	Accounts payable turnover (times)	9.34	12.15	13.71	14.76	19.79
	Average days in sales	183	191	198	263	285
	Property, plant and equipment turnover (times)	1.09	1.43	1.56	1.51	1.26
	Total asset turnover (times)	0.55	0.68	0.68	0.58	0.43
Profitability	Return on total assets (%)	(11.29)	0.86	(6.47)	(1.91)	(27.84)
	Return on equity (%)	(31.46)	0.18	(16.40)	(5.89)	(57.63)
	Ratio of income before tax to paid-in capital (%)	(42.56)	0.22	(17.48)	(6.05)	(43.61)
	Net profit margin (%)	(22.20)	0.11	(10.70)	(4.66)	(67.53)
	Earnings(loss) per share (NT\$)	(4.39)	0.10	(1.74)	(0.34)	(4.68)
Cash flow	Cash flow ratio (%)	30.27	34.40	27.47	25.81	(33.60)
	Cash flow adequacy ratio (%)	65.74	80.17	130.86	209.06	323.20
	Cash reinvestment ratio (%)	9.95	9.61	5.76	3.95	(3.26)
Leverage	Operating leverage	(2.29)	16.33	(5.22)	(9.82)	(1.11)
	Financial leverage	0.93	1.71	0.89	0.81	0.96

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Ratio of long-term capital to property, plant and equipment increase 22% : Mainly due to the decrease in the net amount of real estate, plant and equipment in 2023 compared with the previous period.
2. Current ratio increase 30%、Quick ratio increase 30% : Mainly due to the decrease in current liabilities in 2023 compared to the previous period.
3. Times interest earned decrease 985% : The main reason is that the net loss in the current period in 2023 increased compared with the previous period.
4. Return on total assets decrease 26% : Mainly due to the decrease in operating revenue in 2023 compared with the previous period.
5. Return on equity decrease 1358%, return on equity(%) decreased 878% : Mainly due to net loss after tax increase compared with the previous period.
6. Ratio of income before tax to paid-in capital decrease 620%, Net profit margin decrease 1349%, Loss per share increase 1276% : The main reason is that the before/after-tax net loss in 2023 increased compared with the previous period.
7. Cash flow ratio decrease 230% : Mainly due to the decrease in net cash flow from operating activities in 2023 compared with the previous period.
8. Cash flow adequacy ratio increase 55% : Mainly due to the increase in net cash flow from operating activities in the past five years in 2023 is greater than the total capital expenditure in the last five years.
9. Cash reinvestment ratio decrease 183 % : Due to the net cash flow from operating activities in 2023 decreased compared with the previous period.
10. Operating leverage increase 89% : Mainly due to the decrease in operating loss in 2023.

Note 1 :As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

Note 2: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report

Note 3: Calculation formula

A. Financial structure

a. Debt to assets ratio = total liabilities / total assets.

b. Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

B. Solvency

a. Current ratio = current assets / current liabilities.

b. Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

c. Times interest earned = earnings before tax and interest expenses / current interest expenses.

C. Operating performance

a. Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

b. Average collection days = 365 / accounts receivable turnover.

c. Inventory turnover = cost of goods sold / average inventory.

d. Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

e. Average days in sales = 365 / inventory turnover.

f. Property, plant and equipment turnover = net sales / average net property, plant and equipment.

g. Total asset turnover = net sales / average total assets.

D. Profitability

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

b. Return on equity = net income after tax / average total equity.

c. Net profit margin = net income after tax / net sales.

d. Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

E. Cash flow

a. Cash flow ratio = net cash flows from operating activities / current liabilities.

b. Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

c. Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

F. Leverage:

a. Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income

b. Financial leverage = operating income / (operating income - interest expenses).

6.2.2 Parent Company Only

Item (Note)		Year	Financial Information for the Most Recent 5 Years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	61.97	58.63	58.99	55.33	48.15	
	Ratio of long-term capital to property, plant and equipment	135.64	153.96	187.55	266.94	267.98	
Solvency (%)	Current ratio	77.17	78.67	80.94	100.32	140.42	
	Quick ratio	43.49	35.45	40.75	52.84	78.76	
	Times interest earned	(1,561)	153	(1,033)	(141)	(3,269)	
Operating performance	Accounts receivable turnover (times)	4.19	5.66	6.18	5.82	5.27	
	Average collection days	87	64	59	63	69	
	Inventory turnover (times)	2.10	2.05	2.02	1.48	1.28	
	Accounts payable turnover (times)	9.80	13.29	14.38	12.91	14.94	
	Average days in sales	174	178	181	247	285	
	Property, plant and equipment turnover (times)	1.43	1.91	2.17	2.25	1.75	
	Total asset turnover (times)	0.55	0.67	0.64	0.54	0.40	
Profitability	Return on total assets (%)	(11.43)	0.92	(5.88)	(0.84)	(24.13)	
	Return on equity (%)	(35.97)	0.81	(15.65)	(3.36)	(51.90)	
	Ratio of income before tax to paid-in capital (%)	(42.30)	0.95	(17.36)	(3.44)	(39.96)	
	Net profit margin (%)	(22.13)	0.48	(10.07)	(2.65)	(62.73)	
	Earnings(loss) per share (NT\$)	(4.39)	0.1	(1.74)	(0.34)	(4.68)	
Cash flow	Cash flow ratio (%)	32.45	29.97	22.36	14.42	(14.79)	
	Cash flow adequacy ratio (%)	67.81	87.33	145.30	217.17	313.86	
	Cash reinvestment ratio (%)	12.40	10.60	6.61	3.44	(2.26)	
Leverage	Operating leverage	(2.34)	34.20	(4.57)	45.54	(1.76)	
	Financial leverage	0.94	3.13	0.92	7.62	0.95	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Current ratio increase 40%、Quick ratio increase 49% : Mainly due to the decrease in current liabilities in 2023 compared to the previous period.
2. Times interest earned decrease 2213% : Mainly due to the net loss in the current period in 2023 increased compared with the previous period.
3. Property, plant and equipment turnover decrease 22%, total assets turnover decrease 26% : Mainly due to operating revenue in 2023 decreased compared with the previous period.
4. Return on total assets decrease 2773%, return on equity decrease 1445%、ratio of income before tax to paid-in capital decrease 1062%、Net profit margin decrease 2267%、loss per share increase 1276% : Mainly due to the before/after-tax net loss in 2023 increased compared with the previous period.
5. Cash flow ratio decrease 203% : Mainly due to the net cash flow from operating activities in 2023 decreased compared with the previous period.
6. Cash flow adequacy ratio increase 45% : Mainly due to the increase in net cash flow from operating activities in the past five years in 2023 is greater than the total capital expenditure in the last five years.
7. Cash reinvestment ratio decrease 104% : Mainly due to the net cash flow from operating activities in 2023 decreased compared with the previous period.
8. Operating leverage decrease 104%、Financial leverage decrease 88% : Mainly due to operating loss in 2023.

Note: Please refer to Note 3 of 6.2.1 Consolidated Financial Analysis for the calculation formula of the analysis items.

As of the date of printing of the annual report, there has been no financial information that has been audited or reviewed by certified accountants for 2024.

6.3 Audit Committee's Report for the most recent year's financial statement :

TrueLight Corporation

Audit Committee's Review Report

The Company's 2023 Business Report, Financial Statements, and proposal for Deficit Compensation. Financial Statements were audited by PricewaterhouseCoopers Taiwan and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and loss compensation proposal for earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To TrueLight Corporation 2024 Annual General Shareholders' Meeting

Chairman of the Audit Committee:



April 18, 2024

- 6.4 Consolidated financial statement for the most recent fiscal year : Please refer to page 119~179
- 6.5 Parent company only financial statement for the most recent fiscal year audited and attested by CPAs :
Please refer to page 180~228
- 6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation. : None.

7. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Financial Position

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	669,688	793,433	(123,745)	(16)
Property, Plant and Equipment	419,976	583,713	(163,737)	(28)
Other assets	214,942	265,317	(50,375)	(19)
Total assets	1,304,606	1,642,463	(337,857)	(21)
Current Liabilities	390,282	602,950	(212,668)	(35)
Long-term Liabilities	101,717	151,138	(49,421)	(33)
Other Liabilities	108,885	115,076	(6,191)	(5)
Total Liabilities	600,884	869,164	(268,280)	(31)
Capital	964,747	764,747	200,000	26
Capital Surplus	342,417	180,243	162,174	90
Retained Earnings	(556,511)	(166,074)	(390,437)	235
Other equity	(15,643)	(9,357)	(6,286)	67
Non-controlling interest	(31,288)	3,740	(35,028)	(937)
Total Equity	703,722	773,299	(69,577)	(9)

1. Analysis of the difference greater than 20% in the last 2 years :

- 1.1 Property, Plant and Equipment decrease : Mainly due to the depreciation in 2023.
- 1.2 Total assets decrease : Mainly due to inventories decrease and the depreciation of property, plant and equipment.
- 1.3 Current Liabilities decrease : Mainly due to the repayment of short-term loans in 2023
- 1.4 Long-term Liabilities increase : Mainly due to the repayment of long-term borrowings in 2023.
- 1.5 Total liabilities decrease : Mainly due to the repayment of borrowings.
- 1.6 Capital and Capital surplus increase : Mainly due to cash capital increase of 2023 issued at premium.
- 1.7 Retained Earnings decrease : Mainly due to the after-tax loss in 2023.
- 1.8 Other equity decrease : Mainly due to foreign currency exchange differences in 2023.
- 1.9 Non-controlling interest decrease : Mainly due to the increase in losses of non-100% invested subsidiaries in 2023.

2. Significant influence and the plan for response: None.

7.2 Financial Performance

Unit: NT\$ thousands

Item	Year					Change Analysis Description
	2023	2022	(+ / -)	%		
Operating revenue	630,266	989,635	(359,369)	(36)	A	
Operating costs	(606,288)	(733,231)	126,943	(17)		
Gross profit from operation, net	23,996	256,604	(232,608)	(91)	A	
Operating expenses	(352,645)	(314,932)	(37,713)	12		
Net operating loss	(328,649)	(58,328)	(270,321)	463	B	
Non-operating income and expenses	(92,058)	12,028	(104,086)	(865)	C	
Profit (loss) before income tax	(420,707)	(46,300)	(374,407)	809	D	
Income tax expenses	(4,904)	206	(5,110)	(2481)	E	
Loss for the year	(425,611)	(46,094)	(379,517)	823	F	

1. Analysis of Deviation over 20% :

A. Operating revenue and net gross profit from operation costs decrease : Mainly due to the decrease in terminal demand in the consumer market and the slow destocking of customer inventories, as well as the decrease in optical communication bids., as well as the decrease in bidding.

B. Net operating loss decrease : Mainly due to the increases in operating revenue and gross operating profit.

C. Net non-operating expenses increase : Mainly due to impairment loss of assets.

D. Loss before income tax increase : In summary, the after-tax net loss of the continuing business department in this period decreased compared with the previous period.

E. Income tax expenses increase : Due to decrease in deferred assets.

F. Loss for the year increase : In summary, the after-tax net loss of the continuing business department in this period increased compared with the previous period.

(2) The expected sales volume and its basis, the possible impact on the company's future finance and business, and the response plan:

The company does not disclose financial forecasts to the public. The expected sales volume is based on market supply and demand forecasts, competitive environment in the industry, product mass production schedules, and company operating plan, and other conditions as the basis for determining the sales targets. The company also continues to invest in research and development resources so as to maintain technological progress and innovation. At the same time, it will continue to improve product quality and manufacturing process stability so as to achieve competitive advantages in quality and cost, thereby meeting customer needs and expanding the market share.

7.3 Cash Flow

7.3.1 The annual report shall describe and analyze any cash flow changes during the most recent fiscal year,

7.3.1.1 Cash flow for the most recent year:

Cash Flow Review and Analysis

Cash Flow Analysis				Unit: NT\$ thousands	
Cash at beginning of year	Annual net cash flow generated from operating activities	Annual net cash flow from investment/ financing activities and impact of exchange rate changes	Cash surplus (deficit) Amount	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
252,870	(131,122)	95,455	217,203	-	-

7.3.1.2 Analysis of cash flow changes in this year:

- A. Operating activities: Net cash outflow of NT\$131,122 thousands were due to net loss before tax in the period.
- B. Investment activities: The net cash outflow of NT\$6,282 thousands was mainly due to the increase in acquisition of equipments.
- C. Financing activities: The net cash inflow was NT\$101,543 thousands was mainly due to cash capital increase in the period.

7.3.1.3 Improvement plan for insufficient liquidity: Not applicable

7.3.1.4 Analysis of Cash Flow Changes in Recent Years

Item \ Year	2023	2022	Increase / Decrease (%)
Ratio of Cash Flow	(33.60)	25.81	(230.18)
Ratio of Cash Flow Allowance	323.20	209.06	54.60
Ratio of Cash investment	(3.26)	3.95	(182.53)
Explanation of the increase and decrease ratio changes: Please referred to page 103.			

7.3.2 Cash liquidity analysis for the coming year

Unit: NT\$ thousands					
Opening cash balance	Estimated annual net cash flow from operating activities	Estimated annual net cash flow from investing and financing activities	Estimated cash surplus (deficit) amount	Measures to cash deficit remediation	
				Investment Plan	Financial Plan
217,203	(246,097)	450,323	421,429	-	-

7.3.2.1 Analysis of Cash Flow Changes

- A. Operating activities: According to the 2023 operating plan, it is estimated that the net cash inflow from operating activities can be generated.
- B. Investment activities: Changes caused by the estimated purchase of production equipment.
- C. Financing activities: The net cash inflow is estimated and caused by the private placement of common stock cash capital increase.

7.3.2.2 Remedial measures and liquidity analysis of expected cash insufficiency: Not applicable.

7.4 The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year. : The company's capital expenditure in the most recent year was mainly for the replacement of some machinery and equipment and routine maintenance, and there was no major capital expenditure.

7.5 The annual report shall describe the company's investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving investment profitability, and investment plans for the coming year. :

7.5.1 Investment policy for the most recent year : The company's investment policy is mainly based on long-term strategic investment. For the management and control of invested enterprises, there are investment cycle internal control operating procedures in order to grasp the financial and business conditions of invested enterprises. In order to strengthen the risk control and supervision of subsidiaries and to achieve the overall strategic goals of the company and its subsidiaries, the company has formulated " Subsidiary Management Practices", and establish a subsidiary operation risk management mechanism.

7.5.2 The main reason and improvement plan for the profit or loss of reinvestment in the most recent year:

Unit: NT\$ thousands

Invested Business	Cost of Investment	Book Value	Investment Profit/ Loss Recognized in the current period	Main Cause of Loss	Improvement Plan
Zhuhai FTZ ProRay Optoelectronics Technology Co., Ltd.	US\$12,500	NT\$178,720	(NT\$169,044)	Not reach economic scale	Capacity utilization improving
YLTLINK Technology Corporation	NT\$68,330	(NT\$20,876)	(NT\$24,956)	YLTLINK is still in the stage of business expansion, and has not yet generated significant revenue and profits.	Aggressively expand business and develop new customers

7.5.3 Investment plan for the coming year: will be reassessed based on operational needs.

7.6 The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report :

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

7.6.1.1 Changes in interest rates: The interest expense of the group's bank loans in 2023 was in the amount of NT\$13,526thousand, and the interest rate risk of the Group was mainly derived from floating rate borrowings, based on the amount of borrowings exposed to interest rates as of December 31, 2023, if the market interest rate increased by 0.25% in the future, the pretax net profit would be reduced by approximately NT\$859thousand. The company has good contacts with financial institutions, and no worries about credit records, continues to maintain close contact with banks, actively strives for preferential interest rate conditions, and cooperates with capital market financing tools to reduce the dependence on bank borrowings, in addition to ensuring long-term capital stability and reducing the risk of interest rate changes.

7.6.1.2 Changes in exchange rate: The exchange profit of the group in 2023 was in the amount of NT\$1,542thousand, accounting for 0.24% of the net operating income. The company's main sales are quoted in US dollars, and the proportion of export sales is high. The purchase part is denominated in foreign currencies. In addition to continuing the previous financial policy, it will use natural hedging to pay for foreign currency

payments from foreign sales, and strictly control liabilities, foreign currencies and inventory levels. When the exchange rate fluctuates greatly, we also hold strong currency deposits and weak foreign currency liabilities to avoid the impact of exchange rate changes. When necessary, we may also select appropriate hedging tools in a timely manner to reduce the negative impact of exchange rate fluctuations on the company's profit and loss.

7.6.1.3 Impact of inflation: Recently, the international inflation has continued to heat up, and the central banks of many countries have started to curb interest rate hikes. The government has effectively controlled the inflation situation in Taiwan. The inflation is still moderate, and the impact on the company's profit and loss is limited. However, the company continues to improve the production process so to increase production efficiency and reduce production costs, so as to maintain the company's competitiveness under the market price comparison situation.

7.6.2 The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

7.6.2.1 The group has always adhered to the principle of focusing on its own business and pragmatism in operating its business. The financial policy is based on the principle of prudence and conservatism, and it does not engage in high-risk and high-leverage investments. In addition, the company has formulated the Regulations Governing the Acquisition and Disposal of Assets, the Operating Procedures of Endorsement / Guarantees, and the Procedure for Lending Funds to Other Parties and or Guarantee as the basis for the company to follow when engaging in related activities.

7.6.2.2 The group's investment and financial management is prudent and conservative. It has not engaged in any high-risk, high-leverage investment. It has always adopted a conservative attitude towards derivatives trading and operates the trading for the purpose of avoiding risks rather than profit. Hedging adjustments are made for changes in foreign currency positions, and forward foreign exchange is selected as a hedging tool, and no other derivatives trading has been carried out. However, the aforementioned operations may still cause losses in the transaction itself due to exchange rate fluctuations. The group has promptly and accurately announced all transaction information in accordance with laws and regulations.

7.6.3 Future R&D Plan and Expected R&D Expenditure

Unit: NT\$ thousands

Planning for 2024 and continuing the R&D plan for 2023 (Brief Description)	R&D Expenditure
LW VCSEL and PD Chip/TO-Can/OSA/OSM Project	2,000
Optical communication Product development	1,500
SW VCSEL and PD Chip/TO-Can/OSA/OSM Project	2,000
COB/AOC Product development	1,000
Consumer product development	3,000
Optics Fiber component new manufacturing process	2,000

7.6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The company is an important supplier of key spare parts and components in the optoelectronic and optical communication industry. Its business and financial operations are rather slightly affected by changes in domestic and foreign policies or laws, and there have been no significant changes in domestic and foreign policies or laws in recent years. If domestic import and export policies or laws change, it may still have a certain impact on the company's

finances or business. The company will continue to monitor important policy and regulatory changes at home and abroad, and consult experts in a timely manner to control possible risks.

- 7.6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

In response to changes in industrial development and business environment, the group collects and investigates relevant market information and adjusts the company's business strategy and product structure in a timely manner. By effectively managing accounts receivable, accounts payable and inventory levels, financial risks did not increase; the group will carefully plan the amount and method of fundraising according to demand, in other words, by using long-term funds to meet long-term needs. In addition, in response to the short-term demand for working capital, it will be covered by bank financing.

In addition, about information security risks, please refer to pages 95-98 of the annual report.

- 7.6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: None.

- 7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

- 7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

- 7.6.9 Risks associated with any concentration of sales or purchasing operations, and mitigation measures being or to be taken.

Purchase: The company's main raw materials are sourced from suppliers in Taiwan, Germany, the United States, Japan, Korea, Singapore, and China. The company mainly selects suppliers with stable supply and high quality.

Since the company has always maintained a good cooperative relationship with domestic and foreign suppliers for many years, and at the same time adopts the direction of decentralized procurement of important raw materials so as to achieve stability and independence of supply, the supply status is good.

Sales: The company actively expands the application of products to expand new customer sources through the diversification of product applications, and then disperses sales areas in order to reduce the risk of sales concentration.

- 7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

- 7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Please refer to attachments 14 of the Company's Manual for the 2024 Annual Shareholders Meeting, and the assessment of the necessity and reasonableness of private placement common shares for the fiscal year 2023 by the securities underwriters.

- 7.6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

- 7.6.13 Other important risks, and mitigation measures being or to be taken: None.

- 7.7 Other important matters: None.

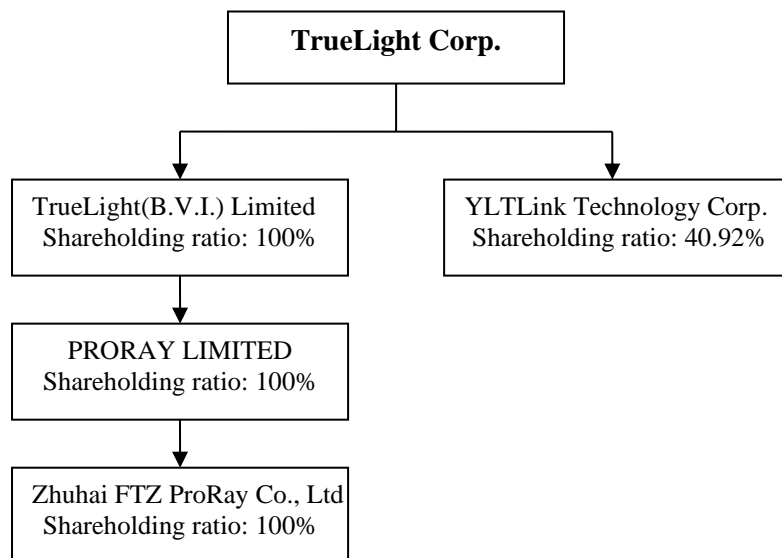
8. Special Notes

8.1 Relevant Information of Subsidiaries :

8.1.1 Consolidated Business Report

8.1.1.1 Organization Chart:

2023/12/31



8.1.1.2 Company Information :

2023/12/31

Paid-in capital: NT\$ thousands; US\$ thousands

Company	Established Date	Place of Incorporation	Paid-in Capital	Main Business
TrueLight (BVI) Limited	2001.9.14	Citco Building, British Virgin Islands	NTD404,471	General investment
ProRay Limited	2009.03.04	HK, China	USD12,500	General investment
Zhuhai FTZ ProRay Co., Ltd.	2009.05.04	ZH, China	USD12,500	Design/ manufacture/ process/ sell for optoelectronic components
YLTLINK Technology Corporation	2018.09.27	HC, Taiwan	NTD180,808	Manufacturing of electronic components

8.1.1.3 Presumed to have control and subordination of the same shareholder information: None

8.1.1.4 The business covered by the overall relationship enterprise:

The business operated by the company and its subsidiaries is the design, research and development, production and sales of the VCSEL, FP/DFB, PIN/PINTIA applications for optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D sensing/near field sensing/flood lighting, etc. "Vertical cavity surface emission (VCSEL), edge emission (FP/DFB), photodetector diode (PIN/PINTIA)" is required, including components, sub-modules, optical engines/AOC, etc. products. It also includes the components, sub-modules, light engines/AOC and other

types of products.

8.1.1.5 Information on directors, supervisors and general managers of the subsidiaries:

2024/4/18

Unit: NT\$ thousands

Company Name	Title	Name	Contribution	Ratio of Contributions
TrueLight (BVI)Limited	Director	WU, CHENG-JU	-	-
PRORAY LIMITED	Director	LIU, SHENG-HSIEN, LIU, HAN-XING, WU, CHENG-JU	-	-
ZHUHAI FTZ PRORAY CO.,LTD	Legal representative	LIU, SHENG-HSIEN	-	-
	Director	LIU, SHENG-HSIEN, LIU, HAN-XING, WU, CHENG-JU	-	-
	Supervisor	TENG, SHAO-HUA	-	-
YLTLINK Technology Corporation	Chairman	TrueLight Corp. (Representative: LIU, SHENG-HSIEN)	73,985	40.92%
	Director	TrueLight Corp. (Representative: LIU, HAN-XING)	73,985	40.92%
	Director	CHANG, YI	5,863	3.24%
	Supervisor	WU, CHENG-JU	3,000	1.66%

8.1.1.6 Operating Overview:

Year 2023

Unit: NT\$ thousands; Earnings per share: NT\$

Invested company	Capital amount	Total assets	Total liabilities	Net worth	Income	Profit/Loss	Net profit (loss)	Earnings per share (NT\$) after tax
TrueLight (B.V.I.) Ltd.	NTD404,471	174,976	-	174,976	-	(259)	(180,116)	(13.86)
PRORAY LIMITED	USD12,500,000	165,454	-	165,454	-	-	(179,990)	(14.40)
Zhuhai FTZ PRORAY Co., Ltd	USD12,500,000	208,266	42,813	165,453	27,191	(94,765)	(169,044)	-
YLTLINK Technology Corporation	NTD180,808	91,171	153,873	(62,702)	38,049	(65,307)	(68,449)	(3.79)

8.1.2 Consolidated Financial Statements: Please refer to the Annual Report 6.4 Financial Statement for the Most Recent Fiscal Year.

TrueLight Corporation
Representation Letter

The entities that are required to be included in the combined financial statements of TrueLight Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TrueLight Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company Name : TrueLight Corporation

Chairman : Liu, Sheng Hsien

March.6,2024

8.1.3 Affiliation Report: Not applicable.

8.2 Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report:

Item	2023 Cash Capital Increase Private Placement of Common Stock Issue Date (Stock Issuance Date): 2024/04/15				
Installment	11201	11202	11203	11204	11205
Type of Securities Privately Placed	Common share				
Date of Approval by the Shareholders Meeting Or BOD, And the Number of Shares	On May 24, 2023, the Annual Shareholders Meeting resolved to issue a total of up to 15,000 thousand shares of common stock, and authorized the Board of Directors to raise and issue the shares in one or more installments (up to a maximum of five installments) within one year from the date of the resolution of the Shareholders Meeting. On March 6, 2024, the Board of Directors resolved to issue 15,000 thousand shares, per value NT\$10 per share, in a private placement.				
The Basis and Reasonableness of the Private Placement Pricing	<p>(1) Pursuant to a resolution of the Company's Shareholders Meeting held on May 24, 2023, the price of the common shares to be issued in the domestic cash capital increase of the private placement shall be set at not less than 80% of the higher of the following two base prices prior to the Company's pricing date:</p> <p>(a) The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction, or</p> <p>(b) The simple arithmetical average closing price of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction. It is proposed that the Board of Directors be authorized, complying with the abovementioned rules and within the range resolved by the Shareholders Meeting, to determinate pricing date, actual reference price, and actual issue price according to the market conditions and objective conditions.</p> <p>(2) To comply with the regulations and rulings of "Directions for Public Companies Conducting Private Placements of Securities" and to consider the private placement conversion timing, the strict restrictions on the conversed object and quantity, the company's operating performance, and future prospects.</p> <p>(3) March 6, 2024, the date of the Board of Directors' meeting, will be used as the pricing date and according to the above pricing principles:</p> <p>(a) The simple arithmetic means of the closing price of the Company's common stock calculated on the business day prior to the date of the selection of the pricing date, less the ex-rights and dividend on the NFP, and after adding back the capital reduction counter-exclusion, was NTD\$38.</p> <p>(b) The simple arithmetic means of the closing price of the Company's ordinary shares for the 30 business days prior to the pricing date, after deducting the ex-rights and ex-dividend of the NFP and adding back the capital reduction counter-exclusion, was NT\$32.016.</p> <p>The reference price is NT\$38, which is the higher of the above two base prices. The subscription price per share for the private placement is NT\$30.4, which is 80% of the reference price, and the estimated proceeds are NT\$456,000 thousand.</p> <p>The method and conditions for setting the price of the private placement are in compliance with the law and should be reasonable.</p>				
The Method for Selecting the Specific Persons	The placees of this private placement were limited to the specific persons meeting the regulations of Article 43-6 of the Securities and Exchange Act and should be strategic investors.				
The Reason for the	In view of the features of timeliness and convenience of private placement, the long-term relationship between the Company and the placees which				

Necessity for Conducting the Private Placement	could be ensured by the regulation that privately placed securities may not be transferred freely within three years, and the fact that authorizing the board of directors to conduct the private placement based on the actual needs of the Company could effectively enhance the flexibility of financing, the private placement was considered to be necessary.						
Date of Payment of the Subscription Price	March 15, 2024						
Placees' Information	Placee of The Private Placement	Taiwan Mask Corporation				Taiwan Mask Corporation	Ontario Capital Co., Ltd.
	Qualifications	Corresponding to Subparagraph 2, Paragraph 1 of Article 43-6 of the Securities and Exchange Act					
	Number of Shares Subscribed (Thousand)	3,000	3,000	3,000	3,000	1,500	1,500
	Relationship with the Company	None					
Involvement in the Company's Operations	In the future, the Company will form a complete layout of the IDM model by cooperating with Taiwan Photo Mask Co., Ltd. to develop third-generation semiconductors. Ontario Capital Co., Ltd. is a professional investment company. Its investment field is mainly in the technology industry. Through its investment platform, it can expand the market, and the private equity funds it invests can increase the company's working capital and competitiveness.						
Actual Subscription Price Per Share	30.40						
Discrepancy Between Actual Subscription Price and Reference Price (NTD)	The actual subscription price of NT\$30.40 per share is 80% of the reference price of NT\$38.						
Influence of the Private Placement on Shareholders' Equity	The long-term relationship between the Company and the placees which could be ensured by the regulation that privately placed securities may not be transferred freely within three years. After the capital increase, the Company expects to strengthen its competitiveness and enhance its operational efficiency, which will have a positive impact on shareholders' equity.						
Utilization of the Capital of the Private Placement and the Implementation Status of the Plan	Quarter	Estimated Expenditures (NTD-Thousand)	Actual Expenditures (NTD-Thousand)	Cumulative Actual Expenditure / its Percentage %	Description of Unspent Balance and Uses of Funds	Reasons for Being Ahead or Behind and Improvement Plans	
	2024Q2	100,000	0	0 / 0%	Operating capital is utilized quarterly in accordance with the Company's operations. Unexpended funds totaled \$456,000thousand.	N/A	
	2024Q3	110,000	0	0 / 0%			
	2024Q4	110,000	0	0 / 0%			
	2025Q1	110,000	0	0 / 0%			
	2025Q2	26,000	0	0 / 0%			
	Total	456,000	0	0 / 0%			
Realized Benefits of The Private Placement	Improved operational liquidity and increased flexibility in capital deployment will help to enhance the bargaining power of procurement and business negotiations and strengthen the Company's operational competitiveness.						

8.3 Holding or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report: None

8.4 Other matters requiring supplementary information: :

When the company applied for listing on the OTC, according to the letter "Zheng Gui Shen Zi No. 0990102370" from the TPEX, the implementation of the commitments issued by the company is as follows:

Commitments:

In the " Regulations Governing the Acquisition and Disposal of Assets", add "The company shall not give up the capital increase of TrueLight (BVI) Limited in each future year; TrueLight (BVI) Limited shall not give up the capital increase of ProRay Limited in the future; ProRay Limited shall not give up the capital increase of Zhuhai FTZ PRORAY Co., Ltd in the future years; In the future, if a company needs to give up the capital increase or dispose of the above-mentioned company's equity due to strategic alliance considerations or other approvals by TPEX, it must be approved by a special resolution of the board of directors of TrueLight Corp. " And if the handling method is revised, it should disclose the material information thru the MOPS and report to TPEX for future reference.

Execution:

This article has been added to the company's " Regulations Governing the Acquisition and Disposal of Assets " and submitted to the Shareholders Meeting on June 30, 2011 for discussion and approval.

8.5 Latest matters with important impact on shareholder rights or security prices indicated in article 36 paragraph 3 subparagraph 2 of the Securities Exchange Act as of the date of printing of Annual Report: None

Attachment 1.

Independent Auditor’s Report and 2023 Consolidated Financial Statements

Independent Auditors’ Report

To the Board of Directors and Shareholders of TrueLight Corporation

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and Generally Accepted Auditing Standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Evaluation of inventories

Description

For the accounting policy of inventory evaluation, please refer to Note 4 (12) of the consolidated financial report; for the description of inventory items, please refer to Notes 5(2) and 6(4) to the Consolidated Financial Statements. Due to fierce market price competition for the products operated by the Group, the risk of inventory price loss is relatively high, and the Group measures the lower of the cost and net realizable value of the inventory; For inventories that have passed a specific period of age and for inventories that are individually identified as obsolete or damaged, the net Realized value often involves manual judgment and thus has estimation uncertainty, so the accountant listed this as a key check item.

How our audit addressed the matter

The audit procedures performed by the accountant are based on the understanding of the operation and industry nature of the Group, and the evaluation of the inventory. The rationality of policies and procedures; the correctness of sampling inventory aging calculation; Relevant information, such as sales price, purchase price, and inventory depletion status, to confirm the rationality of the net realizable value, and evaluate the rationality of provisioning for loss of price reduction.

Property, plant and equipment value-in-use measurement

Description

Please refer to Note 4 (17) of the consolidated financial report for the accounting policy on the assessment of impairment of real estate, plant and equipment; For descriptions of real estate, plant and equipment items, please refer to Notes 5 (2) and 6 (6) of the consolidated financial report. The Group is not the use value of movable property, plant and equipment shall be used to measure its recoverable amount, and the real property, plant and equipment shall be evaluated based on the aforementioned recoverable amount Whether the room and equipment are damaged. Valuation

of the value in use of property, plant and equipment involves estimation and discounting of future cash flows. The determination of the present rate, the assumptions used in the forecast of future cash flow and the estimated results have a great impact on the evaluation of real estate, plant and equipment. The value in use has a significant impact, so the accountants listed this as a key audit item.

How our audit addressed the matter

The verification procedure that the accountant has performed is mainly to discuss the operation process of future cash flow estimation with the management and understand its product strategy and implementation status; evaluate the reasonableness of various assumptions used by the management to estimate future cash flows, including expected growth rate and gross profit margin. And evaluate the parameters used in the discount rate, including whether to calculate the cost of equity funds Risk-reward ratio, industry risk factor and long-term market rate of return.

Other matter—Parent company only financial reports

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

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

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing

of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Cheng, Ya-Huei
Chiang Tsai-yen
for and on behalf of PricewaterhouseCoopers, Taiwan
March 6, 2024

TRUELIGHT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: Thousand

Assets	Notes	December 31, 2023		December, 2022		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 217,203	16	\$ 252,870	15
1170	Accounts receivable, net	6(3)	102,275	8	125,076	8
1180	Accounts receivable due from related parties, net	6(3) and 7	1,675	-	2,370	-
1200	Other receivables		562	-	690	-
130X	Inventories, net	6(4)	336,462	26	403,078	24
1410	Prepayments		11,511	1	9,349	1
11XX	Total current assets		<u>669,688</u>	<u>51</u>	<u>793,433</u>	<u>48</u>
Non-current assets						
1535	Non-current financial assets at amortized cost	八	40,766	3	74,619	5
1550	Investments accounted for using equity method	6(5)	25,231	2	23,752	1
1600	Property, plant and equipment	6(6)	419,976	32	583,713	36
1755	Right-of-use assets	6(8)	112,601	9	125,337	8
1780	Intangible assets	6(9)	12,883	1	15,164	1
1840	Deferred tax assets	6(27)	18,581	2	23,485	1
1900	Other non-current assets	8	4,880	-	2,960	-
15XX	Total non-current assets		<u>634,918</u>	<u>49</u>	<u>849,030</u>	<u>52</u>
1XXX	Total assets		<u>\$ 1,304,606</u>	<u>100</u>	<u>\$ 1,642,463</u>	<u>100</u>

(continued)

TRUELIGHT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: Thousand

Liabilities and equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Liabilities						
Current liabilities						
2100	Short-term loans	6(10)	\$ 150,385	12	\$ 376,414	23
2150	Notes payable		3,805	-	2,826	-
2170	Accounts payable		31,993	2	22,644	1
2200	Other payables	6(12)	102,494	8	122,897	8
2280	Current lease liabilities		7,880	1	13,964	1
2320	Long-term loans, current portion	6(13)	91,755	7	61,304	4
2399	Other current liabilities, others		1,970	-	2,901	-
21XX	Total current liabilities		<u>390,282</u>	<u>30</u>	<u>602,950</u>	<u>37</u>
Non-current liabilities						
2500	Non-current financial liabilities at fair value through profit or loss	6(11)	-	-	-	-
2540	Long-term loans	6(13)	101,717	8	151,138	9
2580	Non-current lease liabilities		108,772	8	114,963	7
2600	Other non-current liabilities		113	-	113	-
25XX	Total non-current liabilities		<u>210,602</u>	<u>16</u>	<u>266,214</u>	<u>16</u>
2XXX	Total liabilities		<u>600,884</u>	<u>46</u>	<u>869,164</u>	<u>53</u>
Equity						
Equity attributable to owners of parent						
	Share capital	6(16)				
3110	Ordinary shares		964,747	74	764,747	47
	Capital surplus	6(17)				
3200	Capital surplus		342,417	26	180,243	11
	Retained earnings	6(18)				
3310	Legal reserve		433	-	433	-
3320	Special reserve		3,893	-	3,893	-
3350	Accumulated deficit		(560,837)	(43)	(170,400)	(10)
	Other equity interest	6(19)				
3400	Other equity interest		(15,643)	(1)	(9,357)	(1)
31XX	Total equity attributable to owners of parent		<u>735,010</u>	<u>56</u>	<u>769,559</u>	<u>47</u>
36XX	Non-controlling interest		<u>(31,288)</u>	<u>(2)</u>	<u>3,740</u>	<u>-</u>
3XXX	Total equity		<u>703,722</u>	<u>54</u>	<u>773,299</u>	<u>47</u>
	Significant commitments and contingencies	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 1,304,606</u>	<u>100</u>	<u>\$ 1,642,463</u>	<u>100</u>

TRUELIGHT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

Items	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(20)	\$ 630,266	100	\$ 989,635	100
5000 Operating costs	6(4)(25)(26)	(606,288)	(96)	(733,231)	(74)
5900 Gross profit from operation		23,978	4	256,404	26
5910 Unrealized profit from sales	6(5)	(282)	-	(300)	-
5920 Realized profit from sales	6(5)	300	-	500	-
5950 Gross profit from operation, net		23,996	4	256,604	26
Operating expenses	6(25)(26)				
6100 Selling expenses		(17,811)	(3)	(18,876)	(2)
6200 Administrative expenses		(116,786)	(19)	(108,753)	(11)
6300 Research and development expenses		(210,864)	(33)	(187,137)	(19)
6450 Impairment loss determined in accordance with IFRS 9	12	(7,184)	(1)	(166)	-
6000 Total operating expenses		(352,645)	(56)	(314,932)	(32)
6900 Net operating loss		(328,649)	(52)	(58,328)	(6)
Non-operating income and expense					
7100 Interest income	6(21)	4,788	1	1,272	-
7010 Other income	6(22)	1,508	-	3,619	-
7020 Other gains and losses, net	6(23)	(84,565)	(14)	18,662	2
7050 Finance costs, net	6(24)	(15,250)	(2)	(13,422)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	6(5)	1,461	-	1,897	-
7000 Total non-operating income and expenses		(92,058)	(15)	12,028	1
7900 Loss before income tax		(420,707)	(67)	(46,300)	(5)
7950 Total tax expense (income)	6(27)	(4,904)	(1)	206	-
8200 Loss for the year		(\$ 425,611)	(68)	(\$ 46,094)	(5)
Items that will not be reclassified to profit or loss:					
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income:	6(2)(19)	\$ -	-	(\$ 7,180)	(1)
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation	6(19)	(6,286)	(1)	8,720	1
8300 Total other comprehensive income, net		(\$ 6,286)	(1)	\$ 1,540	-
8500 Total comprehensive income for the year		(\$ 431,897)	(69)	(\$ 44,554)	(5)
Profit (loss), attributable to:					
8610 Owners of parent		(\$ 390,437)	(62)	(\$ 26,187)	(3)
8620 Non-controlling interests		(\$ 35,174)	(6)	(\$ 19,907)	(2)
Comprehensive income attributable to:					
8710 Owners of parent		(\$ 396,723)	(63)	(\$ 24,647)	(3)
8720 Non-controlling interests		(\$ 35,174)	(6)	(\$ 19,907)	(2)
Loss per share	6(28)				
9750 Basic loss per share		(\$ 4.68)		(\$ 0.34)	
9850 Diluted loss per share	6(28)	(\$ 4.68)		(\$ 0.34)	

TRUELIGHT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

	Notes	Equity attributable to owners of parent									on-controlling interests	Total equity
		Retained earnings					Other equity interest					
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Exchanges differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Total equity attributable to owners of paren			
Year ended December 31, 2022												
Equity at beginning of period		\$ 764,747	\$ 173,917	\$ 433	\$ 3,893	(\$ 133,136)	(\$ 18,077)	(\$ 3,897)	\$ 787,880	\$ 4,983	\$ 792,863	
Loss for the year		-	-	-	-	(26,187)	-	-	(26,187)	(19,907)	(46,094)	
Other comprehensive income for the year	6(2)(19)	-	-	-	-	-	8,720	(7,180)	1,540	-	1,540	
Total comprehensive income		-	-	-	-	(26,187)	8,720	(7,180)	(24,647)	(19,907)	(44,554)	
Disposal of investments in equity instruments measured at fair value through other comprehensive income		-	-	-	-	(11,077)	-	11,077	-	-	-	
Conversion of preference share	6(29)	-	6,326	-	-	-	-	-	6,326	18,664	24,990	
Equity at end of period		\$ 764,747	\$ 180,243	\$ 433	\$ 3,893	(\$ 170,400)	(\$ 9,357)	\$ -	\$ 769,559	\$ 3,740	\$ 773,299	
Year ended December 31, 2023												
Equity at beginning of period		\$ 764,747	\$ 180,243	\$ 433	\$ 3,893	(\$ 170,400)	(\$ 9,357)	\$ -	\$ 769,559	\$ 3,740	\$ 773,299	
Loss for the year		-	-	-	-	(390,437)	-	-	(390,437)	(35,174)	(425,611)	
Other comprehensive income for the year	6(19)	-	-	-	-	-	(6,286)	-	(6,286)	-	(6,286)	
Total comprehensive income		-	-	-	-	(390,437)	(6,286)	-	(396,723)	(35,174)	(431,897)	
Issue of shares	6(16)	200,000	158,451	-	-	-	-	-	358,451	-	358,451	
Share-based payment transaction	6(15)	-	3,869	-	-	-	-	-	3,869	-	3,869	
Changes in ownership interest in subsidiaries	6(17)	-	(146)	-	-	-	-	-	(146)	146	-	
Equity at end of period		\$ 964,747	\$ 342,417	\$ 433	\$ 3,893	(\$ 560,837)	(\$ 15,643)	\$ -	\$ 735,010	(\$ 31,288)	\$ 703,722	

TRUELIGHT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

	Notes	2023	2022
<u>Cash Flows from Operating Activities</u>			
Loss before tax		(\$ 420,707)	(\$ 46,300)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12	7,184	166
Depreciation expense	6(25)	139,213	180,585
Amortization expense	6(25)	2,394	3,148
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	-	(5,010)
Interest income	6(21)	(4,788)	(1,272)
Interest expense	6(24)	15,250	13,422
Impairment loss on non-financial assets	6(7)(23)	85,088	-
Share-based payments	6(15)(26)	3,869	-
Gain on disposal of property, plant and equipment	6(23)	(100)	(75)
Unrealized profit from sales	6(5)	282	300
Realized profit from sales	6(5)	(300)	(500)
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(1,461)	(1,897)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		11,585	82,880
Accounts receivable due from related parties		695	3,416
Other receivables		100	1,138
Inventories		66,178	7,024
Prepayments		(2,170)	783
Changes in operating liabilities			
Notes payable		979	2,106
Accounts payable		9,389	(50,682)
Other payables		(32,210)	(21,838)
Other current liabilities		(931)	(1,101)
Cash inflow (outflow) generated from operations		(120,461)	166,293
Interest received		4,783	1,231
Interest paid		(15,187)	(13,336)
Income taxes received (paid)		(257)	1,452
Net cash flows from operating activities		(131,122)	155,640
<u>Cash Flows from Investing Activities</u>			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12	-	773
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	37
Acquisition of property, plant and equipment	6(30)	(38,202)	(16,288)
Proceeds from disposal of property, plant and equipment		100	75
Acquisition of intangible assets	6(9)	(113)	(659)
Increase in refundable deposits		(1,920)	(90)
Decrease (Increase) in other financial assets	8	33,853	(37,762)
Net cash flows used in investing activities		(6,282)	(53,914)

(continued)

TRUELIGHT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

	Notes	2023	2022
<u>Cash Flows from Financing Activities</u>			
Decrease in short-term loans	6(31)	(\$ 225,731)	(\$ 153,777)
Proceeds from long-term loans	6(31)	63,430	158,326
Repayments of long-term loans	6(31)	(82,400)	(43,940)
Repayments of lease liabilities	6(31)	(12,207)	(11,879)
Proceeds from issuing shares	6(16)	358,451	-
Issuance of preference shares by subsidiaries		-	16,483
Net cash flows used in financing activities		101,543	(34,787)
Effect of exchange rate changes on cash and cash equivalents		194	638
Net increase (decrease) in cash and cash equivalents		(35,667)	67,577
Cash and cash equivalents at beginning of period		252,870	185,293
Cash and cash equivalents at end of period		\$ 217,203	\$ 252,870

TrueLight Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(Unless otherwise indicated)

1. History and Organization

- (1) TrueLight Corporation (the company) was established in September 1997 in the Republic of China. The main business items of the company and its subsidiaries (the Group) are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.
- (2) In order to improve the corporate governance structure and protect the interests of stakeholders, the Company participated in the Corporate Governance Assessment and Certification program organized by the Chinese Corporate Governance Association, and on September 23, 2013, the Company passed the "CG6008 Corporate Governance Universal Version Certification". The Company will continue to strengthen corporate governance and align with international standards to maintain competitiveness in the capital market.

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

The consolidated financial statements were reported to the Board of Directors on March 06, 2024.

3. Application of New Standards, Amendments and Interpretations

- (1) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

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

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

(2) Effect of New Issuances of or Amendments to IFRSs as Endorsed by the FSC but not yet Adopted by the Group

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

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

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

(3) Effects of IFRSs Issued by IASB but not yet Endorsed by the FSC

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

Interpretations as endorsed by the FSC (collectively referred herein as the IFRSs”).

(2) Basis of preparation

- A. Except for Financial assets (including derivatives instruments) at fair value through profit or loss and financial assets measured at fair value Excluding financial liabilities measured at fair value, these consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with noncontrolling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

B. Subsidiaries included in the consolidated financial statements:

<u>Investor</u>	<u>Investee</u>	<u>Main business items</u>	<u>Shareholding Percentage</u>		<u>Illustrate</u>
			<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	
TrueLight Corp.	TrueLight (B.V.I) Ltd.	Equity investment	100	100	
TrueLight (B.V.I) Ltd.	PorRay Limited	Equity investment	100	100	

PorRay Limited	Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd.	Design, produce, process and sell optoelectronic modules/components	100	100	
TrueLight Corp.	YLTLINK Technology Corporation	Electronic components fabricate	41	41	Note

Note: The company passed the resolution of the board of directors on August 3, 2022 to convert the Class A special shares of YLTLINK Co., Ltd. held by the company into ordinary shares. The capital increase base date is August 31, 2022. After evaluation, the company is the largest shareholder and still has the rights to direct the individual's financial and operating policies, therefore, YLTLINK is consolidated.

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

D.Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E.Significant restrictions: None.

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

(4)Foreign currency translation

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

1.Foreign currency transactions and balances

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

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

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

D.All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses.

2. Foreign currency translation of foreign operations

- (A) All entities, including subsidiaries, associates, and joint control entities whose functional currency is different from the presentation currency, shall translate their operating results and financial positions using the following methods: A. Assets and liabilities presented in each balance sheet shall be translated using the closing exchange rate on the balance sheet date. B. Revenues and expenses presented in each income statement shall be translated using the average exchange rate for the period. C. All exchange differences arising from the translation shall be recognized in other comprehensive income.
- (B) When a partially disposed or sold foreign operating entity is a subsidiary, the cumulative translation differences shall be re-attributed to the non-controlling interests of the foreign operating entity in proportion. However, if the Group has lost control over the foreign operating entity, even if it retains a portion of the equity interests in the former subsidiary, the entire equity interests in the foreign operating entity shall be disposed of.
- (C) Goodwill arising from the acquisition of a foreign entity and fair value adjustments shall be treated as assets and liabilities of the foreign entity and translated using the period-end exchange rate.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value: The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8)Accounts and notes receivable

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

(9)Impairment of financial assets

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

(10)Derecognition of financial assets

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

(11)Lease transactions of lessors - lease receivables/operating leases

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

(12)Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the weighted-average method. The Cost of finished goods and work in process comprises raw materials, direct labors, other direct costs and factory overhead amortized at normal production capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price, less the

estimated cost at completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. °
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless evidence show an impairment of the asset transferred from the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a

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

- C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	5 ~ 40 years
Machinery and equipment	2 ~ 10 years
Miscellaneous equipment	2 ~ 5 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of lowvalue assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or rate;
 - (c) expected amount paid by the Company under the residual value guarantee;
 - (d) the exercise price of purchasing the option if the lessee can be reasonably certain that such option will be exercised; and
 - (e) penalties to be paid for lease termination if lessor intends to exercise the lease termination option during the leasing period.

The leasing liabilities are measured subsequently using the cost amortized by the interest bill, which provides for interest expense over the term of the lease. When a change in noncontractual results in a change in the leasing period or lease payment, the leasing liability is reassessed and the right-of-use asset is remeasured.

- C. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:
- (a) The amount of the initial measurement of lease liabilities;
 - (b) Any lease payments made at or before the commencement date;

- (c) Any initial direct costs incurred;
- (d) estimated costs for demolition, removal of the subject asset and location of the recovery period, or restoration of the subject asset to the condition required in the terms and conditions of the lease.

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

(16) Intangible asset

A. Computer software

Computer software is initially recorded at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

B. Patent and technical skill

Patent and technical skill is recorded at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(17) Impairment of non-financial assets

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

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Financial liabilities measured at fair value through profit or loss

It refers to financial liabilities held for trading purposes that are primarily intended to be repurchased within the near term, and derivative instruments held for trading purposes other than those designated as hedging instruments in accordance with hedge accounting. The Group initially recognizes these financial liabilities at fair value and recognizes any transaction costs in the current period's profit or loss. Subsequently, they are measured at fair value, and any changes in fair value are recognized in the current period's profit or loss.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(21) Convertible special stock liabilities payable

- A. The preferred shares liabilities with embedded conversion rights issued by this Group are recognized as financial liabilities at fair value through profit or loss upon initial recognition, deducting directly attributable transaction costs from the issue price according to the issuance terms. Subsequently, at the end of each reporting period, they are measured at fair value with any difference recognized in "Gain or loss from financial assets (liabilities) at fair value through profit or loss".
- B. When the holders exercise the conversion rights, the financial liability measured at fair value through profit or loss is considered as the issue cost of the common shares issued.

(22) Derecognition of financial liabilities

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

(23) Employee benefits

- A. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.
- B. Pensions - Defined contribution plans
For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.
- C. Employees' compensation and directors' and supervisors' remuneration
Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based

on the closing price at the previous day of the board meeting resolution.

(24)Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- B. New shares issued by the company restricting employee rights:
- (a) Remuneration costs are recognized on the vesting date based on the fair value of the given equity and commodities during the vested period.
 - (b) The right to participate in dividend distribution is not restricted. Employees who resign within the vested period must return the dividends they have received. The company will credit the retained earnings debited on the original dividend announcement date, surplus, statutory surplus reserve or capital reserve.

(25)Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting

period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from purchase of equipment, research and development expenditures, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

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

(28) Revenue recognition

A. Sale of commodity

- (a) The main business items of the Group are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full

discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

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

B. Costs of obtaining customer contracts

Although the incremental costs incurred by the Group in obtaining the customer contract are expected to be recoverable, the relevant contract period is less than one year so such costs are recognized as expenses when incurred.1.

(29) Business combinations

A. The Group uses the acquisition method to account for business combinations.

The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non - controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date.

(30) Operating segments

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

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

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different

from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

(1) Critical judgments in applying the Group’s accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Using value assessment of property, plant and equipment

The impairment assessment of property, plant and equipment relies on the Group’s subjective judgement, including using mode of assets, characteristics of industry, identifying cash-generating units, useful lives of assets, and revenue and expenses in the future. Any changes of assumptions and estimates will cause a material adjustment to the carrying amount of property, plant and equipment within the next financial year.

As of December 31, 2023, the carrying amount of property, plant and equipment was \$419,976. Please refer to Note 6(7) for the information on property. plant and equipment impairment.

B. Evaluation of inventories

The Company’s inventories are stated at the lower of cost and realizable value. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the management’s subjective judgements. Therefore, there might be a difference against actual result.

As of December 31, 2023, the carrying amount of inventories was \$336,462.

Accounting estimate changes and their reasons and impacts

YLTLINK Technology Co., a subsidiary of the Group, passed the resolutions of the board of directors on May 11 and August 31, 2022, respectively, in order to reasonably reflect the true service life and economic benefits of some machinery and equipment, lease improvements, and house ancillary equipment. After entrusting an external evaluation company to investigate the physical analysis of the use of machinery and equipment on the spot, the qualitative analysis of the actual interviews with users and equipment manufacturers, and the economic analysis of industrial information released by government agencies, it is proposed to adjust the aforementioned The service life of machinery and equipment, leasehold improvement and house ancillary equipment is extended from 1 to 2 years to 6 years, and it is retroactive to April 1, 2022 or the date of purchase. The impact of changes in accounting estimates on depreciation expenses in 2022 and future years is listed below:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Increase (decrease) of depreciation expense	<u>(\$ 15,354)</u>	<u>(\$ 11,883)</u>	<u>\$ 2,385</u>	<u>\$ 3,603</u>	<u>\$ 6,797</u>	<u>\$ 10,019</u>	<u>\$ 4,433</u>

6. Details of Significant Accounts

(1) Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 46	\$ 55
Checking accounts and demand deposits	127,978	149,776
Time deposits	<u>89,179</u>	<u>103,039</u>
Total	<u>\$ 217,203</u>	<u>\$ 252,870</u>

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

B. For the restrictions on the Group's use of cash and cash equivalents as pledge guarantees, please refer to Note 8.

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

December 31, 2023 and 2022 : None.

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. For the year ended December 31, 2022, the Group have taken back the proceeds of investment which deducted capital and paid back to investors amounted to \$773.

B. The Group sold the financial assets at fair value through other comprehensive income above in October 2022.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognized in other comprehensive income	(\$ <u>7,180</u>)
Dividend income recognized in profit or loss	<u>\$ -</u>
Reclassified from other equity to retained earnings due to disposal	<u>\$ 11,077</u>

(3) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 109,625	\$ 125,242
Accounts receivable from related parties	<u>1,675</u>	<u>2,370</u>
	111,300	127,612
Less: Loss allowance	<u>(7,350)</u>	<u>(166)</u>
	<u>\$ 103,950</u>	<u>\$ 127,446</u>

A. The ageing analysis of accounts receivable is as follows :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 98,307	\$ 113,182
Less than 30 days past due	5,250	5,544
Between 31 and 90 days past due	397	5,044
Between 91 and 180 days past due	-	3,842
More than 181 days past due	<u>7,346</u>	<u>-</u>
	<u>\$ 111,300</u>	<u>\$ 127,612</u>

The ageing analysis above was based on past due date.

B.As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$209,040.

C.As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were carrying amounts of accounts receivable.

D.Information about credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 132,543	(\$ 40,356)	\$ 92,187
Work in process	70,235	(5,115)	65,120
Finished goods	<u>236,638</u>	<u>(57,483)</u>	<u>179,155</u>
	<u>\$ 439,416</u>	<u>(\$ 102,954)</u>	<u>\$ 336,462</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 146,635	(\$ 43,011)	\$ 103,624
Work in process	74,052	(2,582)	71,470
Finished goods	<u>286,223</u>	<u>(58,239)</u>	<u>227,984</u>
	<u>\$ 506,910</u>	<u>(\$ 103,832)</u>	<u>\$ 403,078</u>

Inventory costs recognized as an expense for the current period are as follows :

	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 577,880	\$ 734,322
Evaluation loss (gain)	18,846	(9,002)
Capacity difference	9,562	8,914
Income from sales of scraps	<u>-</u>	<u>(1,003)</u>

\$ 606,288 \$ 733,231

The Group recognized the decrease of cost of inventories sold owing to the Company's sales of some inventories of which the net realizable value is lower than its cost in 2022, for the net realizable value of inventories was recovered.

(5) Investments accounted for using equity method

	<u>2023</u>	<u>2022</u>
January 1	\$ 23,752	\$ 21,655
Share of profit (loss) of investments accounted for using equity method	1,461	1,897
Unrealized profit from sales	(282)	(300)
Realized profit from sales	300	500
December 31	<u>\$ 25,231</u>	<u>\$ 23,752</u>

The carrying amounts of individual insignificant related companies of the Group and their shares in operating results are summarized as follows:

<u>Associate</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying amount</u>	<u>Ownership%</u>	<u>Carrying amount</u>	<u>Ownership%</u>
Optomedia Technology Inc.	<u>\$ 25,231</u>	<u>29.94%</u>	<u>\$ 23,752</u>	<u>29.94%</u>

	<u>2023</u>	<u>2022</u>
Profit for the period	<u>\$ 1,461</u>	<u>\$ 2,068</u>
Total comprehensive income	<u>\$ 1,461</u>	<u>\$ 2,068</u>

(6) Property, plant and equipment

	<u>2023</u>			
	<u>Buildings</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 883,575	\$ 2,659,374	\$ 107,894	\$ 3,650,843
Accumulated depreciations and impairment	(621,714)	(2,340,920)	(104,496)	(3,067,130)
	<u>\$ 261,861</u>	<u>\$ 318,454</u>	<u>\$ 3,398</u>	<u>\$ 583,713</u>
January 1	\$ 261,861	\$ 318,454	\$ 3,398	\$ 583,713
Acquisitions	249	10,387	40,082	50,718
Transfers	835	10,950	(11,785)	-
Depreciation	(33,937)	(91,527)	(1,078)	(126,542)
Impairment	-	(85,085)	(3)	(85,088)
Effect of exchange rate changes	-	(2,807)	(18)	(2,825)
December 31	<u>\$ 229,008</u>	<u>\$ 160,372</u>	<u>\$ 30,596</u>	<u>\$ 419,976</u>

December 31

Cost	\$ 880,459	\$ 2,657,732	\$ 133,750	\$ 3,671,941
Accumulated depreciation and impairment	(651,451)	(2,497,360)	(103,154)	(3,251,965)
	<u>\$ 229,008</u>	<u>\$ 160,372</u>	<u>\$ 30,596</u>	<u>\$ 419,976</u>

2022

	<u>Buildings</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 881,428	\$ 2,671,585	\$ 135,132	\$ 3,688,145
Accumulated depreciation and impairment	(580,566)	(2,283,371)	(94,074)	(2,958,011)
	<u>\$ 300,862</u>	<u>\$ 388,214</u>	<u>\$ 41,058</u>	<u>\$ 730,134</u>
January 1	\$ 300,862	\$ 388,214	\$ 41,058	\$ 730,134
Acquisitions	1,275	11,081	6,235	18,591
Disposals	-	(2,138)	-	(2,138)
Transfers	872	34,132	(35,004)	-
Depreciation	(41,148)	(117,598)	(9,062)	(167,808)
Effect of exchange rate changes	-	4,763	171	4,934
December 31	<u>\$ 261,861</u>	<u>\$ 318,454</u>	<u>\$ 3,398</u>	<u>\$ 583,713</u>
December 31				
Cost	\$ 883,575	\$ 2,659,374	\$ 107,894	\$ 3,650,843
Accumulated depreciation and impairment	(621,714)	(2,340,920)	(104,496)	(3,067,130)
	<u>\$ 261,861</u>	<u>\$ 318,454</u>	<u>\$ 3,398</u>	<u>\$ 583,713</u>

A. No interest expense was capitalized on property, plant and equipment.

B. The significant components of the Group's building including building and ancillary equipment are depreciated at a rate of 40 years and 5~10 years respectively.

C. Refer to Note 8 for the Group's property, plant and equipment pledged to others.

(7) Impairment of non-financial assets

A. The impairment losses recognized by the Group in 2023 and 2022, amounted to \$85,088 and \$0, respectively, is as follows :

	<u>2023</u>		<u>2022</u>	
	<u>Recognized as profit or loss</u>	<u>Recognized as other comprehensive income</u>	<u>Recognized as profit or loss</u>	<u>Recognized as other comprehensive income</u>
Machinery equipment	\$ 85,085	\$ -	\$ -	\$ -

Other equipment	3	-	-	-
	<u>\$ 85,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Group recognized an impairment loss due to the idle assets of \$85,088 after the adjustment of the sales strategy.

(8) Leasing arrangements-lessee

A. The Group leases land and buildings and rental contracts are typically made for periods of 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 112,601	\$ 119,391
Buildings	-	5,946
	<u>\$ 112,601</u>	<u>\$ 125,337</u>

	<u>Depreciation expenses</u>	
	<u>2023</u>	<u>2023</u>
Land	\$ 6,790	\$ 6,790
Buildings	5,881	5,987
	<u>\$ 12,671</u>	<u>\$ 12,777</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$0 and \$12,623.

D. The information on profit or loss relating to lease contract as follows :

	<u>2023</u>	<u>2022</u>
<u>Items of profit or loss affected</u>		
Interest expense on lease liabilities	<u>\$ 1,724</u>	<u>\$ 2,161</u>

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$13,931 and \$14,040, respectively.

(9) Intangible assets

	<u>2023</u>			
	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 19,621	\$ 11,292	\$ 7,500	\$ 38,413
Accumulated amortization and impairment	(18,749)	-	(4,500)	(23,249)
	<u>\$ 872</u>	<u>\$ 11,292</u>	<u>\$ 3,000</u>	<u>\$ 15,164</u>

January 1	\$	872	\$	11,292	\$	3,000	\$	15,164
Acquisition		113		-		-		113
Amortization	(	894)		-	(	1,500)	(	2,394)
December 31	<u>\$</u>	<u>91</u>	<u>\$</u>	<u>11,292</u>	<u>\$</u>	<u>1,500</u>	<u>\$</u>	<u>12,883</u>
December 31								
Cost	\$	19,734	\$	11,292	\$	7,500	\$	38,526
Accumulated amortization and impairment	(	19,643)		-	(	6,000)	(	25,643)
	<u>\$</u>	<u>91</u>	<u>\$</u>	<u>11,292</u>	<u>\$</u>	<u>1,500</u>	<u>\$</u>	<u>12,883</u>

2022

		<u>Software</u>		<u>Goodwill</u>		<u>Others</u>		<u>Total</u>
January 1	\$	18,962	\$	11,292	\$	7,500	\$	37,754
Cost								
Accumulated amortization and impairment	(	17,101)		-	(	3,000)	(	20,101)
	<u>\$</u>	<u>1,861</u>	<u>\$</u>	<u>11,292</u>	<u>\$</u>	<u>4,500</u>	<u>\$</u>	<u>17,653</u>
January 1	\$	1,861	\$	11,292	\$	4,500	\$	17,653
Acquisition		659		-		-		659
Amortization	(	1,648)		-	(	1,500)	(	3,148)
December 31	<u>\$</u>	<u>872</u>	<u>\$</u>	<u>11,292</u>	<u>\$</u>	<u>3,000</u>	<u>\$</u>	<u>15,164</u>
December 31								
Cost	\$	19,621	\$	11,292	\$	7,500	\$	38,413
Accumulated amortization and impairment	(	18,749)		-	(	4,500)	(	23,249)
	<u>\$</u>	<u>872</u>	<u>\$</u>	<u>11,292</u>	<u>\$</u>	<u>3,000</u>	<u>\$</u>	<u>15,164</u>

A. Details of amortization of intangible are as follows:

	<u>2023</u>	<u>2022</u>
Administrative expenses	\$ 138	\$ 107
Research and development expenses	2,256	3,041
	<u>\$ 2,394</u>	<u>\$ 3,148</u>

B. The Group has no intangible assets pledged to others.

(10) Short-term loans

<u>Type of loans</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Pledged assets</u>
Bank unsecured loans	\$ 13,385	2.395%~5.40%	None

Bank secured loans	127,000	2.527%	Bank deposit, Building
Non-financial institution unsecured loans	<u>10,000</u>	2.00%	None
	<u>\$ 150,385</u>		
<u>Type of loans</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Pledged assets</u>
Bank unsecured loans	\$ 48,036	2.225%~5.75%	None
Bank secured loans	<u>328,378</u>	1.725%~6.3209%	Bank deposit, Building
	<u>\$ 376,414</u>		

A. The interest expenses recognized in the income statement for the years 2023 and 2022 were \$6,383 and \$9,221, respectively.

B. Please refer to Note 8 for details on the collateral provided for borrowings.

(11) Financial liabilities measured at fair value through profit or loss

December 31, 2023 and 2022 : none.

A. Financial liabilities measured at fair value through profit or loss are recognized in the income statement as follows:

<u>Items</u>	<u>2023</u>	<u>2022</u>
Fair value changes recognized as profit or loss	<u>\$ -</u>	<u>\$ 5,010</u>
Interest expenses	<u>\$ -</u>	<u>\$ -</u>

B. The non-current portion of financial liabilities measured at fair value through profit or loss refers to convertible preferred stock issued by YLTLINK Technology Co., ("YLTLINK") on January 20, 2022, which is classified as a hybrid instrument. Upon initial recognition, YLTLINK designated the entire preferred stock as a financial liability measured at fair value through profit or loss. In the year 2022.

C. Regarding the issuance conditions of the convertible preferred stock issued by YLTLINK, they are as follows:

- a. The issuance period of this preferred stock is three years, and it will be redeemed in cash at the end of the period by adding the accumulated unpaid dividends to the issuance price.
- b. The annual dividend rate of this preferred stock is 1.5%, calculated based on the issuance price per share. The number of dividends to be distributed for the year of issuance and redemption will be calculated based on the proportion of actual days of issuance in the year to the total number of days in the year.
- c. The dividends of this preferred stock should be paid once a year in cash, and the ex-dividend date should be set by the Board of Directors after the approval of the financial report at the annual shareholders' meeting. However, if the cash dividend per share of the common stock proposed to be distributed in the current year exceeds the dividend per share of the preferred stock, the preferred shareholders have the right to participate in the distribution up to the amount equal to the dividend per share of the

- preferred stock and the cash dividend per share of the common stock.
- d. If the annual net profit of YLTLINK is not sufficient to distribute the preferred stock dividends, the company should still distribute a portion of the preferred stock dividends. The undistributed or insufficient dividends shall be accumulated and made up in the future years with profits.
 - e. When YLTLINK issues new shares in cash, both the preferred shareholders and common shareholders have preemptive rights according to relevant company laws and regulations. Regardless of whether the preferred shareholders are entitled to the preferred stock dividends or not, when the company distributes earnings or capital reserve for capital increase, the preferred shareholders have the right to participate in the distribution of the stock dividends, and the amount of stock dividends per share for each preferred stock should be the same as that for each common stock.
 - f. The voting rights and election rights of the preferred shareholders are the same as those of the common stock regarding the proposal and election of the board of directors.
 - g. Conversion to Common Shares: From the day following the six-month anniversary of the issuance of these preferred shares until ten days before the expiration date, except during periods of transfer suspension in accordance with the law, shareholders of these preferred shares may apply to convert all or part of their holdings of these preferred shares to common shares. The conversion formula is the issuance price of these preferred shares divided by the value per share of the most recent audit by a certified public accountant, with the resulting number (rounded down to the nearest whole number) being the number of common shares that each preferred share may be converted into. After the conversion of these preferred shares to common shares, the rights and obligations thereof shall be the same as those of common shares. The distribution amount of annual dividends for the converted common shares shall be calculated based on the actual number of days of issuance in the current fiscal year divided by the total number of days in the fiscal year. However, shareholders who convert their preferred shares to common shares before the ex-dividend (interest) date of the annual dividend distribution in each fiscal year shall not be entitled to participate in the distribution of the preferred stock dividends of that fiscal year or subsequent fiscal years, but may participate in the distribution of common stock dividends for that fiscal year.
 - h. When YLTLINK Technology Co., reduces its capital, the existing shareholder rights stipulated in the original issuance terms of the preferred shares should be adjusted proportionally to maintain the existing shareholder rights of the preferred shares, including the total amount of dividends and the total amount of redemption prices that are the same as before the reduction.
- D. On August 31, 2022, the board of directors of YLTLINK Technology Co. passed a resolution to approve the reduction of capital and increase of capital by converting Class A preferred shares into common shares, with a conversion ratio of 1 share of preferred shares converted into 3 shares of common shares. The base date for the reduction of the preferred shares and the increase of the common shares by conversion was August 31, 2022. As of December 31, 2023,

all of the issued preferred shares of W-Land Telecom Co., Ltd. have been fully converted into common shares.

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonus payable	\$ 25,638	\$ 49,616
Payable on employee's and director's remuneration	347	347
Payable on machinery and equipment	19,615	7,099
Others	56,894	65,835
	<u>\$ 102,494</u>	<u>\$ 122,897</u>

(13) Long-term loans

<u>Institutions</u>	<u>Loan Period</u>	<u>Pledged assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan Business Bank unsecured loan	2023.03.30~2028.03.30	None	\$ 6,000	\$ -
Taiwan Business Bank unsecured loan	2021.01.04~2026.01.04	None	20,833	30,833
Taiwan Business Bank unsecured loan	2022.12.30~2027.12.30	None	10,000	10,000
Hua Nan Commercial Bank unsecured loan	2017.12.18~2024.12.18	None	6,000	12,000
Hua Nan Commercial Bank unsecured loan	2018.05.23~2025.05.23	None	5,667	9,667
First Commercial Bank unsecured loan	2022.12.30~2027.12.30	None	12,500	12,500
First Commercial Bank unsecured loan	2023.01.19~2028.01.19	None	12,500	-
First Commercial Bank unsecured loan	2023.01.31~2028.01.31	None	12,500	-
First Commercial Bank unsecured loan	2023.02.24~2028.02.24	None	12,500	-
E.Sun Commercial Bank unsecured loan	2022.09.01~2025.03.01	None	40,494	72,157
Mega Bank unsecured loan	2021.11.30~2026.11.30	None	19,500	25,458
FCB Leasing Co., Ltd. secured loan	2022.06.20~2026.10.20	Machinery equipment	22,597	39,827
Chailease Finance Co., Ltd. secured loan	2023.03.10~2025.03.10	Refundable deposits	12,381	-
			<u>193,472</u>	<u>212,442</u>
Less: Long-term loans, current portion (stated in other current liabilities)			<u>(91,755)</u>	<u>(61,304)</u>
			<u>\$ 101,717</u>	<u>\$ 151,138</u>
Interest rate range			<u>2.040%~5.50%</u>	<u>1.75%~4.595%</u>

- A. The Group's unused credit line for long-term loans were \$0 and \$37,500 at December 31, 2023 and 2022, respectively.
B. Refer to Note 8 for collateral for long-term loans.

(14) Pensions

- A. Effective from July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum in line with the amounts in employees’ individual accounts and the amounts of accumulated gains.
- B. The Company has established the “Retirement Regulations for Appointed Managers” which is applicable to managers with R.O.C nationality, and the Company shall assess and pay retirement benefits in accordance with the Regulations.
- C. Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. contributes to the social security fund, including pension insurance, in accordance with the regulations of the People's Republic of China. The company has no further obligation beyond the monthly contributions.
- D. The Group recognized pension costs under the defined contribution plan aforementioned amounted to \$28,608 and \$19,245 for the years ended December 31, 2023 and 2022, respectively.⁴

(15) Share-based payment

- A. For the year ended December 31, 2023, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (in thousand shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Issuing new shares reserved for subscription by employees	112.07.06	624	NA	Immediately vested

- B. On May 10, 2023, the board of directors of the Company resolved to issue 20,000 thousand ordinary shares through a cash increase, and in accordance with Article 267 of the Company Law, no more than 15% was reserved for employees of the Company and its subsidiaries to subscribe.

- C. Fair value information of aforementioned share-based payment is set out below: :

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Fair value of share</u>	<u>Fulfilling price</u>	<u>Unit fair value</u>
Issuing new shares reserved for subscription by employees	112.07.06	\$ 24.20 (in dollars)	\$ 18.00 (in dollars)	\$ 6.20 (in dollars)

- D. Expenses derived from share-based payment mentioned above is as below:

	<u>2023</u>
Settlement of equity	\$ 3,869

(16) Capital share

As of December 31, 2023, the Company's authorized capital was \$1,500,000, consisting of 150,000 thousand shares of common stock, and the paid-in capital was \$967,747 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit : thousand shares	
	2023	2022
January 1	76,475	76,475
Issuing new shares	20,000	-
December 31	96,475	76,475

On May 10, 2023, the board of directors of the Company resolved to issue ordinary shares through a cash increase, which took effect on June 16, 2023 by the Financial Regulatory Commission, with a total issuance of 20,000 thousand shares and an issue price of \$18 (in dollars) per share, and the change registration has been completed.

(17) Capital surplus

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

	2023		
	Shares Premium	Changes in ownership interest in subsidiaries	Total
January 1	\$ 173,917	\$ 6,326	\$ 180,243
Issuing new shares	158,451	-	158,451
Share-based payment	3,869	-	3,869
Transactions with non- controlling interests	-	(146)	(146)
December 31	\$ 336,237	\$ 6,180	\$ 342,417

	2022		
	Shares Premium	Changes in ownership interest in subsidiaries	Total
January 1	\$ 173,917	\$ -	\$ 173,917
Transactions with non- controlling interests	-	6,326	6,326

December 31 \$ 173,917 \$ 6,326 \$ 180,243

(18) Retained earnings(Accumulated deficit)

- A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset against prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.
- B. The Company adopts the balance and stability principles of dividends policy and takes into account future cash flow needs, financial plans and other factors, and satisfies the shareholders' demand for cash; therefore, the percentage of distribution of dividends shall be more than 5%, and the percentage of cash dividends shall be more than 10%. The distribution of dividends shall not be made as the accumulated retained earnings available for distribution is less than 10% of the Company's paid-in capital.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The Company's shareholders' meeting resolved 2022 and 2021 deficit appropriation on May 24, 2023 and May 26, 2022, respectively.

(19) Other equity

	<u>2023</u>	
	<u>Unrealize evaluation gain (loss)</u>	<u>Foreign currency Translation</u>
January 1	\$ -	(\$ 9,357)
Currency translation difference- the Group	-	(6,286)
December 31	<u>\$ -</u>	<u>(\$ 15,643)</u>
	<u>2022</u>	
	<u>Unrealize evaluation gain (loss)</u>	<u>Foreign currency Translation</u>

January 1	(\$	3,897)	(\$	18,077)
Revaluation adjustment	(	7,180)		-
Disposal of financial assets at fair value through other comprehensive income		11,077		
Currency translation difference-the Group		-		8,720
December 31	\$	-	(\$	9,357)

(20) Operating revenue

		<u>2023</u>		<u>2022</u>
Revenue from contracts with customers	\$	630,266	\$	989,635

The Group's revenue, which is derived from transfer of goods at a point of time, is subcategorized into the following geographic areas and product categories:

Geographic areas:

		<u>2023</u>		<u>2022</u>
China	\$	137,358	\$	224,164
Taiwan		205,824		357,290
Others in Asia		150,425		168,717
Europe and America		136,659		239,464
	\$	630,266	\$	989,635

Product category:

		<u>2023</u>		<u>2022</u>
Chips and components	\$	459,444	\$	705,406
Optical transmission and connection modules		153,607		255,223
Others		17,215		29,006
	\$	630,266	\$	989,635

Revenue for the years 2023 and 2022 were categorized by product application, with percentages as follows: Broadband Network 31% and 30%, 4G/5G Base Station Interconnection 26% and 28%, Cloud Data Center 11% and 13%, Smartphone 28% and 25%, and Other 4% and 4%.

(21) Interest income

		<u>2023</u>		<u>2022</u>
Interest income from bank deposits	\$	4,788	\$	1,272

(22) Other income

		<u>2023</u>		<u>2022</u>
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Rent income	\$	578	\$	1,153
Others		930		2,466
	\$	<u>1,508</u>	\$	<u>3,619</u>

(23) Other gains and losses

		<u>2023</u>		<u>2022</u>
Gain on disposal of property, plant and equipment	\$	100	\$	75
Net currency exchange gains		1,542		14,663
Gains of financial assets and liabilities at fair value through profit or loss		-		5,010
Impairment loss of property, plant and equipment	(	85,088)		-
Others	(	<u>1,119</u>	(	<u>1,086</u>
	(\$	<u>84,565</u>	\$	<u>18,662</u>

(24) Finance cost

		<u>2023</u>		<u>2022</u>
Interest expenses :				
Bank loans	\$	13,526	\$	11,261
Lease liabilities		<u>1,724</u>		<u>2,161</u>
	\$	<u>15,250</u>	\$	<u>13,422</u>

(25) Additional disclosures on expenses of nature

		<u>2023</u>		<u>2022</u>
Employee benefit expenses	\$	368,163	\$	386,511
Depreciation		139,213		180,585
Amortization		<u>2,394</u>		<u>3,148</u>
	\$	<u>509,770</u>	\$	<u>570,244</u>

(26) Employee benefit expenses

		<u>2023</u>		<u>2022</u>
Wages and salaries	\$	293,645	\$	324,396
Share-based payment		3,869		-
Labor and health insurance		27,105		27,879
Pension		28,608		19,245
Other personnel expenses		<u>14,936</u>		<u>14,991</u>
	\$	<u>368,163</u>	\$	<u>386,511</u>

- A. In accordance with the Articles of Incorporation of the Company, ratios of distributable profit of the current year, after covering accumulated deficit, shall be distributed as employees' compensation and directors' remuneration. The ratios shall be between 4% and 10% for employees' compensation and no less than 4% for directors' remuneration.
- B. The Company would not recognize employees' compensation and directors' remuneration as expenses because of the losses for the years ended December 31, 2023 and 2022.
- C. Information related to employees' compensation and directors' remuneration shall be inquired at the Market Observation Post System website.

(27) Income tax

A. Income tax expense (income)

Components of income tax expense (income):

	<u>2023</u>	<u>2022</u>
Current tax :		
Income tax overstatement for previous years	\$ -	(\$ 103)
Total current tax	<u>-</u>	<u>(103)</u>
Deferred tax :		
Effect on changes of realizable deferred tax assets or liabilities	<u>4,904</u>	<u>(103)</u>
Total deferred tax	<u>4,904</u>	<u>(103)</u>
Income tax expense (income)	<u>\$ 4,904</u>	<u>(\$ 206)</u>

B. Reconciliation between income tax expense (income) and accounting loss :

	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	(\$ 135,821)	(\$ 25,140)
Origination and reversal of temporary differences	60,937	(228)
Effect from loss based on tax regulation unrecognized as deferred tax assets	74,884	25,368
Effect on changes of realizable deferred tax assets or liabilities	4,904	(103)
Income tax over/understatement for previous years	<u>-</u>	<u>(103)</u>
Income tax expenses (income)	<u>\$ 4,904</u>	<u>(\$ 206)</u>

C. Deferred tax or liabilities resulted from loss based on tax regulation is listed below:

	<u>2023</u>				
	<u>January 1</u>	<u>Recognized in Profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Taxable loss	\$ 23,485	(\$ 4,904)	\$ -	\$ -	\$ 18,581
Total	<u>\$ 23,485</u>	<u>(\$ 4,904)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,581</u>

	<u>2022</u>				
	<u>January 1</u>	<u>Recognized in Profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Taxable loss	\$ 23,382	\$ 103	\$ -	\$ -	\$ 23,485
Total	<u>\$ 23,382</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,485</u>

D. As of December 31, 2023 and 2022, the expiry date of the tax losses unused are listed below:

	<u>December 31, 2023</u>				
<u>Year of loss</u>	<u>Loss based on tax regulation</u>	<u>Unused losses</u>	<u>Loss unrecognized as deferred assets</u>	<u>Expiry date</u>	
2017	\$ 513,747	\$ 513,747	\$ 420,842	2027	
2018	169,416	169,416	169,416	2028	
2019	216,682	216,682	216,682	2029	
2020	100,908	100,908	100,908	2030	
2021	156,461	156,461	156,461	2031	
2022	43,605	43,605	43,605	2027	

2022	68,727	68,727	68,727	2032
2023	84,304	84,304	84,304	2028
2023	<u>267,487</u>	<u>267,487</u>	<u>267,487</u>	2033
	<u>\$ 1,621,337</u>	<u>\$ 1,621,337</u>	<u>\$ 1,528,432</u>	

December 31, 2022

Year of loss	Loss based on tax regulation	Unused losses	Loss unrecognized as deferred assets	Expiry date
2017	\$ 513,747	\$ 513,747	\$ 396,837	2027
2018	169,416	169,416	169,416	2028
2019	216,682	216,682	216,682	2029
2020	100,908	100,908	100,908	2030
2021	156,461	156,461	156,461	2031
2022	44,646	44,646	44,646	2027
2022	<u>71,032</u>	<u>71,032</u>	<u>71,032</u>	2032
	<u>\$ 1,272,892</u>	<u>\$ 1,272,892</u>	<u>\$ 1,155,982</u>	

E. Deductible temporary differences unrecognized as deferred assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 420,236</u>	<u>\$ 237,142</u>

F. The Company's income tax returns have been examined by the tax authority through the years up to 2021.

(28) Loss per share

	<u>2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and dilutive loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	<u>(\$ 390,437)</u>	<u>83,343</u>	<u>(\$ 4.68)</u>
	<u>2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and dilutive loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	<u>(\$ 26,187)</u>	<u>76,475</u>	<u>(\$ 0.34)</u>

(29) Transactions with non-controlling interests

On August 31, 2022, the Class A preferred shares issued by our subsidiary, YLTLink Technology Co., were converted into common shares, resulting in a 31% reduction in our equity ownership as we did not exercise our right to purchase additional shares based on our percentage of ownership. This transaction increased non-controlling interests by \$18,664, and increased the equity attributable to the parent company's owners by \$6,326.

(30) Supplemental cash flow information

Investing activities with partial cash collection and payments:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 50,718	\$ 18,591
Purchase of property, plant and equipment	7,099	6,934
Less: Ending balance of payable on equipment	(19,615)	(7,099)
Effect of exchange rate changes	-	(2,138)
Cash paid during the year	<u>\$ 38,202</u>	<u>\$ 16,288</u>
Issuance of convertible special shares	\$ -	\$ 30,000
Less : Advance receipts at the beginning of the period	-	(13,517)
Cash received during the year	<u>\$ -</u>	<u>\$ 16,483</u>

(31) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Long-term loans (including Current portion)</u>	<u>Lease liabilities</u>	<u>Total liabilities financing activities</u>
January 1, 2023	\$ 376,414	\$ 212,442	\$ 128,927	\$ 717,783
Changes in cash flow	(225,731)	(18,970)	(12,207)	(256,908)
Interest paid	-	-	(1,724)	(1,724)
Effect of exchange rate changes	(298)	-	(68)	(366)
Other non-cash changes	-	-	1,724	1,724
December 31, 2023	<u>\$ 150,385</u>	<u>\$ 193,472</u>	<u>\$ 116,652</u>	<u>\$ 460,509</u>

	<u>Short-term Loans</u>	<u>Prefer stock liabilities</u>	<u>Long-term loans (including current portion)</u>	<u>Lease liabilities</u>	<u>Total liabilities financing activities</u>
January 1, 2022	\$ 529,366	\$ -	\$ 98,056	\$ 128,307	\$ 755,729
Changes in cash flow	(153,777)	16,483	114,386	(11,879)	(34,787)
Interest paid	-	-	-	(2,161)	(2,161)
Effect of exchange rate changes	825	-	-	32	857

Effect of exchange rate changes	825	-	-	32	857
Other non-cash changes	-	(16,483)	-	14,628	(1,855)
December 31, 2022	<u>\$ 376,414</u>	<u>\$ -</u>	<u>\$ 212,442</u>	<u>\$ 128,927</u>	<u>\$ 717,783</u>

7. RELATED PARTIES TRANSACTIONS

(1) Names and relationship of related parties

<u>Name</u>	<u>Relationship with the Group</u>
Optomedia Technology Inc.	Associate
Liu, Sam	Other related party

(2) Significant transactions and balances with related parties :

A. Operating revenue

	<u>2023</u>	<u>2022</u>
Operating revenue :		
Associates	<u>\$ 13,591</u>	<u>\$ 24,332</u>

There is no significant difference in the terms and conditions for transactions between the Group and related parties or non-related parties.

B. Accounts receivable due from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable :		
Associates	<u>\$ 1,675</u>	<u>\$ 2,370</u>

The accounts receivable due from related parties mainly arise from sales of goods, and the transaction term of sales of goods is about 60 days. The above accounts receivable are unsecured in nature and bear no interest and for which no allowance loss.

C. In October 2022, the Group sold all investment at fair value through other comprehensive income to Le Chun Wang for \$37. In October 2022 the proceed of above transaction of investment sold have been received.

D. Liu, Sam lent \$10,000 to the Group at an interest rate of 2% in 2023, and as of December 31, 2023, the Group had not repaid the loan.

(3) Information about remunerations to the major management

	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 26,811	\$ 32,524
Post-employment benefits	12,212	648
Severance benefits	1,015	-
Share-based payment	<u>620</u>	<u>-</u>

Total	\$	40,658	\$	33,172
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8. PLEGGED ASSETS

The Group's assets pledged as collateral were as follows:

Pledged assets	Carrying amount		Purposes
	December 31, 2023	December 31, 2022	
Demand deposits (listed in non-current financial assets at amortized cost)	\$ 31,826	\$ 35,038	Pledged for short-term loans
Time deposits (listed in non-current financial assets at amortized cost)	8,940	39,581	Pledged for short-term loans, customs duties guarantee and lease guarantee
Buildings	176,865	186,896	Pledged for short-term and long-term loans
Machinery equipment	31,498	29,588	Pledged for long-term loans
Refundable deposits(listed in other non-current assets)	2,000	-	Pledged for long-term loans
	\$ 251,129	\$ 291,103	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 24,126	\$ 5,456

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 6, 2024 the resolution of the Company board of directors is as follows :

A.The Company intends to lend \$67,391 to its subsidiary-YLT.

B.The Company intends to process private placement of 15,000 thousands common shares of Tranche 202301~202305, with a total number of shares issued not more than 15,000 thousands shares, a subscription price of \$30.4 (in dollars) per share, and an estimated amount of \$456,000, and the basis date of capital increase is March 15, 2024.

12. OTHERS

(1) Capital management

The Group's objective of capital management is to ensure that each enterprise within the Group can continue to operate and grow, while optimizing debt and equity balances to provide sufficient returns to shareholders. The capital structure

management strategy of the Group is based on the industry scale, future growth prospects and product development plans of our business, taking into account the cyclical fluctuations of the industry and product life cycles, in order to plan the necessary production capacity and corresponding capital expenditures and determine an appropriate capital structure for the Group. The management team of the Group regularly reviews the capital structure and considers the costs and risks associated with different capital structures. Generally, the Group adopts a prudent risk management strategy.

At December 31, 2023 and 2022, the Group's liability ratio are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 600,884	\$ 869,164
Total assets	<u>1,304,606</u>	<u>1,642,463</u>
Liabilities/assets ratio	<u>46%</u>	<u>53%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 217,203	\$ 252,870
Financial assets at amortized cost	40,766	74,619
Accounts receivable(including related parties)	103,950	127,446
Other receivables(including related parties)	562	690
Refundable deposits	4,880	2,960
	<u>\$ 367,361</u>	<u>\$ 458,585</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	150,385	376,414
Notes payable	3,805	2,826
Accounts payable	31,993	22,644
Other payables	102,494	122,897
Long-term loans(including current portion)	193,472	212,442
Deposits received	113	113
	<u>\$ 482,262</u>	<u>\$ 737,336</u>
Lease liabilities	<u>\$ 116,652</u>	<u>\$ 128,927</u>

B. Financial risk management policies

The Group's operating activities expose the Group to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on minimizing any adverse effects on the financial performance.

C. Nature and degree of significant financial risks

The risk management work is carried out by the financial units of the Group in accordance with the policies approved by the board of directors. The financial units of the Group work closely with the operational units of the Group and are responsible for identifying, evaluating, and avoiding financial risks. The financial risk management policy is regularly reviewed to reflect changes in market conditions and the operation of the Group.

(a) Market risk

Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, Japanese yen and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

(ii) The Group follows the principle of natural hedging and conducts hedging based on the market forex conditions according to the funding needs and net positions (the difference between foreign currency assets and liabilities positions) of each currency. When a short-term imbalance occurs, the Group will buy or sell foreign currency at the spot rate to ensure that the net exposure is maintained at an acceptable level.

(iii) The Group's businesses involve some non-functional currency operations (the Company's functional currency is NTD and some subsidiaries' functional currency is RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023			
	Foreign current amount		Carrying amount	
	(in thousands)	Exchange rate	(NT\$ thousands)	
Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	8,278	30.71	\$ 254,217
RMB : NTD		2,803	4.329	12,134
Yen : NTD		9,052	0.2175	1,969
<u>Financial liabilities</u>				
<u>Monetary items</u>				

USD : NTD	\$	1,323	30.71	\$	40,629
USD : RMB		438	7.0848		13,451
RMB : NTD		35,690	4.329		154,502

December 31, 2022

	<u>Foreign current amount</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
	<u>(in thousands)</u>	<u>(NT\$ thousands)</u>	<u>(NT\$ thousands)</u>
Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$	10,557	30.70 \$ 324,100
RMB : NTD		4,554	4.409 20,079
Yen : NTD		1,994	0.2326 464
<u>Financial liabilities</u>			
<u>Monetary items</u>			
UDS : NTD	\$	1,628	30.70 \$ 49,980
USD : RMB		438	6.9646 13,447
RMB : NTD		41,426	4.409 182,647

(iv) Net currency exchange (losses) gains arising from foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$1,542 and \$14,663, respectively.

(v) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	<u>2023</u>		
	<u>Sensitivity analysis</u>		
	<u>Degree of</u>	<u>Effect on profit</u>	<u>Effect on other</u>
	<u>variation</u>	<u>or loss</u>	<u>comprehensive</u>
			<u>Income</u>
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 2,542	\$ -
RMB : NTD	1%	121	-
Yen : NTD	1%	20	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(\$ 406)	\$ -

USD : RMB	1%	(	135)	-
RMB : NTD	1%	(	1,545)	-

	2022			Effect on other comprehensive Income
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		
Foreign currency: functional currency				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	3,241	\$ -
RMB : NTD	1%		201	-
Yen : NTD	1%		5	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	500)	\$ -
USD : RMB	1%	(	134)	-
RMB : NTD	1%	(	1,826)	-

Price risk

The Group has no equity instruments exposed to price risk in 2023 and 2022.

Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from short-term loans and long-term loans with variable rates which expose the Group to cash flow interest rate risk. During the year ended December 31, 2023 and 2022, the Group's borrowings at variable rates were denominated in NTD and USD.
- (ii) The Group's borrowings are measured at amortized cost and are repriced annually according to the contract's agreed-upon interest rate. Therefore, the Group is exposed to the risk of future market interest rate changes.
- (iii) When borrowing rates rise or fall by 1%, while all other factors remain constant, the Company's net profit after tax for the years 2023 and 2022 will decrease or increase by \$4,069 and \$4,376, respectively, mainly due to the fluctuation of interest expense resulting from floating-rate borrowings.

(b) Credit risk

- (i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost which were

settled in accordance with contractual agreements.

- (ii) The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only well rated parties are accepted. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.
- (iii) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- (iv) The Group adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over one year.
- (v) The Group classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate method to estimate expected credit loss.
- (vi) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - ii. The disappearance of an active market for that financial asset because of financial difficulties;
 - iii. Default or delinquency in interest or principal repayments;
 - iv. Adverse changes in national or regional economic conditions that are expected to cause a default.
- (vii) The Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.
- (viii) The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of accounts receivable. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not past Due	Less than 30 days past due	Between 31 days past due	Between 91 180 days past due	Between 181 360 days past due	More than 360 days past due	Total carrying amount for individuals
<u>December 31, 2023</u>							
Expected loss rate	0.03%	0.03%	1%	3%	10%	100%	
Carrying amount	\$ 98,307	\$ 5,250	\$ 397	\$ -	\$ -	\$ -	\$103,954
Loss allowance	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 4
					<u>Individuals</u>	<u>Other</u>	<u>Total</u>

<u>December 31, 2023</u>			
Expected loss rate	100%	0.03%-100%	
Carrying amount	<u>\$ 7,346</u>	<u>\$ 103,954</u>	<u>\$111,300</u>
Loss allowance	<u>\$ 7,346</u>	<u>\$ 4</u>	<u>\$ 7,350</u>

	Not past	Less than 30	Between 31	Between 91	Between 181	More than	Total
	Due	days past due	days past due	180 days	360 days	360 days	carrying
				past due	past due	past due	amount for
<u>December 31, 2022</u>							individuals
Expected loss rate	0.03%	0.03%	1%	3%	10%	100%	
Carrying amount	<u>\$113,182</u>	<u>\$ 5,544</u>	<u>\$ 5,044</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,612</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166</u>

		<u>Individuals</u>	<u>Other</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss rate	100%	0.03%-100%		
Carrying amount	<u>\$ -</u>	<u>\$ 127,612</u>	<u>\$127,612</u>	
Loss allowance	<u>\$ -</u>	<u>\$ 166</u>	<u>\$ 166</u>	

(ix) Movements in relation to the allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
January 1	\$ 166	\$ -
Recognition	<u>7,184</u>	<u>166</u>
December 31	<u>\$ 7,350</u>	<u>\$ 166</u>

(c) Liquidity risk

(i) Cash flow forecasts are executed by each operating entities within the Group and summarized by the Group's financial units. The Group's financial units monitor the forecasted liquidity requirements of the Group to ensure that it has sufficient funds to support its operational needs and maintains sufficient unused borrowing commitments at all times to prevent the Group from violating relevant borrowing limits or terms. These forecasts take into account the Group's debt financing plan, compliance with debt terms, compliance with financial ratio targets on the internal balance sheet, and external regulatory requirements such as foreign exchange controls.

(ii) The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 1</u>	<u>Between 1</u>	<u>Between 2</u>	<u>More than</u>
<u>Non-derivative financial</u>	<u>year</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>

<u>liabilities :</u>				
Short-term loans	\$ 153,337	\$ -	\$ -	\$ -
Notes payable	3,805	-	-	-
Accounts payable	31,993	-	-	-
Other payables	102,494	-	-	-
Lease liabilities	7,880	7,880	23,641	91,281
Long-term loans (including current portion)	96,177	55,375	49,543	-
Derivative financial liabilities: none				
December 31, 2022	Less than 1	Between 1	Between 2	More than
<u>Non-derivative financial liabilities :</u>	<u>year</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>
Short-term loans	\$ 381,256	\$ -	\$ -	\$ -
Notes payable	2,826	-	-	-
Accounts payable	22,644	-	-	-
Other payable	122,897	-	-	-
Lease liabilities	14,046	9,422	23,641	99,161
Long-term loans (including current portion)	66,261	81,018	75,640	-
Derivative financial liabilities: none				

(iii) The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, lease liabilities and long-term loans (including current portion) are reasonably approximate to the fair values.

C. The Group had no significant financial instruments measured at fair value at December 31, 2023 and 2022.

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

E. The movements of Level 3 are as follows:
Year ended December 31, 2023 : none.

	<u>Year ended December 31, 2022</u>	
	<u>Equity instruments</u>	<u>Preferred stock liabilities</u>
January 1	\$ 7,990	\$ -
Issuing new shares	-	30,000
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	(773)	-
Unrealized gains from financial assets and liabilities measured at fair value through profit or loss	-	(5,010)
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(7,180)	-
Conversion of preferred stock to common stock	-	(24,990)
Disposals	<u>(37)</u>	<u>-</u>
December 31	<u>\$ -</u>	<u>\$ -</u>

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

(4) The Company's plan for future financial wellness

The Group's debt ratio on December 31, 2023 was 46%. The future plan for financial wellness includes:

- A. The product manufacturing process continues to advance towards epitaxy with high technical threshold: The Group's epitaxy factory has been built and mass-produced. In addition to supplying the chip demand for short-wave products, it also supplies some chips required for long-wave products, which are self-imported. After the production of Epiwafers, the benefits of cost reduction have gradually been produced.
- B. Uninterrupted product research and development: High-end high-speed products have been developed and shipped one after another, and are actively cooperating with well-known foreign manufacturers for development to create more business opportunities.
- C. Diversification of product applications: The Company is actively transforming, in addition to its own products, giving full play to its existing process capabilities, expanding the professional wafer foundry business of III V family, hoping to cooperate more closely with Epicrystalline manufacturers and mutually beneficial to form a virtual vertically integrated design and wafer manufacturing(IDM) factory, on the one hand, increase the utilization rate of existing wafer production lines, reduce the cost of existing products and increase gross profit. By serving customers, the Company can expand the otherwise inaccessible markets to increase revenue, thereby improving the Company's

- operating conditions.
- D. Expansion of sales markets/regions: increase the proportion of sales in Taiwan, Europe, America, and other Asian regions through diversification of product applications, avoiding the risk of selling in a single market and expanding revenue.
 - E. Fund raising plan: The Group has always maintained a good credit relationship with the bank, and will continue the past experience to activity apply for credit lines from financial institutions and renew existing financing lines. If necessary, it is also considered to obtain financing from non-financial institutions or obtain funds from the capital market to increase the space for capital deployment and improve the financial structure.
 - F. Reduce costs and improve operating efficiency: optimize the process to reduce production costs, re-examine the effectiveness of the organization, and strictly control various expenses to improve profitability and operating performance.

13. DISCLOSURES IN NOTES

(1) Information on significant transactions

- A. Lending funds to others: None.
- B. Providing endorsements or guarantees to others: Please refer to Table 1.
- C. Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in-capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in-capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of Company's paid-in-capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in-capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of Paid-in-capital or more: Please refer to Table 2.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to Table 3.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to Table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Table 6.

(4) Information on major shareholders: None.

14. OPERATING SEGMENT INFORMATION

(1) General Information

The company's management would identify reporting departments based on the reported information used by operational decision makers when making decisions.

The Company's operational decision-makers operate the business from a regional perspective. Currently, the company focuses on the key components of optical communication in various regions. In addition to the parent company, to respond to the main customer's future market strategy, we continue to develop the operations of Zhuhai FTZ. ProRay Optoelectronics Technology Co., Ltd. and YLTLINK Technology Corporation in the non-optical communication product field. Although their operating scales do not meet the quantitative threshold for reporting departments as stipulated in IFRS No. 8, they are considered potential growth areas by our company, which can enhance the breadth of our group's operations and overall competitiveness. Moreover, we expect that they will make significant contributions to the Company's revenue in the future, so we have decided to report these three departments.

TrueLight (B.V.I.) Limited and ProRay Limited are only equity investment companies and their businesses are not included in the reports submitted to the operating decision-makers. Therefore, they are not included in the departments that should be reported. The operating results of these companies are consolidated and expressed in the "Other Operating Departments" column.

(2) Measurement of Departmental Information

The accounting policies of the operating segments are summarized in the same manner as described in Note 4, and the company's operating decision-makers evaluate the performance of each operating segment based on the financial reports prepared by each segment. The operating segment profit or loss is measured based on the pre-tax profit or loss of the continuing operations.

(3) Information on the income, assets, and liabilities of operating segments

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	2023		YLTLINK Technology		Adjustments and Eliminations	Consolidation
	TrueLight Corporation	ZHUHAI FTZ PRORAY CO., LITD.	Corporation	Others		
Segment revenue	\$ 619,387	\$ 348	\$ 10,531	\$ -	\$ -	\$ 630,266
Internal revenue	\$ 3,035	\$ 26,843	\$ 27,518	\$ -	(\$ 57,396)	\$ -
Segment profit or loss	(\$ 191,407)	(\$ 169,044)	(\$ 59,197)	(\$ 126)	(\$ 933)	(\$ 420,707)
December 31, 2023						
Segment assets (note)	\$ 1,169,943	\$ 206,060	\$ 87,734	\$ 9,522	(\$ 232,880)	\$ 1,240,379
Segment liabilities	\$ 661,661	\$ 42,812	\$ 153,873	\$ -	(\$ 257,462)	\$ 600,884
2022						
	TrueLight Corporation	ZHUHAI FTZ PRORAY CO., LITD.	YLTLINK Technology Corporation	Others	Adjustments and Eliminations	Consolidation
Segment revenue	\$ 985,314	\$ -	\$ 4,321	\$ -	\$ -	\$ 989,635
Internal revenue	\$ 2,544	\$ 93,243	\$ 65,154	\$ -	(\$ 160,941)	\$ -
Segment profit or loss	\$ 32,662	(\$ 35,297)	(\$ 42,961)	\$ 829	(\$ 1,533)	(\$ 46,300)
December 31, 2022						
Segment assets (note)	\$ 1,262,006	\$ 399,356	\$ 164,879	\$ 9,649	(\$ 294,491)	\$ 1,541,399
Segment liabilities	\$ 953,196	\$ 49,852	\$ 160,817	\$ -	(\$ 294,701)	\$ 869,164

Note : Deferred tax assets and financial instruments listed in non-current assets

(4)Reconciliation for segment income

Not applicable.

(5)Information on product types

External customers revenues mainly come from design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.

Information on revenues from external customers by products types for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Sales of goods	\$ 630,266	\$ 989,635

(6)Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows :

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current Assets</u>
Taiwan	\$ 205,824	\$ 508,838	\$ 357,290	\$ 531,762
China	137,358	25,330	224,164	181,160
Austria	100,028	-	178,357	-
Singapore	56,600	-	38,399	-
South Korea	68,397	-	89,694	-
Others	<u>62,059</u>	<u>-</u>	<u>101,731</u>	<u>-</u>
Total	<u>\$ 630,266</u>	<u>\$ 534,168</u>	<u>\$ 989,635</u>	<u>\$ 712,922</u>

(7)Major customer information

Major customer information for the years ended December 31, 2023 and 2022 is as follows :

	<u>2023</u>	
	<u>Revenue</u>	<u>Segment</u>
E0113	\$ 100,028	Whole company

	<u>2022</u>	
	<u>Revenue</u>	<u>Segment</u>
E0113	\$ 178,357	Whole company

TrueLight Corporation and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31,2023

Table 1

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

Number	Endorser/guarantor	Company name	Party being endorsed/guaranteed			Outstanding endorsement /guarantee amount as at December 31,2023	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement /guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland china	Footnote	
			Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party	outstanding endorsement /guarantee amount as at December 31,2023										(Note2)
(Note1)	0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	(2)	\$ 964,747	\$ 140,000	\$ 70,000	\$ 12,965	-	7.65	\$ 964,747	Y	N	Y	-

Note1 : The numbers filled in for the endorsements /guarantees provided by the Company or subsidiaries are as follows :

(1).The Company is '0'.

(2).The subsidiaries are numbered in order starting from '1'.

Note2 : Relationship between the endorser/ guarantor and the party being endorsed /guaranteed is classified into the following seven categories:

(1).Having business relationship.

(2).The endorser /guarantor parent company owns directly and indirectly more than 50% voting shares of the of the endorsed /guaranteed subsidiary.

(3).The endorsed /guaranteed company owns directly and indirectly more than 50% voting shares of the endorser /guarantor parent company.

(4).The endorser /guarantor parent company owns directly and indirectly more than 90% voting shares of the of the endorsed /guaranteed company.

(5).Mutual guarantee of the trade made by the endorsed/guaranteed company of joint contractor as required under the construction contract.

(6).Due to joint venture, all shareholders provide endorsements/ guarantees to the endorsed /guaranteed company in proportion to its ownership.

(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note3 : According to the company's endorsement/guarantee method, the quota of endorsement/guarantee for a enterprise is limited to be up to 10% of the company's latest financial statement paid-in capital.For a company, which is held by 100% shareholdings by the company,the quota of endorsement/guarantee is limited to be up to the financial statement paid-in capital.

Note4 : The maximum balance of endorsement/guarantee for others in the current year.

Note5 : Y must be filled in only if the parent company of the listed company endorses the subsidiary company, if the subsidiary company endorses the parent company of the listed company, and if it belongs to the mainland China area.

TrueLight Corporation and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of the paid-in capital or more

December 31,2023

Table 2

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

creditor	counterparty	Relationship with the counterparty	Nature	Balance as at December 31,2023	Turnover rate	Overdue receivables		Amount recovered after the due date	allowance for doubtful accounts
						Amount	Action taken		
ZHUHAI FTZ PRORAY CO.,LTD	TrueLight Corporation	parent company	Accounts receivable	\$ 136,438	0.18	\$ 107,489	Note	\$ 4,237	\$ -

Note: The Group's funds are planned and used as a whole. After considering the net amount of accounts receivable and accounts payable among the groups, the relevant funds will be remitted according to the capital needs of each company.

TrueLight Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the Year Ended December 31,2023
Expressed in thousands of New Taiwan dollars,except as otherwise indicated

Table3

Number	Company name	Counterparty	Relationship (Note2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
				General ledger account	Amount		
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Other accounts payable	\$ 154,504	Note4	12%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Processing fee	26,843	Note4	4%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Acquisition of property	17,252	Note5	3%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	OtherAccounts receivable	22,594	Note5	2%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Sales	2,424	Note5	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	Rental income	12,591	Note5	2%
0	TrueLight Corporation	YLTLink Technology Corporation	1	OtherAccounts receivable	67,391	Note5	5%
0	TrueLight Corporation	YLTLink Technology Corporation	1	Purchase	16,023	Note5	3%
0	TrueLight Corporation	YLTLink Technology Corporation	1	Accounts payable	6,848	Note4	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	Other accounts payable	2,383	Note5	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	Technical service fee	7,131	Note5	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	R & D expenses / Manufacturing expenses	4,364	Note5	1%

Note1 : The numbers filled in for the transaction company in respect of inter-cmpany transactions are as follows:

(1).Parent company is '0'.

(2).The subsidiaries are numbered in order starting from ' 1 '.

Note2 : Relationship between transaction company and counterparty is classified into the following three categories:

(1).Parent company to subsidiary.

(2).Subsidiary to parent company.

(3).Subsidiary to subsidiary.

Note3 : Regarding percentage of transaction amount to consolidated total operating sevenues or total assets, it is computed based on period-end balance of transtation to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note4 : The purchase and processing fees are handled according to the general purchase price and conditions, and the payment terms are monthly payment within 60 days.

Note5 : It is handled in accordance with the contract between the two parties.

Note6 : Transactions involving significant amounts are disclosed, and transactions with related parties are not disclosed separately.

TrueLight Corporation and Subsidiaries
INFORMATION ON INVESTEES(Excluding Chinese mainland companies)
For the Year Ended December 31,2023
Expressed in thousands of New Taiwan dollars,except as otherwise indicated

Table 4

Investor	Investee	Location	Main Businesses Activities	Initial investment amount		Shares Held as at December31,2023			Net profit(loss) of the investee of the year ended December31,2023	Investment income (loss) recognized by the company for the year ended December31,2023	Footnote
				Balance as at December31,2023	Balance as at December31,2022	number of shares	Ownership (%)	Book value			
TrueLight Corporation	TrueLight (B.V.I.) Ltd.	british virgin islands	Equity investment	\$ 404,471	\$ 404,471	13,000,000	100	\$ 188,242	(\$ 180,116)	(\$ 169,170)	Note1
TrueLight Corporation	OPTOMEDIA TECHNOLOGY INC	Taiwan	Manufacture and trading of wired and wireless communication machinery and equipment	103,642	103,642	2,435,913	30	25,231	4,881	1,461	
TrueLight (B.V.I.)Ltd.	PRORAY LIMITED	Hongkong	Equity	387,176	387,176	12,500,000	100	178,721	(179,990)	(169,044)	Note1
TrueLight Corporation	YLTLINK Technology Corporation	Taiwan	Electronic components fabricate	68,330	68,330	7,398,456	41	(20,876)	(68,449)	(24,956)	Note1

Note1 : The line includes adjustments for countercurrent transactions.

TrueLight Corporation and Subsidiaries
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Year Ended December 31,2023

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

Table 5

Investee Company in china	Main Businesses Activies	Paid-in Capital	Method of Investment (Note1)	Remittance of Funds			Accumulated Outward Remittance Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)(Note 2)	Carrying Amount as of December 31,2023	Accumulated Repatriation of Investment Income as of December 31,	Footnote
				Accumulated Outward Remittance Investment from Taiwan as of January 1, 2023	Outward	Inward							
ZHUHAI FTZ PRORAY CO.,LTD	Excludes continental companies that design, produce, process and sell optoelectronic modules/components	\$ 387,176	1	\$ 387,176	\$ -	\$ -	\$ 387,176	(\$ 179,990)	100%	(\$ 169,044)	\$ 178,720	\$ -	

Company name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
TrueLight Corporation	\$ 387,176 USD 12,500 thousand	\$ 407,552 USD 12,633 thousand	\$ 422,233

Note1 : (1)Establish companies through investment in the third region and reinvest in china companies.

(2)Reinvest in mainland companies by reinvesting in existing companies in china regions.

Note2 : Investment gains and losses are recognized in accordance with the financial reports verified by the certified accountants of the parent company in Taiwan, including countercurrent trading adjustments, etc.

Note3 : At the end of the current period, the accumulated original investment amount was remitted from Taiwan to Zhuhai Free ZHUHAI FTZ PRORAY CO.,LTD. for US\$12,500.Expressed in thousands

Note4 : A total of USD12,640,000 was approved by the INVESTMENT COMMISSION, MOEA of the Ministry of Economic Affairs, and USD6,647.90 was the remaining funds after the liquidation of branch companies in 2005.

TrueLight Corporation and Subsidiaries

Transactions of Mainland Investment Information - Significant transactions occurred directly or indirectly through third-party enterprises and reinvestment in Mainland China by invested comp:

For the Year Ended December 31,2023

Table 6

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

Investee Company	Sell (purchase) goods		Disposal of property		Other accounts payable		OtherAccounts receivable		Instrument endorsement, guarantee or provision of collateral	Purpose
	Amount	%	Amount	%	Balance	%	Balance	%	Balance at ended December 31, 2023	
ZHUHAI FTZ PRORAY CO.,LTD	(\$ 26,843)	(18)	\$ 17,252	3%	(\$ 154,504)	-151%	\$ 22,594	4020%	\$ 70,000	financing

Attachments 2

Independent Auditor's report and 2023 parent company only financial statements

Independent Auditors' Report

To the Board of Directors and Shareholders of TRUELIGHT COPPORATION

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2023 are outlined as follows:

Evaluation of inventories

Description

Refer to Note 4(12) for the accounting policy of inventory evaluation, and Notes 5(2) and 6(4) for the description of inventory items. Due to fierce market price competition for the products operated by the Company, the risk of inventory price loss is relatively high, and the Company's inventories are measured at the lower of cost and net realizable value. For inventories that have passed a specific period of age and for inventories that are individually identified as obsolete or damaged, the net Realized value often involves manual judgment and thus has estimation uncertainty, so the accountant listed this as a key audit matter.

How our audit addressed the matter

The audit procedures performed by the accountant are based on the understanding of the operation and industry nature of the Company, and the evaluation of the inventory. The rationality of policies and procedures; the correctness of sampling inventory aging calculation; Relevant information, such as sales price, purchase price, and inventory depletion status, to confirm the rationality of the net realizable value, and evaluate the rationality of provisioning for loss of price reduction.

Property, plant and equipment value-in-use measurement

Description

Refer to Note 4 (17) for the accounting policy on the assessment of impairment of property, plant and equipment, and Notes 5(2) and 6(6) for descriptions of property, plant and equipment items. The value-in-use of property, plant and equipment shall be used to measure its recoverable amount, and the property, plant and equipment shall be evaluated based on the aforementioned recoverable amount whether the property, plant and equipment are damaged. Valuation

of the value-in-use of property, plant and equipment involves estimation and discounting of future cash flows, the determination of the present rate, the assumptions used in the forecast of future cash flow and the estimated results have a significant impact on the evaluation of value-in-use of property, plant and equipment, so the accountants listed this as a key audit matter.

How our audit addressed the matter

The verification procedure that the accountant has performed is mainly to discuss the operation process of future cash flow estimation with the management and understand its product strategy and implementation status; evaluate the reasonableness of various assumptions used by the management to estimate future cash flows characteristics, including expected growth rate and gross profit margin, and evaluate the parameters used in the discount rate which including equity funds Risk-reward ratio, industry risk factor and long-term market rate of return.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Cheng, Ya-Huei

Chiang Tsai-Yen
for and on behalf of PricewaterhouseCoopers, Taiwan
March 06, 2024

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 192,973	14	\$ 180,416	11
1170	Accounts receivable, net	6(3)	98,659	7	122,807	7
1180	Accounts receivable due from related parties, net	6(3) and 7	2,308	-	4,751	-
1200	Other receivables		329	-	486	-
1210	Other receivables due from related parties	7	89,985	6	88,869	5
130X	Inventories	6(4)	294,049	21	352,097	21
1410	Prepayments		6,798	-	4,858	-
11XX	Total current assets		685,101	48	754,284	44
Non-current assets						
1535	Non-current financial assets at amortized cost	8	40,706	3	74,619	4
1550	Investments accounted for using equity method	6(5)	213,473	15	386,323	23
1600	Property, plant and equipment	6(6)	346,918	25	363,706	21
1755	Right-of-use assets	6(7)	112,601	8	119,391	7
1780	Intangible assets	6(9)	91	-	872	-
1840	Deferred tax assets	6(26)	18,581	1	23,485	1
1900	Other non-current assets		75	-	75	-
15XX	Total non-current assets		732,445	52	968,471	56
1XXX	Total assets		\$ 1,417,546	100	\$ 1,722,755	100

(continued)

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

Liabilities and equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6(10)	\$ 127,420	9	\$ 366,651	21
2150	Notes payable		3,805	-	2,826	-
2170	Accounts payable		30,399	2	21,342	1
2180	Accounts payable to related parties	7	6,848	-	6,556	-
2200	Other payables	6(11)	87,838	6	107,658	6
2220	Other payables to related parties	6(11) and 7	156,887	11	184,509	11
2280	Current lease liabilities		7,880	1	7,846	1
2320	Long-term loans, current portion	6(12)	64,886	5	51,704	3
2399	Other current liabilities, others		1,927	-	2,798	-
21XX	Total current liabilities		<u>487,890</u>	<u>34</u>	<u>751,890</u>	<u>43</u>
Non-current liabilities						
2540	Long-term loans	6(12)	64,108	4	85,453	5
2580	Non-current lease liabilities		108,772	8	114,963	7
2600	Other non-current liabilities	6(5)	21,766	2	890	-
25XX	Total non-current liabilities		<u>194,646</u>	<u>14</u>	<u>201,306</u>	<u>12</u>
2XXX	Total liabilities		<u>682,536</u>	<u>48</u>	<u>953,196</u>	<u>55</u>
Equity						
Share capital						
3110	Ordinary shares	6(15)	964,747	68	764,747	45
Capital surplus						
3200	Capital surplus	6(16)	342,417	25	180,243	10
Retained earnings						
3310	Legal reserve	6(17)	433	-	433	-
3320	Special reserve		3,893	-	3,893	-
3350	Accumulated deficit		(560,837)	(40)	(170,400)	(10)
Other equity interest						
3400	Other equity interest	6(18)	(15,643)	(1)	(9,357)	-
3XXX	Total equity		<u>735,010</u>	<u>52</u>	<u>769,559</u>	<u>45</u>
Significant commitments and contingencies						
Significant subsequent events						
3X2X	Total liabilities and equity		<u>\$ 1,417,546</u>	<u>100</u>	<u>\$ 1,722,755</u>	<u>100</u>

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

Items	Notes	2023		2022		
		Amount	%	Amount	%	
4000	Operating revenue	6(19)	\$ 622,423	100	\$ 987,858	100
5000	Operating costs	6(4)(24)(25)	(536,217)	(86)	(716,846)	(72)
5900	Gross profit from operation		86,206	14	271,012	28
5910	Unrealized profit from sales		(282)	-	(300)	-
5920	Realized profit from sale		300	-	500	-
5950	Gross profit from operation, net		86,224	14	271,212	28
	Operating expenses	6(24)(25)				
6100	Selling expenses		(17,519)	(3)	(18,494)	(2)
6200	Administrative expenses		(89,653)	(15)	(76,653)	(8)
6300	Research and development expenses		(174,381)	(28)	(163,359)	(16)
6450	Impairment loss/gain and reversal of impairment loss determined in accordance with IFRS 9	12	(7,184)	(1)	(166)	-
6000	Total operating expenses		(288,737)	(47)	(258,672)	(26)
6900	Net operating profit (loss)		(202,513)	(33)	12,540	2
	Non-operating income and expenses					
7100	Interest income	6(20)	4,213	1	1,048	-
7010	Other income	6(21)	15,360	3	37,301	4
7020	Other gains and losses, net	6(22)	1,516	-	(9,230)	(1)
7050	Finance costs, net	6(23)	(11,444)	(2)	(10,894)	(1)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(192,665)	(31)	(57,055)	(6)
7000	Total non-operating income and expenses		(183,020)	(29)	(38,830)	(4)
7900	Loss before income tax		(385,533)	(62)	(26,290)	(2)
7950	Income tax expense (income)		(4,904)	(1)	103	-
8200	Loss for the year		<u>(\$ 390,437)</u>	<u>(63)</u>	<u>(\$ 26,187)</u>	<u>(2)</u>
	Other comprehensive income, net					
	Items that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)(18)	\$ -	-	(\$ 7,180)	(1)
	Items that may be subsequently reclassified to profit or loss					
8380	Exchange differences on translation	6(18)	(6,286)	(1)	8,720	1
8300	Total other comprehensive income, net		<u>(\$ 6,286)</u>	<u>(1)</u>	<u>\$ 1,540</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>(\$ 396,723)</u>	<u>(64)</u>	<u>(\$ 24,647)</u>	<u>(2)</u>
	Loss per share	6(27)				
9750	Basic loss per share		<u>(\$ 4.68)</u>		<u>(\$ 0.34)</u>	
9850	Diluted loss per share		<u>(\$ 4.68)</u>		<u>(\$ 0.34)</u>	

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

	Notes	Retained earnings				Other equity interest			Total equity
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Exchanges differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	
Year ended December 31, 2022									
Equity at beginning of period		\$ 764,747	\$ 173,917	\$ 433	\$ 3,893	(\$ 133,136)	(\$ 18,077)	(\$ 3,897)	\$ 787,880
Loss for the year		-	-	-	-	(26,187)	-	-	(26,187)
Other comprehensive income for the year	6(2)(18)	-	-	-	-	-	8,720	(7,180)	1,540
Total comprehensive income		-	-	-	-	(26,187)	8,720	(7,180)	(24,647)
Disposal of investments in equity instruments measured at fair value through other comprehensive income		-	-	-	-	(11,077)	-	11,077	-
Changes in ownership interest in subsidiaries	6(16)	-	6,326	-	-	-	-	-	6,326
Equity at end of period		\$ 764,747	\$ 180,243	\$ 433	\$ 3,893	(\$ 170,400)	(\$ 9,357)	\$ -	\$ 769,559
Year ended December 31, 2023									
Equity at beginning of period		\$ 764,747	\$ 180,243	\$ 433	\$ 3,893	(\$ 170,400)	(\$ 9,357)	\$ -	\$ 769,559
Loss for the year		-	-	-	-	(390,437)	-	-	(390,437)
Other comprehensive income for the year		-	-	-	-	-	(6,286)	-	(6,286)
Total comprehensive income		-	-	-	-	(390,437)	(6,286)	-	(396,723)
Issue of shares	6(15)(16)	200,000	158,451	-	-	-	-	-	358,451
Share-based payment transaction	6(16)	-	3,869	-	-	-	-	-	3,869
Changes in ownership interest in subsidiaries	6(16)	-	(146)	-	-	-	-	-	(146)
Equity at end of period		\$ 964,747	\$ 342,417	\$ 433	\$ 3,893	(\$ 560,837)	(\$ 15,643)	\$ -	\$ 735,010

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 385,533)	(\$ 26,290)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12	7,184	166
Depreciation expense	6(6)(7)(24)	89,753	123,161
Amortization expense	6(9)(24)	894	1,648
Net loss on financial assets or liabilities at fair value through profit or loss	6(22)	-	1,670
Interest income	6(20)	(4,213)	(1,048)
Interest expense	6(23)	11,444	10,894
Share-based payments	6(14)	3,621	-
Gain on disposal of property, plant and equipment	6(22)	(3,798)	(4,224)
Gain on disposal of other assets		(1,411)	(1,678)
Unrealized profit from sales		282	300
Realized profit from sales		(300)	(500)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		192,665	57,055
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		16,964	79,024
Accounts receivable due from related parties		2,443	5,016
Other receivables		399	(394)
Other receivables due from related parties		(1,116)	(50,335)
Inventories		58,048	27,430
Prepayments		(1,940)	1,300
Changes in operating liabilities			
Notes payable		979	2,106
Accounts payable		9,057	(48,072)
Accounts payable to related parties		292	(3,598)
Other payables		(31,912)	(18,286)
Other payables to related parties		(27,622)	(35,990)
Other current liabilities		(871)	(1,110)
Cash inflow generated from operations		(64,691)	118,245
Interest received		4,211	1,006
Interest paid		(11,419)	(10,809)
Income taxes received (paid)		(240)	(35)
Net cash flows from operating activities		(72,139)	108,407

(continued)

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT\$Thousand

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12	\$ -	\$ 773
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	37
Acquisition of property, plant and equipment	6(28)	(54,107)	(14,742)
Proceeds from disposal of property, plant and equipment	7	103	59,741
Acquisition of intangible assets	6(9)	(113)	(659)
Decrease (Increase) in other financial assets	8	<u>33,913</u>	<u>(37,763)</u>
Net cash flows from (used in) investing activities		<u>(20,204)</u>	<u>7,387</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(29)	(239,231)	(119,099)
Proceeds from long-term loans	6(29)	43,500	92,500
Repayments of long-term loans	6(29)	(51,663)	(43,399)
Proceeds from issuing shares	6(15)	358,451	-
Repayments of lease liabilities	6(7)(29)	<u>(6,157)</u>	<u>(6,065)</u>
Net cash flows used in financing activities		<u>104,900</u>	<u>(76,063)</u>
Net increase in cash and cash equivalents		12,557	39,731
Cash and cash equivalents at beginning of period		<u>180,416</u>	<u>140,685</u>
Cash and cash equivalents at end of period		<u>\$ 192,973</u>	<u>\$ 180,416</u>

TrueLight Corporation
Notes to parent company only financial statements
For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand
(Unless otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) TrueLight Corporation (the company) was established in September 1997 in the Republic of China. The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.
- (2) In order to improve the corporate governance structure and protect the interests of stakeholders, the Company participated in the Corporate Governance Assessment and Certification program organized by the Chinese Corporate Governance Association, and on September 23, 2013, the Company passed the "CG6008 Corporate Governance Universal Version Certification". The Company will continue to strengthen corporate governance and align with international standards to maintain competitiveness in the capital market.

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

The parent company only financial statements were reported to the Board of Directors on March 06, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2022 are as follows:

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

The above standards and interpretations have no significant impacts on the Company's financial condition and financial performance based on the Company's assessment.

- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024

Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impacts on the Company’s financial condition and financial performance based on the Company’s assessment.

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

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

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

The above standards and interpretations have no significant impacts to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, the parent company only financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. °

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- C. Exchange differences arising from the translation of the balance of non-monetary assets and liabilities denominated in foreign currencies are a part of fair value gains and losses. Nonmonetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and ~16~ liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses”.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to realize within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding those restricted cash and cash equivalents that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are to be settle within the normal operating cycle;
 - (b) Liabilities held mainly for trading purposes;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity instruments which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other

comprehensive income are recognized and derecognized using transaction date accounting.

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

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for rendered services.

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset are expired.

(11) Leasing arrangements (lessor)-operating leases

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

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the weighted-average method. The Cost of finished goods and work in process comprises raw materials, direct labors, other direct costs and factory overhead amortized at normal production capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price, less the estimated cost at completion and the estimated costs necessary to make the sale. °

(13) Investments accounted for using equity method/Other non-current liabilities

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

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

E. When the Company loses control of a subsidiary, the Company remeasures any investment

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

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless evidence show an impairment of the asset transferred from the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- K. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.
- L. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.1.

- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 5~40 years, machinery and equipment are 2~10 years and miscellaneous equipment are 2~5 years.

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or rate;
 - (c) expected amount paid by the Company under the residual value guarantee;
 - (d) the exercise price of purchasing the option if the lessee can be reasonably certain that such option will be exercised; and
 - (e) penalties to be paid for lease termination if lessor intends to exercise the lease termination option during the leasing period.

The leasing liabilities are measured subsequently using the cost amortized by the interest bill, which provides for interest expense over the term of the lease. When a change in noncontractual results in a change in the leasing period or lease payment, the leasing liability is reassessed and the right-of-use asset is remeasured.

- C. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:
 - (a) The amount of the initial measurement of lease liabilities;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred;
 - (d) estimated costs for demolition, removal of the subject asset and location of the recovery period, or restoration of the subject asset to the condition required in the terms and conditions of the lease.

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

(16) Intangible assets

Computer software is amortized on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount

by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and Notes payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

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

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

Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

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

(23) Employee share-based payment

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

B. Restricted stocks issued by the Company:

- (a) The fair value of the equity instruments is recognized as compensation expenses over vesting period.
- (b) Without restricting the right to participate in the distribution of dividends, employees who leave the Company within the vesting period must return the dividends they have obtained, and the Company shall credit the retained earnings, legal reserve or capital surplus debited on the date of declaration of original dividends when they are recovered.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from purchase of equipment, research and development expenditures, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. The Company's own equity instruments repurchased (treasury stock) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amount and consideration is recognized in equity.

(26) Dividends

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

(27) Revenue recognition

A. Sale of commodity

- (a) The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) Receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Costs of obtaining customer contracts

Although the incremental costs incurred by the Company in obtaining the customer contract are expected to be recoverable, the relevant contract period is less than one year so such costs are recognized as expenses when incurred.

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

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of property, plant and equipment

The impairment assessment of property, plant and equipment relies on the Company's subjective judgement, including using mode of assets, characteristics of industry, identifying cash-generating units, useful lives of assets, and revenue and expenses in the future. Any changes of assumptions and estimates will cause a material adjustment to the carrying amount of property, plant and equipment within the next financial year.

As of December 31, 2023, the carrying amount of property, plant and equipment was \$346,918.

B. Evaluation of inventories

The Company's inventories are stated at the lower of cost and realizable value. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of

the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the management's subjective judgements. Therefore, there might be a difference against actual result.

As of December 31, 2023, the carrying amount of inventories was \$294,049.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 20	\$ 30
Checking accounts and demand deposits	110,036	89,347
Time deposits	<u>82,917</u>	<u>91,039</u>
Total	<u>\$ 192,973</u>	<u>\$ 180,416</u>

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

B. For the restrictions on the Company's use of cash and cash equivalents as pledge guarantees, please refer to Note 8.

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

December 31, 2023 and 2022 : None.

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. For the year ended December 31, 2022, the Company have taken back the proceeds of investment which deducted capital and paid back to investors amounted to \$773.

B. The Company sold the financial assets at fair value through other comprehensive income above in October 2022.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognized in other comprehensive income	(\$ <u>7,180</u>)
Dividend income recognized in profit or loss	<u>\$ -</u>
Reclassified from other equity to retained earnings due to disposal	<u>\$ 11,077</u>

(3) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 106,009	\$ 122,973
Accounts receivable from related parties	<u>2,308</u>	<u>4,751</u>
	108,317	127,724
Less: Loss allowance	<u>(7,350)</u>	<u>(166)</u>
	<u>\$ 100,967</u>	<u>\$ 127,558</u>

A. The ageing analysis of accounts receivable is as follows :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 96,152	\$ 112,065
Less than 30 days past due	4,422	6,772
Between 31 and 90 days past due	397	5,044
Between 91 and 180 days past due	-	3,843
More than 181 days past due	<u>7,346</u>	<u>-</u>
	<u>\$ 108,317</u>	<u>\$ 127,724</u>

The ageing analysis above was based on past due date.

B.As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$211,764.

C.As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were carrying amounts of accounts receivable.

D.Information about credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 119,231	(\$ 39,535)	\$ 79,696
Work in process	64,321	(5,115)	59,206
Finished goods	<u>198,934</u>	<u>(43,787)</u>	<u>155,147</u>
	<u>\$ 382,486</u>	<u>(\$ 88,437)</u>	<u>\$ 294,049</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 139,688	(\$ 42,959)	\$ 96,729
Work in process	62,426	(2,490)	59,936
Finished goods	<u>252,032</u>	<u>(56,600)</u>	<u>195,432</u>
	<u>\$ 454,146</u>	<u>(\$ 102,049)</u>	<u>\$ 352,097</u>

Inventory costs recognized as an expense for the current period are as follows :

	<u>2023</u>	<u>2023</u>
Cost of inventories sold	\$ 521,020	\$ 718,798
Evaluation loss (gain)	5,953	(9,863)
Capacity difference	9,244	8,914
Income from sales of scraps	<u>-</u>	<u>(1,003)</u>
	<u>\$ 536,217</u>	<u>\$ 716,846</u>

The Company recognized the decrease of cost of inventories sold owing to the Company's sales of some inventories of which the net realizable value is lower than its cost in 2022, for the net realizable value of inventories was recovered.

(5) Investments accounted for using equity method/non-current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries :		
TrueLight(B.V.I) Ltd.	\$ 188,242	\$ 360,055
YLTLINK Technology Corporation	(20,876)	2,516
Associate :		
Optomedia Technology Inc.	<u>25,231</u>	<u>23,752</u>
	<u>\$ 192,597</u>	<u>\$ 386,323</u>

A. The meeting of Board of Directors have passed a resolution to convert Class A preferred shares of YLTLINK Technology Corporation to Ordinary shares on August 3, 2022, and new shares were issued on August 31, 2022.

B. Details of the Company's subsidiaries are provided in Notes 4(3) and 6(5) of the Company's consolidated financial statements as of and for the year ended December 31, 2023.

C. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

<u>Associate</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying amount</u>	<u>Ownership%</u>	<u>Carrying amount</u>	<u>Ownership%</u>
Optomedia Technology Inc.	<u>\$ 25,231</u>	<u>29.94%</u>	<u>\$ 23,752</u>	<u>29.94%</u>

	<u>2023</u>	<u>2022</u>
Profit for the period	<u>\$ 1,461</u>	<u>\$ 2,068</u>
Total comprehensive income	<u>\$ 1,461</u>	<u>\$ 2,068</u>

(6) Property, plant and equipment

	<u>2023</u>			
	<u>Buildings</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 844,074	\$ 1,811,660	\$ 29,458	\$ 2,685,192
Accumulated depreciation and impairment	<u>(588,392)</u>	<u>(1,705,972)</u>	<u>(27,122)</u>	<u>(2,321,486)</u>
	<u>\$ 255,682</u>	<u>\$ 105,688</u>	<u>\$ 2,336</u>	<u>\$ 363,706</u>
January 1	\$ 255,682	\$ 105,688	\$ 2,336	\$ 363,706
Acquisitions	249	26,534	39,392	66,175
Transfers	345	10,750	(11,095)	-
Depreciation	<u>(32,746)</u>	<u>(49,643)</u>	<u>(574)</u>	<u>(82,963)</u>
December 31	<u>\$ 223,530</u>	<u>\$ 93,329</u>	<u>\$ 30,059</u>	<u>\$ 346,918</u>
December 31				
Cost	\$ 840,468	\$ 1,836,277	\$ 57,295	\$ 2,734,040
Accumulated depreciation and impairment	<u>(616,938)</u>	<u>(1,742,948)</u>	<u>(27,236)</u>	<u>(2,387,122)</u>
	<u>\$ 223,530</u>	<u>\$ 93,329</u>	<u>\$ 30,059</u>	<u>\$ 346,918</u>

	2022			
	<u>Buildings</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 881,428	\$ 2,008,127	\$ 57,666	\$ 2,947,221
Accumulated depreciation and impairment	(580,566)	(1,826,991)	(26,882)	(2,434,439)
	<u>\$ 300,862</u>	<u>\$ 181,136</u>	<u>\$ 30,784</u>	<u>\$ 512,782</u>
January 1	\$ 300,862	\$ 181,136	\$ 30,784	\$ 512,782
Acquisitions	1,275	7,331	6,235	14,841
Disposals	(7,062)	(40,484)	-	(47,546)
Transfers	872	33,342	(34,214)	-
Depreciation	(40,265)	(75,637)	(469)	(116,371)
December 31	<u>\$ 255,682</u>	<u>\$ 105,688</u>	<u>\$ 2,336</u>	<u>\$ 363,706</u>
December 31				
Cost	\$ 844,074	\$ 1,811,660	\$ 29,458	\$ 2,685,192
Accumulated depreciation and impairment	(588,392)	(1,705,972)	(27,122)	(2,321,486)
	<u>\$ 255,682</u>	<u>\$ 105,688</u>	<u>\$ 2,336</u>	<u>\$ 363,706</u>

A. No interest expense was capitalized on property, plant and equipment.

B. The significant components of the Company's building including building and ancillary equipment are depreciated at a rate of 40 years and 5~10 years respectively.

C. Refer to Note 8 for the Company's property, plant and equipment pledged to others.

(7) Leasing arrangements-lessee

A. The Company leases land and rental contracts are typically made for periods of 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	<u>\$ 112,601</u>	<u>\$ 119,391</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	<u>\$ 6,790</u>	<u>\$ 6,790</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$0 and \$567.

D. The information on profit or loss relating to lease contract as follows :

	<u>2023</u>	<u>2022</u>
<u>Items of profit or loss affected</u>		
Interest expense on lease liabilities	<u>\$ 1,724</u>	<u>\$ 1,815</u>

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for

leases were \$7,881 and \$7,880, respectively.

(8) Leasing arrangements-lessor

- A. The Company leased part of the plant in 2021 for a period of 3 years, and restricted the lessee from subletting, leasing, assigning or using the subject matter of the lease in any other disguised way during the lease period.
- B. For the years ended December 31, 2023 and 2022, the Company recognized rental income of \$9,324, respectively, and no variable lease payment.
- C. At December 31, 2023 and 2022, the Company's lease payments receivable based on maturity date were listed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 9,324
2024	<u>2,331</u>	<u>2,331</u>
Total	<u>\$ 2,331</u>	<u>\$ 11,655</u>

(9) Intangible assets

	<u>2023</u>	<u>2022</u>
January 1	<u>Software</u>	<u>Software</u>
Cost	\$ 19,621	\$ 18,962
Accumulated amortization and impairment	(18,749)	(17,101)
	<u>\$ 872</u>	<u>\$ 1,861</u>
January 1	\$ 872	\$ 1,861
Addition	113	659
Amortization expense	(894)	(1,648)
December 31	<u>\$ 91</u>	<u>\$ 872</u>
December 31		
Cost	\$ 19,734	\$ 19,621
Accumulated amortization And impairment	(19,643)	(18,749)
	<u>\$ 91</u>	<u>\$ 872</u>

A. Details of amortization of intangible are as follows:

	<u>2023</u>	<u>2022</u>
Administrative expenses	\$ 138	\$ 107
Research and development expenses	<u>756</u>	<u>1,541</u>
	<u>\$ 894</u>	<u>\$ 1,648</u>

B. The Company has no intangible assets pledged to others.

(10) Short-term loans

<u>Type of loans</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Pledged assets</u>
Bank unsecured loans	\$ 420	2.395%	None
Bank secured loans	<u>127,000</u>	2.527%	Bank deposits, Building

	<u>\$ 127,420</u>		
<u>Type of loans</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Pledged assets</u>
Bank unsecured loans	\$ 38,273	2.225%~2.51%	None
Bank secured loans	<u>328,378</u>	1.725%~6.3209%	Bank deposits, Building
	<u>\$ 366,651</u>		

A. Please refer to Note 8 for details on the collateral provided for borrowings.

B. The interest expenses recognized in the income statement for the years 2023 and 2022 were \$5,978 and \$7,842, respectively.

(11) Other payables (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Processing fee	\$ 136,438	\$ 182,575
Salaries and bonus payable	20,967	44,694
Payable on employees and directors remuneration	347	347
Payable on machinery and equipment	19,101	7,033
Others	<u>67,872</u>	<u>57,518</u>
	<u>\$ 244,725</u>	<u>\$ 292,167</u>

(12) <u>Long-term loans</u>				
<u>Institutions</u>	<u>Loan period</u>	<u>Collateral</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan Business Bank secured loan	2023.03.30~2028.03.30	None	\$ 6,000	\$ -
Taiwan Business Bank unsecured loan	2021.01.04~2026.01.04	None	20,833	30,833
Hua Nan Commercial Bank unsecured loan	2017.12.18~2024.12.18	None	6,000	12,000
Hua Nan Commercial Bank unsecured loan	2028.05.23~2025.05.23	None	5,667	9,667
First Commercial Bank unsecured loan	2022.12.30~2027.12.30	None	12,500	12,500
First Commercial Bank unsecured loan	2023.01.19~2028.01.19	None	12,500	-
First Commercial Bank unsecured loan	2023.01.31~2028.01.31	None	12,500	-
First Commercial Bank unsecured loan	2023.02.24~2028.02.24	None	12,500	-
E.Sun Commercial Bank unsecured loan	2022.09.01~2025.03.01	None	40,494	72,157
			128,994	137,157
Less: Long-term loans, current portion (stated in other current liabilities)			(64,886)	(51,704)
			<u>\$ 64,108</u>	<u>\$ 85,453</u>
Interest rate range			<u>2.040%~2.595%</u>	<u>1.75%~2.47%</u>

A. The Company's unused credit line for long-term loans were \$0 and \$37,500 at December 31, 2023 and 2022, respectively.

B. Refer to Note 8 for collateral for long-term loans.

(13) Pensions

- A. Effective from July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum in line with the amounts in employees’ individual accounts and the amounts of accumulated gains.
- B. The Company has established the “Retirement Regulations for Appointed Managers” which is applicable to managers with R.O.C nationality, and the Company shall assess and pay retirement benefits in accordance with the Regulations.
- C. The Company recognized pension costs under the defined contribution plan aforementioned amounted to \$24,507 and \$13,496 for the years ended December 31, 2023 and 2022, respectively.

(14) Share-based payment

- A. For the year ended December 31, 2023, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (thousand shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Issuing new shares reserved for subscription by employees	2023.07.06	624	NA	Immediately vested

- B. On May 10, 2023, the board of directors of the Company resolved to issue 20,000 thousand ordinary shares through a cash increase, and in accordance with Article 267 of the Company Law, no more than 15% was reserved for employees of the Company and its subsidiaries to subscribe.
- C. Fair value information of aforementioned share-based payment is set out below:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Fair value of share</u>	<u>Fulfilling price</u>	<u>Unit Fair value</u>
Issuing new shares reserved for subscription by employees	2023.07.06	\$ 24.20 (in dollars)	\$ 18.00 (in dollars)	\$ 6.20 (in dollars)

- D. Expenses derived from share-based payment mentioned above is as below:

	<u>2023</u>
Settlement of equity	<u>\$ 3,621</u>

(15) Capital share

- As of December 31, 2023, the Company’s authorized capital was \$1,500,000, consisting of 150,000 thousand shares of common stock, and the paid-in capital was \$967,747 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The movements in the number of the Company's common stocks outstanding are as follows:
Unit: thousand shares

	<u>2023</u>	<u>2022</u>
January 1	76,475	76,475
Issuing new shares	<u>20,000</u>	-
December 31	<u>96,475</u>	<u>76,475</u>

On May 10, 2023, the board of directors of the Company resolved to issue ordinary shares through a cash increase, which took effect on June 16, 2023 by the Financial Regulatory Commission, with a total issuance of 20,000 thousand shares and an issue price of \$18 (in dollars) per share, and the change registration has been completed.

(16) Capital surplus

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

The Company converted Class A preferred shares of YLTLink Technology Corporation to ordinary shares on August 31, 2022. The above transaction causes a decrease in the Company's ownership percentage of the subsidiary for 31% and an increase in ownerships' equity of \$6,326.

	<u>Year ended December 31, 2023</u>		
		Changes in ownership interest	
	<u>Share premium</u>	<u>in subsidiaries</u>	<u>Total</u>
January 1	\$ 173,917	\$ 6,326	\$ 180,243
Issuing new shares	158,451	-	158,451
Share-based payment	3,869	-	3,869
Issuing new shares reserved for subscription by employees	<u>-</u>	<u>(146)</u>	<u>(146)</u>
December 31	<u>\$ 336,237</u>	<u>\$ 6,180</u>	<u>\$ 342,417</u>

	<u>Year ended December 31, 2022</u>		
		Changes in ownership interest	
	<u>Share premium</u>	<u>in subsidiaries</u>	<u>Total</u>
January 1	\$ 173,917	\$ -	\$ 173,917
Conversion of preferred shares of subsidiaries	<u>-</u>	<u>6,326</u>	<u>6,326</u>
December 31	<u>\$ 173,917</u>	<u>\$ 6,326</u>	<u>\$ 180,243</u>

(17) Retained earnings(Accumulated deficit)

- A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset against prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.
- B. The Company adopts the balance and stability principles of dividends policy and takes into account future cash flow needs, financial plans and other factors, and satisfies the shareholders' demand for cash; therefore, the percentage of distribution of dividends shall be more than 5%, and the percentage of cash dividends shall be more than 10%. The distribution of dividends shall not be made as the accumulated retained earnings available for distribution is less than 10% of the Company's paid-in capital.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount

could be included in the distributable earnings.

E. The Company's shareholders' meeting resolved 2022 and 2021 deficit appropriation on May 24, 2023 and May 26, 2022, respectively.

(18) Other equity

	<u>Year ended December 31, 2023</u>	
	<u>Unrealized Evaluation gain (loss)</u>	<u>Foreign currency translation</u>
January 1	\$ -	(\$ 9,357)
Revaluation adjustment	-	-
Disposal of financial assets at fair value through other comprehensive income	-	-
Currency translation difference-subidiaries	-	(6,286)
December 31	<u>\$ -</u>	<u>(\$ 15,643)</u>
	<u>Year ended December 31, 2022</u>	
	<u>Unrealized Evaluation gain (loss)</u>	<u>Foreign currency translation</u>
January 1	(\$ 3,897)	(\$ 18,077)
Revaluation adjustment	(7,180)	-
Disposal of financial assets at fair value through other comprehensive income	11,077	-
Currency translation difference-subidiaries	-	8,720
December 31	<u>\$ -</u>	<u>(\$ 9,357)</u>

(19) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 622,423</u>	<u>\$ 987,858</u>

The Company's revenue, which is derived from transfer of goods at a point of time, is subcategorized into the following geographic areas and product categories:

Geographic areas:

	<u>2023</u>	<u>2022</u>
China	\$ 137,358	\$ 226,585
Taiwan	197,981	353,093
Others in Asia	150,425	168,717
Europe and America	<u>136,659</u>	<u>239,463</u>
	<u>\$ 622,423</u>	<u>\$ 987,858</u>

Product category:

	<u>2023</u>	<u>2022</u>
Chips and components	\$ 455,407	\$ 705,405
Optical transmission and connection modules	153,607	255,223

Others	<u>13,409</u>	<u>27,230</u>
	<u>\$ 622,423</u>	<u>\$ 987,858</u>

Revenue for the years 2023 and 2022 were categorized by product application, with percentages as follows: Broadband Network 31% and 30%, 4G/5G Base Station Interconnection 25% and 27%, Cloud Data Center 11% and 13%, Smartphone 29% and 25%, and Other 4% and 5%.

(20) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 4,213</u>	<u>\$ 1,048</u>

(21) Other income

	<u>2023</u>	<u>2022</u>
Rent income	\$ 13,169	\$ 34,096
Others	<u>2,191</u>	<u>3,205</u>
Total	<u>\$ 15,360</u>	<u>\$ 37,301</u>

(22) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net currency exchange gains(losses)	\$ 2,006	\$ 12,921
Gain on disposal of property, plant and equipment	3,798	4,224
Others	<u>(4,288)</u>	<u>(26,375)</u>
	<u>\$ 1,516</u>	<u>(\$ 9,230)</u>

(23) Finance cost

	<u>2023</u>	<u>2022</u>
Interest expenses :		
Bank loans	\$ 9,720	\$ 9,079
Lease liabilities	<u>1,724</u>	<u>1,815</u>
	<u>\$ 11,444</u>	<u>\$ 10,894</u>

(24) Additional disclosures on expenses of nature

	<u>2023</u>	<u>2022</u>
Employee benefit expenses	\$ 311,732	\$ 310,491
Depreciation	89,753	123,161
Amortization	<u>894</u>	<u>1,648</u>
	<u>\$ 402,379</u>	<u>\$ 435,300</u>

The above depreciations of both years included depreciation recognized in other net losses of other gains and losses.

(25) Employee benefit expenses

	<u>2023</u>	<u>2022</u>
Wages and salaries	\$ 246,043	\$ 259,427

Share-based payment	3,621	-
Labor and health insurance	25,012	25,531
Pension	24,507	13,496
Other personnel expenses	12,549	12,037
	<u>\$ 311,732</u>	<u>\$ 310,491</u>

A. In accordance with the Articles of Incorporation of the Company, ratios of distributable profit of the current year, after covering accumulated deficit, shall be distributed as employees' compensation and directors' remuneration. The ratios shall be between 4% and 10% for employees' compensation and no less than 4% for directors' remuneration.

B. The Company would not recognize employees' compensation and directors' remuneration as expenses because of the losses for the years ended December 31, 2023 and 2022.

C. Information related to employees' compensation and directors' remuneration shall be inquired at the Market Observation Post System website.

(26) Income tax

A. Income tax (income) expense

(a) Components of income tax (income) expense:

	<u>2023</u>	<u>2022</u>
Current tax :		
Total current tax	<u>\$ -</u>	<u>\$ -</u>
Deferred tax :		
Total deferred tax	<u>4,904</u>	<u>(103)</u>
Income tax expense (income)	<u>\$ 4,904</u>	<u>(\$ 103)</u>

(b) No income tax (income) expense is related to components of other comprehensive income.

(c) No income tax expense (income) is related to debited or credited equity.

B. Reconciliation between income tax (income) expense and accounting loss :

	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	(\$ 77,107)	(\$ 5,258)
Origination and reversal of temporary differences	36,619	(401)
Effect from loss based on tax regulation unrecognized as deferred tax assets	40,488	5,659
Effect on changes of realizable deferred tax assets or liabilities	<u>4,904</u>	<u>(103)</u>
Income tax expense (income)	<u>\$ 4,904</u>	<u>(\$ 103)</u>

C. Deferred tax or liabilities resulted from loss based on tax regulation is listed below:

	<u>2023</u>				
	<u>January 1</u>	<u>Recognized in Profit or loss</u>	<u>Recognized in other comprehensive Income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Taxable loss	<u>\$ 23,485</u>	<u>(\$ 4,904)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,581</u>
Total	<u>\$ 23,485</u>	<u>(\$ 4,904)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,581</u>

2022					
	<u>January 1</u>	<u>Recognized in Profit or loss</u>	<u>Recognized in other comprehensive Income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Taxable loss	\$ 23,382	\$ 103	\$ -	\$ -	\$ 23,485
Total	<u>\$ 23,382</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,485</u>

D. As of December 31, 2023 and 2022, the expiry date of the tax losses unused are listed below:

December 31, 2023				
<u>Year of loss</u>	<u>Loss based on tax regulation</u>	<u>Unused losses</u>	<u>Loss unrecognized as deferred assets</u>	<u>Expiry date</u>
2017	\$ 510,212	\$ 510,212	\$ 417,307	2027
2018	164,906	164,906	164,906	2028
2019	216,152	216,152	216,152	2029
2020	89,022	89,022	89,022	2030
2021	156,461	156,461	156,461	2031
2022	26,739	26,739	26,739	2032
2023	<u>202,439</u>	<u>202,439</u>	<u>202,439</u>	2033
	<u>\$ 1,365,931</u>	<u>\$ 1,365,931</u>	<u>\$ 1,273,026</u>	

December 31, 2022				
<u>Year of loss</u>	<u>Loss based on tax regulation</u>	<u>Unused losses</u>	<u>Loss unrecognized as deferred assets</u>	<u>Expiry date</u>
2017	\$ 510,212	\$ 510,212	\$ 393,302	2027
2018	164,906	164,906	164,906	2028
2019	216,152	216,152	216,152	2029
2020	92,551	92,551	92,551	2030
2021	159,176	159,176	159,176	2031
2022	<u>28,293</u>	<u>28,293</u>	<u>28,293</u>	2032
	<u>\$ 1,171,290</u>	<u>\$ 1,171,290</u>	<u>\$ 1,054,380</u>	

E. Deductible temporary differences unrecognized as deferred assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 420,236</u>	<u>\$ 237,142</u>

F. The Company's income tax returns have been examined by the tax authority through the years up to 2021.

(27) Loss per share

2023	
Weighted average number of common shares outstanding	Loss per share

	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and dilutive loss per share</u>			
Loss for the year	(\$ 390,437)	83,343	(\$ 4.68)

	<u>2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and dilutive loss per share</u>			
Loss for the year	(\$ 26,187)	76,475	(\$ 0.34)

(28) Supplemental cash flow information

Investing activities with partial cash collection and payments:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 66,175	\$ 14,841
Add: Opening balance of payable on equipment	7,033	6,934
Less: Ending balance of payable on equipment	(19,101)	(7,033)
Cash paid during the year	<u>\$ 54,107</u>	<u>\$ 14,742</u>

(29) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Long-term loans (including current portion)</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2023	\$ 366,651	\$ 137,157	\$ 122,809	\$ 626,617
Changes in cash flow	(239,231)	(8,163)	(6,157)	(253,551)
Interest paid	-	-	(1,724)	(1,724)
Other non-cash changes	-	-	1,724	1,724
December 31, 2023	<u>\$ 127,420</u>	<u>\$ 128,994</u>	<u>\$ 116,652</u>	<u>\$ 373,066</u>
	<u>Short-term loans</u>	<u>Long-term loans (including Current portion)</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing Activities</u>
January 1, 2022	\$ 485,750	\$ 88,056	\$ 128,307	\$ 702,113
Changes in cash flow	(119,099)	49,101	(6,065)	(76,063)
Interest paid	-	-	(1,815)	(1,815)
Other non-cash changes	-	-	2,382	2,382
December 31, 2022	<u>\$ 366,651</u>	<u>\$ 137,157</u>	<u>\$ 122,809</u>	<u>\$ 626,617</u>

7. RELATED PARTIES TRANSACTIONS

(1) Names and relationship of related parties

<u>Name</u>	<u>Relationship with the Company</u>
Optomedia Technology Inc.	Associate
ZHUHAI FTZ PRORAY CO., LTD.(ZFP)	Subsidiary

YLT Ling Technology Corporation (YLT)
Le Chun Wang

Subsidiary
Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 3,035	\$ 2,544
Associate	<u>13,591</u>	<u>24,332</u>
Total	<u>\$ 16,626</u>	<u>\$ 26,876</u>

There is no significant difference in the terms and conditions for transactions between the Company and related parties or non-related parties.

B. Purchases, processing fee and others

	<u>2023</u>	<u>2022</u>
Purchases :		
Subsidiary-YLT	\$ 16,023	\$ 56,832
Subsidiary-ZFP	-	47
Processing fee :		
Subsidiary-ZFP	26,843	93,243
Others :		
Subsidiaries	<u>11,495</u>	<u>8,322</u>
	<u>\$ 54,361</u>	<u>\$ 158,444</u>

C. Accounts receivable due from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable :		
Associate	\$ 1,675	\$ 2,370
Subsidiary-ZFP	-	2,381
Subsidiary-YLT	<u>633</u>	<u>-</u>
Subtotal	<u>2,308</u>	<u>4,751</u>
Other receivables :		
Subsidiary-ZFP	22,594	23,973
Subsidiary_YLT	<u>67,391</u>	<u>64,896</u>
Subtotal	<u>89,985</u>	<u>88,869</u>
Total	<u>\$ 92,293</u>	<u>\$ 93,620</u>

The accounts receivable due from related parties mainly arise from sales of goods, disposals and rentals of property, plant and equipment and support service. The transaction term of sales of goods is about 60 days, and terms of disposals and rentals of property, plant and equipment and support service are handled in accordance with mutual contracts. The above accounts receivable are unsecured in nature and bear no interest and for which no allowance loss.

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiary-YLT	\$ 6,848	\$ 6,509
Subsidiary-ZFP	<u>-</u>	<u>47</u>
Subtotal	<u>6,848</u>	<u>6,556</u>
Other payables-processing fee:		
Subsidiary-ZFP	136,438	182,575
Other payables-others:		
Subsidiary-ZFP	18,066	-
Subsidiary-YLT	<u>2,383</u>	<u>1,934</u>
Total	<u>\$ 163,735</u>	<u>\$ 191,065</u>

The payables to related parties mainly arise from transactions of purchases and processing, are bear no interest. The transaction terms of purchases and processing are about 60 days, which were similar to those for third parties. The terms of service fee and acquisition of equipment are handled in accordance with mutual contracts.

E. Property transactions

Disposals of property, plant and equipment:

	<u>2022</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Subsidiary-YLT	<u>\$ 59,741</u>	<u>\$ 12,120</u>

The gains on disposal of property, plant and equipment and other assets to subsidiaries, are unrealized and transferred to realized gains and other income monthly based on the useful lives of related property, plant and equipment and other assets. The Company recognized realized gains on disposal of property, plant and equipment \$3,695 and \$4,149, and realized other income \$1,411 and \$1,678 for the year ended December 31 2023 and 2022, respectively. As of December 31, 2023 and 2022, the above unrealized gains on disposal and other income are \$10,593 and \$15,699, which have been recognized in the investments accounted for using equity method.

F. The Company purchased equipment from subsidiary-ZFP at a cost of \$17,252 in 2023.

G. The Company rented part of plant and equipment to subsidiary-YLT based on hours of use, and recognized rent incomes \$12,591 and \$32,943 for the years ended December 31, 2023 and 2022, respectively.

H. The Company prepaid \$10,000 for Class A preferred shares of YLT in 2021, and new shares were issued on January 20, 2022. The Company's meeting of Board of Directors has passed a resolution to convert all Class A preferred shares of YLT to Ordinary shares on August 3, 2022, and new shares were issued on August 31, 2022.

I. In October 2022, the Company sold all investment at fair value through other comprehensive income to Le Chun Wang for \$37. In October 2022 the proceed of above transaction of investment sold have been received.

(3) Information about remunerations to the major management

	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 22,578	\$ 25,882
Severance benefits	1,015	-
Post-employment benefits	12,104	540

Share-based payments	620	-
Total	<u>\$ 36,317</u>	<u>\$ 26,422</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral were as follows:

Pledged assets	Carrying amount		Purposes
	December 31, 2023	December 31, 2022	
Demand deposits (listed in non-current financial assets at amortized cost)	\$ 31,826	\$ 35,038	Pledged for short-term loans
Time deposits (listed in non-current financial assets at amortized cost)	8,880	39,581	Pledged for short-term loans, customs duties guarantee and lease guarantee
Buildings			Pledged for short-term and long-term loans
	<u>176,865</u>	<u>186,896</u>	
	<u>\$ 217,571</u>	<u>\$ 261,515</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 24,126</u>	<u>\$ 5,456</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 6, 2024 the resolution of the Company's board of directors is as follows :

- A. The Company intends to lend \$67,391 to its subsidiary-YLT.
- B. The Company intends to process private placement of 15,000 thousand common shares of Tranche 202301~202305, with a total number of shares issued not more than 15,000 thousand shares, a subscription price of \$30.4 (in dollars) per share, and an estimated amount of \$456,000, and the basis date of capital increase is March 15, 2024.

12. OTHERS

(1) Capital management

The objective of capital management is to ensure the Company can continue to operate and grow, while optimizing debt and equity balances to provide sufficient returns to shareholders. The capital structure management strategy of the Company is based on the industry scale, future growth prospects and product development plans of our business, taking into account the cyclical fluctuations of the industry and product life cycles, in order to plan the necessary production capacity and corresponding capital expenditures and determine an appropriate capital structure for the Company. The management team of the Company regularly reviews the capital structure and considers the costs and risks associated with different capital structures. Generally, the Company adopts a prudent risk management strategy.

At December 31, 2023 and 2022, the Company's liability ratio are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 682,536	\$ 953,196
Total assets	<u>1,417,546</u>	<u>1,722,755</u>
Liabilities/assets ratio	<u>48%</u>	<u>55%</u>

(2) Financial instruments

A. Financial instruments by category

<u>Financial assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at amortized cost		
Cash and cash equivalents	192,973	180,416
Financial assets at amortized cost	40,706	74,619
Accounts receivable(including related parties)	100,967	127,558
Other receivables(including related parties)	90,314	486
Refundable deposits	<u>75</u>	<u>75</u>
	<u>\$ 425,035</u>	<u>\$ 383,154</u>
 <u>Financial liabilities</u>	 <u>December 31, 2023</u>	 <u>December 31, 2022</u>
Financial liabilities at amortized cost		
Short-term loans	\$ 127,420	\$ 366,651
Notes payable	3,805	2,826
Accounts payables(including related parties)	37,247	27,898
Other payables(including related parties)	244,725	292,167
Long-term loans(including current portion)	128,994	137,157
Deposit received	<u>890</u>	<u>890</u>
	<u>\$ 543,081</u>	<u>\$ 827,589</u>
Lease liabilities	<u>\$ 116,652</u>	<u>\$ 122,809</u>

B. Financial risk management policies

The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The financial risk management policies of the Company focus on minimizing any adverse effects on the financial performance.

C. Nature and degree of significant financial risks

The risk management work is carried out by the financial units of the Company in accordance with the policies approved by the board of directors. The financial units of the Company work closely with the operational units of the Company and are responsible for identifying, evaluating, and avoiding financial risks. The financial risk management policy is regularly reviewed to reflect changes in market conditions and the operation of the Company.

(a) Market risk

Foreign exchange risk

- (i) The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, Japanese yen and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.
- (ii) The Company follows the principle of natural hedging and conducts hedging based on the market forex conditions according to the funding needs and net positions (the difference between foreign currency assets and liabilities positions) of each

currency. When a short-term imbalance occurs, the Company will buy or sell foreign currency at the spot rate to ensure that the net exposure is maintained at an acceptable level.

- (iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

<u>December 31, 2023</u>			
	Foreign current amount		Carrying amount
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(NT\$ thousand)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,437	30.71	\$ 228,390
RMB : NTD	2,803	4.329	12,134
Yen : NTD	9,052	0.2175	1,969
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,212	30.71	\$ 37,221
RMB : NTD	35,690	4.329	154,502

<u>December 31, 2022</u>			
	Foreign current amount		Carrying amount
	<u>(thousands)</u>	<u>Exchange rate</u>	<u>(NT\$ thousand)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 9,085	30.70	\$ 278,910
RMB : NTD	4,554	4.409	20,079
Yen : NTD	1,994	0.2326	464
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,512	30.70	\$ 46,418
RMB : NTD	41,426	4.409	182,647

- (iv) Net currency exchange (losses) gains arising from foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$2,006 and \$12,921, respectively.

- (v) Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>2023</u>
<u>Sensitivity analysis</u>

	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 2,284	\$ -
RMB : NTD	1.00%	121	-
Yen : NTD	1.00%	20	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	(\$ 372)	\$ -
RMB : NTD	1.00%	(1,545)	-

2023

Sensitivity analysis

	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive Income</u>
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 2,789	\$ -
RMB : NTD	1.00%	201	-
Yen : NTD	1.00%	5	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	(\$ 464)	\$ -
RMB : NTD	1.00%	(1,826)	-

Price risk

The Company has no equity instruments exposed to price risk in 2023 and 2022.

Cash flow and fair value interest rate risk

- (i) The Company's main interest rate risk arises from short-term loans and long-term loans with variable rates which expose the Company to cash flow interest rate risk. During the year ended December 31, 2023 and 2022, the Company's borrowings at variable rates were denominated in NTD and USD.
- (ii) The Company's borrowings are measured at amortized cost and are repriced annually according to the contract's agreed-upon interest rate. Therefore, the Company is exposed to the risk of future market interest rate changes.
- (iii) When borrowing rates rise or fall by 1%, while all other factors remain constant, the Company's net profit after tax for the years 2023 and 2022 will decrease or increase by \$3,305 and \$3,865, respectively, mainly due to the fluctuation of interest expense resulting from floating-rate borrowings.

(b)Credit risk

- (i) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost which were settled in accordance with contractual agreements.
- (ii) The Company manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only well rated parties are accepted. According to the Company's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.
- (iii)If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- (iv)The Company adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over one year.
- (v)The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate method to estimate expected credit loss.
- (vi)The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - ii.The disappearance of an active market for that financial asset because of financial difficulties;
 - iii.Default or delinquency in interest or principal repayments;
 - iv.Adverse changes in national or regional economic conditions that are expected to cause a default.
- (vii)The Company writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.
- (viii)The Company refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of accounts receivable. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not past due	Less than 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total carrying amount for individuals
<u>December 31,2023</u>							
Expected loss rate	0.03%	0.03%	1%	3%	10%	100%	
Carrying amount	\$ 96,152	\$ 4,422	\$ 397	\$ -	\$ -	\$ -	\$ 100,971
Loss allowance	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 4

<u>December 31, 2023</u>	Individuals	Others	Total
Expected loss rate	100%	0.03%~100%	
Carrying amount	\$ 7,346	\$ 100,971	\$ 108,317
Loss allowance	\$ 7,346	\$ 4	\$ 7,350

	Not past due	Less than 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total carrying amount for individuals
<u>December 31, 2022</u>							
Expected loss rate	0.03%	0.03%	1%	3%	10%	100%	
Carrying amount	\$ 112,065	\$ 6,772	\$ 5,044	\$ 3,843	\$ -	\$ -	\$ 127,724
Loss allowance	\$ -	\$ -	\$ 51	\$ 115	\$ -	\$ -	\$ 166

	Individuals	Others	Total
<u>December 31, 2022</u>			
Expected loss rate	100%	0.03%~100%	
Carrying amount	\$ -	\$ 127,724	\$ 127,724
Loss allowance	\$ -	\$ 166	\$ 166

(ix) Movements in relation to the allowance for accounts receivable are as follows:

	<u>2023</u>
	<u>Accounts receivable</u>
January 1	\$ 166
Recognition	7,184
December 31	<u>\$ 7,350</u>
	<u>2022</u>
	<u>Accounts receivable</u>
January 1	\$ -
Reversal	166
December 31	<u>\$ 166</u>

(c) Liquidity risk

(i) Cash flow forecasts are executed by each operating units within the Company and summarized by the Company's financial unit. The Company's financial unit monitors the forecasted liquidity requirements of the Company to ensure that it has sufficient funds to support its operational needs and maintains sufficient unused borrowing commitments at all times to prevent the Company from violating relevant borrowing limits or terms. These forecasts take into account the Company's debt financing plan, compliance with debt terms, compliance with financial ratio targets on the internal balance sheet, and external regulatory requirements such as foreign exchange controls.

(ii) The table below analyses the Company's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1	Between 1	Between 2	More than
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<u>Non-derivative financial liabilities :</u>	<u>year</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>
Short-term loans	\$ 130,117	\$ -	\$ -	\$ -
Notes payable	3,805	-	-	-
Accounts payable	37,247	-	-	-
Other payables	244,725	-	-	-
Lease liabilities	7,880	7,880	23,641	91,281
Long-term loans (including current portion)	67,095	34,852	30,972	-

Derivative financial liabilities: none

December 31, 2022	Less than 1	Between 1	Between 2	More than
<u>Non-derivative financial liabilities :</u>	<u>Year</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>
Short-term loans	\$ 371,289	\$ -	\$ -	\$ -
Notes payable	2,826	-	-	-
Accounts payable	27,898	-	-	-
Other payables	292,167	-	-	-
Lease liabilities	7,880	7,880	23,641	99,161
Long-term loans (including current portion)	53,965	56,639	30,527	-

Derivative financial liabilities: none

(iii) The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, lease liabilities and long-term loans (including current portion) are reasonably approximate to the fair values.

C. The Company had no significant financial instruments measured at fair value at December 31, 2023 and 2022.

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

E. The movements of Level 3 are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ -	\$ 7,990
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	(773)

Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	(7,180)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	(37)
December 31	<u>\$ -</u>	<u>\$ -</u>

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

(4) The Company's plan for future financial wellness

The Company's debt ratio on December 31, 2023 was 48%. The future plan for financial wellness includes:

- A. The product manufacturing process continues to advance towards epitaxy with high technical threshold: The Group's epitaxy factory has been built and mass-produced. In addition to supplying the chip demand for short-wave products, it also supplies some chips required for long-wave products, which are self-imported. After the production of Epiwafers, the benefits of cost reduction have gradually been produced.
- B. Uninterrupted product research and development: High-end high-speed products have been developed and shipped one after another, and are actively cooperating with well-known foreign manufacturers for development to create more business opportunities.
- C. Diversification of product applications: The Company is actively transforming, in addition to its own products, giving full play to its existing process capabilities, expanding the professional wafer foundry business of III V family, hoping to cooperate more closely with Epicrystalline manufacturers and mutually beneficial to form a virtual vertically integrated design and wafer manufacturing(IDM) factory, on the one hand, increase the utilization rate of existing wafer production lines, reduce the cost of existing products and increase gross profit. By serving customers, the Company can expand the otherwise inaccessible markets to increase revenue, thereby improving the Company's operating conditions.
- D. Expansion of sales markets/regions: increase the proportion of sales in Taiwan, Europe, America, and other Asian regions through diversification of product applications, avoiding the risk of selling in a single market and expanding revenue.
- E. Fund raising plan: The Company has always maintained a good credit relationship with the bank, and will continue the past experience to activity apply for credit lines from financial institutions and renew existing financing lines. If necessary, it is also considered to obtain financing from non-financial institutions or obtain funds from the capital market to increase the space for capital deployment and improve the financial structure.
- F. Reduce costs and improve operating efficiency: optimize the process to reduce production costs, re-examine the effectiveness of the organization, and strictly control various expenses to improve profitability and operating performance.

13. DISCLOSURES IN NOTES

(1) Information on significant transactions

- A. Lending funds to others: None.
- B. Providing endorsements or guarantees to others: Please refer to Table 1.
- C. Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in-capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in-capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of Company's paid-in-capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in-capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of Paid-in-capital or more: Please refer to Table 2.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to Table 3.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to Table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Table 6.

(4) Information on major shareholders: None.

14. OPERATING SEGMENT INFORMATION

Not applicable.

TrueLight Corporation
Provision of endorsements and guarantees to others
Year ended December 31,2023

Table 1 Expressed in thousands of New Taiwan dollars,except as otherwise indicated

Number	Endorser/guarantor	Company name	Party being endorsed/guaranteed			Outstanding endorsement amount as at December 31,2023	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement /guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/guarantees by parent company to subsidiay	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland china	Footnote	
			Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party	outstanding endorsement /guarantee amount as at December 31,2023										(Note2)	(Note3)	(Note4)
(Note1)	0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	(2)	\$ 964,747	\$ 140,000	\$ 70,000	\$ 12,965	-	7.65	\$ 964,747	Y	N	Y	-

Note1 : The numbers filled in for the endorsements /guarantees provided by the Company or subsidiaries are as follows :

- (1).The Company is '0'.
- (2).The subsidiaries are numbered in order starting from '1'

Note2 : Relationship between the endorser/ guarantor and the party being endorsed /guaranteed is classified into the following seven categories:

- (1).Having business relationship.
- (2).The endorser /guarantor parent company owns directly and indirectly more than 50% voting shares of the of the endorsed /guaranteed subsidiary.
- (3).The endorsed /guaranteed company owns directly and indirectly more than 50% voting shares of the endorser /guarantor parent company.
- (4).The endorser /guarantor parent company owns directly and indirectly more than 90% voting shares of the of the endorsed /guaranteed company.
- (5).Mutual guarantee of the trade made by the endorsed/guaranteed company of joint contractor as required under the construction contract.
- (6).Due to joint venture, all shareholders provide endorsements/ guarantees to the endorsed /guaranteed company in proportion to its ownership.
- (7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note3 : According to the company's endorsement/guarantee method, the quota of endorsement/guarantee for a enterprise is limited to be up to 10% of the company's latest financial statement paid-in capital.For a company, which is held by 100% shareholdings by the company,the quota of endorsement/guarantee is limited to be up to the financial statement paid-in capital.

Note4 : The maximum balance of endorsement/guarantee for others in the current year.

Note5 : Y must be filled in only if the parent company of the listed company endorses the subsidiary company, if the subsidiary company endorses the parent company of the listed company, and if it belongs to the mainland China area.

TrueLight Corporation

Receivables from related parties reaching NT\$100 million or 20% of the paid-in capital or more

December 31,2023

Table 2

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

creditor	counterparty	Relationship with the counterparty	Nature	Balance as at December 31,2023	Turnover rate	Overdue receivables		Amount recovered after the due date	allowance for doubtful accounts
						Amount	Action taken		
ZHUHAI FTZ PRORAY CO.,LTD	TrueLight Corporation	parent company	Accounts receivable	\$ 136,438	0.18	\$ 107,489	Note	\$ 4,237	\$ -

Note: The Group's funds are planned and used as a whole. After considering the net amount of accounts receivable and accounts payable among the groups, the relevant funds will be remitted according to the capital needs of each company.

TrueLight Corporation
Significant inter-company transactions during the reporting period
For the Year Ended December 31,2023

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

Table3

Number (Note1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note3)
					Amount	Transaction terms	
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Other accounts payable	\$ 154,504	Note4	12%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Processing fee	26,843	Note4	4%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Acquisition of property	17,252	Note5	3%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	OtherAccounts receivable	22,594	Note5	2%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Sales	2,424	Note5	-
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Rental income	12,591	Note5	2%
0	TrueLight Corporation	YLTLINK Technology Corporation	1	OtherAccounts receivable	67,391	Note5	5%
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Purchase	16,023	Note5	3%
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Accounts payable	6,848	Note4	-
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Other accounts payable	2,383	Note5	-
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Technical service fee	7,131	Note5	-
0	TrueLight Corporation	YLTLINK Technology Corporation	1	R & D expenses / Manufacturing expenses	4,364	Note5	1%

Note1 : The numbers filled in for the transaction company in respect of inter-cpmany transactions are as follows:

- (1).Parent company is '0'.
- (2).The subsidiaries are numbered in order starting from '1'.

Note2 : Relationship between transaction company and counterparty is classified into the following three categories:

- (1).Parent company to subsidiary.
- (2).Subsidiary to parent company.
- (3).Subsidiary to subsidiary.

Note3 : Regarding percentage of transaction amount to consolidated total operating sevenues or total assets, it is computed based on period-end balance of transation to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note4 : The purchase and processing fees are handled according to the general purchase price and conditions, and the payment terms are monthly payment within 60 days.

Note5 : It is handled in accordance with the contract between the two parties.

Note6 : Transactions involving significant amounts are disclosed, and transactions with related parties are not disclosed separately.

TrueLight Corporation
INFORMATION ON INVESTEESEXcluding Chinese mainland companies)
For the Year Ended December 31,2023
Expressed in thousands of New Taiwan dollars,except as otherwise indicated

Table 4

Investor	Investee	Location	Main Businesses Activities	Initial investment amount		Shares Held as at December31,2023			Net profit(loss) of the investee of the year ended December31,2023	Investment income (loss) recognized by the company for the year ended December31,2023	Footnote
				Balance as at December31,2023	Balance as at December31,2022	number of shares	Ownership (%)	Book value			
TrueLight Corporation	TrueLight (B.V.I.) Ltd.	british virgin islands	Equity investment	\$ 404,471	\$ 404,471	13,000,000	100	\$ 188,242	(\$ 180,116)	(\$ 169,170)	Note1
TrueLight Corporation	OPTOMEDIA TECHNOLOGY INC	Taiwan	Manufacture and trading of wired and wireless communication machinery and equipment	103,642	103,642	2,435,913	30	25,231	4,881	1,461	
TrueLight (B.V.I.)Ltd.	PRORAY LIMITED	Hongkong	Equity	387,176	387,176	12,500,000	100	178,721	(179,990)	(169,044)	Note1
TrueLight Corporation	YLTLINK Technology Corporation	Taiwan	Electronic components fabricate	68,330	68,330	7,398,456	41	(20,876)	(68,449)	(24,956)	Note1

Note1 : The line includes adjustments for countercurrent transactions.

TrueLight Corporation
INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Year Ended December 31,2023

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

Table 5

Investee Company in china	Main Businesses Activities	Paid-in Capital	Method of Investment (Note1)	Remittance of Funds			Accumulated Outward Remittance Investment from Taiwan as of January 1, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31,2023	Accumulated Repatriation of Investment Income as of December 31,	Footnote
				Outward	Inward	Accumulated Outward Remittance Investment from Taiwan as of December 31, 2023							
ZHUHAI FTZ PRORAY CO.,LTD	Excludes continental companies that design, produce, process and sell optoelectronic modules/components	\$ 387,176	1	\$ 387,176	\$ -	\$ -	\$ 387,176	(\$ 179,990)	100%	(\$ 169,044)	\$ 178,720	\$ -	

Company name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
TrueLight Corporation	\$ 387,176 USD 12,500 thousand	\$ 407,552 USD 12,633 thousand	\$ 422,233

Note1 : (1)Establish companies through investment in the third region and reinvest in china companies.

(2)Reinvest in mainland companies by reinvesting in existing companies in china regions.

Note2 : Investment gains and losses are recognized in accordance with the financial reports verified by the certified accountants of the parent company in Taiwan, including countercurrent trading adjustments, etc.

Note3 : At the end of the current period, the accumulated original investment amount was remitted from Taiwan to Zhuhai Free ZHUHAI FTZ PRORAY CO.,LTD. for US\$12,500.Expressed in thousands

Note4 : A total of USD12,640,000 was approved by the INVESTMENT COMMISSION, MOEA of the Ministry of Economic Affairs, and USD6,647.90 was the remaining funds after the liquidation of branch companies in 2005.

TrueLight Corporation

Transactions of Mainland Investment Information - Significant transactions occurred directly or indirectly through third-party enterprises and reinvestment in Mainland China by invested comp.

For the Year Ended December 31,2023

Table 6

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

Investee Company	Sell (purchase) goods		Disposal of property		Other accounts payable		OtherAccounts receivable		Instrument endorsement, guarantee or provision of collateral	Purpose
	Amount	%	Amount	%	Balance	%	Balance	%	Balance at ended December 31, 2023	
ZHUHAI FTZ PRORAY CO.,LTD	(\$ 26,843)	(18)	\$ 17,252	3%	(\$ 154,504)	-151%	\$ 22,594	4020%	\$ 70,000	financing

TrueLight Corporation

Chairman : Liu, Sheng Hsien