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正達國際光電股份有限公司
G-Tech Optoelectronics Corp.

2023 Annual Report

Printed on March 29, 2024

Query URL for this annual report: <http://www.gtoc.com.tw> Company Website
<http://mops.twse.com.tw> Market Observation Post System

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V. Overseas Securities Listing and Trading Agency Name and Information Query Method: None.

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One. Report to Shareholders

Passion, Confidence

Under the impact of the inflation and increase of interest rate, the global economy continues to stall, the terminal market demand is weak, and manufacturers' destocking and inventory replenishment slows down. Nevertheless, the U.S. government indicates that under the environment of high interest rate, the economy still maintains its resilience, and personal consumption expenditure is expected to continue to increase. As the global economy's recovery dynamics is still weak and the pressure of core inflation still exists, although the interest rate increase cycle of central bank is coming to an end and interest rate cut is expected to take place in 2024, the impact of the previous increase of interest rate worldwide on the real estate and financial market still exists. Moreover, the recent geopolitical also affects the international economic and trade situation such that the global economic growth slows down. Accordingly, the global recovery dynamics is expected to pick up further during the third quarter of 2024. Under such uncertain and diverse economic environment, our company continues to uphold the commitment in the core technology development of glass processing and focuses on the product technology development along with the enhancement of the in-depth cooperation with both upstream and downstream customers, in order to adjust products, production lines and supply chain according to the product market trend, thereby gaining operating profits.

With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for our company's product development. The products extend from glass processing of consumer electronic products to TP Module services, and the coating technology applications span across the industrial products of optoelectronics, medical care and construction. Customers were also expanded from LCM and industrial control plant in the early stage to the end customers, such as sports, in-vehicle and buildings.

Smart vehicles, under the promotion of the global awareness on environmental protection, have become the development trend. Accordingly, our company provides integrated products of non-planar glass for automotive interior decoration can be applied to the displays of dash board, central control system, multimedia audio/video, rear mirror and other touch control products. We further applied our 3D technology to the switch knob design. With regard to the bonding technology, we are able to achieve three-dimensional changes of extensive bending, glossy-and-matte integration, planar-3D variations on one single 3D large glass sheet. In terms of the glass protection application, we adopt the design concept of neat, safe, innovative and appealing, durable and lightweight design for curved and multi-curved product application, thereby demonstrating quality glass processing works. Our company's automotive product ratio also increases from 21.21% in 2022 to 32.45% in 2023, making automotive products as our key niche products, and the future product development includes:

1. Panel integrated appearance with new black technology development to reduce the color difference between the panel edge frame and viewing area.
2. IR-cut multi-layer light control coating development is able to improve the precision and reproducibility of the coating.
3. Development of UV photosensitive low-temperature lamination technology is able to increase the product application fields.

In 2023, Taiwan was affected by the continuous global inflation and increase of interest rate of USD, and the terminal demands and investment activities were suppressed, such that the economic and trade dynamics were also affected. Accordingly, the order and export amount indicated decline, and the production dynamics was affected, causing the industrial production reduction continued to expand. Despite that the private consumption dynamics was stable, the economic recovery in China was weaker than expected, the real estate market faced turmoil and consumers' confidence was weak, such that the

main export regions indicated a negative growth trend. Although our company's revenue in 2023 decreased by 23.5% from 2022, we were active in the adjustment of the product structure, increase of the sales ratio of niche products and implementation of level production model to reduce the loss of production line changes along with rigorous control of inventory and cost, in order to reduce the operating cost. Accordingly, despite such harsh environment, we have been able to achieve operating profit with best effort. Furthermore, we also implement long-term financing plan to reduce the operating capital pressure, to increase the liquidity and quick ratio, thereby improving the financial structure. I, on behalf of the management team, would like to make efforts and encouragement with all the staff and sincerely appreciate all shareholders giving G-tech the most powerful confidence and support. The support of all shareholders is the greatest encouragement to the management team. Thank you!

Chairman
Chung, Chih-Ming

Two. Company Introduction

I. Date of establishment: June 27, 1996

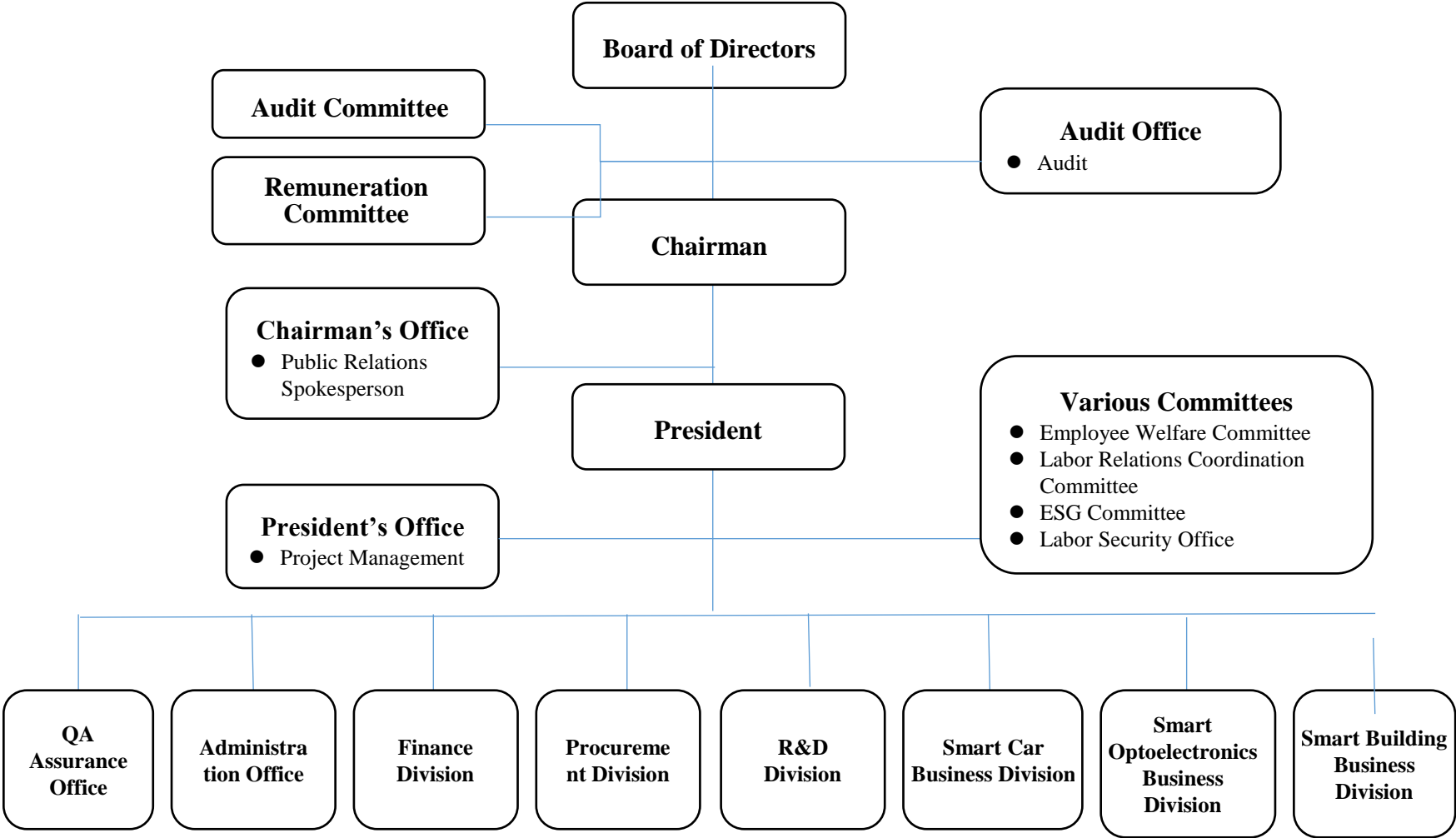
II. Company History

June	1996	Established G-TECH Glass Co., Ltd. with the capital of NT\$26 million. Chung, Jung-Hua served as the 1st chairman of the board and the company engaged in traditional architectural glass processing.
April	1998	Led the industry to introduce one physical strengthening furnace from Germany and one chemical strengthening furnace from Italy to engage in optical glass strengthening business.
December	1999	To respond to the booming development of the flat panel display market and to establish a glass cutting production line.
March	2000	Reached a joint venture agreement with RITEK CORPORATION with each party holding 50% of the shares.
June	2000	Installed a grinding machine and started trial production of STN-grade glass substrates.
July	2000	Changed the name to G-TECH Technology Glass Co., Ltd., implemented a factory expansion project and completed the new factory in October.
November	2000	Set up the third and the fourth glass cutting production lines
April	2001	The grinder was increased to 86
May	2001	Changed the name to G-TECH Optoelectronics Corporation, and implemented the plant extension construction.
August	2001	Cooperated with foreign companies on the R&D of large-scale thin-plate glass polishing technology. Planned to develop TFT-LCD photoelectric glass cutting and grinding production technology.
November	2001	Obtained the ISO-9001 2000 International Quality Assurance certification.
January	2002	Participated in supplemental public offering.
July	2002	Obtained the TFT-LCD photoelectric glass cutting product/technology certification.
November	2002	Started mass production and shipment of TV-LCD protective glass.
December	2002	Obtained the TFT-LCD photo-electric glass grinding product/technical certification.
May	2004	Registered on the emerging stock market.
May	2007	Successfully developed thin TFT PANEL products.
October	2007	Issued NT\$700 million private ordinary shares, which was raised and invested by Hon Hai Technology Group. The paid-in capital reached NT\$1,272.29 million, the shareholding ratio of Hon Hai Technology Group accounted for 42%.
December	2007	Completed the new TFT glass thinning plant.
January	2008	Reinvest Hongda Photo-electric Glass (Dongguan) Co., Ltd. through a third place.
March	2008	Introduction of the TFT-LCD physical thinning process.
May	2008	Introduced the reinforced glass manufacturing process. Obtained the polishing pad dressing work ring patent.
September	2008	Introduced the 5th generation TFT-LCD panel polishing, ultra-speed glass cutting and edging processes.
February	2009	Completed the new ITO glass coating plant.

December	2009	Entered Tainan Science Park and established Tainan Science Park branch.
December	2010	Established operating headquarters for the Miaoli plant. Establishment of the subsidiary Ruizhida (Shenzhen) in Mainland China.
November	2011	Stock IPO.
February	2012	3D forming glass production line trial production. Establishment of the subsidiary Ruizhida (Chengdu) in Mainland China.
March	2012	Installed the new anti-reflective (AR) coating production line for trial production.
October	2012	Announced to enter the automotive market with 3D forming glass.
March	2013	With the establishment of a Green Building Business, G-TECH announced its return to the architectural glass market.
July	2013	Start construction of the Miaoli Plant 3 (green building processing plant).
January	2014	Entered into a strategic alliance with Corning to produce 3D forming glass.
August	2014	Green Building Glass Processing Plant mass production.
December	2014	Mobile phone 3D forming glass screen protector mass production.
August	2016	Capital reduction to make up for losses.
February	2017	G-TECH partnered with American enterprise- KTI to develop smart energy-saving color-changing glass for advanced smart home applications.
November	2018	The smart energy-saving color-changing glass developed with Kinestral Technologies Inc. officially went into mass production and entered the European and American markets.
April	2019	The Green Building Business Office obtained a large-scale BOT development project in Xinzhuang Fuduxin of New Taipei City for i-Tower to provide energy-conserving curtain wall glass.
March	2020	The large-scale 3D automobile glass was officially kicked off.
January	2021	Being certified strictly by European and American car manufacturers and 1st tier, mass production of large-scale 3D automobile glass has begun.
January	2022	2nd model of 3D automotive glass entered mass production for sale to Europe.
May	2022	Handled the cash capital increase of NT\$170,000,000 and the paid-in capital after the capital increase was NT\$2,233,936,000.
August	2023	Implemented capital reduction to compensate losses of NT\$800,000,000, and the paid-in capital after the capital reduction was NT\$1,443,296,000.
December	2023	Received the granted G-TECH Logo trademark registration certificates in the U.S., European Union, UK, Japan, Korean and China.

Three. Corporate Governance Report

I. Organizational System
 (I) Organizational Structure



(II) Business Operations of Key Segments

Segment	Main Responsibilities
Chairman's Office	Implement the resolutions of the shareholders meeting/board of directors and supervise the Company's operating policies.
Audit Office	Auditing the implementation of various rules and regulations and providing suggestions for improvement to the board of directors, supervisors and management.
President's Office	Set the Company's operating policy; comprehensively manage the Company's overall business planning, control, and execution; and coordinate the organization's internal coordination, management and other operations.
Labor Security Office	Environmental safety supervision, labor safety audit and project implementation supervision.
QA Assurance Office	Establish the Company's quality management system and control quality assurance; promote continuous improvement, coordinate and organize customer audit; assist in dealing with customer complaints, confirm causes of quality defects and suggest countermeasures; execute inspection standards for quality defects in different premises of the Company and assure quality; establish and implement ISO9001 systems.
Administrative Management Department	<ol style="list-style-type: none"> 1. Human resource development and general affairs management, promote corporate culture and employee service systems, and coordinate company strategy development for the organizational planning and allocation of appropriate human resources. 2. Establishing, maintaining, and managing the Company's global information system while establishing security control, firewalls, and other related mechanisms. In charge of the Company's global network communication system connection as well as ERP, EIP, CIM, etc.
Accounting Division	Establish a good financial structure as well as effectively implement the planning and management of group funds and foreign exchange; comprehensive management of group accounting and taxation related matters; budget planning, preparation and control for the group; various management related analysis; import and export, customs, and bonded operations; stock affairs operations, declarations and announcements in accordance with the law; as well as planning and convening the relevant board of directors and shareholders meetings.
Procurement Division	In charge of the Company's procurement management and adjusting the procurement strategy according to the industry conditions, selecting appropriate suppliers and outsourcing vendors, procuring materials and outsourced products at reasonable prices, and maintaining appropriate quality standards.
R&D Division	Establishing new product development strategies and directions and studying the application and development of related emerging technologies and materials.

<p>Smart Car Business Division</p>	<ol style="list-style-type: none"> 1. Control and manage global production capacity as well as product processes; control and improve production quality; execute production plans and control progress; improve production efficiency, formulate production operation standards, understand production conditions, reduce anomalies, and seek improvement methods for poor quality. 2. Perform marketing, formulate market price strategies and draft product direction plans; promote domestic and foreign product sales; and conduct market surveys on product quality services, prices, delivery opinions and other feedback. Collect and integrate global market information and development and implement product sales and market promotion plans to meet the goals set in the annual business plan. 3. Establish a quality management system for the Company and implement quality assurance control operations; advocate continuous improvement efforts and promote and manage the creation and execution of various quality systems. 4. In charge of plant equipment operation and maintenance, plant air conditioning, power and fire protection system maintenance, plant room inspections, executing repair orders from various units, project implementation and execution, implementation of environmental protection related matters and improving energy-conservation systems for the plants.
<p>Smart Optoelectronics Business Division</p>	<ol style="list-style-type: none"> 1. Responsible for raw materials and consumables related commerce. 2. Responsible for optoelectronic products related commerce. 3. Responsible for project operations related commerce.
<p>Smart Building Business Division</p>	<p>Architectural glass product market development, manufacturing, process management, and quality control as well as production plan implementation and progress control, formulating production operating standards, improving production efficiency, mastering the production status, reducing anomalies, remedying quality defects, providing post-sales services and maintaining customer relations.</p>

II. Background information of directors, supervisors, president, vice president, assistant manager and heads of various segments and branches

(I) Directors and supervisors

March 29, 2024

Title	Name	Gender	Date elected	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Major career (academic) background	Concurrent positions in the Company or other companies	Remarks
						Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			
Chairman	Chung, Chih-Ming	Male 51-60	2023.06.21	3 years	June 24, 1996	4,406,464	1.96%	2,808,038	1.93%	594,270	0.41%	Department of Optoelectronics, National United University President of Chin Ming Glass Co., Ltd. Legal representative of the chairman of Hongda Photoelectric Glass (Dongguan) Co., Ltd. Director of Well State Optoelectronics Limited Legal representative of the chairman of Brave Advance International Corp.	President of G-Tech Optoelectronics Corp. Chairman of Fast Achievement Global Ltd.	Note 4
Director	Hsiao, Jen-Liang	Male 51-60	2023.06.21	3 years	June 22, 2005	1,011,784	0.49%	650,963	0.45%	—	—	Bachelor of International Business, Tunghai University	Supervisor of Teh Tai Steel Co., Ltd. Chairman of Guang Liang Metals Industrial Co., Ltd. Chairman of Kuang Liang Paper Co., Ltd.	
Director	Wang, Kuo-Hung	Male 61-70	2023.06.21	3 years	June 12, 2012	240,000	0.12%	154,411	0.11%	—	—	William Rainey Harper College (Business School)	Chairman of Chen Pang Blind Industrial Corporation Chairman of Guoxiang Investment Limited Corporate director's representative of SINBON Electronics Co., Ltd. Supervisor of Tang Silk Co., Ltd.	

Title	Name	Gender Age	Date elected	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Major career (academic) background	Concurrent positions in the Company or other companies	Remarks
						Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			
Independent director	Huang, Kuo-Shih	Male 51-60	2023.06.21	3 years	December 19, 2007	—	—	—	—	—	—	<p>Department of Accounting, National Taiwan University Passed the CPA exam Committee member of CPA Associations R.O.C. (Taiwan) Partner CPA of PwC Taiwan Supervisor of HOLA Chairman of Miyuan Lehuo Co., Ltd. Independent director of Chimei Materials Technology Corp.</p>	<p>Remuneration Committee Member of G-Tech Optoelectronics Corp. Chairman of Come Tree International Co., Ltd. Independent Director and Remuneration Committee Member of Carilex Medical, Inc. Independent Director and Remuneration Committee Member of Better Life Group Independent Director and Remuneration Committee Member of Trust-Search Corp. Ltd.</p>	
Independent director	Wu, Chun-Feng	Male 51-60	2023.06.21	3 years	June 14, 2017	—	—	—	—	—	—	<p>Graduated from the Department of Communication Management, Shih-Hsin University. Manager of The Liberty Times (Taoyuan Hsinchu Miaoli Districts) Vice President of Winbond Advertising Co., Ltd.</p>	<p>Remuneration Committee Member of G-Tech Optoelectronics Corp. Responsible Person of Jing Cheng Marketing Co., Ltd. Vice President of Winbond Advertising Co., Ltd.</p>	

Title	Name	Gender Age	Date elected	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Major career (academic) background	Concurrent positions in the Company or other companies	Remarks
						Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			
Independent director	Yang, Ming-Szu	Male 51-60	2023.06.21	3 years	June 18, 2020	—	—	—	—	—	—	Secretary-General/Deputy Secretary-General of Shanghai University of Finance and Economics, Taiwan Alumni Association Director & Deputy Secretary-General of Shanghai University of Finance and Economics, Shanghai Alumni Association Academic Advisor of New Taipei City Industrial Elite Consultant Free Clinic Advanced Service Team Executive Secretary of Cross-Strait Financial Securities Summit Forum Project Head of Information Service Department and manager of Data Application Department and Project Management Department for Fubon Financial Holdings Special lecturer for National Taipei University of Business, Shih Chien University, and China University of Technology Executive Director/Project Chief Executive of Chinese Elite Club	Remuneration Committee Member of G-Tech Optoelectronics Corp. Part-time lecturer for Chihlee University of Technology Associate Professor of Fuzhou Institute of Technology Independent Director and Remuneration Committee Member of Leader Electronics Inc. Remuneration committee member of Huang Hsiang Construction Co., Ltd.	
Independent director	Wen-He Chen	Male 61-70	2023.06.21	3 years	2023.06.21	—	—	—	—	—	—	MBA, Chung Yuan Christian University Qualification for Certified Public Accountant Lecturer at Chung Yuan Christian University Senior Specialist of Computer Office, Audit Office and Public Listing Department of Taiwan Stock Exchange Corporation CFO of CyberTAN Technology Inc. Chairman of Hapa Acoustics Inc.	Remuneration Committee Member of G-Tech Optoelectronics Corp.	

Note 1: Nationality or place of registration: All directors of the Company are R.O.C. (Taiwan) citizens.

Note 2: Shares held by directors under the name of others: None.

Note 3: Directors having relationship of spouse or relative within second degree of kinship with other officers or directors: None.

Note 4: If the Company chairman, president, or equivalent title holder (top manager) is the same person or a spouse or relative within the first degree of kinship, please explain information related to the reason, rationality, necessity, and corresponding measures (for example, increasing the number of

independent directors whereby over half of the directors have never con-currently served as employees or managers):

After the Company's president retired on July 31, 2018, the chairman of the Board of Directors was appointed after careful evaluation by the Board of Directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, but also improved the policy decision and decision-making efficiency for the Company's Board of Directors. However, to implement corporate governance, the Company has increased the number of independent directors during the election of directors in 2023. Presently, the number of independent directors has exceeded more than half of the total number of directors, and the Company also ensures that more than half of the members of the Board of Directors are not employees or managerial officers, in order to enhance functions of the Board of Directors and strengthen effectiveness of supervision.

At present, the Company has formulated the following specific measures:

- (1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.
- (2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

1. Major shareholders of corporate shareholders: None.

2. Major shareholders of major corporate shareholders: Not applicable.

3. Disclosure of information on directors' professional qualifications and independent directors' independence

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Chung, Chih-Ming	<p>With more than 5 years of work experience in the optoelectronics/glass industries and necessary for the Company's businesses.</p> <p>Ever served as President of Chin Ming Glass Co., Ltd., legal representative of the President of Hongda Photoelectric Glass (Dongguan) Co., Ltd., director of Well State Optoelectronics Limited and legal representative of the President of Brave Advance International Corp.;</p> <p>Currently act as Chairman and President of Fast Achievement Global Ltd. and Chairman of Fast Achievement Global Ltd.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>	<p>(1) Concurrently act as the President of the Company, and is a managerial officer.</p> <p>(2) Concurrently act as the Chairman of an affiliated enterprise (100% subsidiary) of the Company.</p> <p>(3) A top 10 natural person shareholder of the Company.</p> <p>(4) The rest complies with the independence requirements specified in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" announced by the Financial Supervisory Commission (FSC).</p>	0
Hsiao, Jen-Liang	<p>With more than 5 years of work experience in businesses and necessary for the Company's businesses.</p> <p>Currently serve as supervisor of Supervisor of Teh Tai Steel Co., Ltd., Chairman of Guang Liang Metals Industrial Co., Ltd. and Chairman of Kuang Liang Paper Co., Ltd.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>	<p>(1) The two directors listed on the left are natural person directors.</p> <p>(2) During the first two years of the appointment and the term of office, the independence requirements specified in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" announced by the Financial Supervisory Commission (FSC) are complied. During the term of office of the director, the rights to participate in decision making and express opinions specified in Article 14-3 of the Securities and Exchange Act have been exercised properly, in order to exercise relevant authorities independently.</p>	0
Wang, Kuo-Hung	<p>With more than 5 years of work experience in businesses/electronics and necessary for the Company's businesses.</p> <p>Currently serve as Chairman of Chen Pang Blind Industrial Corporation, Chairman of Guoxiang Investment Limited, Corporate Director's Representative of Sinbon Electronics Co., Ltd. and Supervisor of Tang Silk Co., Ltd.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>		0
Huang, Kuo-	With more than 5 years of work experience in finance, accounting and	During the first two years of the appointment and term of office, all four	3

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Shih	<p>businesses as well as those necessary for the Company’s businesses; a professional who has passed the CPA exam and obtained the CPA certificate. Ever served as Audit Committee member of Committee member of CPA Associations R.O.C. (Taiwan), partner CPA of PwC Taiwan, supervisor of HOLA, Chairman of Miyuan Lehuo Co., Ltd. and independent director of Chimei Materials Technology Corp.</p> <p>Currently act as Chairman of Come Tree International Co., Ltd., Independent Director and Remuneration Committee Member of Carilex Medical Inc., Independent Director and Remuneration Committee Member of Better Life Group Co., Ltd., and Independent Director and Remuneration Committee Member of Trust-Search Corp., Ltd.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>	<p>independent directors listed on the left have complied with the requirements specified in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” announced by the Financial Supervisory Commission (FSC) and the qualification specified in Article 14-2 of the Securities and Exchange Act. In addition, all independent directors have exercised the rights to participate in decision making and express opinions specified in Article 14-3 of the Securities and Exchange Act properly, in order to exercise relevant authorities independently.</p>	
Wu, Chun-Feng	<p>With more than 5 years of work experience in businesses and necessary for the Company’s businesses.</p> <p>Ever served as manager of The Liberty Times (Taoyuan Hsinchu Miaoli Districts)</p> <p>Currently act as the Responsible Person of Jing Cheng Marketing Co., Ltd., and Vice Present of Vice President of Winbond Advertising Co., Ltd.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>		0
Yang, Ming-Szu	<p>With more than 5 years of work experience in businesses and necessary for the Company’s businesses.</p> <p>Ever served as Secretary-General of Shanghai University of Finance and Economics, Taiwan Alumni Association, Director and Deputy Secretary-General of Shanghai University of Finance and Economics, Shanghai Alumni Association, Academic Advisor of New Taipei City Industrial Elite Consultant</p>		1

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
	<p>Free Clinic Advanced Service Team, Executive Secretary of Cross-Strait Financial Securities Summit Forum Project, Head of Information Service Department and Manager of Data Application Department, Project Management Department for Fubon Financial Holdings, Executive Director/Project Chief Executive of Chinese Elite Club, Special Topic Lecturer at National Taipei University of Business/Shih Chien University/China University of Technology;</p> <p>Currently act as Part-time Lecturer at Chihlee University of Technology, Associate Professor of Fuzhou Institute of Technology, Independent Director and Remuneration Committee Member of Leader Electronics Inc., Remuneration Committee Member of Huang Hsiang Construction.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>		
Wen-He Chen	<p>With more than 5 years of work experience in finance, accounting and businesses as well as those necessary for the Company's businesses; a professional who has passed the CPA exam and obtained the CPA certificate.</p> <p>Previously acted as Lecturer at Chung Yuan Christian University, Senior Specialist of Taiwan Stock Exchange Corporation (Computer Office, Audit Office and Public Listing Department), CFO of CyberTAN Technology Inc., Chairman of Hapa Acoustics Inc.</p> <p>None of the conditions listed in Article 30 of Company Act.</p>		0

4. Independence and diversity of the Board of Directors

Policies and objectives on diversity of the Board of Directors:

Directors of the Company shall be elected by the candidate nomination system as specified in the Articles of Incorporation and with reference to Article 20 of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies. The election shall not be subject to gender, age, race and

nationality. In addition, professional backgrounds, skills and industrial experience suitable for diversified development of the Company shall be taken into account in the election. To achieve ideal goals of corporate governance, the Board of Directors, as a whole, shall be capable of making judgments, accounting, dealing with financial affairs, carrying out business management, handling crises, mastering industry knowledge, holding international market perspectives, demonstrating leadership skills and making decisions. The Company emphasizes the gender equality of board members, and the goal is to increase the number of female directors by more than 2 seats.

Independence and diversity of the Board of Directors:

The 12th term of the Board of Directors of the Company has 7 members, including 4 independent directors, accounting for 57%. The directors are equipped with the equipped background of businesses, optoelectronics, finance and legal respectively. In addition, they are professional in business management, leadership, decision-making, business judgement, crisis handling, industry knowledge and international market perspectives, etc. Diverse outcomes in complementation have been presented. Presently, the board members are all male directors. In the future, the Company will increase the number of female directors with best effort in order to achieve the goal. Only one board member concurrently acts as the managerial officer of the Company, and the ratio of director(s) equipped with the employee identity is 14%. In addition, the Audit Committee formed by independent directors replaces the supervisor system. Furthermore, directors of the Company are not in the relationship of spouse or relative within second degree of kinship, such that the independence of exercise of relevant authorities is complied. All board members have the nationality of R.O.C. (Taiwan, and the age range of directors is 51~70 years old.

Item \ Diversity		Basic conditions							Professional backgrounds/industry experiences				Professional abilities							
		Gender	Nationality	Age		Independent directors' term of office and seniority			Businesses	Legal affairs	Accounting	Industries related to the Company's businesses	Business management, leadership and decision-making	Business judgment and crisis handling	Accounting and financial analysis abilities	Industry knowledge	International market perspectives			
				51-60	61-70	Less than 3 years	3~9 years	More than 9 years												
Chairman	Chung, Chih-Ming	Male	Republic of China	V		Not applicable			V			V	V	V		V	V			
Director	Hsiao, Jen-Liang			V					V			V			V	V	V		V	V
Director	Wang, Kuo-Hung				V				V			V			V	V	V		V	V
Independent director	Huang, Kuo-Shih			V				V	V		V	V	V	V	V	V	V	V		
Independent director	Wu, Chun-Feng			V			V		V				V	V		V	V			
Independent director	Yang, Ming-Szu			V			V		V	V			V	V	V		V	V		
Independent director	Wen-He Chen				V	V			V		V	V	V	V	V	V	V	V		

Note: After the Company's president retired on July 31, 2018, the chairman of the Board of Directors was appointed after careful evaluation by the Board of Directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, but also improved the policy decision and decision-making efficiency for the Company's Board of Directors. However, to implement corporate governance, the Company has increased the number of independent directors during the election of directors in 2023. Presently, the number of independent directors has exceeded more than half of the total number of directors, and the Company also ensures that more than half of the members of the Board of Directors are not employees or managerial officers, in order to enhance functions of the Board of Directors and strengthen effectiveness of supervision.

At present, the Company has formulated the following specific measures:

- (1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.
- (2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

Reason for electing an independent director for 3 terms of office: Huang, Kuo-Shih has acted as the Company's independent director for 3 terms, in consideration that he is an finance professional, familiar with related laws and regulations, professionally experienced in corporate governance, able to create significant benefits for the Company, still capable of bringing his special skills into play and offering professional opinions on supervision of the Board of Directors in performing his duties as an independent director. Hence, during the election of directors in 2023, CPA Huang, Kuo-Shih was still nominated to act as the Company's independent director.

(II) Information on the president, vice president, assistant manager, and supervisor of the various units and branches

March 29, 2024

Title	Nationality	Name	Gender	Inauguration date	Shareholdings		Shareholdings by spouse or minor children		Major career (academic) background	Current employment with other companies	Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio			
Chairman and President	Republic of China	Chung, Chih-Ming	Male	2018-08-10	2,808,038	1.93%	594,270	0.41%	Department of Optoelectronics, National United University President of Chin Ming Glass Co., Ltd. Corporate Director's Representative of Hongda Photoelectric Glass (Dongguan) Co., Ltd. Director of Well State Optoelectronics Limited Brave Advance International Corp. Corporate director's representative	Chairman of G Tech Optoelectronics Chairman of Fast Achievement Global Ltd.	Note 1
Vice president and spokesperson	Republic of China	Chiu, Huo-Sheng	Male	2011-05-01	220,260	0.15%	—	—	Completed MBA credit class at Tamkang University Syntek Semiconductor Co., Ltd. Plant Director/Business Department Assistant Manager/Spokesperson Winbond Electronics Section Chief	Responsible Person of G-Tech Optoelectronics, Southern Taiwan Science Park Branch Corporate Director's Representative of Golden Start Global Corp Corporate Director's Representative of Charmtex Global Corp	
Vice President	Republic of China	Wang, Yao-Chang	Male	August 1, 2018	113,766	0.08%	—	—	Department of Electrical Engineering of Vanung University Hon Hai CCPBG Senior Manager Deputy Manager of Hedi Optoelectronics Deputy Manager of Prodisc Technology Inc. Section chief of PENTAX	Chairman and President of Ruizhida Optoelectronics (Chengdu) Co., Ltd.	
Assistant Manager	Republic of China	Huang, Yung-Cheng	Male	February 1, 2013	80,758	0.06%	—	—	College of Engineering, National Central University Deputy Project Manager of Genesis Technology, Inc. Project Manager of Sky Glory Consultants Limited	—	
Assistant Manager	Republic of China	Hsu, Hsien-Yi	Male	2008-03-07	73,263	0.05%	736	0.00%	Department of Electrical Engineering, Yuan Ze University Manager of Production, R&D, and Technology departments for Merck Performance Material	—	
Assistant Manager (R&D)	Republic of China	Tsai, Tsung-Tien	Male	December 23, 2019	32,000	0.02%	—	—	Master of Optoelectronics, National Central University Chief Engineer of Merck Optoelectronics	—	

Title	Nationality	Name	Gender	Inauguration date	Shareholdings		Shareholdings by spouse or minor children		Major career (academic) background	Current employment with other companies	Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio			
Director)									Limited Deputy Manager of Xin An Liang Xin		
Assistant Manager	Republic of China	Wang, Ju-Wen	Male	March 1, 2021	82,416	0.06%	—	—	Department of Printing, Chinese Culture University Manager of Hitto International INC.	—	
Assistant Manager	Republic of China	Lin, Hsing-Chiao	Male	March 1, 2021	11,579	0.01%	—	—	Department of Mechanical Engineering, Yuan Ze University Director of Chen Yu Optoelectronic Deputy Director of Henghao Technology	—	
Assistant Manager (Finance, Accounting and Corporate Governance Officer)	Republic of China	Wu, Tai-Chiu	Male	February 26, 2018	88,067	0.06%	—	—	MBA, Hawaii Pacific University Chang Chun Plastics Co., Ltd. Foreign risk management team, internal audit	Ruizhida Optoelectronics (Chengdu) Co., Ltd. Supervisor	

Note 1: Shares held under the name of others: None.

Note 2: Directors having relationship of spouse or relative within second degree of kinship with other officers or directors: None.

Note 3: If the Company chairman, president, or equivalent title holder (top manager) is the same person or a spouse or relative within the first degree of kinship, please explain information related to the reason, rationality, necessity, and corresponding measures (for example, increasing the number of independent directors whereby over half of the directors have never concurrently served as employees or managers):

After the Company's president retired on July 31, 2018, the chairman of the Board of Directors was appointed after careful evaluation by the Board of Directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, but also improved the policy decision and decision-making efficiency for the Company's Board of Directors. However, to implement corporate governance, the Company has increased the number of independent directors during the election of directors in 2023. Presently, the number of independent directors has exceeded more than half of the total number of directors, and the Company also ensures that more than half of the members of the Board of Directors are not employees or managerial officers, in order to enhance functions of the Board of Directors and strengthen effectiveness of supervision.

At present, the Company has formulated the following specific measures:

- (1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.
- (2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

III. Remunerations paid to Directors, Supervisors, President, and Vice Presidents in the most recent year

(I) Remuneration for directors (including independent directors)

Unit: NT\$ thousand; %

Title	Name	Remuneration of directors								The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Related remuneration received by part-time employees								The ratio accounted for by the total amount of A, B, C, D, E, F and G to the net profit after tax (%)		Remuneration received from invested companies other than the subsidiaries and the parent company
		Returns (A)		Severance payment and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, special expenses, etc. (E)		Severance payment and pension (F)		Remuneration to employees (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report	
Chairman	Chung, Chih-Ming	432	432	0	0	0	0	0	0	-0.37	-0.37	4,861	4,861	0	0	0	0	0	0	-4.49	-4.49	None
Director	Hsiao, Jen-Liang	432	432	0	0	0	0	25	25	-0.39	-0.39	0	0	0	0	0	0	0	0	-0.39	-0.39	None
Director	Wang, Kuo-Hung	432	432	0	0	0	0	35	35	-0.40	-0.40	0	0	0	0	0	0	0	0	-0.40	-0.40	None
Independent director	Huang, Kuo-Shih	432	432	0	0	0	0	75	75	-0.43	-0.43	0	0	0	0	0	0	0	0	-0.43	-0.43	None
Independent director	Wu, Chun-Feng	432	432	0	0	0	0	75	75	-0.43	-0.43	0	0	0	0	0	0	0	0	-0.43	-0.43	None
Independent director	Yang, Ming-Szu	432	432	0	0	0	0	75	75	-0.43	-0.43	0	0	0	0	0	0	0	0	-0.43	-0.43	None
Independent director	Wen-He Chen	216	216	0	0	0	0	55	55	-0.23	-0.23	0	0	0	0	0	0	0	0	-0.23	-0.23	None

- The remuneration payment policies, systems, standards, and structure for independent directors as well as the relationship between the remuneration amounts and their duties, risks and tenure:
 - According to the Articles of Incorporation of the Company, for the remuneration of directors (including the Company's endorsements and guarantees), the Board of Directors is authorized to determine the payment based on the common standard adopted in the same industry.
 - The Articles of Incorporation of the Company also specifies that if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), no more than 0.1% shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first. As of the end of 2023, the Company has accumulated losses of NT\$581,144 thousand, and no remuneration of directors was allocated.
 - The amount paid by the Company to the independent directors includes the director's remuneration, transportation allowance and director's compensation. Self-review (or peer review) is performed by the Board of Directors in accordance with the "Regulations for Performance Evaluation of Board of Directors and Functional Committee" of the Company, in order to increase remuneration linkage.
- In addition to the disclosure listed in the table above, the remuneration received by the Company directors for services provided to all companies mentioned in the financial report in the most recent year: none.

(II) Remuneration for supervisors: N/A

(III) Remuneration for president and vice presidents

Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Remuneration received from invested companies other than the subsidiaries and the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung, Chih-Ming	4,399	4,399	0	0	461.0	461.0	0	0	0	0	-4.12	-4.12	None
Vice President	Chiu, Huo-Sheng	1,641	1,641	102.6	102.6	138.0	138.0	0	0	0	0	-1.60	-1.60	None
Vice President	Wang, Yao-Chang	1,359	1,359	102.6	102.6	141.0	141.0	0	0	0	0	-1.36	-1.36	None

(IV) Remunerations for the top five highest paid executives of the Company

Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Remuneration received from invested companies other than the subsidiaries and the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung, Chih-Ming	4,399	4,399	0	0	461.5	461.5	0	0	0	0	-4.12	-4.12	None
Vice President	Chiu, Huo-Sheng	1,641	1,641	102.6	102.6	138.1	138.1	0	0	0	0	-1.60	-1.60	None
Vice President	Wang, Yao-Chang	1,359	1,359	103.6	102.6	141.7	141.7	0	0	0	0	-1.36	-1.36	None
Senior Assistant Manager	Hsu, Hsien-Yi	1,982	1,982	108	108	192.4	192.4	0	0	0	0	-1.94	-1.94	None
Senior Assistant Manager	Lin, Hsing-Chiao	1,364	1,364	102.6	102.6	142.4	142.4	0	0	0	0	-1.37	-1.37	None

(V) Names of managers who distribute the employee compensation in the most recent year and the distribution status:

As of the end of 2023, the Company has accumulated losses of NT\$581,144 thousand, and no employee compensation was allocated.

(VI) Respectively compare and explain the ratio of after-tax net profit accounted for by the total amount of remuneration paid to the directors, supervisors, president, and vice presidents of the Company in the last two years by the Company and all companies in the consolidated statement, and specify the relevance between the remuneration payment policies, standards and combinations, remuneration setting procedures, operating performances, and future risks.

1. Analysis on ratio of after-tax net profit in the standalone financial reports accounted for by the total remuneration amount to the Company's directors, supervisors, president and vice presidents in the last two years:

Item \ Year	2022		2023	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Total remuneration to directors	3,259	3,259	3,148	3,148
Ratio of after-tax net profit accounted for by the total remuneration amount paid to directors (%)	(1.03)	(1.03)	(2.67)	(2.67)
Total supervisor remuneration	Not applicable	Not applicable	Not applicable	Not applicable
Ratio of after-tax net profit accounted for by the total remuneration amount paid to supervisors (%)	Not applicable	Not applicable	Not applicable	Not applicable
Total remuneration for president and vice presidents	9,548	9,548	7,399	7,399
Ratio of after-tax net profit accounted for by the total remuneration amount paid to the president and vice presidents (%)	(3.03)	(3.03)	(6.27)	(6.27)

2. Policy, standard and combination for payment of remuneration, establishment of procedure of remuneration, and correlation between the business performance and future risk:

(I) Policy, standard and combination for payment of remuneration

(1) Directors and supervisors

According to the Articles of Incorporation of the Company, for the remuneration of directors (including the Company's endorsements and guarantees), the Board of Directors is authorized to determine the payment based on the common standard adopted in the same industry.

The Articles of Incorporation of the Company also specifies that if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), no more than 0.1% shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first.

The amount paid by the Company to the independent directors includes the director's remuneration, transportation allowance and director's compensation. Self-review (or peer review) is performed by the Board of Directors in accordance with the

“Regulations for Performance Evaluation of Board of Directors and Functional Committee” of the Company, in order to increase remuneration linkage.

(2) President and vice presidents

The remuneration of the president and vice presidents includes salary, employee dividends, employee stock options, and new restricted shares for subscription. Salary standards are based on contributions to the Company and reference to peer standards. The employee dividend distribution standard is based on the Company’s Articles of Incorporation, submitted to the Remuneration Committee for deliberation, and then issued after the proposal has passed the board of directors or shareholders meeting resolution. The issuance standards for employee stock options and new restricted shares for subscription shall be evaluated based on contributions to the Company and its future development. The total remunerations paid to the President and Vice Presidents in 2022 and 2023 were NT\$9,548 thousand and NT\$7,399 thousand respectively, accounted for (3.03)% of the after-tax net loss of NT\$315,593 thousand in 2022 and (6.27)% of the after-tax net loss of NT\$117,836 thousand in 2023 respectively.

In sum, the Company’s policy for the remuneration of directors, president, and vice presidents as well as the remuneration setting procedures are reasonable.

(3) Managerial Officers

The remuneration of managerial officers is determined according to the “Salary Management Procedure” of the Company and based on the job position, personal function and professional competence along with the consideration of the standard adopted in the same industry. In addition, the personal evaluation result conducted according to the “Performance Evaluation Procedure” is used as the basis and the result is also linked to the Company’s business performance indicators, including department performance, annual revenue of the Company, ESG sustainable development performance result and risk control as the reference items for the change of remuneration.

(II) Correlation between remuneration evaluation and business performance

Relevant remuneration performance evaluation and reasonableness for directors and managerial officers of the Company are reviewed and approved by the Remuneration Committee and the Board of Directors. In addition, the remuneration system is also reviewed according to the actual condition of business and amendments of relevant laws and regulations timely, in order to ensure the competitiveness of the salaries provided by the Company.

(III) Correlation with future risk

For important decisions made by the management of the Company, various risk factors are considered in advance, and the performance of relevant decisions are reflected in the profit status of the Company, in order to control the remuneration of the management and relevant risks. The Company has established the Risk Management Committee, formed by all business units, and reporting the risk management implementation result to the Audit Committee and Board of Directors periodically, in order to achieve the link between the business performance and future risk management.

IV. Corporate governance operation status

(I) Board of directors' operation status

In the most recent year (2023), a total of 7 (A) Board of Directors' meetings were convened, and the attendance status of directors is as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Chairman	Chung, Chih-Ming	7	0	100%	
Director	Hsiao, Jen-Liang	5	2	71.43%	
Director	Wang, Kuo-Hung	7	0	100%	
Independent director	Huang, Kuo-Shih	7	0	100%	
Independent director	Wu, Chun-Feng	7	0	100%	
Independent director	Yang, Ming-Szu	7	0	100%	
Independent director	Wen-He Chen	5	0	100%	New on-board member on 2023.6.21

Other matters to be recorded:

- Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described: The Company has established the Audit Committee, such that the provision of Article 14-3 of the Securities and Exchange Act is not applicable. Please refer to "Audit Committee Operation Status" of this annual report for relevant information.
- In case of recusal of directors due to conflict of interest, the directors' names, the content of the proposals, the reasons for the recusal and the circumstances of their participation in voting must be noted:

Director	Board of directors meeting date and period	Agenda	For interest avoidance	Participation in voting
Chung, Chih-Ming Chairman	2023.12.26 5th Meeting of the 12th Term	2023 Year-end Bonus Expected Distribution Amount	The director who didn't participate acts as President of the Company because of interest	The director didn't participate in voting and the proposal was passed with the approval of all other directors present

- The Board of Directors of the Company has approved the "Regulations for Performance Evaluation of Board of Directors and Functional Committees" on November 11, 2021, specifying that the Board of Directors shall conduct performance evaluation on the Board of Directors, Board members, Remuneration Committee and Audit Committee at least once annually. For the internal evaluation, performance evaluation of the current year shall be conducted according to these Regulations during the end of each year. The 2022 performance evaluations of the Board of

Directors and functional committees were completed in January 2024, and reported to the Board of Directors on March 5, 2024.

Evaluation cycle	Execute once per year			
Evaluation period	January 1, 2023 - December 31, 2023			
Evaluation scope	Self-evaluation of the Board of Directors, Directors, and functional committees			
Evaluation method	Board of Directors	Members of the Board of Directors	Audit Committee	Remuneration Committee
Evaluation content	A. Degree of participation in the Company's operations B. Improvement of the quality of the board of directors' decision making C. Composition and structure of the board of directors D. Selection and continuing education of directors. E. Internal control	A. Degree of participation in the Company's operations B. Improvement of the quality of the board of directors' decision making C. Composition and structure of the board of directors D. Selection and continuing education of directors E. Internal control	A. Degree of participation in the Company's operations B. Recognition of the Audit Committee's responsibilities C. Improvement of the quality of the Audit Committee's decision-making D. Composition and member selection of the Audit Committee E. Internal control	A. Degree of participation in the Company's operations B. Understanding of the Remuneration Committee's responsibilities C. Improvement of the quality of the Remuneration Committee's decision-making D. Composition and member selection of the Remuneration Committee
Evaluation results	For the evaluation results, there are 38 items of "extremely excellent (5)" and 7 items of "excellent (4)", indicating that the Board of Directors has fulfilled the responsibility of guiding and supervising the Company's strategy, major business and risk management, and is able to establish appropriate internal control systems. The overall operation complies with the corporate governance requirements, effectively strengthens the function of the Board of Directors and protects the rights and interests of the shareholders.	There are 3 items of "extremely excellent (5)" and 20 items of "excellent (4)", indicating that the directors have positive scores on the efficiency and effectiveness of the various indicator operations.	There are 18 items of "extremely excellent (5)" and 4 items of "excellent (4)", indicating that the overall operation of the Audit Committee is proper and complying with corporate governance requirements, such that the function of the Board of Directors is effectively enhanced.	There are 16 items of "extremely excellent (5)" and 3 items of "excellent (4)", indicating that the overall operations of the Remuneration Committee is proper and complying with the corporate governance requirement, such that the function of the Board of Directors is effectively enhanced.

4. The objectives for strengthening the board of directors' functions in the current and most recent year (*i.e.*, establishing an audit committee, improving information transparency, etc.), and implementation status evaluation:

(1) The Company has conducted the re-election of all directors and further established the Audit Committee during the General Shareholders' Meeting on June 21, 2023, and the number of

independent directors accounted for 57% of all directors, such that the function of the Board of Directors of the Company is advantageously enhanced.

(2) Information on directors' continuing education in 2023 is as follows:

Title	Name	Training date	Course name	Hours of continuing education
Director	Chung, Chih-Ming	2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3
Director	Hsiao, Jen-Liang	2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3
Director	Wang, Kuo-Hung	2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3
Independent director	Huang, Kuo-Shih	2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3
Independent director	Wu, Chun-Feng	2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3
Independent director	Yang, Ming-Szu	2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3
		2023.12.15	Regulatory compliance for board of directors in practice, legal responsibilities of directors and supervisors, and case study	3
Independent director	Wen-He Chen	2023.09.04	14th Term of Taipei Corporate Governance Forum	6
		2023.11.07	Corporate sustainable development and net zero transformation	3
			Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3

(II) Operating status of the Audit Committee or supervisors' involvement in operation of the board of directors:

Audit Committee's operation status:

(1) Duties of the Audit Committee:

Duties and authorities of the committee are as follows:

- ①. Formulate or amend internal control system according to Paragraph 1, Article 14 of the Securities Exchange Act.

- ②. Assess effectiveness of the internal control system.
- ③. Formulate or amend, pursuant to Paragraph 1, Article 36 of the Securities Exchange Act, handling procedures for financial or operating actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others and endorsements or guarantees for others.
- ④. Handle matters on the personal interest of a director or supervisor.
- ⑤. Conclude transactions involving material assets or derivatives trading.
- ⑥. Provide material loan, endorsement or guarantee.
- ⑦. Offering, issue or privately place any negotiable securities.
- ⑧. Hire, dismiss or remunerate attesting certified public accountants.
- ⑨. Appoint or dismiss financial, accounting or internal auditing officers.
- ⑩. Annual and semi-annual financial reports shall be signed or sealed by the chairman, executive officer and accounting officer.
- ⑪. Review risk management procedure, structure, and risk management implementation status, and report to the Board of Directors periodically.
- ⑫. Approve the risk appetite, risk control priority sequence and level.
- ⑬. Any other material matters so determined by the Company or the competent authority.

(2) Information on Audit Committee's operation status:

In the most recent year (2023), there were a total of 6 (A) Audit Committee meetings, and the attendance of independent directors is as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Independent director	Huang, Kuo-Shih	6	0	100%	
Independent director	Wu, Chun-Feng	6	0	100%	Convenor
Independent director	Yang, Ming-Szu	6	0	100%	
Independent director	Wen-He Chen	4	0	100%	New on-board member on 2023.6.21

Other matters to be recorded:

1. Under any of the following circumstances, date, period, proposal content, independent directors' objections, reservations or material suggestions, Audit Committee's resolution results and the Company's response to the Audit Committee's opinions shall be clarified:

(1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Audit Committee date, period	Agenda	Independent directors' objections, reservations or material suggestions	Audit Committee's resolution results and the Company's response to independent directors' opinions
2023.03.10 16th Meeting of 1st Term	Proposal for the Company's 2022 annual business report and financial report.	None	The Audit Committee members unanimously approved all
	Proposal for the Company's 2022 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System".		

Audit Committee date, period	Agenda	Independent directors' objections, reservations or material suggestions	Audit Committee's resolution results and the Company's response to independent directors' opinions
	Evaluated the report on independence and competence of accountants appointed by the Company. Proposal by the Company not to proceed with the private placement of ordinary shares approved by the 2022 shareholders' meeting.		proposals, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.
2023.05.05 17th Meeting of 1st Term	Amended parts of the provisions of "Self-evaluation Operation Procedure". Established the capital increase base date for employee stock options conversion into new shares for the 2nd quarter of 2023. Proposal for the Company's capital reduction and deficit compensation. Proposal to issue new shares for cash capital increase. Proposal for the Company's execution of private placement of ordinary shares.		
2023.11.07 3rd Meeting of 2nd Term	Proposal for amendment to parts of the provisions of "Regulations Governing Board of Directors Meetings and Operations FP51-0006-G" of the Company. Proposal for pre-approval of non-assurance service provided by CPA firm to the Company and subsidiaries		
2023.12.26 4th Meeting of 2nd Term	2023 internal audit plan.		

(2) In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee but approved by over two-thirds of all directors: none.

2. In case of recusal of independent directors due to conflict of interest, independent directors' names, the content of the proposals, the reasons for the recusal and the circumstances of their participation in voting must be noted: None.

3. Communication status between independent directors and internal audit officer and CPAs

(1) Policies for communicating with the internal audit officer:

Monthly: the auditing unit shall perform audit according to the Internal Control Audit Plan approved by the Board of Directors and the Audit Committee. After presentation of the audit results for verification, the Internal control audit report shall be delivered to the independent directors for review.

Quarterly: the audit officer shall attend the Audit Committee meeting to report the audit businesses to the Audit Committee.

Annually: the audit officer shall attend the Audit Committee meeting to draft and determine the next year's "Annual Internal Control Audit Plan" according to risk evaluation results; prepare the preceding year's "Self-evaluation Report on Internal Audit" and "Statement on Internal Control System" based on departments' self-inspection results of their internal control system.

(2) Information on communications with the internal audit supervisor

Date	Communication methods	Communicated matters	Suggestions and results
2023.03.10	Informal discussions	Reviewed the Company's 2022 "Internal Control System Effectiveness Evaluation" and "Statement of	The issue was known, and no further opinions were raised.

	before a meeting	Internal Control System”. Reviewed the Company’s audit implementation status report for 4th quarter of 2022.	Approved by the Review Committee upon review and presented to the board of directors.
2023.05.05	Informal discussions before a meeting	Reviewed the Company’s audit implementation status report for the 1st quarter of 2023.	The issue was known, and no further opinions were raised.
2023.08.10	Informal discussions before a meeting	Reviewed the Company’s audit implementation status report for the 2nd quarter of 2023.	The issue was known, and no further opinions were raised.
2023.11.07	Informal discussions before a meeting	Reviewed the Company’s audit implementation status report for the 3rd quarter of 2023.	The issue was known, and no further opinions were raised.
2023.12.26	Informal discussions before a meeting	Reviewed the Company’s 2024 internal audit plan.	The issue was known, and no further opinions were raised.

4. Information on communications between independent directors and accountants:

(1) Communication policies

The Company's CPAs summarize information on the communication matters related to the audit planning, key audit matters and other relevant regulatory requirements for further communication and discussion with the independent directors. In addition, when the CPAs consider that there are matters requiring independent communication, meetings may also be convened irregularly for communication at any time.

(2) Information on communication

Date	Communication methods	Communicated matters	Suggestions and results
2023.01.18	Video conference meeting	Group audit planning and scope. 2022 key audit matters. Pre-approval policy on non-assurance service (NAS). Corporate governance 3.0. Update of important laws and regulations.	The issue was known, and no further opinions were raised.

Supervisors’ participation in the board of directors operations: N/A.

(III) The Company’s corporate governance operation status, deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
I. Has the Company established and disclosed a code of practice for corporate governance pursuant to the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies?”	√		The Company’s board of directors has passed a resolution on March 26, 2015, to formulate the “Code of Practice for Corporate Governance” and submitted a report to the 2015 general shareholders meeting. The relevant content can be found in the corporate governance area of the Market Observation Post System.	No difference.

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.
	Yes	No	Summary description	
<p>II. Company shareholding structure and shareholders’ equity</p> <p>(I) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes, litigation matters and implemented them in accordance with the procedures?</p> <p>(II) Does the Company have a list of the major shareholders who actually control the Company as well as the ultimate controlling party of the major shareholders?</p>	√		(I) The Company has established the Stock Affairs Management Method and appointed dedicated personnel (spokesperson, proxy spokesperson, stock affairs, etc.) to deal with shareholder suggestions, doubts, disputes and other issues. Moreover, if legal issues are involved, the legal affairs unit shall be requested to provide assistance.	No difference.
	√		(II) The Company has a good grasp of the list of major shareholders and the controlling parties of the major shareholders according to the shareholders register list on the closing date.	
(III) Has the Company established and implemented risk control and firewall mechanisms between related companies?	√		(III) The Company has formulated the “Affiliate and Group Enterprise Transaction Handling Method” and “Subsidiary Monitoring Operation Method” which are controlled in accordance with the Company’s internal control system.	
(IV) Has the Company established internal regulations to prohibit insiders from using undisclosed information on the market to buy and sell securities?	√		(IV) The Company has established the “Important Internal Information Handling and Insider Trading Prevention Procedures” to prevent the occurrence of insider trading.	
<p>III Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established and implemented diversity policies and specific management objectives?</p> <p>(II) Has the Company voluntarily established various other functional committees in addition to the Remuneration Committee and the Audit Committee according to the law?</p> <p>(III) Has the Company established the Board performance assessment measure and evaluation method, implemented performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied the results to</p>	√		(I) Please refer to “Independence and Diversity of Board of Directors” on Pages 12~13 of this annual report.	No difference.
	√		(II) In addition to the establishment of the Remuneration Committee in accordance with the law, the Company will establish a comprehensive supervision mechanism, strengthen management functions, and consider the competent authority’s recommendations to add additional functional committees in the future based on the Company’s operational needs.	
	√		(III) The Company’s Board of Directors has approved the “Regulations for Performance Evaluation of Board of Directors and Functional Committees” on November 11, 2021, in order to review the performance evaluation of the Board of Directors periodically according to the requirements. Internal self-evaluation of the Board of Directors, self-evaluation of Directors, peer evaluation, appointment of external experts or other appropriate performance evaluation	

Assessment item	Operating status		Summary description	Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.												
	Yes	No														
<p>individual directors’ remuneration and nomination for consecutive terms of office?</p> <p>(IV) Does the Company regularly assess the independence of CPAs?</p>			<p>methods may be adopted for the evaluation. The evaluation items of the Board’s performance evaluation include the following five major aspects:</p> <p>I. Participation in the operation of the company.</p> <p>II. Improvement of the quality of the board of directors’ decision making.</p> <p>III. Composition and structure of the board of directors.</p> <p>IV. Selection and continuing education of directors.</p> <p>V. Internal control.</p> <p>The Company has completed the 2023 self-evaluation on the performance the Board of Directors, and the evaluation result has been submitted to the Board of Directors’ meeting on March 5, 2024 in order to be used as reference for future director selection or nomination as well as the remuneration of individual directors. For the evaluation result, please refer to Page 16 of this annual report.</p> <p>(IV) The Company’s Audit Committee assesses the independence and competence of CPAs retained annually, and the assessment result is also reported to the Board of Directors. In addition, where the CPAs have any direct or indirect conflict of interest on the entrusted matters, they also recuse themselves according to the laws and comply with the internal rules on job rotation. In addition to the obtaining of the “Audit Quality Indicator Report (AQI)” and statement of independence from the CPAs before assessment, assessment is also performed according to the standard indicated in the following table and the AQI indicators. The last assessment was discussed and approved by the Audit Committee on 2024.3.5, following which it was reported to the Board of Directors for resolution on the approval of the assessment on 2024.3.5.</p> <p>Board of Directors’ assessment on CPA’s independence dated March 5, 2024:</p> <table border="1"> <thead> <tr> <th>Assessment item</th> <th>Assessment result</th> <th>Compliance with independence</th> </tr> </thead> <tbody> <tr> <td>1. Does the CPA have a direct or significant indirect financial interest relationship with the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>2. Does the CPA have any loan or guarantee behavior with the Company or the directors of the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>3. Does the CPA have a close business relationship and potential employment relationship with the Company?</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Assessment item	Assessment result	Compliance with independence	1. Does the CPA have a direct or significant indirect financial interest relationship with the Company?	No	Yes	2. Does the CPA have any loan or guarantee behavior with the Company or the directors of the Company?	No	Yes	3. Does the CPA have a close business relationship and potential employment relationship with the Company?	No	Yes	
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Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.															
	Yes	No	Summary description																
			<table border="1"> <tr> <td>4. Has the CPA or their audit team members served as directors or managers of the Company or have a significant impact on the present audit work or in the last two years?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>5. Has the CPA ever provided the Company with non-audit service items that may directly affect the audit work?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>6. Has the CPA ever brokered stocks or other securities issued by the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>7. Has the CPA served as a defender of the Company or represented the Company to arbitrate conflicts with other third parties?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>8. Is the CPA related to the Company’s directors, managers or persons who have significant influence on the audit case?</td> <td>No</td> <td>Yes</td> </tr> </table>	4. Has the CPA or their audit team members served as directors or managers of the Company or have a significant impact on the present audit work or in the last two years?	No	Yes	5. Has the CPA ever provided the Company with non-audit service items that may directly affect the audit work?	No	Yes	6. Has the CPA ever brokered stocks or other securities issued by the Company?	No	Yes	7. Has the CPA served as a defender of the Company or represented the Company to arbitrate conflicts with other third parties?	No	Yes	8. Is the CPA related to the Company’s directors, managers or persons who have significant influence on the audit case?	No	Yes	
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4. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	√		<p>As resolved by the board of directors on March 12, 2021, the Company appointed chief financial/accounting officer Wu, Tai-Chiu (Assistant Manager) to act as the Company’s governance officer, the top officer in charge of matters on the Company’s governance. Assistant Manager Wu, Tai-Chiu, with more than three years of work experience as internal audit and financial officer in a public entity, is qualified for acting as governance officer of the Company.</p> <p>The service provider shall be responsible for handling matters about the Company’s governance. An appropriate number of competent personnel have been appointed. They are mainly accountable for lawfully handling matters on the board of directors and shareholders’ meetings, keeping minutes of the board of directors’ and shareholders’ meetings, assisting with directors’ appointment and continuing education, providing materials necessary for directors’ business implementation and supporting directors’ compliance with laws and regulations.</p>	No significant difference.															
V. Has the Company established communications with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up a special area for the stakeholders on the company website to appropriately respond to the key corporate social responsibility issues that are of concern to the stakeholders?	√		The Company has established communications with stakeholders and set up a special area for the stakeholders on the company website to appropriately respond to the key corporate social responsibility issues that are of concern to the stakeholders.	No difference.															
VI. Has the Company commissioned a professional stock affairs agency to handle the shareholders’ meeting affairs?	√		The Company has commissioned the Grand Fortune Securities Stock Agency Department to handle the shareholders’ meeting-related affairs.	No difference.															
VII. Information disclosure (I) Has the Company’s established a	√		(I) The Company’s website at:	No significant difference.															

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.
	Yes	No	Summary description	
<p>website to disclose its financial business and corporate governance information?</p> <p>(II) Has the Company adopted other information disclosure methods (such as setting up an English website, appointing a special person to take charge of company information collection and disclosure, implementing a spokesperson system or place the corporate briefing process on the Company’s website)?</p> <p>(III) Has the Company announced and declared the annual financial report within two months after the end of the fiscal year; and published the 1st, 2nd and 3rd quarter financial reports as well as the monthly operating status within the prescribed deadline?</p>	√		<p>www.gtoc.com.tw discloses the financial business and corporate governance related information for reference by the shareholders and the general public.</p> <p>(II) The Company has established its website in Chinese and English, appointed a special person to take charge of company information collection and disclosure, implemented a spokesperson system (one spokesperson and one proxy spokesperson), and placed its corporate briefing processes on the Company’s website.</p> <p>(III) The Company has not published its annual financial report within 2 months after the end of the fiscal year, but has published its 1st, 2nd, and 3rd quarter operating status reports prior to the specified deadlines. In the future, the Company will publish its annual financial report within 2 months after the end of the fiscal year in order to strengthen corporate governance.</p>	
<p>VIII. Is there any further information that may help to understand the Company’s corporate governance status better (including, but not limited to, employees’ rights, employee care, investor relations, supplier relations, stakeholders’ rights, the continuing education of the directors and supervisors, risk management policy and risk assessment in action, the implementation of customer policy, and the protection of the directors and supervisors via professional liability insurance)?</p>	√		<p>(I) Employee rights and care:</p> <ol style="list-style-type: none"> 1. In addition to providing employee labor insurance, national health insurance and allocating regular monthly pension in accordance with the law; the Company has also planned and purchased comprehensive group insurance for its employees. 2. Abundant education and training resources are provided such as regular internal and external training as well as learning courses. 3. Subsidies for leisure travel activities are provided to help employees properly plan leisure and entertainment activities. 4. Marriage, childbirth, birthday and other gifts are provided, as well as funeral condolences. 5. To help employees satisfy their food, clothing, housing, and transportation needs; the Company provides staff restaurants, lounges, breastfeeding (milking) rooms, transportation vehicles, motorcycle parking lots and other facilities. 6. The physical and mental health of employees is important. Therefore, the Company provides employees with regular annual health checkups, irregular health lectures and forums, as well as full-time nursing staff and health management centers with resident physicians to offer health diagnosis and consultation to employees. 7. Employees are encouraged to study and improve themselves during their spare time, and 	No significant difference.

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.
	Yes	No	Summary description	
			<p>scholarships are provided to the children of employees.</p> <p>8. The Company regularly purchases various types of books for employees to borrow in order to enhance the reading atmosphere.</p> <p>9. The Company cares for employees and their family lives, and provides appropriate solutions for assistance according to the circumstances of individual cases to help employees solve their problems. If an employee encounters a major accident or emergency, the employee can apply to the Company for emergency relief to help solve their urgent needs.</p> <p>10. The Welfare Committee of the Company considers it important for employees to find a balance between work and family life and has planned diverse activities each year such as employee family days suitable for the whole family to increase opportunities for employees to interact with their families. The Company also organizes theme activities during festivals to encourage employees to actively participate and relieve pressure from work.</p> <p>(II) Investor relations: The Company has established a comprehensive spokesperson system to handle shareholder suggestions, doubts and disputes, and has disclosed Company information according to the relevant laws and regulations in order to protect the rights and interests of investors and maintain good relations.</p> <p>(III) Supplier relations: The Company has established a stable supply chain under the principle of equality and mutual benefit, and formulated the “Safe Supply Chain Partnership Evaluation Standard Management Method” to ensure that the supplier quality, specifications and risk assessment meet the high-quality corporate safety review and verification standards and that all parties can jointly pursue sustainable operations.</p> <p>(IV) Rights of stakeholders: the Company has maintained smooth notification and communication channels with correspondent banks, employees, customers and suppliers. The Company also respects and safeguards their rights and interests, and can quickly and properly respond to issues related to stakeholder concerns.</p> <p>(V) For information on Directors’ continuing education, please refer to Page 21 of this</p>	

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.								
	Yes	No	Summary description									
			<p>annual report.</p> <p>(VI) Risk management policies and risk measurement standards implementation status: The Company focuses on its core industry and complies with relevant laws and regulations in order to execute different policies to reduce and prevent any possible risks.</p> <p>(VII) Customer policy implementation status: the Company has designated personnel to maintain regular communication channels between the Company and its customers. The goals are to grasp customer dynamics at all times and ensure the best interests of all parties via a good negotiation mechanism. In addition, the Company also uses annual customer satisfaction surveys to obtain feedback from customers and conduct self-review in 4 areas: quality, delivery deadline, services and processing capability.</p> <p>(VIII) Circumstances in which the Company purchases liability insurance for directors and supervisors:</p> <table border="1"> <thead> <tr> <th>Insurance subject</th> <th>Insurance company</th> <th>Insurance amount</th> <th>Insurance period</th> </tr> </thead> <tbody> <tr> <td>All directors and supervisors</td> <td>Cathay maternity insurance</td> <td>US\$5,000,000</td> <td>From January 1, 2023 to January 1, 2024</td> </tr> </tbody> </table> <p>The Company’s Board of Directors report dated December 26, 2023: Liability insurance for directors, supervisors and managerial officers. Explanation: According to the Company’s Articles of Incorporation and Corporate Social Responsibility Best Practice Principles, the Company has purchased the “Cathay Directors and Officers Liability Insurance” effective from January 1, 2024, to January 1, 2025, in order to reduce and disperse the risk of major damages to the Company and shareholders due to errors or negligence from directors, supervisors, and managers. Important contents such as insurance evaluation comparison, insured amount, coverage and insurance premium rate are listed in this report.</p>	Insurance subject	Insurance company	Insurance amount	Insurance period	All directors and supervisors	Cathay maternity insurance	US\$5,000,000	From January 1, 2023 to January 1, 2024	
Insurance subject	Insurance company	Insurance amount	Insurance period									
All directors and supervisors	Cathay maternity insurance	US\$5,000,000	From January 1, 2023 to January 1, 2024									
<p>IX. Please explain the improvement status regarding the corporate governance evaluation results from the TWSE Corporate Governance Center announced in the most recent year and propose priority improvement items and measures for items that have not been improved:</p> <p>(I) The Company’s evaluation result in 2023 was ranked 51% to 65% among all evaluated companies, an improvement of 2 levels compared to the year 2022. The 2023 evaluation indicator improvement status is as follows:</p>												

Assessment item	Operating status		Summary description	Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.
	Yes	No		
			<ol style="list-style-type: none"> 1. To enhance the supervision function of the Board of Directors, during the re-election of the directors in 2023, one additional independent director has been added to the Board of Directors. 2. To strengthen information disclosure, the Company’s objectives and strategies on energy conservation, carbon emission reduction, and reduction of greenhouse gases or wastes as well as their implementation will be disclosed in the annual report and the Market Observation Post System website. 3. The intellectual property management system and sound corporate governance architecture are established. The intellectual property management plan and implementation status is disclosed on the Company’s website and has been reported to the Board of Directors on December 26, 2023. 4. The Company has established human rights protection policies and specific management plans according to the International Bill of Human Rights and has also disclosed relevant policies and implementation status on the Company’s website. 5. The Board of Directors assesses the independence and competence of the CPAs according to the assessment quality indicators (AQIs). <p>(II) Future improvements are as follows:</p> <ol style="list-style-type: none"> 1. To increase information transparency, information disclosure in the Company’s website and annual reports will be constantly strengthened. 2. During the re-election of directors, the number of female directors is to be increased. 3. To maintain the professionalism and experience of the Board members and senior management, the Board member diversity policy is disclosed on the Company’s website and annual report. In addition, the succession plan for the Board members and important management will also be established. 	

(IV) Components, duties and operations of the Remuneration Committee:

1. Information on Remuneration Committee members:

Identity	Criteria		Professional qualification and experience	Independence	Number of other public companies where the individual serves as a member of the Remuneration Committee concurrently
	Name				
Committee member	Huang, Kuo-Shih		Independent director; for information on his professional qualification, experience and independence, please refer to Page 14.		3
Committee member	Wu, Chun-Feng			0	
Convenor	Yang, Ming-Szu			2	
Committee member	Wen-He Chen			0	

2. Duties of the Remuneration Committee:

The Company has set up the Remuneration Committee. On August 7, 2020, it amended the management measures for operations of the Remuneration Committee in combination with setup of the Audit Committee and the actual needs. The Remuneration Committee is mainly responsible for formulating and reviewing performance evaluation and remuneration policies, rules, standards and structures for directors and managerial officers. It shall exercise the following powers and submit proposals to the Board of Directors for discussion:

- (1) Evaluating and supervising the Company's overall supervision policy.
- (2) Evaluating and approving the remuneration levels of directors.
- (3) Evaluating and approving the remuneration levels of the Company's managerial officers.
- (4) Reviewing the remuneration of directors and senior managerial officers on an irregular basis according to factors of the Company's objectives, operating performance, and competitive environment.
- (5) For the remuneration of directors and managerial officers of the Company's subsidiaries, if the decision-making matters are subject to the approval of the Company's Board of Directors according to the subsidiary's hierarchical responsibilities, the Remuneration Committee must make recommendations and submit them to the Board of Directors for discussion.

3. Information on operations of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of 4 members.
- (2) Term of office for current members: From June 21, 2023 to June 20, 2026. A total of 2 (A) Remuneration Committee meetings were convened in the most recent year (2023), and the qualifications and attendance of the members are as follows:

Title	Name	No. of actual attendances (B)	No. of attendances by proxy	Actual attendance rate (%) (B/A)	Remarks
Committee member	Huang, Kuo-Shih	2	0	100%	
Committee member	Wu, Chun-Feng	2	0	100%	
Convenor	Yang, Ming-Szu	2	0	100%	
Committee member	Wen-He Chen	2	0	100%	New on-board member on 2023.6.21

Other matters to be recorded:

(I) If the Board of Directors does not adopt or amend the Remuneration Committee’s recommendations, the date of the Board of Directors meeting, the period, the content of the proposal, the results of the Board of Directors’ resolutions, and the Company’s handling of the Remuneration Committee’s opinions must be noted (for instance if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, the difference and reason thereof shall be disclosed): None.

(II) For the resolutions of the Remuneration Committee, if members have objections or reservations and made records or written statements, the Remuneration Committee’s meeting date, period, proposal content, all members’ opinions and the Company’s handling of the Remuneration Committee’s opinions must be noted: None.

4. Information on the Remuneration Committee’s meetings, review and evaluation of the Company’s remuneration in the most recent year (2023) is as follows:

Remuneration Committee Date and period	Agenda	Resolution results and the Company’s response to the Remuneration Committee’s opinions
2023.08.10 1st Meeting of 5th Term	Proposal for amendments to parts of the provision of “Remuneration Committee Charter” of the Company.	1. All proposals were approved by all members of the Remuneration Committee present at the meeting; 2. All attending directors approved all proposals according to the recommendations of the Remuneration Committee.
2023.12.23 2nd Meeting of 5th Term	2023 Year-end bonus expected distribution amount.	

(V) Promotion of sustainable development, deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons:

Items	Implementation status		Summary description	Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
I. Has the Company established a governance structure for promoting sustainable development, set up full-time (part-time) units for driving sustainable development, had the board of directors to authorize top management to deal with related matters and instructed the board of directors to supervise?	√		<p>The Company has established ESG Committee in 2022 to act as the unit for promoting the sustainable development of the Company. The President acts as the Committee Chairperson and Director General, Officers and promoting team are also established.</p> <p>With regard to the responsibilities, the Committee is responsible for promoting the establishment, implementation, supervision and improvement of sustainable development policies and goals, and also reports relevant implementation operation outcome and stakeholder related topics to the Committee Chairperson annually, and to include such outcome and topics in the follow-up and review. The Committee reviews the sustainable development policies and goal outcome and also proposes improvement strategies in order to achieve the interest balance for shareholders, employees, society and all stakeholders, thereby implementing the key aspects of corporate governance, development of sustainable environment, maintenance of social welfare and corporate social information disclosure.</p> <p>Furthermore, to improve the implementation of the overall sustainable operation strategy of the Company, the Committee Chairperson is responsible for the review and approval of the final version of the ESG Report. In addition, after the report is submitted to the Board of Directors, it can then be publicly released.</p>	No significant difference.
II. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	√		<p>To implement sustainable development, to enhance corporate governance and to increase organization resilience, the Company establishes risk management policy and procedure, goal, governance and culture as well as organizational structure according to the "Risk Management Best Practice Principles for TWSE/TPEX Listed Companies", in order to implement and maintain risk management mechanism, to continue to understand internal/external topics and environmental change, to assess potential threats to the economy, society and environment, and to implement the identification of operational impact analysis and risk management, thereby ensuring the rights and interests of stakeholders.</p>	No significant difference.
<p>III. Environmental issues</p> <p>(I) Has the Company established an appropriate environmental management system according to the characteristics of its industry?</p>	√		<p>(I) The Company has established the Occupational Safety Office (Occupational Safety and Health Committee) and complies with relevant laws and international conventions. In addition, the Company values environmental friendliness and has implemented and qualified the ISO 14001 certification, and establishes the hazardous substance free (HSF) policy, in order to continue to reduce process wastes and to stop the use of environmentally hazardous substances, and implementing pollution prevention, thereby achieving sustainable development environment.</p>	No significant difference.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons																																																
	Yes	No	Summary description																																																	
(II) Is the Company committed to improving energy utilization efficiency and using recycled materials that can lower the impact on the environment?	√		(II) The Company complies with the environmental protection regulations and responses to resource recycle and classification. In addition the Company is committed to improving resource utilization, including e-document operation for document review and approval, such as: legal document review system and SPM electronic process, in order to effectively reduce paper consumption.																																																	
(III) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	√		(III) In view of the global climate change, the Company's Smart Building Unit actively promotes the Low-E energy-saving glass and chemical-free easy-clean glass, in order to effectively promote the concept of environmental protection.																																																	
(IV) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?			<p>(IV) The Company has established the ESG Committee in 2022, and Sustainability Report has also be prepared and released since 2023. In addition to the annual statistics of greenhouse emission, water consumption and total waste weight, the Company also discloses relevant information to stakeholders periodically and is committed to the planning of relevant reduction policy.</p> <p style="text-align: center;">Statistics on Emissions of Greenhouse Gases (CO2e metric tons/year)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Plants</th> <th colspan="2">2022</th> <th colspan="2">2023</th> </tr> <tr> <th>Indirect (purchased electricity)</th> <th>Direct (including provisioning of firefighting equipment and business vehicles)</th> <th>Indirect (purchased electricity)</th> <th>Direct (including provisioning of firefighting equipment and business vehicles)</th> </tr> </thead> <tbody> <tr> <td>Miaoli Plant</td> <td style="text-align: right;">14,488.4082</td> <td style="text-align: right;">210.1516</td> <td style="text-align: right;">11,433.4388</td> <td style="text-align: right;">209.8848</td> </tr> <tr> <td style="text-align: center;">Subtotal</td> <td colspan="2" style="text-align: right;">14,698.5598</td> <td colspan="2" style="text-align: right;">11,643.3236</td> </tr> <tr> <td>Plant in Southern Taiwan Science Park</td> <td style="text-align: right;">6,415.8557</td> <td style="text-align: right;">19.78</td> <td style="text-align: right;">3,504.3632</td> <td style="text-align: right;">8.145</td> </tr> <tr> <td style="text-align: center;">Subtotal</td> <td colspan="2" style="text-align: right;">6,435.6357</td> <td colspan="2" style="text-align: right;">3512.5082</td> </tr> <tr> <td style="text-align: center;">Total</td> <td colspan="2" style="text-align: right;">21,134.1955</td> <td colspan="2" style="text-align: right;">15,155.8318</td> </tr> </tbody> </table> <p>Note: The emission data of Miaoli Plant in 2022 was adjusted. Since the 2022 greenhouse gas inventory verification was performed by SGS during September~October 2023, the data was adjusted to be consistent with the verified data.</p> <p>Information on electricity/water consumption and waste production of the Company's plants in 2022 and 2023 is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Plants</th> <th colspan="2">Electricity consumption (kWh)</th> <th colspan="2">Water consumption (t)</th> </tr> <tr> <th>2022</th> <th>2023</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Miaoli Plant</td> <td style="text-align: right;">30,010,080</td> <td style="text-align: right;">23,097,334</td> <td style="text-align: right;">62,066</td> <td style="text-align: right;">190.926</td> </tr> </tbody> </table>	Plants	2022		2023		Indirect (purchased electricity)	Direct (including provisioning of firefighting equipment and business vehicles)	Indirect (purchased electricity)	Direct (including provisioning of firefighting equipment and business vehicles)	Miaoli Plant	14,488.4082	210.1516	11,433.4388	209.8848	Subtotal	14,698.5598		11,643.3236		Plant in Southern Taiwan Science Park	6,415.8557	19.78	3,504.3632	8.145	Subtotal	6,435.6357		3512.5082		Total	21,134.1955		15,155.8318		Plants	Electricity consumption (kWh)		Water consumption (t)		2022	2023	2022	2023	Miaoli Plant	30,010,080	23,097,334	62,066	190.926	
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Items	Implementation status							Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons	
	Yes	No	Summary description						
			Plant in Southern Taiwan Science Park	12,576,200	6,884,800	Plant in Southern Taiwan Science Park	57,566	37.472	
			Total	42,586,280	29,982,134	Total	119,632	228.398	
			Waste weight (t)						
			Plants	2022	2023				
			Miaoli Plant	720.90	368.39				
			Plant in Southern Taiwan Science Park	101.69	87.1902				
			Total	822.588	455.5802				
IV. Social issues									
(I) Has the Company formulated relevant management policies and procedures according to the relevant regulations and international human rights conventions?	√	(I)	The Company complies with the labor laws and “SA8000” Standard and also responses to the principles disclosed in the “UN Universal Declaration of Human Rights” and “UN International Labour Organization Convention” such that any conducts infringing and violating human rights are eliminated. In addition, the Company also establishes human rights policy based on the local regulatory requirements of the business operation, in order to explicitly disclose that all employees shall be treated in an impartial and fair manner.					No significant difference.	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including compensation, vacations, and other benefits), and appropriately reflected its operating performances or results in employee compensation?	√	(II)	The Company has developed appropriate” Salary Management Procedure”, “Performance Bonus Issuance Management Method” and “Annual Bonus Issuance Management Method” and adopted reasonable employee welfare measures to adequately reflect operating performances or results in employees’ remuneration.						
(III) Has the Company provided a safe and healthy work environment, and regularly carried out safety and health education for employees?	√	(III)	The Company has qualified the ISO45001 occupational safety and health management system certification (valid period: 2022.11.01-2025.11.01), and the internal environmental safety and health related management measures are established according to the management system provisions. In addition, safety protection equipment necessary for the employee safety and health are provided, and supervisors and occupational safety unit also inspect the working environment and relevant hazard prevention condition irregularly. In case of any risk of injuries, improvement is made immediately. The Company also attaches great importance to the health of its employees, offers employee health examinations that are superior to those required by the laws and regulations and spares no effort in providing care						

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Has the Company established an effective career development training program for employees?	√		<p>and promoting employees' health. To prevent major injuries due to factory fire accident, the internal also periodically organizes fire escape drill related courses, and fire equipment is also inspected and maintained periodically in compliance with the regulatory requirements. (No fire accident in the current year).</p> <p>(IV) The Company values employee career development and talent training, and also plans comprehensive education and training system according to the TTQS structure. The courses can be mainly divided into five main categories: basic courses, occupational safety, professional courses, general knowledge, and hierarchy. In addition, through internal/external course trainings and teaching satisfaction feedback mechanism, the management of the Company's training plan is improved continuously.</p>	
(V) With regard to customer health and safety, customer privacy or marketing and labeling of products and services, has the Company followed the relevant regulations and international standards as well as formulated related consumer or consumer protection policies and appeal procedures?	√		<p>(VI) The Company has qualified the IECQ QC 080000 hazardous substance management standard, and monitors the product and service conformity according to the EU RoHS Directive 2011/65/EU. In addition, the Company also encourages suppliers to establish an effective GP management system and to quality third-party system certification, along with the compliance with relevant social and environmental codes of conduct. The Company's efforts include the continual reduction of process waste and not using environmentally harmful substances, strict pollution prevention implementation, and promotion of the Company's environmentally hazardous substance management philosophy to relevant groups. The Company has established the "Customer Complaint/Product Return/Satisfaction Survey Management Procedure". Since most of the Company's customers are not end consumers, all of the Company's customers other than consumers of smart building glass can directly contact responsible units to file complaints, in order to provide efficient services to customers. In addition, the Company also applies for product liability insurance to protect product users' rights and interests. Finally, to ensure that customer data can be protected properly and to prevent improper disclosure, the Company has established the information security management organization and relevant preventive measures, in order to protect the rights and interests of customers.</p>	
(VI) Has the Company formulated supplier management policies that require suppliers to follow the relevant regulations on environmental protection, occupational safety and health or labor human rights, and implemented them accordingly?	√		<p>(VII) The Company has established the "Supplier Management Procedure" which covers the relevant regulations on issues such as environmental protection, occupational safety and health, and labor human rights that suppliers must follow. To comply with certification specifications, suppliers are required to provide non-hazardous raw materials in order to jointly comply with CSR and ensure that the final products to the customers are safe and harmless. To comply with the SA8000 standard, the Company has also established the "Supplier Implementation Guidelines" to require all products and services provided by</p>	

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons																																					
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			qualified suppliers to meet the CSR requirements. They must also provide a signed/sealed declaration in order to become a supplier for the Company.																																						
V. Has the Company referenced the international report preparation standards or guidelines on the preparation of sustainability reports and other reports that disclose the Company's non-financial information? Have the aforementioned reports been confirmed or verified by a third-party certification unit?		√	The Company has released the 2022 Sustainability Report according to Article 2 of the "Regulations for Preparation and Declaration of Sustainability Reports by TSWE listed Companies" and the international generally accepted report preparation standards in 2023, and relevant information is disclosed according to rules of competent authorities, in order to achieve the goal of sustainable development. Furthermore, the Company has not executed the third-party verification plan for the time being since the Company is not required to obtain assurance or guarantee opinion from a third verification unit mandatorily.	Not applicable																																					
<p>VI. If the Company has established its own best practices for sustainable development pursuant to the "Best Practices for Sustainable Development of TWSE/GTSM Listed Companies," please note the difference between its operations and the code established:</p> <p>The Company promulgated the Best Practices for Corporate Social Responsibilities on December 17, 2014 and presented it at the general shareholders' meeting in 2015. The Best Practices for Sustainable Development of TWSE/GTSM Listed Companies attached for reference was renamed the Best Practices for Sustainable Development, which were promulgated as approved by the board of directors on March 21, 2022 and presented at the 2022 general shareholders' meeting. Related measures have been disclosed in the Market Observation Post System and the website of the Company. Present operations of the Company does not significantly deviate from these practices.</p>																																									
<p>VII. Other important information helpful to understand promotion of sustainable development:</p> <p>1. With regard to the external social participation, currently, the Company mainly participates in the donation of fund and materials to social welfare groups, government agencies, community neighborhoods and schools. In addition, we also care local store development and have organized one session of sustainable city and village seminar this year, in order to support the concept of local co-prosperity and common good with actions in practice.</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Time</th> <th>Unit</th> <th>Events</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Donation of fund</td> <td>March 2023</td> <td>Taiwan Fund for Children and Families</td> <td>NT\$10,000</td> </tr> <tr> <td>March 2023</td> <td>Miaoli County Fire Friendship Association</td> <td>NT\$20,000</td> </tr> <tr> <td>March 2023</td> <td>Miaoli County Tonglu Village Volunteer Fire Squad</td> <td>NT\$10,000</td> </tr> <tr> <td>October 2023</td> <td>Miaoli County Police Friendship Association</td> <td>NT\$50,000</td> </tr> <tr> <td>October 2023</td> <td>Miaoli County Tongluo Township Chung Ping District Development Association</td> <td>NT\$2,000</td> </tr> <tr> <td rowspan="4">Donation of goods</td> <td>February 2023</td> <td>Love of Life Cultural and Educational Foundation</td> <td>Five cartons of cookies and beverages</td> </tr> <tr> <td>August 2023</td> <td>St. Frances Xavier Home for Girls</td> <td>Five cartons of cookies and beverages</td> </tr> <tr> <td>August 2023</td> <td>Love of Life Cultural and Educational Foundation</td> <td>Five cartons of cookies and beverages</td> </tr> <tr> <td>October 2023</td> <td>Miaoli County Tongluo Township Jungshing Elementary School</td> <td>15 cartons of Taiwan Yes Mineral Water</td> </tr> <tr> <td>Seminar</td> <td>November 2023</td> <td>Miaoli County Tongluo Township Twin Peak Tea House</td> <td>1 session of Sustainable City and Village Seminar</td> </tr> </tbody> </table>					Type	Time	Unit	Events	Donation of fund	March 2023	Taiwan Fund for Children and Families	NT\$10,000	March 2023	Miaoli County Fire Friendship Association	NT\$20,000	March 2023	Miaoli County Tonglu Village Volunteer Fire Squad	NT\$10,000	October 2023	Miaoli County Police Friendship Association	NT\$50,000	October 2023	Miaoli County Tongluo Township Chung Ping District Development Association	NT\$2,000	Donation of goods	February 2023	Love of Life Cultural and Educational Foundation	Five cartons of cookies and beverages	August 2023	St. Frances Xavier Home for Girls	Five cartons of cookies and beverages	August 2023	Love of Life Cultural and Educational Foundation	Five cartons of cookies and beverages	October 2023	Miaoli County Tongluo Township Jungshing Elementary School	15 cartons of Taiwan Yes Mineral Water	Seminar	November 2023	Miaoli County Tongluo Township Twin Peak Tea House	1 session of Sustainable City and Village Seminar
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Items	Implementation status		Summary description	Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
2.			The Company has applied and qualified the SA8000 international certification, and it refers to specification formulated in accordance with the International Labour Organization Convention, Universal Declaration of Human Rights, and various United Nations conventions regarding human rights and interests. Its goal is to ensure that the products provided by organizations meet CSR requirements, comply with laws and regulations, respect human rights, provide guidelines for employee rights and create win-win situations for enterprises, employees and consumers.	

(VI) Implementation status of integrity policies and practices as well as deviations and causes of deviations in practice differences compared to those of TWSE/GTSM listed companies:

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
<p>I. Integrity management policy and plan formulation</p> <p>(I) Has the Company formulated an integrity management policy approved by the board of directors, expressed the integrity management policy and practices in regulations or external documents, and have the board of directors and senior management actively implemented the management policy?</p> <p>(II) Has the Company established a dishonesty risk assessment mechanism, regularly analyzed and evaluated business activities with a high risk of dishonesty, and formulated a plan to prevent dishonesty that at least covers the preventive measures provided by Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”</p> <p>(III) Has the Company specified operating procedure, behavior guideline, disciplinary penalty and grievance systems and implemented them accordingly in its proposal for preventing dishonest behaviors, and regularly reviewed the proposal prior to correction?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(I) The Company’s board of directors has passed the “Code of Integrity Management” on December 17, 2014, and published it on the Company’s official website and intranet for review by stakeholders. The Company’s board of directors and senior management have actively fulfilled the commitment policy for integrity management.</p> <p>(II) The Company has referenced the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” to formulate its own guidelines, which provides the measures to prevent the following dishonest behavior:</p> <ul style="list-style-type: none"> i. Providing and receiving bribes. ii. Providing illegal political donations. iii. Improper charitable donations or sponsorships. iv. Offering or accepting improper gifts, entertainment, or other unreasonable benefits. v. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. vi. Engaging in unfair competition. vii. Providing products or services that directly or indirectly damage the rights, health and safety of consumers, or other interested parties during the R&D, procurement, manufacturing, provision or sales phase. <p>(III) The Company has expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance systems and implemented them accordingly to prevent dishonest behavior. The Company has also established an integrity email box (honesty@gtoc.com.tw) and assigned management level personnel to handle the reports and complaints and the results are reported to independent directors.</p>	<p>No significant difference.</p>
<p>II. Integrity management practice</p> <p>(I) Has the Company assessed the integrity records of counterparties and specified the terms of integrity in the contracts signed with counterparties?</p>	<p>√</p>		<p>(I) When the Company engages in business activities, it shall avoid dealing with people with records of dishonest behavior and shall specify the honest behavior clauses in commercial contracts.</p> <p>To ensure that trading counterparties are ethical business operators, penalty clauses are</p>	<p>No significant difference.</p>

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
			stipulated in procurement contracts to set the liabilities that manufacturers must bear should they fail to faithfully perform the contract and that the contract shall be terminated or rescinded if any dishonest behavior occurs.	
(II) Has the Company established a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise the implementation status?	√		(II) The Company's Administrative Management Unit shall be responsible for the promotion and operation of the Company's integrity management and shall regularly report case acceptance and implementation status to the board of directors.	
(III) Has the Company formulated a policy to prevent conflicts of interest as well as provide appropriate presentation channels and implemented them accordingly?	√		(III) The Company has formulated a policy for the prevention of conflicts of interests and provided appropriate report channels and handling procedures.	
(IV) Has the Company established an effective accounting system and internal control system to implement integrity management, formulated the relevant audit plans based on the dishonesty risk evaluation results of the internal audit unit and inspected or commissioned a CPA to inspect and ensure compliance with the dishonesty prevention plans?	√		(IV) The Company has formulated an internal control system to ensure ethical operations and incorporated it into the audit plan. Auditors shall perform inspections and issue reports regularly to ensure the effectiveness of implementation.	
(V) Has the Company conducted internal and external education and training on integrity management regularly?	√		(V) The directors and managers of the Company shall take the relevant training courses on an irregular basis each year. The Company also irregularly carries out promotion via staff meetings, the Company's website and the announcement board.	
III. Company whistleblowing system operation status	√		(I)	No significant difference.
(I) Has the Company established a specific reporting and reward system, a convenient reporting channel and assigned appropriate personnel to handle the subjects reported?			<ol style="list-style-type: none"> 1. The Company has standardized the whistleblower report handling and management procedures. The subject matter of reports shall be accepted, investigated or appealed by dedicated personnel from the Administrative Management Department. 2. If a reported case has been verified, a reward shall be issued to the whistleblower depending on the seriousness of the case. 	
(II) Has the Company established standard operating procedures for accepting complaint reports and adopted follow-up measures and	√		(II) The Company has established detailed processing procedures and control mechanisms for the classification, investigation, and appeal of complaint cases	

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
<p>related confidentiality mechanisms for after investigations have been completed?</p> <p>(III) Has the Company taken measures to protect whistleblowers from improper treatment due to the complaint report?</p>	√		<p>after they have been accepted and confidentiality measures shall be adopted for the relevant information.</p> <p>(III) The Company shall keep the identities of whistleblowers and the contents of reports strictly confidential. If the whistleblower is harassed, intimidated or threatened by other harmful behavior due to reporting the case, the case shall be handled according to the law upon notification from the whistleblower. If necessary, the local police agency shall be contacted for protection.</p>	
<p>IV. Strengthening information disclosure</p> <p>Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?</p>	√		<p>The Company shall disclose the content and the implementation status of the “Code of Integrity Management” on the Company’s website and in the annual report.</p>	No significant difference.
<p>V. If the Company has established its own Ethical Corporate Management Best Practice Principles pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please note the difference between its operations and the code established: no significant difference.</p>				
<p>VI. Other important information that helps to understand the Company’s integrity management operations (such as amendments of the Company’s Code of Integrity Management):</p> <p>To establish a corporate culture of integrity management and establish good corporate governance for the Company, the board of directors has approved the formulation of the Company’s “Code of Integrity Management” on December 17, 2014, for compliance, submitted the report to the general shareholders meeting on June 26, 2015, and disclosed the matter on the Company’s website and the Market Observation Post System.</p>				

(VI) Where the company establishes corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed:

1. Market Observation Post System website <http://mops.twse.com.tw/mops/web/index>
The relevant provisions and regulations of corporate governance/corporate governance structure/corporate governance establishment can be inquired on the website with the information of Market: Listed Companies, Company Code: 3149, for further information.
2. Company website <http://www.gtoc.com.tw/upload/cominfo/201504201725130.pdf>

(VIII) Other information material to the understanding of corporate governance within the Company may be disclosed altogether:

1. To establish a sound major internal information handling and disclosure mechanism for the Company, prevent improper information leakage, and ensure the consistency and accuracy of the information published by the Company to the public, the Company has established the “Insider Trading Prevention and Important Internal Information Processing Management Method” and reviewed the operating procedures on an irregular basis in order to comply with the current laws and regulations and the practical management needs. It has also been announced in the internal document management system for insiders, managers, and employees to review at any time in order to prevent insider trading violations.
2. Assistant Manager Wu, Tai-Chiu was appointed as corporate governance officer on June 1, 2021. Since the date of his appointment, the continuing education he has received is as follows:

Training date	Sponsor	Course name	Hours
2022.04.14	Accounting Research and Development Foundation	Analysis on the latest corporate governance policies and common deficiencies	3.0
2022.04.22	Taiwan Institute for Sustainable Energy	Taishin 30th Sustainable Net Zero Summit	3.0
2022.05.04	Taiwan Stock Exchange Corporation	Online forum of International Double Summits	2.0
2022.06.10	Securities and Futures Institute	2022 insider training prevention promotional seminar	3.0
2023.09.04	Financial Supervisory Commission	14th Term of Taipei Corporate Governance Forum	6.0
2023.10.13	Securities and Futures Institute	2023 insider training prevention promotional seminar	3.0
2023.11.07	Corporate Operating and Sustainable Development Association	Corporate sustainable development and net zero transformation	3.0
2023.11.07	Corporate Operating and Sustainable Development Association	Sustainable development and carbon footprint verification of our nation based on the proposal of European Union CBAM	3.0

- (IX) Internal control system implementation status
1. Statement of International Control System



正達國際光電股份有限公司
G-TECH Optoelectronics Corporation

Statement of International Control System

Stock Code: 3149

Date: March 5, 2024

The Company hereby states the results of the self-assessment of the internal control system for 2023 based on the findings of the self-assessment:

- I. The Company is well aware that it is the responsibility of the Company's board of directors and managers to establish, implement and maintain an internal control system. The Company has already established such a system. Its purpose is to reasonably ensure operation effectiveness and efficiency (including profit, performance, safeguarding asset security, etc.), report reliability, timeliness and transparency and compliance with the relevant laws and regulations.
- II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee on meeting the 3 objectives mentioned above. Moreover, the effectiveness of an internal control system may also vary due to changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company has referenced the internal control system performance determination items set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to judge whether or not its internal control system design and implementation are effective. The internal control system performance determination items set forth by the "Regulations" are based on the management and control process, which divides the internal control system into 5 components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each component also includes several items. Please refer to the "Regulations" for the aforementioned items.
- IV. The Company has adopted the aforesaid internal control system judgment items in order to evaluate the design and implementation effectiveness of the internal control system.
- V. The preceding evaluation results indicated that the Company's internal control system (including the supervision and management of subsidiaries), including the operation effectiveness and the extent to which the efficiency goals are achieved for the reporting system as well as the reliability, timeliness, transparency and compliance with the relevant laws and regulations for the design and execution of the internal control system, are effective as of December 31, 2023 and can reasonably ensure the achievement of the aforementioned objectives.
- VI. This statement shall serve as the main content of the Company's annual report and prospectus, and shall be made public. If the aforementioned content contains false statements, concealment, or other illicit matters, the Company shall bear full legal liabilities pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's board of directors on March 5, 2024, whereby

all of the 7 attending directors approved and agreed with the content of this statement without objection.

Company Name: G-TECH Optoelectronics Corporation

Chairman: Chung, Chih-Ming [Signature/Seal]

President: Chung, Chih-Ming [Signature/Seal]

2. If a CPA is entrusted to review the internal control system, the CPA’s review report must be disclosed: not applicable.

(X) Penalties imposed against the Company and its internal personnel for regulatory violation, or penalties imposed by the Company against its employees for violation of internal control policy in the most recent year up till the publication date of this annual report; if the penalty result may have material impact on the shareholders’ equity or stock price, it is necessary to describe the penalty content, areas of weakness and improvement status: None.

(XI) Material resolutions made by the shareholders’ meetings and the Board meetings during the most recent year (2023) and up to the printing date of the annual report:

Meeting	Date	Material resolution
Shareholders’ meeting	June 21, 2023	<ol style="list-style-type: none"> 1. Adoption of the 2022 Business Report and Financial Statements. Implementation status: Resolution approved, and announced on June 21, 2023. 2. Adoption of the 2022 proposal for deficit compensation. Implementation status: Resolution approved, announced on June 21, 2023, and recognized the approved off-setting table. 3. Proposal for the Company’s capital reduction and deficit compensation. Implementation status: Resolution approved, and capital reduction alternation registration completed on September 6, 2023. Announcement on the capital reduction of NT\$ 800,000,000 according to the approved content was made on June 21, 2023, and 80,000,000 issued shares were canceled for making up the accumulated losses. After the capital reduction, the paid-in capital was NT\$1,443,296,040, and the capital reduction alternation registration was completed on September 6, 2023. In addition, October 22, 2023 was set to be the capital reduction share exchange base date, and the new exchanged shares were publicly offered at TWSE on October 23, 2023, and relevant operation of capital reduction was completed. 4. Proposal to issue new shares for cash capital increase. 5. Implementation status: passed the resolution. However, as of the publication date of the 2023 Annual Report, the Company had no plan for issuance or capital increase in cash by book-building, which shall automatically expire in one year and will not be renewed. 6. Proposal to execute the private placement of ordinary shares. Implementation status: passed the resolution. However, as of March 5, 2024, the Company had no issuance plan. The board of directors passed a resolution on March 5, 2024 and announced on the same day that it would not be renewed.
Board of Directors	March 10, 2023	<p>Approved the Company’s 2022 Business Report and Financial Statements. Approved the 2022 deficit compensation proposal. Approved the proposal for 2022 “Internal Control System Effectiveness Evaluation” and “Statement of Internal Control System”. Approved the proposal on not proceeding with the private placement of ordinary shares approved by the 2022 shareholders’ meeting. Approved the proposal on convention of 2023 General Shareholders’ meeting. Approved the assessment report on independence and competence of CPAs retained. Approved the Miaoli Plant II ESCO air conditioning equipment energy saving project planning. Approved the proposal on the amendment to parts of the provisions of the “Articles of Incorporation”. Approved the proposal on amendment to part of the provisions of the “Rules of Procedure for Shareholders’ Meetings”. Approved the assessment report on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 4th quarter of 2022.</p>

Meeting	Date	Material resolution
Board of Directors	May 5, 2023	<p>Approved the proposal on the consolidated financial report for the 1st quarter of 2023.</p> <p>Approved the assessment report on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 1st quarter of 2023.</p> <p>Approved the proposal to apply for a credit line from a financing institution for the 3rd quarter of 2023.</p> <p>Approved the proposal on the amendment to the “Regulations Governing Shareholders’ Services”.</p> <p>Approved the proposal on the amendment to parts of the provisions of “Self-evaluation Operation Procedure”.</p> <p>Approved the proposal on the amendment to parts of the provisions of “Regulations Governing Financial and Non-financial Information”.</p> <p>Approved the proposal on base date for the capital increase with employee stock options conversion into new shares for the 2nd quarter of 2023.</p> <p>Approved the proposal for the Company’s capital reduction and deficit compensation.</p> <p>Approved the proposal on the Company’s issuance of new shares for cash capital increase.</p> <p>Approved the proposal on the Company’s execution of private placement of ordinary shares.</p> <p>Approved the proposal to amend the reasons for convening the 2023 General Shareholders’ Meeting.</p>
Board of Directors	June 21, 2023	<p>Approved the proposal to elect the Chairman of the Company</p> <p>Approved the proposal to appoint members of the 5th term of the Remuneration Committee</p>
Board of Directors	July 13, 2023	Approved the revision of 2023 business plan
Board of Directors	August 10, 2023	<p>Approved the proposal on the consolidated financial report for the 2nd quarter of 2023.</p> <p>Approved the proposal on not proceeding with the deficit compensation during the first half of 2023.</p> <p>Approved the assessment report on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 2nd quarter of 2023.</p> <p>Approved the proposal to apply for a credit line from a financing institution for the 4th quarter of 2023.</p> <p>Approved the proposal on amendment to parts of the provision of “Remuneration Committee Charter” of the Company.</p>
Board of Directors	November 7, 2023	<p>Approved the proposal on the consolidated financial report for the 3rd quarter of 2023.</p> <p>Approved the assessment report on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 3rd quarter of 2023.</p> <p>Approved the proposal to apply for a credit line from a financing institution for the 4th quarter of 2023.</p> <p>Approved the proposal on amendment to parts of the provision of “Audit Committee Charter” of the Company.</p> <p>Approved the proposal on the establishment of “Risk Management Policy and Procedure”.</p> <p>Approved the proposal on evaluating the purchase of business office.</p> <p>Approved the proposal for pre-approval of non-assurance service provided by CPA firm to the Company and subsidiaries.</p>
Board of Directors	December 26, 2023	<p>Approved the proposal on 2023 year-end bonus expected distribution amount.</p> <p>Approved the 2024 business plan and capital expenditure proposal.</p> <p>Approved the 2024 internal audit plan.</p> <p>Approved the proposal on the Company’s investment in Hanoi, Vietnam for the production of automotive products.</p> <p>Approved the proposal to apply for a credit line from a financing institution for the 1st quarter of 2024.</p>

Meeting	Date	Material resolution
Board of Directors	March 5, 2024	<p>Approved the Company's 2023 Business Report and Financial Statements.</p> <p>Approved the 2023 deficit compensation proposal.</p> <p>Approved the proposal for 2023 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System".</p> <p>Approved the assessment report on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 4th quarter of 2023.</p> <p>Approved the proposal on the establishment of the base date for the capital increase with employee stock options conversion into new shares for the 4th quarter of 2023.</p> <p>Approved the proposal on not proceeding with the private placement of ordinary shares approved by the 2023 shareholders' meeting.</p> <p>Approved the 2024 assessment report on independence and competence of CPAs.</p> <p>Approved the proposal to apply for a credit line from a financing institution for the 2nd quarter of 2024.</p> <p>Approved the proposal on the 2024 issuance of new shares for cash capital increase.</p> <p>Approved the revision of 2025 business plan.</p>

- (XII) In the most recent year and as of the printing date of the annual report, were there directors or supervisors with different opinions on important resolutions passed by the board of directors with records or written statements? If so, what are the main contents? none.
- (XIII) A summary of resignations and dismissals of the Company's Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer, Corporate Governance Officer and R&D Head, etc. in the most recent year and up to the printing date of the annual report: None.

V. Information on CPA Public Expenses

(I) Information on CPA Public Expenses

Unit: NT\$ thousand

Name of CPA firm	Name of CPA	CPA audit period	Auditing public expense	Non-auditing Public Expense (NT\$ thousand)					Remarks
				System design	Business registration	Human resources	Other (Note)	Subtotal	
KPMG	Tseng, Kuo Yang	2023.01.01	4,685	0	0	0	148	4,833	Other non-audit public expense items are primarily travel expenses for audit certifications, etc.
	Chih, Shih-Chin	~ 2023.12.31							

- (II) If the CPA firm is replaced and the audit certification fee paid in the replacement year is lower than that in the year prior to the replacement; the amount, proportion, and reason for the reduction in public expenses must be disclosed: none.
- (III) If the audit certification expense has decreased by over 10% compared to that of the previous year; the amount, proportion, and reasons for the audit certification expense reduction must be disclosed: none.
- (IV) For the CPAs of KPMG Taiwan retained, the Audit Quality Indicator (AQI) has been included in the report to the Board of Directors on March 5, 2024.

VI. Information on CPA Replacement: None

VII. Information on the Company's Chairman, President, managerial officers in charge of financial or accounting affairs, and those who have worked in the CPA firm or its affiliates within the last year; disclose the name, job title and the period of employment in the CPA firm or its affiliated company: None.

VIII. Equity transfer and equity pledge modification status of directors, supervisors, managers, and shareholders holding over 10% of the shares in the last year and up to the printing date of this annual report

(I) Changes in the equity of directors, supervisors, managers and major shareholders:

Unit: Shares

Title	Name	2023		Up to March 29, 2024	
		Number of shares held Increased (decreased) shares	Number of pledged shares Increased (decreased) shares	Number of shares held Increased (decreased) shares	Number of pledged shares Increased (decreased) shares
Chairman	Chung, Chih-Ming	(1,571,426)	-	(27,000)	-
Director	Hsiao, Jen-Liang	(360,821)	-	0	-
Director	Wang, Kuo-Hung	(85,589)	-	0	-
Independent director	Huang, Kuo-Shih	-	-	-	-
Independent director	Wu, Chun-Feng	-	-	-	-
Independent director	Yang, Ming-Szu	-	-	-	-
Independent director	Wen-He Chen	-	-	-	-
President	Chung, Chih-Ming	(1,571,426)	-	(27,000)	-
Vice President	Chiu, Huo-Sheng	(38,946)	-	150,000	-
Vice President	Wang, Yao-Chang	(63,061)	-	0	-
Assistant Manager	Huang, Yung-Cheng	(44,766)	-	0	-
Assistant Manager	Hsu, Hsien-Yi	(40,610)	-	0	-
Assistant Manager (R&D Director)	Tsai, Tsung-Tien	(89,317)	-	32,000	-
Assistant Manager	Wang, Ju-Wen	(45,684)	-	0	-
Assistant Manager	Lin, Hsing-Chiao	(20,409)	-	0	-
Assistant Manager (Financial and Accounting Officer)	Wu, Tai-Chiu	(4,472)	-	80,000	-

Note 1: Resigned on December 27, 2022.

Note 2: Discharged on January, 12, 2023.

(II) Information on affiliates as counterparties of equity transfers or equity pledges: none.

IX. Information on relationships among the top 10 shareholding ratio shareholders

March 29, 2024

Name	Personal shareholding		Shareholdings by spouse or minor children		Total shares held under the name of others		Title, name or full name, and relationship of top 10 shareholders who are spouses or relatives within the second degree of kinship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Hongyuan International Investment Co., Ltd.	9,793,216	6.74%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Same one Representative	-
Hung Yang Venture Investment Co., Ltd.	6,465,055	4.45%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	Same one Representative	-
Hongchi International Investment Co., Ltd.	6,157,789	4.24%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Same one Representative	-
Chung, Chih-Ming	2,808,038	1.93%	594,270	0.41%	-	-	Chung, Jung-Hua Lai, Hsiu-Chi	Relations of first degree Relations to the second degree	-
Lai, Hsiu-Chi	2,754,838	1.90%	-	-	-	-	Chung, Jung-Hua Chung, Chih-Ming	Relations of first degree Relations to the second degree	-
Baoxin International Investment Co., Ltd.	2,668,748	1.84%	-	-	-	-	Hongyuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Hongyuan International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung	Same one Representative	-

Name	Personal shareholding		Shareholdings by spouse or minor children		Total shares held under the name of others		Title, name or full name, and relationship of top 10 shareholders who are spouses or relatives within the second degree of kinship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
							Yang Venture Investment Co., Ltd.		
TEH TAI STEEL CO., LTD.	2,065,935	1.42%	-	-	-	-	-	None	-
Representative: Hsiao, Kuo-Feng	-	-	-	-	-	-	-	None	-
Bingde International Investment Co., Ltd.	2,016,871	1.39%	-	-	-	-	-	None	-
Representative: Lin, Li-Lun	-	-	-	-	-	-	-	None	-
Chiang, Chih-Hao	1,915,000	1.32%	-	-	-	-	-	None	-
Chen, Ta-Yu	1,912,000	1.32%	-	-	-	-	-	None	-

Note: All are investee companies of Hon Hai Precision Inc. Co., Ltd. under the equity method.

X. Number of shares held for the same reinvestment enterprise by an enterprise directly or indirectly controlled by the Company and its directors, supervisors and managers and a calculation of the comprehensive shareholding ratio

December 31, 2023; Unit: Shares; %

Reinvestment business	Investment by the Company		Investment by directors, supervisors, and managers or directly or indirectly controlled businesses		Combined investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Fast Achievement Global Ltd.	540,000	100	-	-	540,000	100
Brave Advance International Corp. (Note)	-	-	500,000	25	500,000	25
Hongda Photoelectric Glass (Dongguan) Co., Ltd. (note)	-	-	23,740,000	25	23,740,000	25
Golden Start Global Corp.	71,391,373	100	-	-	71,391,373	100
Charmtex Global Corp.	-	-	71,371,373	100	71,371,373	100
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	-	-	70,000,000	100	70,000,000	100

Note: This is an investment made by the Company using the equity method.

Four. Fundraising Status

I. Capital and shares

(I) Source of share capital

1. Share capital formation process

Unit: Shares; NT\$

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
1996-06	10	2,600	26,000,000	2,600	26,000,000	Share capital establishment	—	—
1999-11	10	5,200	52,000,000	5,200	52,000,000	Cash capital increase NT\$ 26,000,000	—	Note 1
2000-04	10	9,900	99,000,000	9,900	99,000,000	Cash capital increase NT\$ 47,000,000	—	Note 2
2000-07	10	15,260	152,600,000	15,260	152,600,000	Cash capital increase NT\$ 53,600,000	—	Note 3
2000-11	29.5	30,000,000	300,000,000	19,990,000	199,900,000	Cash capital increase NT\$ 47,300,000	—	Note 4
2001-01	15	70,000,000	700,000,000	33,330,000	333,300,000	Cash capital increase NT\$ 133,400,000	—	Note 5
2003-07	13.5	70,000,000	700,000,000	39,830,000	398,300,000	Cash capital increase NT\$ 65,000,000	—	Note 6
2004-01	17	70,000,000	700,000,000	46,830,000	468,300,000	Cash capital increase NT\$70,000,000	—	Note 7
2004-06	17.6	70,000,000	700,000,000	52,830,000	528,300,000	Cash capital increase NT\$60,000,000	—	Note 8
2007-04	11	70,000,000	700,000,000	55,830,000	558,300,000	Cash capital increase NT\$30,000,000	—	Note 9
2007-09	12	70,000,000	700,000,000	57,229,000	572,290,000	Employee stock option exercised 1,399,000 shares	—	Note 10
2007-10	15	160,000,000	1,600,000,000	127,229,000	1,272,290,000	Private placement of ordinary shares 70,000,000 shares	—	Note 11
2008-08	10	160,000,000	1,600,000,000	133,375,543	1,333,755,430	capital reserve to capital increase of NT\$ 42,000,000 Surplus to capital increase NT\$19,465,430	—	Note 12
2009-08	10	160,000,000	1,600,000,000	135,136,543	1,351,365,430	Employee stock option exercised 1,761,000 shares	—	Note 13
2009-10	10	160,000,000	1,600,000,000	135,206,543	1,352,065,430	Employee stock option exercised 70,000 shares	—	Note 14
2010-01	14.2	160,000,000	1,600,000,000	137,200,343	1,372,003,430	Employee stock option exercised 1,993,800 shares	—	Note 15
2010-01	22	160,000,000	1,600,000,000	150,800,343	1,508,003,430	Cash capital increase NT\$136,000,000	—	Note 16
2010-10	30	360,000,000	3,600,000,000	178,870,709	1,788,707,090	Cash capital increase NT\$ 278,629,660	—	Note 17

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
						Employee stock option exercised 207,400 shares		
2011-01	14.2	360,000,000	3,600,000,000	180,118,709	1,801,187,090	Employee stock option exercised 1,248,000 shares	—	Note 18
2011-01	14.2	360,000,000	3,600,000,000	181,203,109	1,812,031,090	Employee stock option exercised 1,084,400 shares	—	Note 19
2011-06	70	360,000,000	3,600,000,000	211,203,109	2,112,031,090	Cash capital increase NT\$ 300,000,000	—	Note 20
2011-09	14.2	360,000,000	3,600,000,000	211,277,909	2,112,779,090	Employee stock option exercised 74,800 shares	—	Note 21
2011-12	60	360,000,000	3,600,000,000	234,806,909	2,348,069,090	Cash capital increase NT\$ 235,290,000	—	Note 22
2012-1	14.2	360,000,000	3,600,000,000	235,525,509	2,355,255,090	Employee stock option exercised 718,600 shares	—	Note 23
2012-10	84	360,000,000	3,600,000,000	265,525,509	2,655,255,090	Cash capital increase NT\$ 300,000,000	—	Note 24
2013-9	15	360,000,000	3,600,000,000	268,525,509	2,685,255,090	Issuance of new restricted employee shares 3,000,000	—	Note 25
2014-01	13.6	360,000,000	3,600,000,000	268,838,909	2,688,389,090	Employee stock option exercised 313,400 shares	—	Note 26
2014-09	10	360,000,000	3,600,000,000	268,788,909	2,687,889,090	Cancellation of restricted shares for subscription by employees of 50,000 shares	—	Note 27
2014-12	10	360,000,000	3,600,000,000	268,782,959	2,687,829,590	Cancellation of restricted shares for subscription by employees of 5,950 shares	—	Note 28
2015-06	10	360,000,000	3,600,000,000	268,687,759	2,686,877,590	Cancellation of restricted shares for subscription by employees of 95,200 shares	—	Note 29
2015-09	10	360,000,000	3,600,000,000	268,465,059	2,684,650,590	Cancellation of restricted shares for subscription by employees of 222,700 shares	—	Note 30
2015-12	10	360,000,000	3,600,000,000	268,441,959	2,684,419,590	Cancellation of restricted shares for subscription by employees of 23,100 shares	—	Note 31

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
2015-12	10	360,000,000	3,600,000,000	268,187,859	2,681,878,590	Cancellation of restricted shares for subscription by employees of 254,100 shares	—	Note 32
2016-05	10	360,000,000	3,600,000,000	268,115,759	2,681,157,590	Cancellation of restricted shares for subscription by employees of 72,100 shares	—	Note 33
2016-09	10	360,000,000	3,600,000,000	169,641,519	1,696,415,190	Cover losses NT\$ 984,728,400 Cancellation of restricted shares for subscription by employees of 1,400 shares	—	Note 34
2017-05	10	360,000,000	3,600,000,000	169,601,278	1,696,012,780	Cancellation of restricted shares for subscription by employees of 40,241 shares	—	Note 35
2017-08	15.95	360,000,000	3,600,000,000	188,410,055	1,884,100,550	Private placement of ordinary shares for raise funds of 18,808,777 shares	—	Note 36
2017-09	10	360,000,000	3,600,000,000	188,393,604	1,883,936,040	Cancellation of restricted shares for subscription by employees of 16,451 shares	—	Note 37
2018-09	12.71	360,000,000	3,600,000,000	206,393,604	2,063,936,040	Cash capital increase 18,000,000 shares	—	Note 38
2019-08	—	500,000,000	5,000,000,000	206,393,604	2,063,936,040	—	—	Note 39
2022.06	20	500,000,000	5,000,000,000	223,393,604	2,233,936,040	Cash capital increase 17,000,000 shares	—	Note 40
2023.01	10.3	500,000,000	5,000,000,000	224,185,604	2,241,856,040	Employee stock option exercised 792,000 shares	—	Note 41
2023.06	10.3	500,000,000	5,000,000,000	224,329,604	2,243,296,040	Employee stock option exercised 144,000 shares		Note 42
2023.09	—	500,000,000	5,000,000,000	144,329,604	1,443,296,040	Cover losses NT\$800,000,000		Note 43
2024.03	16	500,000,000	5,000,000,000	144,605,604	1,446,056,040	Employee stock option exercised 276,000 shares		Note 44

Note:

1. December 9, 1999, Jing-(1999)-Zhong-Zi No. 49134.
2. May 20, 2000, Jing-(2000)-Zhong-Zi No. 428804.
3. August 15, 2000, Jing-(2000)-Shang-Zi No. 129061.

4. November 1, 2000, Jing-(2000)-Shang-Zi No. 140721.
5. January 29, 2001, Jing-(2001)-Shang-Zi No. 102838.
6. Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0920134296 dated July 29, 2003.
7. Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0920162821 dated January 12, 2004.
8. Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0930127233 dated June 18, 2004.
9. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 0960015388 dated April 11, 2007.
10. September 29, 2007, Jing-Shou-Shang-Zi No. 09601236510.
11. October 31, 2007, Jing-Shou-Shang-Zi No. 09601266580.
12. August 13, 2008, Jing-Shou-Shang-Zi No. 09701196370.
13. August 4, 2009, Jing-Shou-Shang-Zi No. 09801172610.
14. October 20, 2009, Jing-Shou-Shang-Zi No. 09801241010.
15. January 20, 2010, Jing-Shou-Shang-Zi No. 09901013580.
16. March 16, 2010, Jing-Shou-Shang-Zi No. 09901050060.
17. October 19, 2010, Jing-Shou-Shang-Zi No. 09901235310.
18. January 17, 2011, Jing-Shou-Shang-Zi No. 10001007830.
19. April 11, 2011, Jing-Shou-Shang-Zi No. 10001067970.
20. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1000010164 dated March 21, 2011; June 15, 2011, Jing-Shou-Shang-Zi No. 10001120220.
21. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1000040118 dated August 30, 2011; September 15, 2011, Jing-Shou-Shang-Zi No. 10001214540.
22. December 6, 2011, Jing-Shou-Shang-Zi No. 10001276290.
23. January 17, 2012, Jing-Shou-Shang-Zi No. 10101008830.
24. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1010037345 dated August 30, 2012; November 1, 2012, Jing-Shou-Shang-Zi No. 10101225330.
25. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1020029855 dated July 31, 2013; September 6, 2013, Jing-Shou-Shang-Zi No. 10201183260.
26. January 3, 2014, Jing-Shou-Shang-Zi No. 10201268260.
27. September 1, 2014, Jing-Shou-Shang-Zi No. 10301181640.
28. December 12, 2014, Jing-Shou-Shang-Zi No. 10301248100.
29. June 11, 2015, Jing-Shou-Shang-Zi No. 10401100930.
30. September 2, 2015, Jing-Shou-Shang-Zi No. 10401182620.
31. December 8, 2015, Jing-Shou-Shang-Zi No. 10401254400.
32. February 15, 2016, Jing-Shou-Shang-Zi No. 10501029610.
33. May 27, 2016, Jing-Shou-Shang-Zi No. 10501114780.
34. September 9, 2016, Jing-Shou-Shang-Zi No. 10501215180.
35. May 22, 2017, Jing-Shou-Shang-Zi No. 10601065100.
36. August 15, 2017, Jing-Shou-Shang-Zi No. 10601113020.
37. September 11, 2017, Jing-Shou-Shang-Zi No. 10601128490.
38. September 17, 2018, Jing-Shou-Shang-Zi No. 10701113510.
39. August 2, 2019, Jing-Shou-Shang-Zi No. 10801090210.
40. June 6, 2022, Jing-Shou-Shang-Zi No. 11101096240.
41. January 16, 2023, Jing-Shou-Shang-Zi No. 11230005190.
42. June 13, 2023, Jing-Shou-Shang-Zi No. 11230089990.
43. September 6, 2023, Jing-Shou-Shang-Zi No. 1123016428.
44. March 21, 2024, Jing-Shou-Shang-Zi No. 11330043870.

2. Type of shares

March 29, 2024; Unit: Shares

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	145,340,604	354,659,396	500,000,000	Including private placement of 12,101,226 ordinary shares

Note: 2024 employee stock option exercised 735,000 shares, and up to the printing date of this annual report, the alternation registration has not been completed.

3. Information about the shelf registration system: Not applicable.

(II) Shareholder structure

March 29, 2024; Unit: Shares

Shareholder structure Quantity	Government institution	Financial institution	Other corporate entity	Foreign institutions and foreigners	Individual	Total
Number of people	0	1	169	53	31,509	31,732
Number of shares held	0	5,991	30,712,414	2,952,065	111,670,134	145,340,604
Shareholding ratio	0.00%	0.00%	21.13%	2.03%	76.83%	100.00%

Note: Mainland China shareholding ratio is 0%

(III) Share number dispersion status

1. Ordinary shares

March 29, 2024

Shareholding rating	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	18,591	4,276,861	2.94%
1,000 to 5,000	9,732	20,932,668	14.40%
5,001 to 10,000	1,885	13,418,144	9.23%
10,001 to 15,000	538	6,682,526	4.60%
15,001 to 20,000	276	4,970,415	3.42%
20,001 to 30,000	248	6,083,956	4.19%
30,001 to 40,000	134	4,673,007	3.22%
40,001 to 50,000	67	2,999,540	2.06%
50,001 to 100,000	149	10,417,427	7.17%
100,001 to 200,000	52	6,985,714	4.81%
200,001 to 400,000	24	6,056,728	4.17%
400,001 to 600,000	14	6,681,458	4.60%
600,001 to 800,000	3	1,987,780	1.37%
800,001 to 1,000,000	4	3,673,879	2.52%
1,000,001 and higher	15	45,500,501	31.30%
Total	31,732	145,340,604	100.00%

2. Dispersion of special shares: The Company does not issue special shares, so this is not

applicable.

(IV) Name list for the main shareholders

March 29, 2024

Name of major shareholder	Shares	Number of shares held	Shareholding ratio (%)
Hongyuan International Investment Co., Ltd.		9,793,216	6.74%
Hung Yang Venture Investment Co., Ltd.		6,465,055	4.45%
Hongchi International Investment Co., Ltd.		6,157,789	4.24%
Chung, Chih-Ming		2,808,038	1.93%
Lai, Hsiu-Chi		2,754,838	1.90%
Baoxin International Investment Co., Ltd.		2,668,748	1.84%
TEH TAI STEEL CO., LTD.		2,065,935	1.42%
Bingde International Investment Co., Ltd.		2,016,871	1.39%
Chiang, Chih-Hao		1,915,000	1.32%
Chen, Ta-Yu		1,912,000	1.32%

(V) Prices, net worth, surplus, dividends, and other stock related information in the most recent two years

Unit: NT\$; 1000 shares

Item		Year	2022	2023	Current year up to March 29 (Note 7)
Market price per share (Note 1)	Highest		34.75	25.90	32.00
	Lowest		15.60	12.10	23.30
	Average		21.85	17.03	27.63
Net value per share (Note 2, 7)	Before distribution		6.59	9.47	—
	After distribution		6	(Note 8)	—
Earnings per share (Note 7)	Weighted average number of shares		216,922	216,922	—
	Earnings per share (Note 3)		(1.45)	(1.45)	—
Dividends per share	Cash dividends		—	(Note 8)	—
	Stock dividends	Stock dividends appropriated from retained earnings	—	(Note 8)	—
		Stock dividends appropriated from capital reserve	—	(Note 8)	—
	Accumulated unappropriated dividends		—	(Note 8)	—
Investment	Price earnings ratio (Note 4)		Not applicable	Not applicable	Not applicable

return analyses	Price-dividends ratio (Note 5)	Not applicable	Not applicable	Not applicable
	Cash dividends yield (Note 6)	Not applicable	Not applicable	Not applicable

Note 1: the highest and lowest market prices for ordinary shares in each year and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2: based on the number of issued shares at the end of the year

Note 3: If retrospective adjustment is required because of situations such as gratuitous allotment, the earnings per share before and after adjustment must be listed.

Note 4: Price-earnings ratio = average closing price per share for the year / earnings per share.

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

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

Note 7: Net value per share and earnings per share are information reviewed by CPAs for the most recent quarter as of the publication date of the annual report; the remaining fields are filled with data for the current year as of the printing date of the annual report.

Note 8: The Board of Directors of the Company has reached the resolution on August 10, 2023 and March 5, 2024, that there will be no earnings distribution for the first and second half of 2023. The stock dividends will be determined according to the resolution of the 2024 Annual General Shareholders' Meeting.

(VI) Company dividend policy and implementation status

1. Company dividend policy.

If the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), 8% shall be allocated for employee remuneration and no more than 0.1% shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first.

The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria.

The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

The distribution of earnings or covering of losses of the Company may be executed at the end of each semi-annual fiscal year. Where there are surplus earnings after account closure at the end of each semi-annual fiscal year, an amount shall first be appropriated to pay taxes, make up accumulated losses and to estimate and reserve the remuneration of employees, followed by setting aside 10% thereof as the legal reserve; however, when the legal reserve has reached the total amount of the capital of the Company, such restriction shall not apply. The special surplus reserve shall be allocated or converted according to the laws, decrees, or regulations of the competent authority. If there is any surplus, the balance plus the accumulated undistributed surplus in the first half of the fiscal year shall be used as shareholder dividends. The board of directors shall draft a distribution proposal; if it is executed in the form of new share issuance, it shall submit the proposal to the shareholders meeting for resolution after which it shall be distributed; if the dividend is issued in cash, the case shall be resolved by the board of directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. The special surplus reserve shall be allocated or converted according to the laws, decrees or regulations of the competent authority. If there is any surplus, the balance plus the accumulated undistributed surplus in the first half of the fiscal year shall be used as shareholder dividends. The board of directors shall draft a distribution proposal; if it is executed in the form of new share issuance, it shall submit

the proposal to the shareholders' meeting for resolution after which it shall be distributed. If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

The Company is currently in a growing phase and will strive for business development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

2. Circumstances of the proposed dividend distribution for this shareholders' meeting: There is no proposed dividends distribution at this shareholders' meeting
3. Description of significant dividend policy changes expected: None.

(VII) Effect upon business performance and earnings per share of any stock dividends distribution proposed or adopted at the most recent shareholders' meeting.

There is no stock dividends distribution proposed at this shareholders' meeting, thus, it is not applicable.

(VIII) Compensation of employees and directors

1. The percentage or scope of remuneration for employees and directors as provided by the Company's Articles of Incorporation:
If the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), 8% shall be allocated for employee remuneration and no more than 0.1% shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first.
The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria.
The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.
2. Account handling when the basis for the assessment of employee's and director's remuneration amount, the basis of calculation for the number of shares distributed as employee remuneration and the actual estimated amount for this period are inconsistent: For the year 2023, the Company has losses to be compensated such that there is no distribution of remuneration for employees and directors and no estimation difference.
3. Remuneration distribution approved by the board of directors:
 - (1) The amount of the remuneration paid in cash or stocks, for the employees and directors:
For the year 2023, the Company has losses to be compensated such that there is no distribution of remuneration for employees and directors, and the amount of the actual distribution and on the financial account are both 0.
 - (2) The amount of employee remuneration distributed in stock, the proportion of the total after-tax net profit and total employee compensation in the individual or individual financial reports of the current period: Not applicable.
4. The actual remuneration distribution for employees and directors in the previous year

(including the number of shares distributed, amount, and stock price) and the number of discrepancies, reasons and handling status must be disclosed if different from the remuneration recognized for employees and directors: Not applicable.

(IX) Company shares buyback status: None.

II. Corporate bond handling status

1. Corporate bond status is as follows:

Types of corporate bonds	3rd domestic secured convertible corporate bonds	
Issuance (handling) date	March 26, 2021	
Face value	NT\$100,000 even	
Issuance and trade location	Taipei Exchange (TPEX)	
Issue price	Fully issued based on face value	
Total amount	NT\$500 million even	
Interest rate	Coupon rate 0%	
Term	3-year period: maturity date: March 26, 2024	
Guarantee institution	Bank of Panhsin Co., Ltd.	
Trustee	The Shanghai Commercial and Savings Bank, Ltd.	
Underwriting agency	Sinopac Securities, Ltd.	
Certification attorney	Not applicable	
CPA	Not applicable	
Repayment method	Unless converted into ordinary Company shares by the converted corporate bond holders pursuant to Article 10 of the Conversion Measures, redeemed in advance by the Company according to Article 18 of the Conversion Measures, or bought back and canceled by a securities firm office on behalf of the Company; the Company shall repay these bonds in cash in one lump sum at maturity based on the face value of the bonds.	
Outstanding principal	NT\$500,000,000	
Redemption or pre-payment terms	Refer to Issuance and Conversion Methods	
Restriction clause	None	
Credit rating agency name, rating date and company debt rating results	Not applicable	
Other rights attached	The number of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed) as of the publication date of this annual report	Up to the date of March 26, 2024, there has been no conversion of corporate bonds into ordinary shares
	Regulations for issuance and conversion (exchange or subscription)	See the Company's 3rd Domestic Secured Convertible Corporate Bond Issuance and Conversion Measures for details
Possible equity dilution and impact on existing shareholders' equity due to issuance and conversion, exchange or subscription methods, or issuance conditions	The period has been expired on March 26, 2024, and during the issuance period, there was no conversion of corporate bond into ordinary shares, such that it had no impact on the rights and interests of shareholders.	
Name of the convertible subject depositary institution	Not applicable	

2. Convertible corporate bond information

March 26, 2024

Types of corporate bonds		3rd domestic secured convertible corporate bonds		
Item	Year	2022	2023	2024
				Up to the expiration date of March 26
Market price of the convertible corporate bonds	Highest	121.08	104.00	102.00
	Lowest	100.50	99.70	99.80
	Average	113.19	101.71	100.54
Conversion price		Since August 17, 2023, the conversion price has been adjusted to NT\$55.29		
Issue (transaction) date and conversion price at issuance		Issued on March 26, 2021, the conversion price was NT\$35.86 at the time of issuance.		
Conversion obligation fulfillment method		New share issuance		

III. Preferred share handling status: None.

IV. Overseas depository receipt handling status: None.

V. Employee stock option handling status:

(I) Handling status of the Company's unexpired employee stock options and the impact on the shareholders' equity

March 29, 2023

Employee stock option types	2020 Employee stock option	
Filing effective date and total number of units	2020.09.16 / 3,000	
Issuance (handling) date	2020-09-17	
Number of units issued	3,000	
Number of units available for issuance	0	
Ratio of subscribable shares to the total issued and outstanding shares	1.34%	
Warrant exercise period	2020-09-17~2024-09-16	
Warrant exercise method	Delivery of new shares issued by the company	
Restrictions on the warrant exercise period and exercise ratio (%)	<u>Stock warrants grant period</u>	<u>Exercisable share option ratio (cumulative)</u>
	After 2 years	60%
	After 3 years	100%
Number of shares obtained	1,947,000	
Amount of the shares subscribed	25,816,800	
Number of shares that have not been subscribed	1,053,000	
Subscription price per share of unsubscribed shares	16.00	
Ratio of the number of unsubscribed shares to the number of issued shares (%)	0.83%	
Effect on shareholders' equity	The possible dilution ratio of the original shareholder's equity is 0.83%. In the future, due to the implementation ratio and period restrictions, it will not have significant impact on the shareholders' equity.	

(II) Names and subscription status of managerial officers who have obtained employee stock options and employees who rank among the top 10 in terms of the number of shares to which they have subscription rights through employee stock warrants

March 29, 2024

Title	Name	Number of subscriptions obtained (thousand shares)	Number of subscriptions obtained to total issued shares	Subscribed				Unsubscribed				
				the number of the shares subscribed (thousand shares)	the price of the shares subscribed	the amount of the shares subscribed	Number of subscriptions to total issued shares ratio	the number of the shares subscribed (thousand shares)	the price of the shares subscribed (dollars)	the amount of the shares subscribed (NT\$ thousand)	Number of subscriptions to total issued shares ratio	
Managerial Officer	Chairman	Chung, Chih-Ming	1,420	0.98%	508	10.30 and 16.0	6,726	0.35%	912	16.0	14,592	0.63%
	Vice President	Chiu, Huo-Sheng										
	Vice President	Wang, Yao-Chang										
	Assistant Manager	Hsu, Hsien-Yi										
	Assistant Manager	Lin, Hsing-Chiao										
	Assistant Manager	Wang, Ju-Wen										
	Assistant Manager	Huang, Yung-Cheng										
	Assistant Manager	Tsai, Tsung-Tien										
	Assistant Manager	Wu, Tai-Chiu										
Employee	Assistant Manager	Kung, Zheng-Nien	640	0.44%	640	10.30 and 16.0	8,222	0.44%	0	-	-	0%
	Assistant Manager	Shi, Jun-nan										
	senior manager	Hsiu-Li Kao										
	Assistant Manager	Chung, Hsiang-Dao										
	senior manager	Zhang, Yi-Shou										
	senior manager	Wang, Zhi-Wen										
	senior manager	Wang, Feng-Hui										
	Assistant Manager	Liao, Chi-Liang										
	Assistant Manager	Hung, Yu-Te										
	Manager	Chen, Hsin-Yi										

VI. Restricted shares for employee subscription handling status: None

VII. Mergers and acquisitions or share transfer to other companies for new share issuance handling status: None.

VIII. Fund utilization plan implementation status:

For the previous issuances or private placement of securities that have not been completed or have been completed within the last 3 years but the benefits are not apparent as of the quarter prior to the publication date of this annual report of the Company; please describe the content, implementation, and benefit analysis of each plan:

(I) third issuance of domestic secured convertible corporate bonds in December, 2020.

1. Plan content

(1) The approved date and the file number of the competent authority:

letter Jin-Guan-Zheng-Fa-Zi No. 1090379949 dated March 8, 2021 filed and become effective.

(2) Total capital amount required for the plan: NT\$500,000,000

Project's source of funds: Issued the third time of domestic secured convertible corporate bonds for 5,000, each with a face value of NT\$100,000, and the total raised amount is NT\$500,000,000.

(4) Project items and anticipated implementation progress:

Unit: NT\$ thousand

Project items	Anticipated completion date	Total capital amount required	the fund expecting implementation progress	
			2021 First Quarter	2021 Second Quarter
Bank loan repayment	2021 Second Quarter	500,000	328,794	171,206

(5) Expected potential benefits

The Company's plan to issue convertible corporate bonds in 2020 is to repay bank loans. In addition to reducing the Company's burden of interest expenses, to calculate based on the bank loan interest rate that the company intends to repay at 1.3191%~2.3400%, it is expected that the Company will save NT\$6,972,000 interest expense in the first and second quarter of 2021 and can save NT\$9,671,000 interest expense since 2022, to avoid the increase in interest expenses caused by the loan and may erode the profits, it can also improve the Company's liability structure, reduce the dependence on the banks, and improve the flexibility of capital allocation. Also, under the circumstances that the bond holders convert to holding stocks, it is beneficial to the Company to improve its financial structure and strengthen its solvency, thereby improving the Company's long-term competitiveness.

2. Implementation status

The total amount of secured convertible corporate bonds issued this time is NT\$500,000,000, which will be fully used to repay the bank loans.

Unit: NT\$ thousand; %

Project items	Implementation status		2021 First Quarter	2021 Second Quarter	2021 Third Quarter	Status of being ahead or behind schedule, reason and improvement plan
	Amount spent	Scheduled				
Bank loan repayment			328,794	171,206	-	The Company's third domestic secured convertible corporate

		Actual	228,030	173,470	98,500	bond issuance was raised on March 24, 2021, the total raised capital is NT\$500,000,000. As of the third quarter of 2021, the accumulative actual capital used was NT\$ 500,000,000, were fully-used to repay the bank loans, which have been completed according to the estimated progress.
	Implementation progress (%)	Scheduled	65.75%	34.24%	-	
		Actual	45.60%	34.69%	19.70%	

3. the benefit analysis

(1) Increase or decrease status in current assets, current liabilities, total liabilities, interest expenses, operating income and earnings per share:

Unit: NT\$ thousand; %

Item	Year	2020 Third Quarter (Before fundraising)	2021 Third Quarter (After fundraising)	Amount of increase or decrease	Increase or decrease (%)
Current assets		1,575,055	1,672,374	97,319	6.18
Current liabilities		1,274,357	1,293,006	18,649	1.46
Total liabilities		2,509,998	2,922,610	412,612	16.44
Interest expense		24,935	28,714	3,779	15.16
Operating income		1,818,529	1,945,355	126,826	6.97
Earnings per share (NT\$)		(1.15)	(0.10)	1.05	(91.30)

Information source: financial reports inspected and certified by CPAs

The Company issued the third domestic convertible corporate bonds of NT\$ 500,000,000 in December 2020, mainly used in repaying the bank loans and reducing the burden of interest expenses. Comparing the changes in the balance sheet and consolidated income statement before and after the fundraising, the current assets, current liabilities and total liabilities in the third quarter of 2021 were a net increase of NT\$97,319,000, NT\$18,649,000 and NT\$412,612,000 compared to 2020, respectively. The funds raised have successively repaid the bank loans, paid operating expenses and procurement expense, thereby reducing the allocation of short-term financing or deferred loans. Interest expenses in the first three quarters of 2021 increased by NT\$3,779,000 compared to the same period in 2020, mainly due to the estimated interest expense of NT\$ 5,302,000 for the issuance of the third domestic convertible corporate bonds of NT\$ 500,000,000.

The first three quarters of 2021 were mainly because the company had progressively adjusted its operation strategy and product portfolio, shifting its focus of operations to smart cars and smart buildings gradually. However, due to the continuous od COVID-19 pandemic, the shortage of IC chips in the market have affected the operation of customers end and the development of new technologies and products is continuing, the allocation of related fixed costs is relatively high, so that the contribution to gross profit is limited. However, due to the increase in demand from customers end, and the impact of the pandemic brought up the

demand from the stay-at-home market (such as indoor sports equipment), the demand for the optical coated glass has increased, which resulted in the increase in overall operating income and operating profit. Also, the Company is continuing to deduct the expenses and controlling the costs, resulting in the operating income in the first three quarters of 2021 to increase by NT\$126,826,000, compared with the same period in 2020 and the loss per share to decrease, compared with the same period in 2020.

(2) The financial structure and solvency analysis

The Company handled the issuance of the third domestic convertible corporate bond of NT\$ 500,000,000 in December 2020, which was mainly used to repay the bank loans and reduce the burden of interest expenses. After the capital increase in place in March 2010, the Company repaid the bank loan successively. The interest expense saved was NT\$ 6,279,000, which was lower than the original expected interest expense NT\$ 6,972,000, mainly because the repayment of the loan from the Land Bank that was originally expected to pay in the first quarter of 2021, the Company considered the business expansion and the use for capital allocation, so the amount was kept to pay until the second and third quarters.

The financial structure and solvency before and after fundraising are listed below:

Item		Year	2020 Third Quarter (Before fundraising)	2021 Third Quarter (After fundraising)
Financial structure	debt ratio		65.46%	66.16%
	The ratio of long-term funds to property, plant, and equipment		117.03%	133.93%
Solvency	Current ratio		114.48%	127.78%
	Quick ratio		102.85%	112.74%

In terms of changes in financial ratios before and after raising the funds, the Company issued the third domestic convertible corporate bond of NT\$ 500,000,000 and fully raised in March 2021. The comparison with the actual number of the financial structure and solvency before and after raising the fund in the table above. The debt ratio increased from 65.46% before raising the fund to 66.16% after raising the fund. The ratio of long-term funds to real estate, plant and equipment increased from 117.03% before the raising the fund to 133.93% after raising the fund. The current ratio and the quick ratio were from 114.48% and 102.85% before raising the fund to 127.78% and 112.74% after raising the fund, respectively. It can be seen from the above-mentioned data that after the Company has repaid the bank loans, the ratio of long-term funds to real estate, plant and equipment and the solvency of the financial structure have improved, which has the positive aids obviously. There is no big difference between the debt ratio before and after raising the funds, main because that the Company raised convertible corporate bonds to repay bank loans. In fact, there was no significant increase or decrease in bank loans plus convertible corporate bonds. Repaying bank loans will help strengthen the financial structure, Improve solvency and reduce liquidity risk, and in the future, under the circumstance that the bondholders convert to holding stocks gradually, it will help the company to improve its financial structure and

strengthen its solvency, and improving the Company's long-term competitiveness. It has a positive impact on the shareholders' equity of the Company.

(II) Executed cash capital increase in December, 2021

1. Plan content

(1) Approved date and the file number of the competent authority: letter Jin-Guan-Zheng-Fa-Zi No. 1100379092 dated January 26 has filed and become effective.

(2) Total capital amount required for the plan: NT\$ 408,000,000

(3) Plan funding resources

17,000,000 new shares were issued for cash capital increase, each with a face value of NT\$10 and the issue price per share is NT\$24 tentatively. The total amount of funds raising could be NT\$408,000,000. In this cash capital increase plan, if the actual issue price per share is adjusted due to the changes in market prices, and result in the fund raised being insufficient, the amount of repayment of bank loans will be reduced or the equity fund will be used. If the actual amount of funds raised is higher than the expected amount, it will turn into repayment for the bank loans or replenishing the working capital.

(3) Project items and scheduled fund utilization progress

Unit: NT\$ thousand

Project items	Anticipated completion date	Total capital amount required	Capital advance progress	
			2022 Second Quarter	2022 Third Quarter
Replenishment of working capital	2022 Second Quarter	68,000	68,000	—
Bank loan repayment	2022 Third Quarter	340,000	261,528	78,472
Total	408,000	329,528	78,472	

(4) Expected potential benefits

The Company's cash capital increase is expected to raise NT\$408,000,000, which is proposed to be used in repaying bank loans and replenishing the working capital. In addition to reducing the interest burden and improving the solvency, it can also reduce the debt ratio and increase long-term capital stability, to strengthen the Company's financial structure. For this fund raising, the Company proposes to repay the bank loan NT\$ 340,000,000, which may save approximately NT\$ 3,746,000 in interest expenses in 2022, and NT\$ 5,971,000 per year in the following years. In addition, for this fund raising, the Company intends to replenish the working capital with NT\$ 68,000,000. If calculating based on the average borrowing rate 1.60% in the first three quarters of 2021, it can save approximately NT\$ 756,000 in interest expenses in 2022, the interest expense can be saved by about NT\$ 1,088,000 per year in the following years, which will moderately reduce the Company's financial burden, strengthen the short-term solvency, and increase the Company's ability to respond to the changes in the external environment.

2. Implementation status

The present cash capital increase with the issuance of 17,000 thousand shares, at the par value of NT\$10 per share, is executed, and the price of the newly issued shares for the cash capital increase is determined to be NT\$24 per share, and expected amount to be raised is NT\$408,000 thousand. The actual issue price per share is NT\$20 at premium, and the total amount of capital raised is NT\$340,000 thousand. Due to the market price fluctuation, the amount raised has not reached the amount of the original issuance plan; therefore, an amount of NT\$68,000 thousand for the bank loan repayment is reduced. The execution status of the project amount of NT\$340,000 thousand is explained in the following:

Unit: NT\$ thousand; %

Project items	Implementation status		2022 Second Quarter	2022 Third Quarter	Status of being ahead or behind schedule, reason and improvement plan
Replenishment of working capital	Amount spent	Scheduled	68,000		<p>1. The Company completed the capital raising according to the financing plan during the 2nd quarter of 2022, and the total amount of capital raised was NT\$340,000 thousand, of which NT\$68,000 thousand was used to replenish the working capital and NT\$272,000 thousand was used to repay the bank loan.</p> <p>2. Up to the end of 2nd quarter of 2022, the project items were executed completely.</p> <ul style="list-style-type: none"> • Replenishment of working capital: The amount of NT\$68,000 thousand for material purchase was paid, and the execution progress was 100%. • Bank loan repayment: For the amount of NT\$233,713 thousand of bank loan originally planned to be repaid, an actual amount of NT\$272,000 thousand was repaid, and the execution progress was 100%. This was mainly due to the Central Bank's increase of the interest rate by 0.25% and 0.125% during the March and June, 2022 respectively, and based on the consideration of the increased interest after the increase of interest rate, the Company decided to repay the bank loan of NT\$38,287 thousand originally scheduled for repayment during the 3rd quarter of 2022 early in the 2nd quarter of 2022.
		Actual	68,000		
	Implementation progress (%)	Scheduled	100.00%		
		Actual	100.00%		
Bank loan repayment	Amount spent	Scheduled	233,713	38,287	
		Actual	272,000		
	Implementation progress (%)	Scheduled	85.92%	14.08%	
		Actual	100.00%		
Total	Amount spent	Scheduled	301,713	38,287	
		Actual	340,000		
	Implementation progress (%)	Scheduled	88.74%	11.26%	
		Actual	100.00%		

3. the benefit analysis

(1) Replenishment of working capital

The total amount of capital raised under the present plan is NT\$340,000 thousand, of which NT\$68,000 thousand is used to replenish the working capital, and it is mainly to cope with the revolving fund and material purchase payment necessary for the future business operation. If the average loan interest rate of 1.60% is used for first three quarters of 2021, the Company is expected to save the interest expense of NT\$756 thousand in 2022, and the interest expense of NT\$1,088 thousand can also be saved for each subsequent year. Accordingly, the benefit of saving of the interest expense is considered reasonable, and the benefit for the present project of replenishment of working capital has been achieved.

(2) Bank loan repayment

① Save interest expense and reduce financial burden

The total amount of capital raised under the present plan was NT\$340,000 thousand, of which NT\$272,000 thousand is used for the repayment of bank loans, in order to prevent reduction of profit due to interest expense of the original loan. Based on the consideration of the actual interest rate of each loan, the interest expense at an amount of NT\$2,655 thousand is expected to be saved in 2022, and the interest expense at an amount of NT\$4,764 thousand can also be saved for each subsequent year, such that the financial burden can be reduced appropriately, thereby reducing the dependence on the financial institution while increasing the medium and long term capital stably. Accordingly, the benefit for the present project of repayment of bank loans has been achieved.

② Increase solvency, and strengthen financial structure

A portion of the capital raised under the present plan is used for the repayment of bank loans, and the expected debt ratio can be reduced from 66.16% to 63.25%, such that the own capital ratio is clearly increased. With regard to the solvency, the current ratio and quick ratio also increase from 127.78% and 112.74% before the financing to 148.88% and 130.47% respectively, such that the solvency is enhanced, thereby improving the Company's capability in handling the risk of external environmental changes. In general, the benefit of the present raise of capital will further increase the security of the financial structure and stability of sustainable operation of the Company while strengthening the short-term solvency of the Company.

(3) Financial structure and solvency analysis are as shown in the following:

Unit: NT\$ thousand; %

Item \ Year	2021 Third Quarter (Before fundraising)	2022 Second Quarter (After fundraising)	Amount of increase or decrease	Increase or decrease (%)
Current assets	1,760,158	1,696,409	(63,749)	-3.62%
Current liabilities	1,377,465	1,152,478	(224,987)	-16.33%
Total liabilities	2,988,770	2,840,768	(148,002)	-4.95%

Interest expense		28,714	21,549	(7,165)	-24.95%
Operating income		1,804,724	1,024,631	(780,093)	-43.23%
Earnings per share (NT\$)		(0.10)	(0.67)	(0.57)	-570.00%
Financial structure	debt ratio	66.16%	63.39%		-2.77%
	Long-term funds to fixed assets (%)	223.14%	242.30%		19.16%
Solvency	Current ratio	127.78%	147.20%		19.42%
	Quick ratio	112.74%	129.32%		16.58%

Information Source: Company's parent company only self-assessed financial statements

Five. Operation Overview

I. Business content

(I) Business scope

The Company focuses on providing the services of glass processing and manufacturing, and the production capacity and product lines have kept pace with the times and even lead the industry planning. With the Company's prospective industry deployment from glass cutting, thinning, strengthening, coating, to the expansion and construction of its 3D forming process plant in recent years. In addition, the Company is equipped with comprehensive technologies capable of satisfying the demands of different markets while providing a series of diversified and integrated glass processing and production services to our customers. From the AR multi-layer coating technologies to the high difficulty of large 3D CG and automotive interior mechanical parts, despite there are competitors in each field, there are few suppliers capable of providing integrated services of various manufacturing processes and even the integration of optoelectronics and building product technologies at the same time. Accordingly, this is the greatest advantage of G-TECH in the field of glass processing services. With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for our company's product development. The products extend from glass processing of consumer electronic products to TP Module services, and the coating technology applications span across the industrial products of optoelectronics, medical care and construction. Customers were also expanded from LCM and industrial control plant in the early stage to the end customers, such as sports, in-vehicle and buildings.

1. The scope of business and products of the Company are as follows:

- (1) Smart optoelectronic glass processing and trading: Provision of the process services of cutting, polishing, reinforcing, thinning and coating services for touch sensing and protective panel glasses.
- (2) Smart automotive glass processing and trading: Utilization of 3D glass formation technologies that can be applied to automotive dashboard, central control system, multimedia audio and video, and rear mirror displays and touch control products.
- (3) Smart building glass processing and trading: Provision of the OEM services for energy-saving glass, eco-friendly coating of varnish decoration glass, easy-to-clean and anti-fog glass, and electrochromic glass.
- (4) Others: Outsourcing and trading orders.

2. The Company's main products and their business weight

Unit: NT\$ thousand

Product type	2022		2023	
	Sales value	%	Sales value	%
Smart optoelectronics	145,437	5.98%	-	-
Smart cars	515,400	21.21%	603,312	32.45%
Smart buildings	195,660	8.05%	224,927	12.10%
Others	1,573,705	64.76%	1,030,800	55.45%
Total	2,430,202	100.00%	1,859,039	100.00%

3. New products (Service) planned to be developed by the Company

In terms of the technology development, for 3D large size automotive development, the Company continues to invest in the medium and large size of full-bonding process, and for large size panel development, the technology has been advanced to high bending, integrated glossy and matte surface, three dimensional variation of planar and 3D surfaces, and such technology can be achieved on one single piece of 3D glass sheet. The full bonding and injection process of curved surface can be achieved in order to satisfy the automotive electronics demands. Accordingly, the Company will continue to head toward the development of large size of automotive specification.

In addition, for the integration of electrochromic glass, the Company heads toward higher specification of film coating in order to satisfy the building glass application needs. The uniform surface impedance and coating quality are able to achieve uniform color changing efficiency during the color conversion of large size of electrochromic glass, in order to reduce the impact of color difference during the color change of large size of panel, thereby improving the outstanding quality of buildings.

With regard to the consumer electronic product development, the Company focuses on the non-conductive metal decorative coating technology development, it is mainly applied to 5G communication, and the metal shielding effect is obvious. The alternative solutions are ceramics, glass and plastics as the main application materials. Accordingly, the Company focuses on the non-conductive coating technology development, in order to provide products with metal shining appearance for decorative effect while satisfying the 5G product demands. G-TECH's determination to take root in the glass processing industry, deploy new businesses, and develop new product technologies has not changed despite the challenges and changes in the industry. G-TECH's technology development outcomes for 2023 are as follows:

- (1) New equipment development for automotive 3D glass formation, capable of increasing the production capacity and reducing energy consumption.
- (2) E-beam coating technology development with average film thickness of 2%.
- (3) Nature color AR film new technology development.
- (4) Curved glass bonding technology development for application in the automotive market.

(II) Industry overview

1. Industry status and development

The Company is a professional glass machining service provider. Its principal businesses include manufacturing and international trade of glass, glass products and electronic components. It provides products and machining services such as glass cutting, polishing, thinning, reinforcement, coating, 3D forming glass and building glass. Has been deeply engaged in the industry of optical glass for more than 2 decades, it is particularly good at processing super-size glass, ultra-thin glass and glass with special custom specifications. However, with evolution of electronic products and technologies, the Company has shifted from past glass machining and production for scanners, photocopiers, even TN/STN and TFT LCD displays to recent years' manufacturing of products such as thinned glass, reinforced glass for touch panels, coated glass, cover glass and 2.5D~3D forming glass. Dependent upon its complete integrated glass machining services, it has gotten down to entering fields of automotive equipment, industrial control and green buildings. At present, its products are widely applied in various displays and electronic devices, including smartphones, notebooks, laptop computers, e-book readers, LCDs, TV sets and other consumer electronic products. For applications in the automobile industry, they are primarily applied in automobile interiors, including display panels of central control systems, car dashboards, display panels of air conditioners, applications of navigation systems, display covers of intelligent I-KEY automobile remote controls. As

to applications in green buildings, they are applied in intelligent glass, environment-friendly decorative baking varnish and easy-to-clean anti-fog glass. The Company has become a worldwide rare glass machining service provider for diverse fields. Industries of products are hereby summarized as follows:

(1) Smart optoelectronics

① Smart display market

As the mainstream display application of televisions, monitors, notebook computers, tablet computers and mobile phones enter the market maturity period gradually, the smart display market scale is expected to grow from US\$2.91 billion in 2023 to US\$10.15 billion in 2028, and the expected compound annual growth rate for 2023~2028 is 28.40%. The two main growth factors are:

The first factor is related to the rapid increase demand for smart and connected family products, such that manufacturers in the market are encouraged to include new functions in their products and to achieve higher reliability and product utilization rate. Accordingly, it is expected to become the main factor promoting the market growth.

The second factor relates to that automotive displays have become essential to the global TFT LCD panel industry future development, and the compound annual growth rate (CAGR) for 2022~2027 is expected to reach 6.2%. As the development of electric vehicles and self-driving system continues, the trend of one vehicle with multiple panels is inevitable. Accordingly, the traditional arrangement of central control panel and dashboard display panel will be changed to the arrangement of additional passenger seat with entertainment panels, rear mirror panels and rear seat entertainment panels. In addition, panel manufactures have also stated the vision of “one vehicle with ten panels”. As the digital information to be displayed by the automotive displays increases, the average panel size also increases. In addition, the dashboard, central control panel and passenger seat panel will also be integrated on one single module as an integrated smart cabin design. Furthermore, the average size of the automotive display may also be increased.

② Cover Glass

Low- and medium-end products are promoted in the mobile phone and tablet markets, and the application technology is gradually shifting towards ITO Film and other alternative technologies. Overall, the rest of the touch panel architecture still needs to use cover glass except for OGS. In addition, OGS must be strengthened twice due to the decrease in strength caused by the manufacturing process. Therefore, there are still concerns about using it for customers in mobile phone and tablet applications. In general, no matter what kind of technology is used for touch control, cover glass is required. Based on the preceding NPD forecast for market development, the demand for cover glass is still increasing annually.

③ Industry development

As the touch control industry indicates the prominent trend of large manufacturers becoming larger, under the price competition of the red supply, manufacturers' production capacity is over supply and the profit also decreases significantly. Consequently, a lot of touch control panel manufactures downsize their business operation and are facing difficult situation of bankruptcy, delisted from the stock market or company restructuring. As a result, diverse products with small quantity, customization for niche market, such as industrial control and medical products, have become the development direction for new products. It is mainly due to that for products of long certification period, suppliers cannot be replaced easily, and product life cycle is also relatively longer. For one single model, the life cycle may even reach more than 3~5 years. In addition, for the industrial control equipment market in Europe

and the U.S., the orders are relatively stable, and product customization requirement is high, such that the price competition is less severe than the market in China or Taiwan. Accordingly, the market in Europe and the U.S. can be classified as niche product market.

End customers have begun to guide the modular services for TP Modules, so TP Modules will gradually be driven by LCD panel manufacturers or their agents, and most TP manufacturers will slowly become supporting actors. Therefore, our strategy has gradually shifted from originally being industrial control factory-based to directly focusing on sports/vehicles and other customers, supplemented by LCM customers.

(2) Smart cars

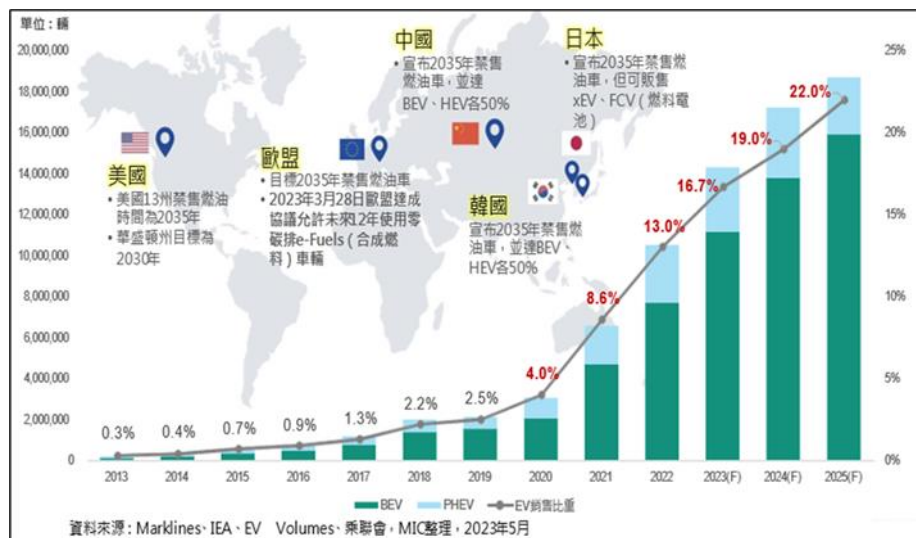
Since the beginning of COVID-19 in 2020, automobile sales volume dropped to below 80 million units due to the shortage of IC sales and production volume. In 2021 and 2022, the sales volume was still affected by the material shortage, but the volume increased gradually. In 2023, as the COVID-19 pandemic mitigated, the consumer and tourism market recovered. Under the condition of low inventory of second-hand vehicles, the automotive market recovery was promoted, and the sales volume increased.

Based on the consideration of strategy and environmental protection, countries around the world implement the policy of providing incentives and supports to enterprises, in order to promote consumers to move toward electric vehicles from internal combustion engine vehicles gradually. BEV has become the key products in the market under the driving force of the sales volume in China, U.S. and Germany, etc., accounted for approximately 46% total sales volume of EV, and its sales volume continues to surpass HEV after 2022. For HEV, since it does not require the change of use habits of consumers, under the driving force of the sales volume of hybrid vehicles, its sales volume slightly increased and accounted for approximately 36.4% of EV. For PHEV, the key markets are in China, Germany and France, accounted for 17.5%. FCEV accounts for approximately 0.1%.

①. Electric vehicle market

MIC estimated that the global electric vehicle sales volume in 2023 would reach 14.30 million units, a growth of 40% from the sales volume in 2022. Presently, the new electric vehicle market share is approximately 15%, and the market share is expected to reach 22% in 2025. Electric vehicle has become an irreversible trend, and to expand the overall electric vehicle market, auto makers continue to release greater affordable vehicle models. However, safety factor is still an important consideration to vehicles. Accordingly after the market adjustment, electric vehicles are expected to head toward the development of “fair price” rather than “low price”.

Despite that the trend of electric vehicles is prominent, governments and industry sectors still suggest that the pursuit of electrification to achieve net zero emission is not optimal, and it is necessary to consider other synthetic fuel battery vehicles in order to achieve energy optimization. Government subsidies have become the key support to the current EV market. At the end of 2022, there have been some reduction of vehicle purchase subsidies in several countries (China, UK, Germany, Norway, etc.), and it is expected to cause a certain industry adjustment period. For auto makers, after the survival of strong competitors in the market, the regions of China, Europe and North America are the top three markets for EV, and the EV related policies, including restrictions and incentives, in these regions will affect the supply chain production site planning.



Unit: tons	China Announce to ban the sale of new internal combustion engine vehicles in 2035, and BEV and HEV reaching 50% respectively
EV sales ratio	Japan Announce to ban the sale of new internal combustion engine vehicles in 2035, but the sale of xEV and FCV (dye-sensitized cells) are acceptable
United States 13 states in the U.S. announce to ban the sale of new internal combustion engine vehicles in 2035 The target year of the Washington State is 2030	Korea Announce to ban the sale of new internal combustion engine vehicles in 2035, and BEV and HEV reaching 50% respectively
European Union (EU) 2035 is the target year for the ban on sale of new internal combustion engine vehicles EU reached an agreement on March 28, 2023 to accept vehicles using zero carbon emissions of e-Fuels (synthetic dye) vehicles	Information source: Summarized information of Marklines, IEA, EV Volumes, China Passenger Car Association, and MIC, May 2023

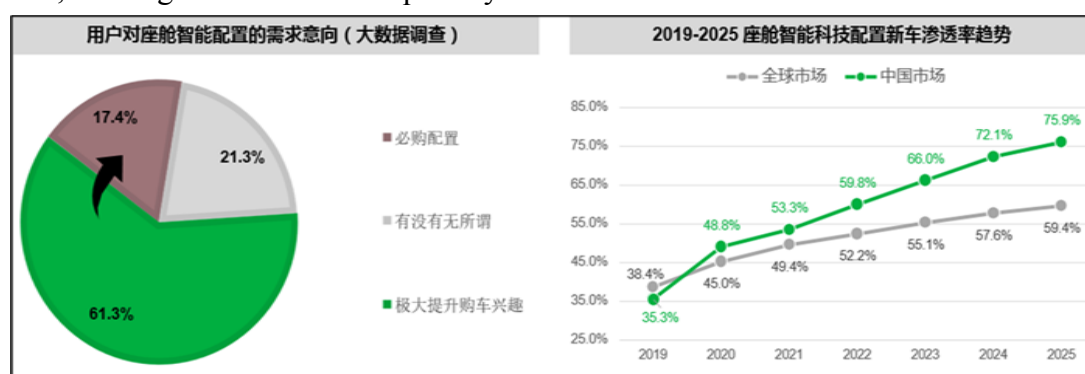
②. Promotion of smart cabins

The demand for electric vehicles driving power components increases, and the vehicle-to-everything market also shows a stable growth, such that it has become a standard option to new vehicles. Accordingly, the electric and smart functions of vehicles increase the PCB value and promote the continuous construction of charging pile infrastructure.

“Two Points and One Line” is the most common living style in the modern society. In addition, cabins are moving private spaces such that they become the third space between two points. With the rapid development self-driving technologies, vehicle cabins provide the function of local navigation and music playing. In addition, the internet connection and smart function improvement also promotes the active exchange and interaction for two-way communication with people from the previous passive interaction initiated by people. Such autonomous and smart communication mode is able to significantly improve user experience and work efficiency. According to the research result of IHS Markit, cabin smart technology implementation level is the second key factor next to the safety configuration, and its level of importance has exceeded the traditional vehicle purchase factors of power, space and price, indicating

the cabin smart technology has become an important factor considered by users during the purchase of vehicles.

Human-car interaction is not limited to key, touch control and voice method, and diverse human-vehicle dialogue modes of voice assistant, gesture identification, fingerprints and sound source positioning, facial recognition, holographic projection, etc. also become available in the vehicles models in the market consecutively. The design of different human-vehicle interaction scenes and functions requires the support of great amount of sensors. In the future, sensor vehicle installation quantity will increase significantly, including cameras, millimeter wave radar and physical sign monitors. By 2030, the average single vehicle sensor installation quantity will exceed 1.1 billion units, excluding the device of ToF. In the short term, since the sales volume of smart vehicles with the single vehicle sensor quantity above two digits is relatively low, the single vehicle sensor quantity remains at a low level.



Survey on user demands for smart cabin design (Big Data Survey)	2019-2025 Infiltration rate and trend of cabin smart technology design for new vehicles
Necessary design for purchase consideration	Global market
Not particularly interested	Chinese market
Interest in car purchase increased significantly	

(3) Smart buildings

In response to global growing awareness and worldwide trends in energy conservation and reduction of carbon emissions, the Building Research Institute, Construction Department, Ministry of Home Affairs, Taiwan has started to promote green building marks since 1999 and implemented policies for green buildings from January 2006. The laws were further amended in 2019 and formally implemented in 2021. The lower limit upon utilization ratio of green building materials on decorative area of buildings has been increased. The utilization ratio of green building materials has increased from 45% to 60% in interior decoration and from 10% to 20% outdoors. The energy conservation policies have been extended to the markets of commercial, office and residential buildings.

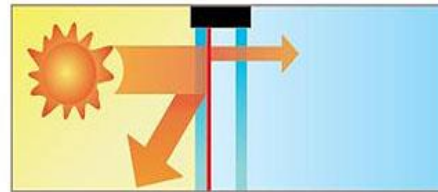
Countries worldwide have reached the consensus of achieving net zero carbon emissions by 2050. Accordingly, green building applications have become the market trend. The products of high quality Low-E building energy saving glass, eco-friendly coating decoration glass and easy-to-clean glass released by the Green Building Business Unit of G-TECH adopt the local manufacturing process and processing method, such that the Company is able to provide Taiwan eco-friendly green building materials, in order to achieve comfortable and wonderful energy-saving living environment.

①. Energy-saving glass

With the prevalence of energy conservation and carbon emission reduction, energy-saving glass products have gradually aroused great concerns of the construction industry. The so-called “energy-saving glass” means coated glass with low infrared emissivity, also known as low-emissivity (Low-E) glass. The energy-saving glass can block most solar radiation and maintain original daylighting effects of glass. It effectively reduces energy consumption necessary for air conditioning and lighting. Functional schematic diagram of low-E glass is as follows:



冬季：
室內的熱能因Low-E雙層玻璃的阻斷
而不易輻射至室外，而能保暖。



夏季：
阻斷大量輻射能的穿透，僅少數的熱能進入
室內（鍍面在第二面）保持涼爽。

<p>Winter: Internal heat is prevented from radiating to the external due to the insulation by Low-E double layer glass, such that the interior can be kept warm.</p>	<p>Summer: Penetration of large amount of radiant energy can be blocked to allow only small amount of heat to enter the interior (coating surface on second surface) in order to keep the interior cool.</p>
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②. Intelligent color-changing glass

Color-changing glass utilizes the change of light and energy through glass to achieve the functions of energy saving, cost saving, increase of environmental comfort and enhancement of privacy, etc.

There are three types of energy change of the color-changing glass:

- Photochromic
- Thermochromic
- Electrochromic, SPD, PDLC

There are only options for intelligent EC windows. Ratio of penetration is optional within a wide range. With functions for rapid switching, energy-saving anti-glare control and privacy protection, these windows are durable for 20 years. Intelligent color-changing glass will replace the traditional glass and window shades in buildings and residences, and particularly, the interior partitions, high-end residences and commercial building applications. In addition, the Company’s technology is able to achieve the blocking of 99.9% of light within 5 minutes.

2. Product application

(1) Correlations among upstream, midstream, and downstream industries

Glass substrate, PET film, ITO target materials and optical clear adhesive (OCA) are upstream raw materials in the industry of touch panels and displays. Glass substrate is also divided into glass substrate for touch sensor and cover lens for touch panels. Due to different purposes of glass substrates, the material and specification requirements are also different. Furthermore, difference among suppliers also exists. Presently, the glass substrate suppliers mainly refer to Japanese suppliers (AGC, NSG) and American suppliers (Corning).

OCA optical clear adhesives are mainly used for the bonding of touch control panels. ITO target is coated on PET film to form ITO conductive film, and ITO target is coated on glass substrate to form ITO conductive glass, following which touch control module manufacturer then performs assembly to manufacture into panels, such that the panels can then be provided for the use by the end products of mobile phones or tablet computers, etc.

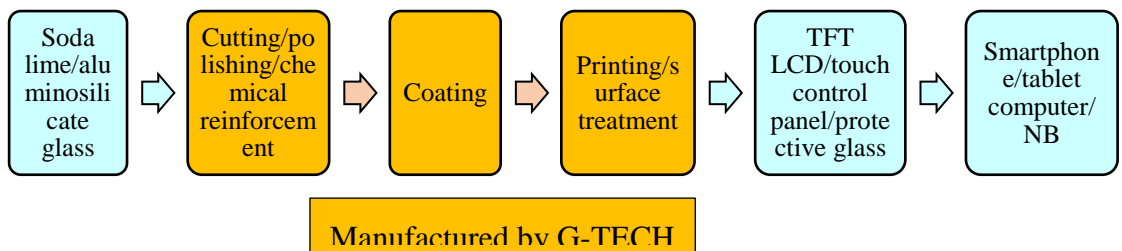
The Company is in the upstream supply chain. Please refer to the image below for details:



(2) Touch control display: optical coating, protective glass

Aluminosilicate glass must undergo various processes such as cutting, edging, drilling, polishing, thinning, strengthening, printing, laser engraving, and coating based on the needs of different terminal applications. There are also different levels of processing according to the customer’s design in terms of glass shape, mechanism, and strength. There are as many as a dozen manufacturing processes, and the processing service is highly customized. The products are then shipped to the touch module or system assemblers.

The basic cover glass processes are as follows:



The Company set up the 7.5 generation (1950mmX2250mm) Indium Tin Oxide (ITO)conductive film glass production line in 2008, and the Company is equipped with the special heat resistant transparent conductive film technology. In addition, in 2017, the Company cooperated with the U.S. electrochromic glass giant manufacturer KTI to develop and manufacture TCO of low impedance and high transmittance, and mass production was also successfully achieved in one year. Furthermore, the Company continues the in-depth development of electrochromic technology. For this coating line, in addition to the coating of ITO conductive glass, we have also developed anti-reflection coating, capable of reducing 75% of product reflection rate,

in order to increase the clarity and comfort of the display panel. With the design of optical film stack of high and low reflective materials, through the control of the online film thickness and optical monitoring, high quality anti-reflection film product can be achieved. Furthermore, we also develop the anti-stain and anti-fingerprint (AS/AF) and anti-glare special glass surface treatment technologies. With diverse products, we are able to provide the one-stop service to customers and have become the leader in the production capacity and technology in this field.

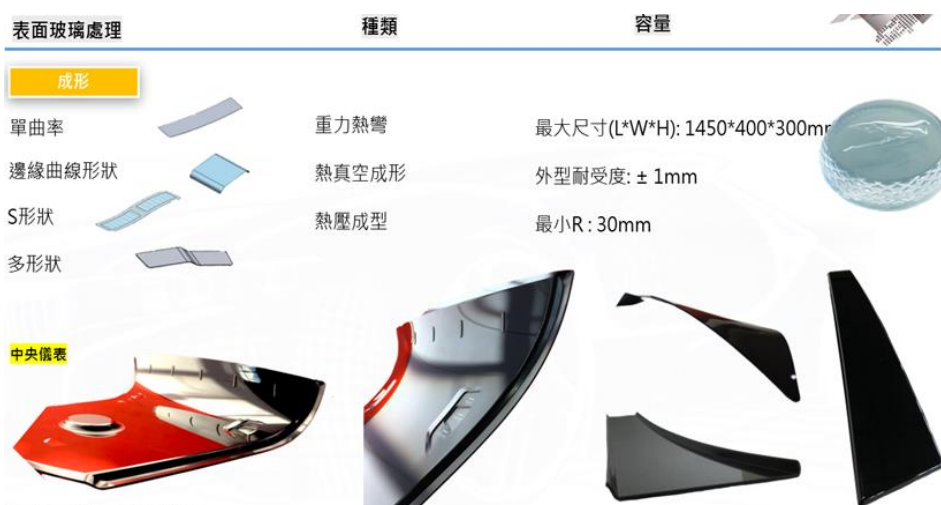
(3) 3D glass formation

The 3D glass production process is extremely complex with extremely high technology and capital thresholds, and requires large-scale capital investment. The Company has been engaged in the curved glass processing industry for many years, accumulated rich production experience, and gained the most advanced production technology in the industry, which has laid a solid foundation for the Company's technology R&D and capital expenditure. As the automotive market changes from the internal combustion engine vehicles to electric vehicles gradually, automotive design requires the introduction of tech-feel design. Accordingly, we have applied the 3D products to the automotive market. With the advantages of own technologies, capital and customers, we are able to maintain the leading position in this new trend in the market. Products include interior mechanical parts, automotive dashboard, central control system, multimedia audio and video, rear mirror displays and touch control products.

①. Product application:



②. Technical capability:



表面玻璃處理	Surface glass treatment	種類	Type
成形	Formation	重力熱彎	Gravity and thermal bending
單曲率	Single curvature	熱真空成型	Thermal vacuum formation
邊緣曲線形狀	Edge curve shape	熱壓成型	Hot pressing formation
S 形狀	S shape	容量	Volume
多形狀	Multiple shapes	最大尺寸(L*W*H) : 1450*400*300mm	Maximum dimension (L*W*H): 1450*400*300mm
中央儀表	Central dashboard	外形耐受度 : ±1	Shape tolerance: ±1
		最小 R : 30mm	Minimum R: 30mm

3. Product competitiveness

Since the establishment for nearly three decades, the Company's production capacity and production lines are kept pace with the times and even lead the industry planning. With the Company's prospective industry deployment from glass cutting, thinning, strengthening, coating, to the expansion and construction of its 3D forming process plant in recent years. In addition, the Company is equipped with comprehensive technologies capable of satisfying the demands of different markets while providing a series of diversified and integrated glass processing and production services to our customers. Although there are competitors in the glass cutting, thinning, strengthening, and coating fields, G-TECH remains the only company in Taiwan and even in the world that can provide integrated production with multiple processes in terms of integrated services. This is one of G-TECH's biggest advantages in the field of glass processing services.

In terms of the technology development, for 3D large size automotive development, the Company continues to invest in the medium and large size of full-bonding process, and for large size panel development, the technology has been advanced to high bending, integrated glossy and matte surface, three dimensional variation of planar and 3D surfaces, and such technology can be achieved on one single piece of 3D glass sheet. The full bonding and injection process of curved surface can be achieved in order to satisfy the automotive electronics demands. Accordingly, the Company will continue to head toward the development of large size of automotive specification.

In addition, for the integration of electrochromic glass, the Company heads toward higher specification of film coating in order to satisfy the building glass application needs. The uniform surface impedance and coating quality are able to achieve uniform color changing efficiency during the color conversion of large size of electrochromic glass, in order to reduce the impact of color difference during the color change of large size of panel, thereby improving the outstanding quality of buildings.

With regard to the consumer electronic product development, the Company focuses on the non-conductive metal decorative coating technology development, it is mainly applied to 5G communication, and the metal shielding effect is obvious. The alternative solutions are ceramics, glass and plastics as the main application materials. Accordingly, the Company focuses on the non-conductive coating technology development, in order to provide products with metal shining appearance for decorative effect while satisfying the 5G product demands.

At present, computer, communications and consumer electronic products tend to be designed lighter, thinner, shorter, and more stylish and concise. Display screens are getting increasingly bigger, and full-plane and narrow bezel designs are becoming more popular. In terms of input interface, mechanical keyboards have gradually been replaced by touch panels. Due to the impact of COVID-19 pandemic, the significant increase in demands for online office work and education has driven the needs for medium-sized and big touch displays. Therefore, big size, ultra-high definition, narrow bezel, low cost and diverse applications have become the future development trend in the field of displays. With the application of full lamination and bonding technologies, touch control displays have been produced as integrated products. Future technology development of touch control screens will rely upon innovative techniques and material breakthroughs. Under this trend, the requirements for glass machining processes have become more diverse and customized. Production capacity and processes shall be determined according to customers' product designs.

(III) Technology and R&D overview:

1. Business technical level and R&D overview:

The Company is a professional provider of photoelectric glass processing services and key glass components, and its core technologies include glass cutting, polishing, coating, and strengthening. The Company is actively developing precision cutting, high-efficiency polishing, multi-functional coating, super-size substrate and reinforcement. In addition, G-TECH is also actively developing integrated applications that combine the Company's core technologies to satisfy the high-customization demands for terminal products. The development focus of the Company's R&D unit includes the continuous development of existing core technologies, and integration of existing technologies for customization and different application trends.

Among multi-functional coatings, curved surface coatings and multi-angle anti-reflective films with small color difference are especially focuses of development. The Company performs big data analysis using precise simulation software, in order to optimize coating design and improve customer satisfaction. Particularly, low-reflectance AR films have to be used on operating interfaces inside vehicles to enhance LCD contrast and reduce discomfort of eyes. Furthermore, integrated anti-reflective AR films with high absorption are launched, in order that oil ink frames of display screens are identical to the black color of the visible zone, to present integrated black technology in vision as a whole. In addition to anti-reflective coatings, we have also developed stain repellent coatings, anti-glare coatings, and antibacterial coatings to meet the diverse needs of customers.

In terms of terminal applications, the Company uses glass as the base material for its products and offers various processing services for various displays and electronic devices. Small-size products include smartphones and multimedia players; medium-size products include tablets, game consoles, e-book readers, as well as satellite positioning and navigation systems; and large-size products include All-In-One PCs, notebook computers, LCD monitors, and LCD TVs. In addition to flat glass applications, the Company has also actively conducted technical R&D for special shaped glass products in order to meet the application needs of next generation cover glass demands for electronic devices. In terms of automotive industry applications, the Company has used its quality systems to achieve

high-standard automotive certifications, and jointly developed non-planar glass interior integrated products with its customers. Such products include central control systems, display and touch applications, and curved or multi-curvature decorative panels. The objective is to provide durable cover glasses needed to satisfy human-machine touch-panel interface simplifications and lightweight designs in response to the electrification of vehicles, achieve product integration, and meet more innovative application requirements from the market.

The Company has established trial production lines and laboratories in the plants to research and develop new processes and technologies, and continued to invest R&D funding for the improvement and integrated development of the important core technologies mentioned above. As the market grows and consumer electronic products continue to evolve and change, 3D forming glass has considerable development potential based on the application demands for new functions, shapes, and materials.

2. R&D budget invested in the most recent three years up to 2023

Unit: NT\$ thousand

Item \ Year	2021 (consolidated)	2022 (consolidated)	2023 (consolidated)
R&D expenditure	64,105	62,314	97,581
Net operating income	2,613,833	2,430,202	1,859,040
Ratio of R&D expenses to net revenue	2.45%	2.56%	5.25%

3. Successfully developed technologies or products

Year	Contents of R&D achievements	Main benefits (feature description)
2017	1. Development of multi-cavity mold technology	Improved product efficiency
	2. Development of high-strength molding technology	Improved product strength design
	3. Multi-layer structure AR development	Development of ultra-low reflection multilayer film
	4. Development of low-impedance and high-temperature resistant conductive film	In response to smart glass product demands
	5. Development of medium and large 3D glass forming technology	In response to large-size interior panel needs after automotive electrification
	6. Electrochromic process technology development	Promoted construction market application needs
	7. Floating edge glass gluing process	Improved glass utilization rate and increased product competitiveness
	8. Electro-optical multi-layer technology	In response to large electrochromic glass demands
2018	1. Vehicle display multi-curvature glass development	In response to diverse vehicle interior design needs
	2. Multi-stage color changing process technology development	Adjusted the degree of sunlight according to weather forecasts
	3. 3D high penetration multilayer coating technology development	Multi-curvature design for use in combination with high-throughput coating due to high sunlight reflection in the driving area
	4. Optoelectronic gluing technology	Multi-curvature design and panel combination
2019	1. Development of high-temperature resistant transparent conductive film TCO	Second supplier; reduced costs.

Year	Contents of R&D achievements	Main benefits (feature description)
	material	
	2. Development of multi-stage electrochromic process technology	Developed new products and applications
	3. 3D high penetration multilayer coating technology development	Increased product performance
	4. Vehicle display multi-curvature glass development	Developed new products and applications
2020	1. Building optoelectronic gluing technology	New technology development; improved yield.
	2. Development of automotive 3D anti-reflection film	Uniform film layer, ensuring no chromatic aberration AR for 3D curved surface
	3. Vehicle cover glass non-plating technology	Development of traceless coating technology
	4. Development of electrochromic layer materials	Use of Sputter technology to develop EC materials
2021	1. Multi-angle uniform color AR	Vehicle cover glass application
	2. Building photoelectric negative pressure gluing technology	Developed diversified product applications
	3. Development of electrochromic layer materials	Electrolyte glue development.
2022	1. New equipment and technologies for mass production of 3D automotive forming glass	New technology development; improved yield.
	2. Automotive 3D AR evaporation coating technology	Improve coating process for 3D curved surface.
	3. Ultra-low reflectivity coatings, R<0.2%	New products made with coating technologies.
	4. Development of PDLC bonding technologies	Apply bonding technologies in the automotive market.
2023	1. Development of HUD coating special optical film for vehicle-mounted front window HUD.	Use of the sputter AR technology for coating onto the automotive windshield glass. Applicable to the development of HUD or mixed reality.
	2. Development of electrochromic conductive coating for vehicle-mounted sunroof.	Sunroof 3D curved surface coated with transparent conductive film, and applicable to electrochromism field.
	3. Development of low-cost and high-efficiency thermoforming furnace for 3D curved glass.	Low energy-consumption insulation design is adopted, and the formation process is improved to enhance the performance, in order to develop the latest low-cost thermoforming furnace.
	4. Development of special-shaped CNC cutting and edging for automobile glass.	Machine design and process optimization, applicable to automotive glass field.

4. Competitive strategy

The Company has over a decade of accumulated experience in display glass processing related technology R&D and production, and has the most comprehensive, largest scale, high-level process integration, and strongest capability to meet the industry trend demands among its peers in Taiwan. Compared to smaller-scale or newly-entered competitors, the Company has firmly maintained its leading position in technology and production capacity, and possesses strong competitive advantages. The Company also aims to be a world-class comprehensive optical glass processing service provider. In the future, the Company will continue to grasp market trends, invest R&D resources, and maintain capacity expansion speed and efficiency in order to create higher growth momentum and profitability.

(IV) Long- and short-term business development plans

1. The Company's short-term business development plan
 - (1) Operating strategy: With the automotive product as the key direction for product development, the Company will continue to develop the products of smartphones and computers, etc. for the consumer product market. In addition, the Company will also actively develop non-consumer electronic markets such as industrial control and will accelerate the expansion of the architectural glass market.
 - (2) Product strategy: Build a production line suitable for small-volume and high-diversification production according to the demands of customers in the market, quickly increase production capacity, and achieve mass production and production efficiency in the shortest time in order to achieve a win-win for Company profits and customer interests.
 - (3) Marketing strategy: Expand the customer base and extend the core competence related product applications in order to achieve the objectives of high speed, service optimization, cost effectiveness and best quality.
2. The Company's mid- and long-term business development plan
 - (1) Operational strategy: Improve technology and process capabilities, provide total solutions, widen the gap with competitors, and maintain industrial competitiveness and high profitability.
 - (2) Strengthen the R&D of new products and materials with cost advantages in order to enhance the Company's long-term competitiveness.
 - (3) Vertical supply chain integration: Obtain more electronic glass substrate procurement and processing technology advantages via in-depth cooperation with electronic mother glass manufacturers. Partner with Asahi Glass for architectural glass in order to create new demands in Taiwan's architectural glass market.
 - (4) Marketing strategy: Pass the TS16949 quality system certification, actively expand the automotive market, and develop new products and new customers based on customer needs. Expand the market for niche products such as electronic whiteboards and Mirror Glass, and extend the reach into this market.

II. Market, production, and sales overview

1. Market analysis

Sales areas for main products

Unit: NT\$ thousand

Year Sales regions	2022		2023	
	Sales amount	Ratio	Sales amount	Ratio
Mainland China	1,683,241	69.26%	682,690	37.00%
Taiwan	600,556	24.71%	702,396	38.00%
United States	17,689	0.73%	368,902	20.00%
Others	128,716	5.30%	87,053	5.00%
Total	2,430,202	100.00%	1,859,041	100.00%

Note: Must be based on the consolidated financial report.

Future supply and demand and growth status of the market

In recent years, the application of glass in electronic devices has become increasingly more widespread. Since 2007, the demand for touch-sensing and cover glasses has grown rapidly as mobile phones started to adopt full-screen touch control. Since 2010, tablet PCs started to offer 100% full-screen touch controls, and the screen sizes for smartphones have been enlarged from 3.5 inches to 10 inches to provide larger glass areas for use. For glass processing service manufacturers, the market size has grown exponentially each year.

Although the demand for smartphones and tablet computers has gradually entered a slow-growth period after years of increasing demand, the trend remains positive. The mainstream sizes of smartphones have grown from 3.5 inches to 5.5 inches, and 7- to 8-inch tablet PCs are also vying for market share.

In terms of the 2D/2.5D mobile phone and tablet computer cover glasses, worries about oversupply gradually emerged in 2013 because numerous manufacturers have invested in production capacity deployment in the market since 2011.

G-TECH's processing services have changed from volume growth in the past to the pursuit of more differentiated and diversified designs. Diversified process services have enabled G-TECH to become the market leader in anti-reflective (AR) high-precision coating, 3D forming, and other high-variability and different-curvature processes, which has facilitated sustainable business development for the Company.

Since the market demand for touch panels is in an initial rising stage, the demands for strengthened cover glasses in electronic product terminal devices are expected to take off in the next few years due to the rapid expansion of touch control terminal applications, the rapid growth of medium and large-size applications such as tablet computers, and the introduction of cover glasses for NB and LCD TV exterior designs.

Competition niche

- A. Strong professional management team, excellent R&D capabilities.
- B. Direct cooperation with brand manufacturers for development, and a grasp of first-hand market information.
- C. High technical threshold, vertically integrated products, and lack of comprehensive competitors.

D. Adoption of the latest automatic coating equipment and leading technology with high production efficiency.

E. The leading exclusive 3D forming glass mass production manufacturer in the market. Favorable and unfavorable factors for development prospects as well as countermeasures:

①. Favorable factors:

a. Providing customers with highly integrated and customized product requirements. Since G-TECH has a full production line service process capability for areas such as cutting, grinding, thinning, etching, polishing, strengthening, and coating, it can satisfy brand customers' high-customization demands for glass products and provide one-stop shopping services.

b. Possession of the world's largest glass strengthening furnace and AR coating capacity.

In terms of the production capacity of strengthened glass for touch panels, G-TECH is currently the world's largest supplier for chemically strengthened glass due to its early deployment and active production capacity expansion in the past two years.

c. Being part of the supply chain for first-line brand manufacturers helps consolidate the Company's position and expand the market.

G-TECH's complete comprehensive glass processing service production line can meet the needs of first-line brand customers. G-TECH has also passed major international plant certifications and established its leading position in the glass processing field.

d. Leading technology with deployment of innovative optical coating, 3D forming glass, and other new technologies.

G-TECH has developed its glass technologies for many years, possesses high-end technology R&D capabilities, and has a keen sense of trends as well as market flexibility in this field. After entry into the touch-panel strengthened cover glass market, G-TECH has been actively developing next-generation products such as the strengthening of 6th-generation touch-sensing glass, innovative optical coating technologies, and 3D forming glass products, which have already reached the mass production phase.

②. Unfavorable factors and countermeasures:

a. Upward integration of touch module and panel plants, increase of new competitors. Due to the rapid growth of the cover glass market and the market's tight production capacity supply, panel and touch module plants have tended to integrate upwards and enter the cover glass field in order to control the supply source.

Countermeasures: Partner with upstream glass substrate plants to strengthen strategic alliances.

b. The rise of low-cost touch panels in Mainland China

Mainland China's touch panel suppliers compete by cutting prices, which has given touch panel manufacturers greater bargaining margins in order to make their products more price-competitive.

Countermeasures: G-TECH will carefully evaluate customer quotations and seek more effective production methods to meet the customers' quality, materials, and manufacturing process demands.

c. Mainstream touch technologies change rapidly, and alternative materials are emerging

WitsView predicted that the proportion of tablet PCs using G/G touch technology architecture would decrease from 46.3% in 2012 to 6.8% in 2014. The application of touch technology for small to medium sizes will focus on in/on cell, resulting in reduced use of strengthened glass for touch sensors.

Countermeasures: Use the capacity of the strengthening furnace for cover glass and 3D forming glass products.

2. Important uses and production processes for main products

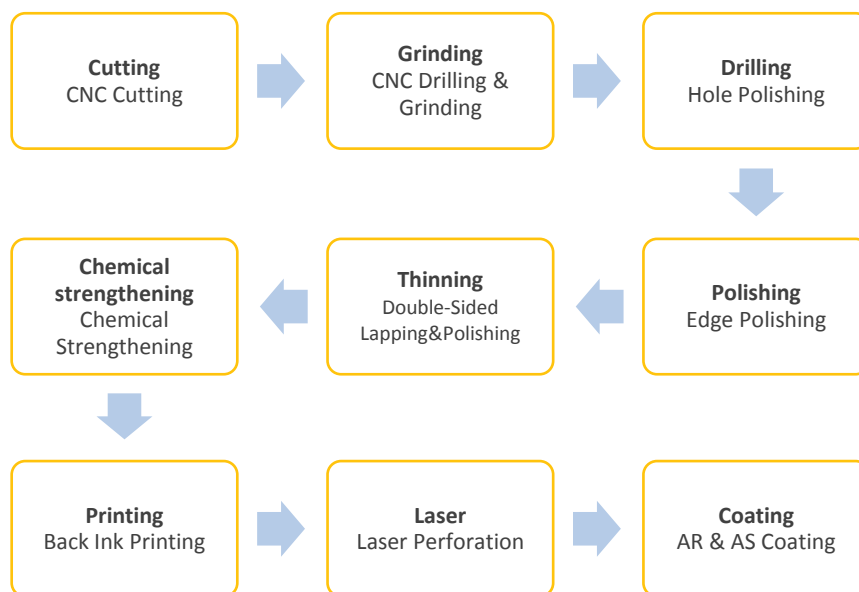
(1) Important uses for main products

The Company's products are mainly used for flat-panel displays such as smartphones, tablets, notebook computers, portable navigation systems, game consoles, multimedia players, LCD monitors and TVs, and devices equipped with touch panels.

(2) Production processes for main products:

①. Strengthened, coated, and 2D cover glass

The basic glass processing process is as follows:



②. 3D forming glass

The 3D forming glass production process involves molding flat mother glass

substrate into various required shapes first, and then proceed to the basic glass processing process shown in the figure above.

3. Main raw material supply status

Main raw material name	Main supplier	Supply situation
Glass substrate	AGC, Corning	Stable quality and supply, long-term cooperation, and good supply status

4. List of main purchase and sales customers

- (1) The names of suppliers that have accounted for over 10% of the total purchases in any of the last two years as well as the purchase amount and ratio, and please describe the reasons for increases or decreases:

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer
1	Supplier A	1,176,241	64.61	Related parties	Supplier A	745,886	58.04	None
2	Supplier B	6,890	0.38	None				
	Others	637,314	35.01	—	Others	539,134	41.96	—
	Net purchase amount	1,820,445	100.00	—	Net purchase amount	1,285,020	100.00	—

Note: 1. The Company has signed the non-disclosure agreement with suppliers, such that the names of suppliers are presented in codes.

3. Explanation of increase or decrease change: In 2023, the supplier product purchase amount decreased from 2022, and it was mainly due to the decrease of order demand, and the revenue also decreased in comparison to the same period of last year.

- (2) The names of customers that have accounted for over 10% of the total sales in any of the last two years as well as the sales amount and ratio, and please describe the reasons for increases or decreases:

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer
1	Customer B	684,133	28.15	None	Customer C	342,898	18.44	None
2	Customer A	42,034	1.71	None	Customer D	305,599	16.44	None
	Others	1,704,035	70.14	—	Others	1,210,544	65.12	—
	Net sale	2,430,202	100.00	—	Net sale	1,859,041	100	—

Note: 1. The Company has signed the non-disclosure agreement with customers, such that the names of customers are presented in codes.

2. Explanation of increase or decrease change: In 2023, the revenue decreased by NT\$570 million from 2022, and it is mainly due to the decrease of the demand for sports equipment coating and automotive glass during the post-pandemic period.

5. Analysis of production value and changes in the last two years

Unit: PCS(K); NT\$ thousand

Year Production volume and value	2022			2023		
	Capacity (Note)	Output volume	Output value	Capacity (Note)	Output volume	Output value
Main products						
Smart optoelectronics	1,920	1,039	323,510	-	-	-
Smart cars	900	633	1,031,114	1,424	1,396	994,801
Smart buildings	5,665	1,748	199,262	5,665	2,602	214,960
Total	8,485	3,420	1,553,886	7,089	3,998	1,209,761

Note: 1. Production capacity refers to the quantity that the Company can produce under normal operations using the existing production equipment after measuring the necessary shutdowns, holidays, and other factors.

2. If the production of each product is substitutable, the production capacity may be combined and an explanation must be provided.

Analysis and explanation of changes in production value:

- ①. The decrease in the output value of smart optoelectronic glass was mainly due to the decrease in the demand of coated glass for sports equipment during the post-pandemic period.
- ②. Smart automotive glass production value decreased, which is mainly due to the decrease in the demand for automotive glass.
- ③. Smart building glass production value increased, which was mainly due to the real estate suppression policy of the government was not yet effective, and orders increased.

6. Analysis of sales volume and changes in the last two years

Unit: PCS(K); NT\$ thousand

Sales volume and value Main products	Year		2022				2023			
			Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value		
Smart optoelectronics	293	68,862	168	76,575	0	0	0	0		
Smart cars	342	272,646	205	242,753	919	446,490	147	156,823		
Smart buildings	1,214	195,660	0	0	2,349	224,927	0	0		
Others	663	63,388	28,443	1,510,317	163	48,978	1,415	981,823		
Total	2,512	600,556	28,816	1,829,645	3,433	720,395	1,562	1,138,646		

Analysis and explanation of sales volume changes: In 2023, the Company's revenue decreased by NT\$570 million from 2022, which was mainly due to the decrease of demand for sports equipment coated glass and automotive glass, such that the revenue decreased.

III. Employee information for the most recent two years and as of the publication date of the annual report

Unit: No. of people; year

Item/Year		2022	2023	Up to March 31 for the current year
Number of employees	Indirect personnel	227	204	205
	Direct personnel	316	273	266
	Total	543	473	471
Average age		39.95	42.1	42.35
Average service tenure		7.99	9.58	9.82
Education distribution ratio (%)	Doctoral degree	-	-	-
	Master's degree	4.05%	4.23%	4.46%
	University (post-secondary)	60.59%	61.95%	61.78%
	Vocational high school (inclusive) or lower	35.36%	33.82%	33.76%

IV. Environmental protection expenditure information

In the most recent year and as of the publication date of annual report, the losses incurred due to environmental pollution (including compensation and environmental protection audit in violation of environmental protection laws and regulations, and the date of disciplinary action, the case number, the laws and regulations violated, the content of violations, and the content of disciplinary action must be listed). Please also disclose the estimated amount that may be incurred at present and in the future, as well as the corresponding measures. If a reasonable estimate cannot be made, please state the fact why it cannot be reasonably estimated:

In 2023, there was no penalty due to violation of environmental protection laws and regulations.

V. Labor-capital relations

(I) The Company's various employee welfare measures, continuing education, training, retirement systems, and their implementation conditions; the labor and management agreement status; and status of various employee rights protection measures

1. Employee welfare measures (including pension system)

Company welfare	Insurance	<ul style="list-style-type: none"> • Labor insurance, health insurance, group insurance
	Leave of absence	<ul style="list-style-type: none"> • It is handled according to the "Labor Standards Act"
	Employee physical examination	<ul style="list-style-type: none"> • Once annually, superior than regulatory requirements
	Birthday subsidy	<ul style="list-style-type: none"> • Birthday gift money is provided to employees in the month of their birthday
	Emergency aid	<ul style="list-style-type: none"> • Emergency aid is provided to employees and their relatives • Type of aid: <ol style="list-style-type: none"> 1. Medical assistance 2. Living aid 3. Other situation requiring emergency aid determined • Payment standard: Determined based on individual case review
	Competition rewards	<ul style="list-style-type: none"> • Employees and their children participating in personal contests organized by the public department, and received the awards of top three prizes.
	Pension system	<p>G-TECH complies with relevant local retirement laws and systems in order to protect the retirement rights and interests of employees. Since all of the employees in Taiwan plant site qualify for the new labor retirement system, employee retirement regulations have been established according to the "Labor Pension Act":</p> <ol style="list-style-type: none"> 1. According to the Labor Pension Act, the Company appropriates 6% of the monthly salary to personal pension account, and employees may also choose to voluntarily contribute an amount within 6% of the monthly salary as the pension according to their own will, and such amount is to be withheld from the monthly salary for depositing into the pension account under the new system. 2. Retirement criteria: Employees reaching the age of 60 years old may apply for the collection of pension. For employees with the pension appropriation seniority reaching 15 years and above may choose to collect the pension on a monthly basis or at a lump sum. For employees with the pension appropriation seniority less than 15 years, they shall collect the pension at a lump sum.
Employee benefits (Welfare fund is deducted monthly for employees with the service)	Welfare subsidies	<ul style="list-style-type: none"> • Marriage subsidy: Marriage subsidy is provided to employees • Maternity subsidy: Maternity subsidy is provided to employees and their spouses • Funeral subsidy: Subsidy is provided for parents, spouse, children, grandparents, maternal grandparents, siblings, parents of spouse of employees
	Education scholarship	<ul style="list-style-type: none"> • Scholarship is provided to employees and their children with academic semester score reaching the specified standard
	Festival gifts	<ul style="list-style-type: none"> • Gift vouchers are provided during the Chinese New Year, Labor Day, Dragon Boat Festival, Mid-Autumn Festival

period reaching six full months after reporting to work)	Recreational activities	• Activities are organized depending upon the budget of the current year
	Recreational tourism	• Activities are organized depending upon the budget of the current year
Other benefits	Hardware equipment	• Fitness center, breastfeeding room, employee cafeteria, employee recreation room, employee parking lot
	Friendly parenting	• According to the provisions of the “Regulations for Implementation of Maternal Health for Female Workers”, the Company provides maternal health evaluation and work adjustment for pregnant women and women giving birth, in order to ensure the physical and mental health of female employees for their pregnancy, after giving birth and breastfeeding periods. In addition, the Company also plans the exclusive parking spaces, breastfeeding room and contracted kindergartens for pregnant women. • “Gender Equality in Employment Act” is implemented and the gender equality of the SDGs goal is promoted. In addition, the Company supports and protects employees’ right to apply for parental leave with pay for their needs to raise the next generation. For all employees of the Company, before each child reaches the age of 3 years old, they may apply for parental leave without pay until the child reaches the age of 3 years old; provided that the leave period shall not exceed 2 years. During the parental leave without pay period, employees may continue to enroll in the original social insurance.

2. Continuing education and training:

Employee education and training is provided according to the employees’ functions. The training courses are mainly divided into five categories: basic courses, occupational safety, professional courses, general knowledge, and hierarchy.

Organizational level	Hierarchy courses	General knowledge courses		Professional courses				Occupational safety courses	Basic courses
Business management level (ex: Vice President, Special Assistant, Associate Manager level)	Medium and senior supervisor training	Internal instructor training	Communication and language courses	Job rotation, workstation training	Management system courses	Professional competency training	Key talent training	Occupational safety related operator training	New employee orientation
Planning management level (ex: Section level, manager level)									
Control execution level (ex: Engineer, Specialist)									
Execution level (ex: Leader, Team Lead)	Entry-level supervisor training								
General (ex: Operator)									

2023 education and training implementation overview is described in the following table:

2023 education and training _ total number of trainees in person-times

Plants	Basic training	Profession type	General education type	Rank type	Occupational Safety and Health Act	Total
Miaoli	2	843	44	0	36	925
Southern Taiwan Science Park	10	138	0	0	5	153
Total	12	981	44	0	41	1,078

3. Labor-management negotiation status and various employee rights protection measures:

The Company establishes various employee-related management regulations according to the Labor Standards Act and relevant laws, in order to protect the rights and interests of employees. In addition, the Company values employees' opinions and provides various communication channels. Furthermore, labor-management meetings and employee welfare committee meetings are also convened quarterly, in order to maintain proper two-way interaction and to establish harmonious labor-management relationship and friendly workplace.

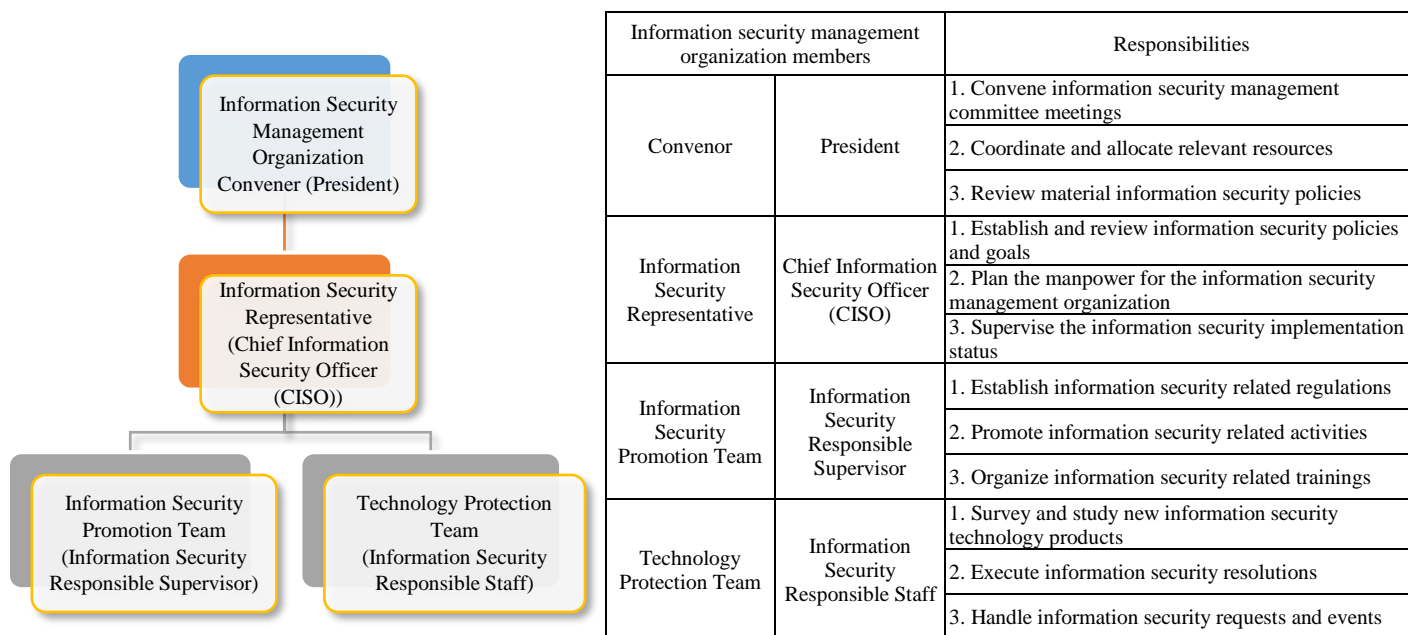
(II) Losses suffered due to labor disputes in the most recent year and up to the publication date of the annual report, as well as the estimated amounts and corresponding measures that may occur at present and in the future:

The Company complies with laws, regulations and relevant management rules, and there are no labor disputes or violations in the current year.

VI. Information Disclosure of Cyber Security Management.

(I) Cyber security management

1. Cyber security risk management structure: The Company has established the information security management organization in charge of the promotion and management of all matters related to the information security of the Company.



2. Cyber security policies: Ensure normal operation of cyber security services, confidentiality, integrity, availability and legitimacy of information assets, to avoid internal and external deliberate or accidental threats.
3. Specific measures for implementing information security policies: Carry out internal resource management, protect external accesses, management virus protection, establish a backup mechanism and join in the TWCERT Information Security Alliance.
4. Specific countermeasures and preventive actions for emergency response to information security incidents:

Emergency response measures		Preventive actions for emergency response
Internal safety threatening incidents	When malicious damages, careless operations and other information security incidents are found (or suspected), rapidly investigate impacts and damages of the incidents. Enable advance backups or programs or initiate related measures for backup plans and rapidly resume normal operations.	1. The information organization shall regularly test cyber security and scan vulnerabilities. Track and improve vulnerabilities. 2. The information organization shall regularly create backups for important materials, systems and application programs.
Virus infection	In case of virus intrusion, immediately interrupt the infected equipment and violate the virus to avoid spread of the epidemic. Besides, obtain requisite virus removal programs as soon as possible. Remove viruses, repair and restore according to corresponding repair procedures.	1. The information organization shall install anti-virus software before all internal computers of the Company is started for initial use. 2. The information organization shall promptly distribute updated virus codes to all computers. 3. The information organization shall irregularly promote cases on virus intrusion, including website browsing and email attachment.
Hacker attack (or illegal intrusion)	In the event of intrusion, immediately disconnect physical lines of the Company's network, reject intruders' access, mend security	1. The information organization shall install firewalls for Internet; guard against hacker attacks and malicious attacks.

	breach and implement specific remedial actions for improvement.	2. Perform authentication above two levels, including interactive authentication, for internal network.
Natural disasters or major emergencies	If the information system is damaged because of natural disasters (typhoon, flood, earthquake) or major accidents (fire, explosion, major building disaster), the system shall be reconstructed and restored with remote backup after elimination of the disaster or the major event.	1. The information organization shall regularly create backups for important materials, systems and application programs. 2. The information organization shall organize regular drills for disaster recovery, ensuring that restoration programs and drill results are correct and effective.
Middle disruption events of cyber security network systems	Immediately find out barriers, impact interval and scope; exercise traffic control and perform rush repair.	The information organization shall create backup lines for all important internal and external network backbones.

5. Resources invested in information security management and operation status:

- Computer anti-virus system is established, maintenance contract is signed annually, automatic installation and deployment are implemented on personal computers during connection to the Company's domain, and latest virus code update function is activated for the server end and user end on a daily basis, in order to find potential risks.
- Resources have been invested in the establishment of access control, temperature/humidity monitoring mechanism, fire equipment and UPS system for the information server room and network communication room, in order to ensure the stability of continuous operation of the infrastructure.
- For the external network backbone and cross-site VPN, different fixed network operators' backup loops have been set up, in order to ensure that the internal/external network interruption is prevented during occurrence of accidents.
- For the ERP core system, in addition to the database backup on a daily basis, in 2023, the Company has also planned to change the physical server to virtual server, such that the security, reliability and flexibility of the system transfer, system restoration and data recovery can be enhanced.
- With regard to the legal authorization of computer software, in addition to the restriction on self-installation implemented on computers, the Company also promotes the importance and compliance of legal authorization of computer software. Furthermore, internal computers of the Company are also inspected periodically.
- For the information security professional training, the information security responsible staff receive information security professional education and training annually, and also participate in various information security seminars. In 2023, they participated in the information security professional education and training for a total of 18 hours, and 24 sessions of various types of information security seminars.
- With regard to the improvement of information security awareness of employees, in addition to the educational promotion on information security via emails irregularly, information security education and training are also implemented on all employees of the Company annually. The education and training of "Promotion of Personal Data Protection Information Security" was implemented in May 2023, and the education and training of "Promotion of Company Information Security Policies and Regulations" was implemented in July.

6. Personal data and customer privacy management policy: To ensure that the employee personal data and customer data accessed due to business operation can be properly protected and improper disclosure can be prevented, in order to establish employee and

customer trust and to protect relevant rights and interests, the Company has established specific management and preventive measures as follows

- Company's personal data and customer privacy policies established and declared are as follows:
 - Within the legitimate specific purposes, the Company shall process personal data within the necessary scope only.
 - The least and necessary personal data complying with the legitimate purposes shall be collected only.
 - Personal data owner shall be clearly informed about how his/her personal data will be used and used by whom.
 - Based on the principle of fairness and reasonableness, relevant and appropriate personal data shall be processed only.
 - To ensure the accuracy of personal data, update shall be performed whenever necessary.
 - Personal data shall be preserved according to the laws or legitimate specific purposes only.
 - The personal data owner's exercisable right on his/her personal data shall be respected, including the right to inquire or request for reading, request for duplicate copy, request for supplementing or updating, request for cease of collection, processing or use, and request for deletion of his/her personal data.
 - When personal data is applied to exceptions acceptable under the "Personal Data Protection Act", it is necessary to ensure its applicability and legality.

- The Company has established the "Personal Data Protection Management Regulations" and "Personal Data Collection Agreement". Relevant operations shall comply with the international information security standards, and shall also comply with relevant domestic and international laws and regulations, and relevant confidential information protection operations shall be promoted, including:
 - Personal data scope and processing method shall be defined clearly.
 - Personal data of personal data owner may be processed based on the consent of the personal data owner.
 - Personal data processing shall comply with specific purposes, and the accuracy, integrity and timeliness of the data shall be ensured.
 - Collection of personal data shall comply with the Personal Data Protection Act, and appropriate authorization and supervision shall be made, and collection shall only be performed for necessary fields only.
 - When any unit has the need to access personal data due to job duties, it is necessary to submit application to the Human Resource Department. Once the authorization and consent are obtained, it may then be handled according to the regulations.
 - Unless the written consent of the personal data owner is obtained or unless it is permitted under the law, it is prohibited to arbitrarily disclose, sell or use the data collected for purposes other than the specific purpose.
 - The unit responsible for managing personal data shall prevent the personal data from stolen, modification, damage, diminishing or disclosure.

- Through the establishment of the information security organization, the Company promotes and stipulates information security management rules and protective measures, including:
 - Personal data file information system access security is enhanced to prevent unauthorized access and to protect the privacy of personal data. In addition,

when each user is officially authorized to access the personal data file, the account is unique.

- The personal data read and write related requirements are specified according to relevant provisions of the information management regulations.
- Personnel accessing confidential information have been requested to sign relevant non-disclosure agreements and to fulfill the non-disclosure obligation properly. In addition, during the resignation or contract termination, their user identification accounts are verified to be canceled or suspended.
- Information security education and training for employees are implemented properly, and data protection related contents are also included as required training courses for all employees, in order to continuously enhance and improve the information security awareness of employees.

(II) The Company complies with the specific management and preventive measures established. In 2023, there were no complaint cases due to infringement of customer and personal privacy or loss of customer and personal data.

VII. Important contracts

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Long-term loan	Taiwan Cooperative Bank	2023.12.26~2028.12.26	Land and plant guarantee loans	None
Long-term loan	Shanghai Commercial and Savings Bank	2021-10-08~2026-10-08	Medium term revolving fund loan	None
Long-term loan	Shanghai Commercial and Savings Bank	2022.06.06~2026.10.08	Medium term revolving fund loan	None
Long-term loan	Shanghai Commercial and Savings Bank	2022.10.12~2027.10.12	Mechanical equipment guarantee loan	None
Long-term loan	Hua Nan Commercial Bank	2022-01-17~2027-01-17	Taiwan businessman's loans for investments upon return to Taiwan	None
Long-term loan	Bank of Panhsin	2022.09.02~2025.09.02	Medium term revolving fund loan	None
Long-term loan	Sunny Bank	2020-07-14~2027-07-14	Land and plant guarantee loans	None
Long-term loan	Sunny Bank	2020-07-14~2027-07-14	Land and plant guarantee loans	None
Long-term loan	Sunny Bank	2021-09-29~2028-09-29	Land and plant guarantee loans	None
Lease contract	Kinestral Technologies Inc.	2017.05.01~2032.01.31	Factory lease	The leased subject matter is for use by Party B's production lines. Without Party A's consent, Party B shall not lend, transfer or have the leased subject matter used by others in whole or in part by other equivalent methods, but Party B's affiliates are not taken into account.

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Lease contract	Kinestral Technologies Inc.	2022.10.01~2023.09.30	Venue lease	The leased subject matter is to be used by Party B as bonded warehouse. Without Party A's consent, Party B shall not lend, transfer or have the leased subject matter used by others in whole or in part by other equivalent methods, but Party B's affiliates are not taken into account.
Lease contract	Innolux Corporation	2024.01.01~2024.03.31	Factory lease	The leased subject matter must not be lent, transferred or used by others in other ways in whole or in part.

Six. Financial Overview

I. Balance and comprehensive income statement for the last five years

(I) Condensed Balance & Comprehensive Income Statement Information

1. Condensed Balance Sheet - (Consolidated Financial Report)

Unit: NT\$ thousand

Item	Year	Financial Analysis Information for the Last 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,502,668	1,448,489	1,610,975	1,467,816	1,549,427
Property, plant, and equipment		2,275,669	1,371,860	1,386,425	1,356,744	1,282,131
Intangible assets		1,113	6,946	5,163	2,028	2,122
Other assets		105,166	1,219,996	1,491,259	1,536,458	1,267,649
Total assets		3,884,616	4,047,291	4,493,822	4,363,046	4,101,329
Current liabilities	Before distribution	1,508,008	1,274,357	1,384,994	1,091,175	1,491,887
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Non-current liabilities		859,127	1,235,641	1,676,069	1,793,412	1,243,249
Total liabilities	Before distribution	2,367,135	2,509,998	3,061,063	2,884,587	2,735,136
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity attributable to owners of the parent company		1,517,481	1,537,293	1,432,759	1,478,459	1,366,193
Share capital		2,063,936	2,063,936	2,063,936	2,241,856	1,443,296
Additional paid-in capital		40,528	16,711	18,948	196,778	22,614
Retained earnings	Before distribution	-751,240	-1,019,793	-1,124,630	-1,440,223	-581,144
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Other equities		164,257	476,439	474,505	480,048	478,667
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,517,481	1,537,293	1,432,759	1,478,459	1,366,193
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

2. Condensed Statement of Comprehensive Income (Consolidated Financial Report)

Unit: NT\$ thousand

Item	Year	Financial Analysis Information for the Last 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Operating income		2,866,074	2,448,536	2,613,833	2,430,202	1,859,041
Gross profit		-17,159	-9,098	37,067	-122,110	62,573
Operating profit or loss		-213,916	-436,626	-198,417	-397,101	-199,239

Non-operating income and expense	154,100	146,107	77,609	81,508	81,403
Profit before tax	-59,816	-290,519	-120,808	-315,593	-117,836
Net profit for the current period for continuing business units	-60,369	-293,123	-120,795	-315,593	-117,836
Loss from discontinued units	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Net profit (loss) for the current period	-60,369	-293,123	-120,795	-315,593	-117,836
Other comprehensive income for the current period (net after tax)	-66,084	312,182	-1,934	5,543	-1,381
Total comprehensive income in the current period	-126,453	19,059	-122,729	-310,050	-119,217
Net profit attributable to the owners of the parent company	-60,369	-293,123	-120,795	-315,593	-117,836
Net profit attributable to non-controlling interests	-	-	-	-	-
Net total comprehensive profit and loss attributable to the owners of the parent company	-126,453	19,059	-122,729	-310,050	-119,217
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	-0.29	-1.42	-0.59	-1.45	-0.82

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

3. Condensed Balance Sheet (Standalone Financial Report)

Unit: NT\$ thousand

Year		Financial Analysis Information for the Last 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current assets		1,312,172	1,303,200	1,495,966	1,290,649	1,462,647
Property, plant, and equipment		2,250,744	1,345,882	1,225,552	1,344,996	1,267,675
Intangible assets		1,113	6,946	5,163	2,028	2,122
Other assets		1,036,587	1,323,997	1,716,810	1,610,243	1,328,793
Total assets		2,527,442	3,980,025	4,443,491	4,247,916	4,061,237
Current liabilities	Before distribution	1,464,099	1,207,091	1,334,663	976,045	1,451,795
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Non-current liabilities		858,034	1,235,641	1,676,069	1,793,412	1,243,249
Total liabilities	Before distribution	2,322,133	2,442,732	3,010,732	2,769,457	2,695,044
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity attributable to owners of the parent company		1,517,481	1,537,293	1,432,759	1,478,459	1,366,193
Share capital		2,063,936	2,063,936	2,063,936	2,241,856	1,443,296
Additional paid-in capital		40,528	16,711	18,948	196,778	22,614
Retained earnings	Before distribution	-751,240	-1,019,793	-1,124,630	-1,440,223	-581,144
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Other equities		164,257	476,439	474,505	480,048	478,667
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,517,481	1,537,293	1,432,759	1,478,459	1,366,193
	After distribution	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

4. Condensed Statement of Comprehensive Income (Standalone Financial Report)

Unit: NT\$ thousand

Item \ Year	Financial Analysis Information for the Last 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	2,697,547	2,322,138	2,431,645	2,092,473	1,678,626
Gross profit	-24,652	-12,681	31,394	-128,680	59,936
Operating profit or loss	-209,115	-366,200	-190,277	-388,819	-185,264
Non-operating income and expense	149,299	75,681	69,469	73,226	67,428
Profit before tax	59,816	-290,519	-120,808	-315,593	-117,836
Net profit for the current period for continuing business units	-60,369	-293,123	-120,795	-315,593	-117,836
Loss from discontinued units	-	-	-	-	-
Net profit (loss) for the current period	-60,369	-293,123	-120,795	-315,593	-117,836
Other comprehensive income for the current period (net after tax)	-66,084	312,182	-1,934	5,543	-1,381
Total comprehensive income in the current period	-126,453	19,059	-122,729	-310,050	-119,217
Net profit attributable to the owners of the parent company	-60,369	-293,123	-120,795	-315,593	-117,836
Net profit attributable to non-controlling interests	-	-	-	-	-
Net total comprehensive profit and loss attributable to the owners of the parent company	-126,453	19,059	-122,729	-310,050	-119,217
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	-0.29	-1.42	-0.59	-1.45	-0.82

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

(II) Names of the CPAs in the most recent five years and their review opinions

Year	Name of CPA	Name of CPA firm	Audit opinion
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2019	Chen, Tsung-Che, Chang, Shu-Ying	KPMG	Unqualified opinion
2020	Chen, Tsung-Che, Chang, Shu-Ying	KPMG	Unqualified opinion
2021	Chen, Tsung-Che, Chih, Shih-Chin	KPMG	Unqualified opinion
2022	Tseng, Kuo Yang; Chih, Shih-Chin	KPMG	Unqualified opinion
2023	Tseng, Kuo Yang; Chih, Shih-Chin	KPMG	Unqualified opinion

II. Financial analysis for the last five years

(I) Consolidated financial statements

Analysis item (Note 2)		Financial analysis for the last five years				
		2019	2020	2021	2022	2023
Financial structure %	Debt-to-asset ratio	60.94	62.03	68.12	66.11	66.68
	The ratio of long-term funds to property, plant, and equipment	104.44	202.13	224.23	241.15	203.52
Solvency %	Current ratio	99.65	113.66	116.32	134.51	103.85
	Quick ratio	87.36	101.29	100.83	117.04	93.24
	Interest coverage ratio	-0.43	-7.52	-2.11	-6.00	-1.33
Management capacity	Accounts receivable turnover rate (times)	2.73	3.34	3.99	4.32	4.14
	Average cash collection days	133.76	109.12	91.47	84.49	88.16
	Inventory turnover rate (times)	13.59	14.80	14.00	12.80	10.56
	Payables turnover rate (times)	5.47	9.31	8.13	7.67	5.81
	Average sales days	26.86	24.67	26.07	28.51	34.56
	Property, plant, and equipment turnover rate (times)	1.18	1.34	1.90	1.77	1.40
	Total assets turnover rate (times)	0.64	0.62	0.61	0.54	0.43
Profitability	Return on assets (%)	-0.60	-6.70	-2.10	-6.31	-1.83
	Return on equity (%)	-3.82	-19.19	-8.13	-21.68	-8.30
	Percentage of net profit before tax to the paid-in capital (%)	-2.90	-14.08	-5.85	-14.07	-8.16
	Net profit margin (%)	-2.11	-11.97	-4.62	-12.98	-6.35
	Earnings per share (NT\$)	-0.29	-1.42	-0.59	-1.45	-0.82
Cash flows	Cash flow ratio (%)	18.66	16.55	11.23	8.04	1.81
	Cash flow adequacy ratio (%)	-25.23	52.53	63.12	296.00	336.47
	Cash reinvestment ratio (%)	4.97	4.55	3.09	2.34	1.15
Leverage	Operating leverage	-12.17	-4.78	-9.74	-4.92	-7.13
	Financial leverage	0.84	0.93	0.84	0.89	0.79

Please explain the reasons for changes in financial ratios in the most recent two years. (If the change of increase/decrease is less than 20%, analysis may be exempted):

- Interest coverage ratio: The amount of loss in 2022 and the interest expense increased in comparison to the amount in the same period of previous year, resulting in a decrease of the interest coverage ratio.
- Return on assets and return on equity: The loss and interest expense amount in 2022 increased in comparison to the amount in the same period of previous year. As a result, the rate of return decreased.
- Net profit ratio and net profit before tax to paid-in capital ratio and earnings per share: In 2022, revenue decreased by 7.03% in comparison to the revenue in the same period of previous year, resulting in an increase in the operating loss in comparison to 2021 and decrease in the net profit ratio and earnings per share.
- Cash flow ratio: The current liabilities in 2022 decreased in comparison to the current liabilities in the same period of previous year, resulting in a decrease of the cash flow ratio.
- Cash flow adequacy ratio: The operating activities in the last five years were cash inflow and the capital expense for 2021-2022 increased was cash inflow, such that the cash flow adequacy ratio increased.
- Cash reinvestment ratio: In 2022, non-current assets continued to increase, such that the cash reinvestment ratio decreased.
- Operating leverage: The revenue in 2022 decreased by 7.03% from the revenue in the same period of previous year and the loss increased, such that the operating leverage increased.

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

Note 2: Financial analysis calculation formulas:

1. Financial Structure

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

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management capacity

- (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
- (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
- (3) Inventory turnover rate = cost of goods sold / average inventory value.
- (4) Accounts payable turnover (include payable amounts and payable bills from operation) = Cost of sales/Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
- (5) Average number of sales days = 365 / inventory turnover rate.
- (6) Property, plant and equipment turnover rate = net sales / average net amount for property, plant, and equipment.
- (7) Turnover rate for total assets = net sales / total average assets.

4. Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense x (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit rate = after-tax profit and loss / net sales.
- (4) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash flows

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = (net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years.
- (3) Cash re-investment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (net operating income - operating variable cost and expense) / operating income (Note 6).
- (2) Financial leverage = operating income / (operating income - interest expense).

Note 4: Please pay special attention to the following matters when assessing the aforementioned calculation formula of earnings per share.

1. The basis should be the weighted average number of ordinary shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous half year, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special shares are non-cumulative and if there is after-tax net profit, the dividend of the special shares shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 5: Please pay special attention to the following matters when measuring the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and special shares.
5. Gross property, plant, and equipment refers to the total amount of property, plant, and equipment prior to the deduction of accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 7: If the Company's stock has no denomination or the denomination per share is not NT\$10, the aforementioned paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

(II) Parent Company Only Financial Statements

Analysis item (Note 2)	Year	Financial analysis for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure %	Debt-to-asset ratio	60.48	61.37	67.76	65.19	66.36
	The ratio of long-term funds to property, plant, and equipment	105.54	206.03	253.67	243.26	205.84
Solvency %	Current ratio	89.62	107.96	112.09	132.23	100.74
	Quick ratio	76.97	94.90	96.01	112.72	89.84
	Interest coverage ratio	-0.43	-7.52	-2.11	-6.00	-1.33
Management capacity	Accounts receivable turnover rate (times)	3.52	3.54	4.06	4.25	4.29
	Average cash collection days	103.81	103.06	89.88	85.88	85.08
	Inventory turnover rate (times)	12.83	14.06	13.04	11.13	9.52
	Payables turnover rate (times)	9.33	10.67	9.02	8.78	6.85
	Average sales days	28.45	25.97	28.00	32.79	38.34
	Property, plant, and equipment turnover rate (times)	1.12	1.29	1.89	1.62	1.28
	Total assets turnover rate (times)	0.64	0.59	0.58	0.48	0.40
Profitability	Return on assets (%)	-0.64	-6.80	-2.13	-6.43	-1.86
	Return on equity (%)	-3.82	-19.19	-8.13	-21.68	-8.28
	Percentage of net profit before tax to the paid-in capital (%)	-2.90	-14.08	-5.85	-14.07	-8.16
	Net profit margin (%)	-2.24	-12.62	-4.97	-15.08	-7.01
	Earnings per share (NT\$)	-0.29	-1.42	-0.59	-1.45	-0.82
Cash flows	Cash flow ratio (%)	20.48	19.78	11.24	7.45	3.23
	Cash flow adequacy ratio (%)	-48.98	198.09	270.11	383.26	415.56
	Cash reinvestment ratio (%)	5.10	4.99	2.84	1.93	1.93
Leverage	Operating leverage	-11.64	-5.35	-9.20	-4.15	-6.69
	Financial leverage	0.83	0.91	0.83	0.89	0.78

Please explain the reasons for changes in financial ratios in the most recent two years. (If the change of increase/decrease is less than 20%, analysis may be exempted):

1. Interest coverage ratio: The amount of loss in 2022 and the interest expense increased in comparison to the amount in the same period of previous year, resulting in a decrease of the interest coverage ratio.
2. Return on assets and return on equity: The loss and interest expense amount in 2022 increased in comparison to the amount in the same period of previous year. As a result, the rate of return decreased.
3. Net profit ratio and net profit before tax to paid-in capital ratio and earnings per share: In 2022, revenue decreased by 13.95% in comparison to the revenue in the same period of previous year, resulting in an increase in the operating loss in comparison to 2021 and decrease in the net profit ratio and earnings per share.
4. Cash flow ratio: The current liabilities in 2022 decreased in comparison to the current liabilities in the same period of previous year, resulting in a decrease of the cash flow ratio.
5. Cash flow adequacy ratio: The operating activities in the last five years were cash inflow and the capital expense for 2021-2022 increased was cash inflow, such that the cash flow adequacy ratio increased.
6. Cash reinvestment ratio: In 2022, non-current assets continued to increase, such that the cash reinvestment ratio decreased.
7. Operating leverage: The revenue in 2022 decreased by 13.95% from the revenue in the same period of previous year and the loss increased, such that the operating leverage increased.

Note 1: The Company's financial reports for all past years have been audited and verified by CPAs.

Note 2: Please refer to the explanations in Note 2 of the table above for details on financial analysis calculation formulas.

III. Supervisor review report for the latest financial report

G-TECH Optoelectronics Corporation

Audit Committee's Review Report

The Board of Directors has prepared the 2023 business report, financial statements, and deficit compensation proposal, in which the financial statements have been fully audited by the CPAs of KPMG Taiwan, and an audit report with unqualified opinions has been issued. Said financial statements, business reports, and deficit compensation proposal have been audited by the Audit Committee, and no discrepancy was found. A report has been prepared and submitted for examination pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2023 Annual General Shareholders' Meeting of G-TECH Optoelectronics Corporation

G-TECH Optoelectronics Corporation

Audit Committee Convener

Wu, Chun-Feng

Date: March 5, 2024

- IV. Latest financial report and CPA audit report: Please refer to pages 127~183.
- V. Parent company only financial statements of the most recent year audited by CPAs: Please refer to pages 184~244.
- VI. In case of financial difficulties for the Company and its affiliated companies in the most recent year and as of the date of publication for the annual report, please indicate its impact on the Company's financial status: None.

Seven. Financial Status and Financial Performance Review Analysis & Risk Matters

I. Financial status

(I) Consolidated financial statements

Unit: NT\$ thousand

Item	Year	2023	2022	Difference	
		Amount	Amount	Amount	%
Current assets		1,549,427	1,467,816	81,611	5.56
Property, plant, and equipment		1,282,131	1,356,744	-74,613	-5.5
Intangible assets		2,122	2,028	94	4.64
Other assets		1,267,649	1,536,458	-268,809	-17.5
Total assets		4,101,329	4,363,046	-261,717	-6.00
Current liabilities		1,491,887	1,091,175	400,712	36.72
Long-term liabilities		1,243,249	1,793,412	-550,163	-30.68
Total liabilities		2,735,136	2,884,587	-149,451	-5.18
Share capital		1,443,296	2,241,856	-798,560	-35.62
Additional paid-in capital		22,614	196,778	-174,164	-88.51
Retained earnings		-581,144	-1,440,223	859,079	-59.65
Other equities		481,427	480,048	1,379	0.29
Total shareholders' equity		1,366,193	1,478,459	-112,266	-7.59
1. Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)					
(1) Decrease of other assets: It was mainly due to the reclassification of the bank restricted assets of NT\$258 million to the current assets.					
(2) Increase and decrease of current and long-term liabilities: It was mainly due to the reclassification of the corporate bonds payable of NT\$500 million in 2023 from the non-current liabilities to the current liabilities.					
(3) Decrease of ordinary share capital: It was mainly due to the capital reduction of NT\$800 million in 2023.					
(4) Decrease of capital surplus: It was mainly due to the cash capital increase of NT\$173 million at premium for the compensation of loss in 2022.					
(5) Decrease in retained earnings (accumulated losses): It was mainly due to the capital reduction of NT\$800 million and the capital increase of NT\$173 million at premium for a total of NT\$973 million for loss compensation in 2023.					
2. The impact of significant changes: None.					

(II) Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	2023	2022	Difference	
		Amount	Amount	Amount	%
Current assets		1,462,647	1,290,649	171,998	13.33
Property, plant, and equipment		1,267,675	1,344,996	-77,321	-5.75
Intangible assets		2,122	2,028	94	4.64
Other assets		1,328,793	1,610,243	-281,450	-17.48
Total assets		4,061,237	4,247,916	-186,679	-4.39
Current liabilities		1,451,795	976,045	475,750	48.74
Long-term liabilities		1,243,249	1,793,412	-550,163	-30.68
Total liabilities		2,695,044	2,769,457	-74,413	-2.69
Share capital		1,443,296	2,241,856	-798,560	-35.62
Additional paid-in capital		22,614	196,778	-174,164	-88.51
Retained earnings		-581,144	-1,440,223	859,079	-59.65
Other equities		481,427	480,048	1,379	0.29
Total shareholders' equity		1,366,193	1,478,459	-112,266	-7.59
1. Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)					

- (1) Increase and decrease of current and long-term liabilities: It was mainly due to the reclassification of the corporate bonds payable of NT\$500 million in 2023 from the non-current liabilities to the current liabilities.
- (2) Decrease of ordinary share capital: It was mainly due to the capital reduction of NT\$800 million in 2023.
- (3) Decrease of capital surplus: It was mainly due to the cash capital increase of NT\$173 million at premium for the compensation of loss in 2022.
- (4) Decrease in retained earnings (accumulated losses): It was mainly due to the capital reduction of NT\$800 million and the capital increase of NT\$173 million at premium for a total of NT\$973 million for loss compensation in 2023.
2. The impact of significant changes: None.

II. Financial performance

(I) Consolidated financial statements

Unit: NT\$ thousand

Item	Year	2023	2022	Increase (decrease)	
		Amount	Amount	Amount	%
Total operating income		1,866,692	2,475,861	-609,169	-24.6
Less: Sales return and allowance		7,651	45,659	-38,008	-83.24
Net operating income		1,859,041	2,430,202	-571,161	-23.5
Operating cost		1,796,468	2,552,312	-755,844	-29.61
Gross profit		62,573	-122,110	184,683	151.24
Operating expenses		261,812	274,991	-13,179	-4.79
Operating profit		-199,239	-397,101	197,862	-49.83
Non-operating income and benefits		193,191	224,118	-30,927	-13.8
Non-operating expenses and losses		-111,788	-142,610	30,822	-21.61
Net profit before tax for continuing business departments		-117,836	-315,593	197,757	-62.66
Minus: Income tax expense		0	0	0	0
Net profit after tax for continuing business departments		-117,836	-315,593	197,757	-62.66

Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)

- (1) Decrease of operating revenue: The 2023 revenue was affected mainly due to the Russo-Ukrainian War and inflation.
- (2) Decrease in Sales return and allowance: IT was due to the decrease of iMac product orders in 2023 such that the sales return and allowance decreased in comparison to the same period of previous year.
- (3) Increase of gross profit and gains: It was mainly due to the decrease of the ratio of trading products and the increase of own manufactured products in 2023, such that the internal utilization rate increased.
- (4) Decrease of non-operating revenue: It was mainly due to the decrease of USD exchange rate in 2023, such that the foreign currency exchange gains decreased.
- (5) Decrease of non-operating expense: It was mainly due to the loss from disposition of property, plant and equipment recognized in 2022.

(II) Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	2023	2022	Increase (decrease)	
		Amount	Amount	Amount	Amount
Total operating income		1,685,690	2,137,462	-451,772	1,685,690
Less: Sales return and allowance		7,064	44,989	-37,925	7,064
Net operating income		1,678,626	2,092,473	-413,847	1,678,626
Operating cost		1,618,690	2,221,153	-602,463	1,618,690
Gross profit		59,936	-128,680	188,616	59,936
Operating expenses		245,200	260,139	-14,939	245,200
Operating profit		-185,264	-388,819	203,555	-185,264
Non-operating income and benefits		190,189	218,249	-32,649	190,189

Non-operating expenses and losses	-122,761	-145,023	26,851	-122,761
Net profit before tax for continuing business departments	-117,836	-315,593	197,757	-117,836
Minus: Income tax expense	0	0	0	0
Net profit after tax for continuing business departments	-117,836	-315,593	197,757	-117,836
Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)				
(1) Decrease of operating revenue: The 2023 revenue was affected mainly due to the Russo-Ukrainian War and inflation.				
(2) Decrease in Sales return and allowance: IT was due to the decrease of iMac product orders in 2023 such that the sales return and allowance decreased in comparison to the same period of previous year.				
(3) Increase of gross profit and gains: It was mainly due to the decrease of the ratio of trading products and the increase of own manufactured products in 2023, such that the internal utilization rate increased.				
(4) Decrease of non-operating revenue: It was mainly due to the decrease of USD exchange rate in 2023, such that the foreign currency exchange gains decreased.				
(5) Decrease of non-operating expense: It was mainly due to the loss from disposition of property, plant and equipment recognized in 2022.				

(III) Expected sales volume and supporting basis, possible impact on the Company's future financial businesses, and response plans

The Company's products have continued to expand into the automotive and smart building markets according to expected sales plans in order to significantly reduce dependence on the consumer electronics industry and gradually detach from the plight of the mature development of the electronics industry. Since 2023, the revenue has not met the expectation. In addition to impact of COVID-19, the global inflation has further caused significant increase of cost. Consequently, mass production and delivery plans of automotive glass have been delayed. In addition, costs of building raw materials have soared. The Company has suffered pressure from rivals' pricing strategies. Furthermore, project delay caused by the government's real estate suppression policy and labor shortage due to epidemic further caused difficulties to the business operation. As a result, the business performance was less than expected.

It is expected smart vehicle product sales will indicate significant growth according to the customer orders, and the revenue is also expected to grow after the increase of the production capacity in 2023. Smart photoelectric products will be continuously and stably supplied in 2023. Owing to low-price horizontal competitions in smart buildings, it is forecast that the operating income would increase for relatively large-scale construction plans in the third quarter.

Other products are mainly traded. After IC shortage is relieved, it is estimated that orders of consumer electronics would also increase next year.

The Company has actively responded to market changes and strengthened cost/expense control, to present net cash inflow in its operating activities.

III. Cash flows

(I) Analysis and explanation of cash flow changes in the most recent year

Unit: NT\$ thousand

Cash balance at beginning of period	Expected net cash flow from operating activities for the whole year	Annual cash inflow (outflow) from investment and financing activities	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
682,275	25,921	(149,970)	558,226	-	-

Analysis of cash flow change for the year:
1. Operating activities: In 2023, the product structure was adjusted and cost was controlled rigorously; however, the expenditure was still affected by the inflation, resulting in the operating activity cash outflow of NT\$25,921 thousand.
2. Investing activities: Due to the acquisition of fixed assets in 2023 and the increase of corporate bonds payable with pledged collateral, the investing activities cash flow was NT\$55,736 thousand.
3. Financing activities: In 2023, the financing structure was adjusted, resulting in the financing activity cash outflow of NT\$94,234 thousand.

(II) Improvement plan for insufficient liquidity: Strengthening inventory control in response to market demands.

(III) Cash liquidity analysis for the coming year

Unit: NT\$ thousand

Cash balance at beginning of period	Expected net cash flow from operating activities for the whole year	Annual cash inflow (outflow) from investment and financing activities	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
558,226	(228,992)	164,755	493,989	-	-

Analysis of cash flow change for the year:
1. Operating activities: Due to the cash collection of accounts receivable and the cash payment of accounts payable and salary, etc. in 2024, the whole-year net cash inflow from operating activities is NT\$228,992 thousand.
2. Investing activities: Due to the increase of capital expenditure and return of corporate bond payable pledged collateral in 2024, the whole-year net cash inflow from investing activities is NT\$222,240 thousand.
3. Financing activities: Due to the repayment of bank loans and issuance of new shares in 2024, the whole-year net cash outflow from financing activities is NT\$57,485 thousand.

IV. Impact of major capital expenditures on financial operations in the most recent year

In response to the plan for expanding production capacity of smart vehicles, additional purchase of relevant machines and equipment and facility maintenance, the capital expenditures for 2023 and 2024 were approximately NT\$39 million and NT\$63 million respectively. The investment plan has been approved in accordance with the Zhao-Fu-Zi No.11005091450 Letter of the “Action Plan for Welcoming Overseas Taiwanese Business Operators Returning to Taiwan for Investments”, and the Company used own fund for the capital expenditures, such that the material capital expenditures in the most recent year has no impact on the Company’s financial business.

V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan, and investment plan for the coming year

(I) Reinvestment policies, main causes of their profits or losses and improvement plan:

The Company established a subsidiary, Fast Achievement Global Ltd., in Cayman Islands and is 100% owned by the Company in 2007. Its investee, Brave Advance International Corp., did not participate in the cash capital increase in January 2019 such that the shareholding decreased from 100% to 25%, and its profit and loss were no longer included in the consolidated financial statements since 2019.

In addition, the Company established its subsidiary Golden Start Global Corp (where it held all shares) in Samoa in 2010. The subsidiary was wholly reinvested by Charmtex Global Corp., which reinvested in Ruizhida Optoelectronics (Chengdu) Co., Ltd.

Unit: NT\$ thousand

Reinvestment companies	Shareholding ratio	Investment gains or losses recognized in 2023	Main cause of profit or loss	Improvement plan
Fast Achievement Global Ltd.	100%	2,051	As a holding company, gain profit as return on investments recognized for Brave	Continuously supervise management to increase returns on investments
Brave Advance International Corp.	25%	2,051	As a holding company, gain profit as return on investments recognized for Hongda	Continuously supervise management to increase returns on investments
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	25%	1,293	Profit mainly comes from the rental income for leasing out idle facilities	Continuously supervise management to increase returns on investments
Golden Start Global Corp.	100%	(11,577)	As a holding company, suffer investment losses recognized for Charmtex	Continuously supervise management to increase returns on investments
Charmtex Global Corp.	100%	(11,577)	As a holding company, suffer investment losses recognized for Ruizhida Optoelectronics (Chengdu)	Continuously supervise management to increase returns on investments
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	100%	(12,216)	The loss was mainly due to the local economic environment decline, such that the operating revenue decreased significantly by 53.45%, resulting in deficiency in covering the fixed expenditure	Continuously supervise management to increase returns on investments

(II) Investment plan for the next year:

The Company plans to invest in Vietnam for the manufacturing of automotive products in 2024, and a subsidiary G-TECH Optoelectronics Corporation (Vietnam) (formal company name to be decided) 100% invested by G-TECH Optoelectronics Corporation is to be established in Vietnam, and the estimated capital is US\$2 million. This investment plan has been resolved by the Board of Directors on December 26, 2023.

VI. Analysis and evaluation of the risk issues for the most recent year and up to the printing date of this annual report

(I) The effects that recent annual interest, exchange, fluctuation, and inflation rates have had on the profit and loss of the Company, as well as the future response measures:

1. Interest rate changes:

At present, the loan interest rates have increased slightly due to the influence of financing currency. Overall, there is no significant impact on the interest burden. In the future, the Company will endeavor to maintain a sound financial structure and maintain good relations with correspondent banks in order to strive for relatively favorable financing interest rates.

2. Exchange rate fluctuations:

The Company is an export-oriented company, and changes in exchange rates will have a significant impact on the Company's profit and loss. In response to exchange rate fluctuation risk, the Company will take the following countermeasures:

A. Forward forex hedging trade

Maintain close contact with major correspondent banks and monitor changes in the foreign exchange market at any time in order to fully grasp exchange rate trends, and appropriately adjust foreign currency positions based on the capital revenue and expenditure status. The relevant risk managers will pay close attention to the exchange rate market dynamics and implement forward forex hedging based on foreign currency exposure changes to reduce the exchange rate risks. Forward forex hedging shall be conducted according to the "Assets Acquisition or Disposal Handling Procedures".

B. Natural hedging methods

Use the same currency type for supplier purchase payments and customer sales receipts as much as possible to achieve natural hedging and avoid the impact of exchange rate fluctuations.

C. Provision of business (procurement) as basis for sales price quotes (procurement prices)

Comprehensively consider and evaluate future exchange rate trends and factors that may affect the exchange rates before a business or procurement unit makes external quotes, and provide appropriate and reasonable external quotes to prevent adverse effects on the Company's revenue and profit due to exchange rate fluctuations.

3. Inflation:

The Company is part of the manufacturing industry. In response to the production cost increase caused by raw material inflation, energy, and other production factors, the Company is also committed to energy conservation, consumption reduction, yield improvement, and other cost-reducing measures. In addition, the Company has established long-term strategic partnerships with raw material suppliers to reduce the impact that inflation has on the Company's profit and loss. In the future, the Company will continue to work on various cost reduction measures, pay attention to raw material price changes, and take corresponding measures at the appropriate time.

(II) Policies for engaging in high-risk and high-leverage investments, financial loans to others, endorsements, and derivative products; main reasons for profit or loss; and future countermeasures:

The Company's financial operations are conservative and stable, and the Company has not engaged in high-risk or high-leverage investments. So far, the Company has only engaged in financial loans, endorsement guarantees, and derivative financial product transactions with its subsidiaries. The Company has established "Financial Loan Procedures", "Endorsement Guarantee Operating Procedures" and "Procedures for Acquisition or Disposition of Assets". Such operations are all handled in accordance with the internal control procedures and relevant regulations of the competent authority after careful evaluation.

(III) Future R&D plans and anticipated investments in R&D expenses:

1. Future R&D plans

- (1) New technology for integrated black panel appearance.
- (2) 3D surface ink printing.
- (3) IR-cut optical coating.
- (4) Development of new technology for lamination and bonding.
- (5) Low color difference AR film development equipment (ICP Drum sputter).

2. Expected expenses of R&D investments

The Company's consolidated R&D expense in 2023 was NT\$97,581 thousand. The estimated consolidated R&D expense in 2024 is NT\$70,048 thousand. To satisfy the demand for highly customized glass processing and to cope with the rapid change of the application market, the Company will focus on the research and innovation in the next year.

(IV) The effects that the key domestic and international policy and law changes in the most recent year have on the financial operations of the Company, and the response measures:

The Company's daily operations are handled in accordance with important domestic and foreign policies and laws, so such policies and laws have no significant impact on the Company. The Company will pay close attention to possible changes in important domestic and foreign policies and laws at all times, evaluate the possible impact on the Company's financial business, and take appropriate measures in advance.

(V) Effects of technological changes and industry changes on the Company's financial operations and response measures:

The Company's information system architecture is established with the data backup mechanism according to its risk level, and the media backup files are transmitted to remote location for preservation and storage. Various simulation tests and emergency response drills for the server

room are also implemented. In addition, to allow the information system to be recovered swiftly and successfully in case of occurrence of system damage, and to reduce possible loss and risk, irregular drills are performed to test the system restoration plan, and backup network direct line is also established along with information security protective measures of proper anti-virus software, security firewall setting and server room access control, in order to ensure normal operation and data security of the information system. Up to the printing date of the annual report, there was no technology change (including cyber security risk) or industry change that could cause impact on the finance and business of the Company.

The Company will continue to closely observe and master market information, invest resources in advance to strengthen R&D, and conduct in-depth cooperation with upstream and downstream customers. The goal is to adjust production lines, product development, and company resource investment at any time in accordance with market fluctuations, and to take relevant response measures to grasp market demand and profitable business opportunities.

The Company has formulated complete network and computer-related information security protection measures, but with constant changes in technologies and growing demands for cloud network services, the Company is more likely to face malicious network attacks from any external third-party collapsed systems. Apart from formulating specific measures for cyber security, it cooperates with manufacturers to perform irregular drills on vulnerability scanning, information security assessment and email social engineering, to prevent and reduce harms of similar attacks.

(VI) Effects of corporate image on corporate crisis management and countermeasures:

The Company always strives to uphold the principles of integrity and professionalism, fulfill social responsibilities, improve quality and performance, maintain the corporate image, and abide by relevant laws and regulations. Up to the printing date of the annual report, no incident has ever negatively impacted the Company's image. In the future, the Company will continue to fulfill its corporate social responsibilities while maximizing the shareholders' rights and interests.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

At present, the Company has no plans for mergers and acquisitions.

(VIII) Expected benefits and possible risks of plant expansions and countermeasures:

- (1) The Company plans to establish a new factory and to purchase machines and equipment in Vietnam based on the consideration of the cluster development of automotive industry supply chain and the relatively lower local production cost. Accordingly, the overall competitiveness of the Group can be increased and the necessary foundation for the planning of global market expansion in the U.S. and Europe can be established, in order to improve the overall business performance of the Group.
- (2) Possible risks and response measures: The new factory of the Vietnam subsidiary is a production site established to satisfy customer demands, and the main objective is to provide services timely and locally, in order to reduce the orders affected by the impact of the U.S.-China trade war. The greatest operating risk for the new Vietnam factory is expected to be the

production capacity. Under the condition where the local infrastructure is not yet complete and mature, and in view of the government's promotion of the southward policy and the increase of investment transferred from the supply chain in China, cost may be increased due to shortage of power and labor. However, the Company has avoided the popular Southern Vietnam area for the investment, such that appropriate adjustment has been made to maintain the labor advantage. Accordingly, the impact of risks on the business operation is minimized.

(IX) Risks of concentrated procurement or sales and countermeasures:

(1) Procurement

The Company is a manufacturer specializing in the R&D, production, and sales of optical glass. Its main products are touch sensing glass, optical coating glass, thinned glass, cover glass, as well as glass trading. Glass substrate is the Company's main raw material. As the Company has adjusted its development strategy in recent years and gradually entered into new fields such as automotive, industrial control, and green building, the Company has also actively sought and established a second supplier mechanism in order to prevent excessive procurement concentration.

(2) Sales

In recent years, the Company has implemented product and customer diversification by developing high-quality AR-coated products for medical displays, strategic alliances in the smart building market, and LED coated curtain glass in order to avoid sales concentration risks. No single customer sales accounted for over 30% following the consumer market demand changes and the strategic adjustment of the Group's development strategy. As such, the Company's sales concentration risk is still limited.

(X) Effects and risks of large-number transfers or replacements of directors, supervisors, or major shareholders holding over 10% of the Company's shares on the Company and countermeasures: None.

(XI) The effects and risks that operating rights changes have on the Company as well as the response measures: Not applicable.

(XII) Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares of which the results may have major impacts on the shareholders' rights or share prices; the fact of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling status as of the printing date of the annual report shall be disclosed:

1. The Company's major litigations, non-litigations, or administrative disputes that have been finalized or remain pending in the most recent year and as of the printing date of the annual

report of which the results may have major impacts on the shareholders' rights or share prices:
None.

2. Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares in the last two years and as of the printing date of the annual report of which the results may have major impacts on the shareholders' rights or share prices:
None.

3. Company's directors, supervisors, managerial officers and major shareholders with shareholding percentage above 10% and affiliated enterprises being subject to the conditions described in Article 157 of the Securities and Exchange Act in the most recent two years and up to the printing date of the annual report and the current handling status of the Company:
None.

(XIII) Other important risks and countermeasures:

1. High capital and technology intensive industry with large long-term capital needs

The optical glass cutting, edging, polishing, strengthening, thinning, coating, and molding processes require a large number of precision production equipment. Because multi-processes such as preheating, ion exchange, molding, and annealing are required for chemical strengthening, molding, etc., the process time is long, and large-scale mass production equipment and good utilization rates are required to achieve economic scale and meet the huge and fast niche market demand for consumer electronic products. The Company conducts long- and short-term financing with financial institutions in combination with future capital market financing planning in response to long- and short-term funding needs.

2. Smart building glass products are widely used, the market development time is long, and the results do not manifest easily

Smart color-changing glass will replace traditional glass and sun blinds in buildings and residences, especially for smart building indoor compartment applications as well as high-end residential and commercial buildings. This product offers a wide range of functions such as penetration rate selection, fast on/off switching, energy-conserving anti-glare control, and offers more privacy and durability. However, building design and construction times are long, and the initial product efficiency does not manifest easily. The Company can combine the supply chain advantages with its strategic partners by forming strategic alliances to significantly shorten the product development period and enhance competitiveness.

3. Light and thin is the trend for electronic products, and new touch panel technology has been adopted by the industry

New touch panel technology has been widely adopted by manufacturers. Compared to the GG (double glass) technology that was used extensively by the market, the chemically strengthened production capacity of the original touch-sensitive glass has been internalized

and used for the currently popular 3D forming glass. The yield rate of the new technology is still an important production cost determination factor. In addition, the market for consumer electronics production capacity has gradually become saturated in recent years, and the capital investment and recovery benefits required for technological refinement have been evaluated. The Company will give priority to leveraging the outsourcing supplier capacity and strictly control the economies of scale effect. These efforts can also prevent idle production capacity loss caused by sudden socioeconomic problems, and strive to achieve the best profit for the Company.

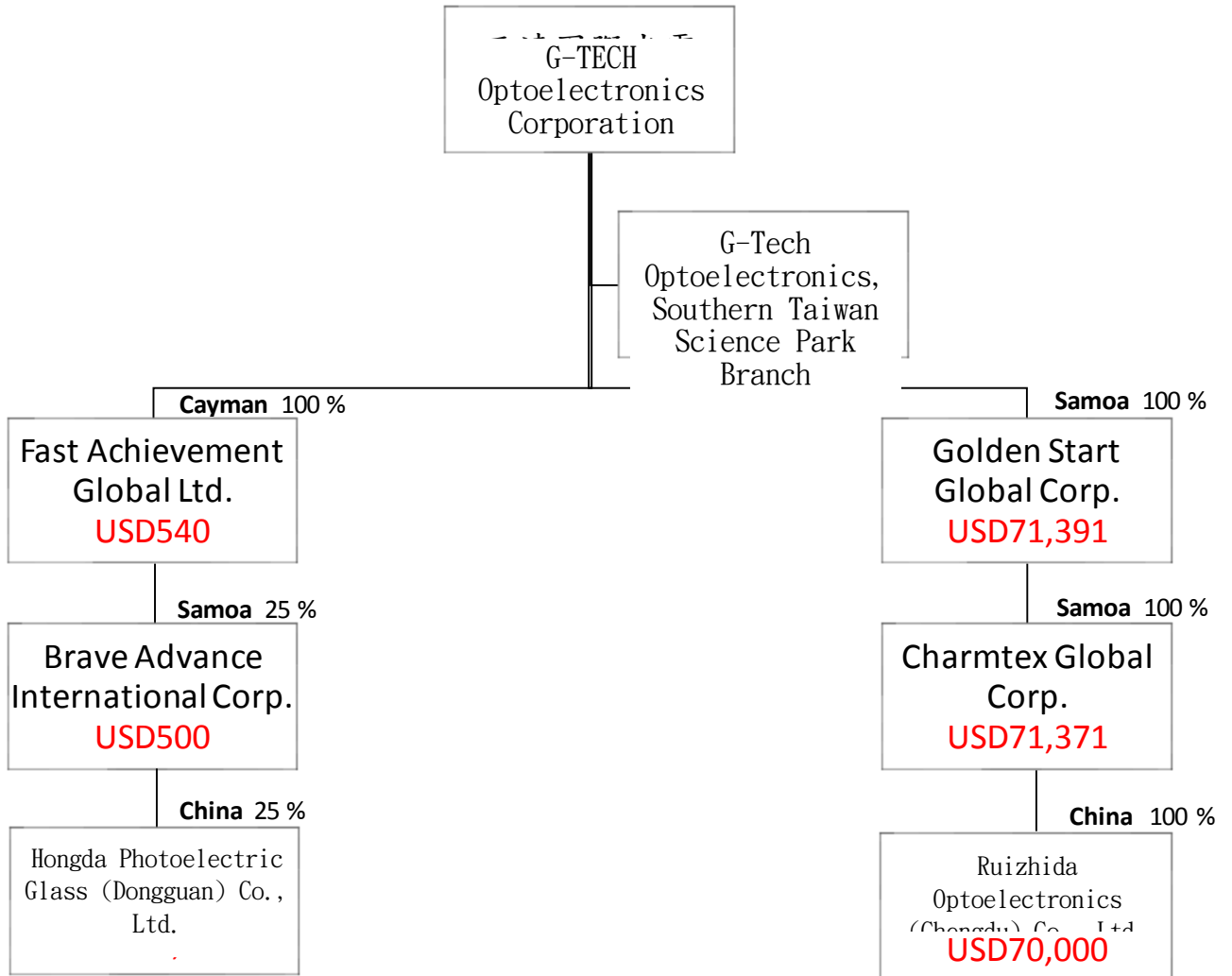
VII. Other significant matters: None.

Eight. Special Record Items

I. Information related to affiliated enterprises

(I) Affiliated enterprises organizational chart (December 31, 2023)

Unit: NT\$ thousand



(II) Basic information of each affiliated enterprise

Unit: NT\$ thousand

Enterprise name	Establishment date	Address	Paid-in capital	Main business items
Fast Achievement Global Ltd.	2007-12-26	Cayman	USD540	Holding
Brave Advance International Corp.	2007-12-26	Samoa	USD500	Holding
Hongda Photoelectric Glass (Dongguan) Co., Ltd. (Note 1)	2008-01-14	Dongguan, China	USD23,740	Production and sale of TFT-LCD Flat panel display materials
Golden Start Global Corp.	2010-05-14	Samoa	USD71,391	Holding
Charmtex Global Corp.	2010-05-14	Samoa	USD71,371	Holding
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	2011-05-11	Chengdu, China	USD70,000	Production and sale of TFT-LCD Flat panel displays and materials

Note 1: This company completed a cash capital increase in January 2019. Since the consolidated company did not recognize the shareholding ratio and the chairperson of the board was re-elected, the shareholding ratio fell to 25% and the Company lost control over it. As such, the profit and loss of said company has ceased to be included in the consolidated financial statements since 2019, in accordance with the reporting guidelines of the International Accounting Standards.

(III) Matters for be disclosed for those having controlling and subordinate relationship as presumed by the Company Act: Not applicable.

(IV) Industry and division of labor covered by the business of the overall affiliated enterprises:

1. The businesses of the Company include: Processing, manufacturing and sales related to protective panel glass.
2. Industry and division of labor status of the various affiliated enterprises: Hongda Photoelectric Glass (Dongguan) Co., Ltd. and Ruizhida Optoelectronics (Chengdu) Co., Ltd. are responsible for expanding local business, establishing a complete manufacturing and sales base, and providing after-sales services.

(V) Information on the directors, supervisors, and presidents of affiliates:

Unit: thousand shares, NT\$ thousand; December 31, 2023

Enterprise name	Title	Name or representative	Shareholdings	
			Shares	Shareholding ratio
Fast Achievement Global Ltd.	Director	G-Tech Optoelectronics Corp. Representative: Chung, Chih-Ming	540,000	100%
Brave Advance International Corp.	Director	DE RONG INTERNATIONAL CO., LTD. Representative: Liu, Song	500,000	25%
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Chairman and President	Brave Advance International Corp. Representative: Chou, Lei	23,740,000	25%
	Supervisor	Brave Advance International Corp. Representative: Lee, Shih-Hung		
Golden Start Global Corp.	Director	G-Tech Optoelectronics Corp. Representative: Chiu, Huo-Sheng	71,391,373	100%
Charmtex Global Corp.	Director	Golden Start Global Corp.	71,371,373	100%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares	Shareholding ratio
		Representative: Chiu, Huo-Sheng		
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Chairman and President	Charmtex Global Corp. Representative: Wang, Yao-Chang	70,000,000	100%
	Supervisor	Charmtex Global Corp. Representative: Wu, Tai-Chiu		

(VI) Affiliated enterprise operation status overview

December 31, 2023; unit: NT\$ thousand

Enterprise name	Capital	Total assets	Total liabilities	Net value	Operating income	Operating profit	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
Fast Achievement Global Ltd.	16,581	53,727	-	53,727	-	-	2,051	-
Brave Advance International Corp.	61,410	218,759	-	218,759	663	74	8,206	-
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	708,369	78,381	10,284	68,096	16,758	-8,248	5,199	-
Golden Start Global Corp.	2,192,072	61,250	-	61,250	-	-	-11,577	-
Charmtex Global Corp.	2,191,458	64,964	3,715	61,250	56,899	231	-11,577	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	2,149,350	89,549	36,377	53,172	123,515	-14,207	-12,216	-

Note: The affiliated enterprises are foreign companies, and the relevant figures are listed in NTD converted on the reporting date.

(VII) Affiliated enterprises consolidated business report, affiliated enterprises consolidated financial report, and affiliation report: Please refer to pages 127 to 183.

II. Private securities placement status in the most recent year and up to the printing date of the annual report: None.

III. Information on share ownership and disposal of shares of the Company by subsidiaries for the most recent year and up to the printing date of the annual report: None.

IV. Other matters requiring supplementary explanation: None.

V. For the most recent year and up to the printing date of the annual report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

Declaration

The companies to be incorporated by the Company into the consolidated financial statements of the affiliates for 2023 (from January 1, 2023 to December 31, 2023) according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical with the companies required to be incorporated into the consolidated financial statements of affiliates and parent company according to the “International Financial Reporting Standards 10 (IFRS 10)” approved by the Financial Supervisory Commission. Further, relevant information required to be disclosed in the consolidated financial statements of the affiliates has been disclosed completely in the consolidated financial statements of the affiliates and parent company. Accordingly, no separate consolidated financial statements of the affiliates are further provided.

Declared by

Company Name: G-TECH Optoelectronics Corporation

Chairman of the Board: Chung, Chih-Ming

Date: March 5, 2024

Independent Auditor’s Report

The Board of Directors G-TECH Optoelectronics Corporation

Audit opinion

We have audited the accompanying consolidated financial statements of G-TECH Optoelectronics Corporation and its subsidiaries (the “Group”) which comprise the consolidated balance sheets for the years ended December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows and notes to consolidated financial statements, including a summary of significant accounting policies, for the years ended December 21, 2023 and 2022.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 21, 2023 and 2022 in accordance with the regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effects by the Financial Supervisory Commission.

Basis for Opinion

We are entrusted to conduct the audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norms for Professional Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the audit of the financial statements are stated as follows:

I. Revenue Recognition

Please refer to Note 4(16) of the consolidated financial statements for the detailed accounting policy on revenue recognition. Please refer to Note 6(18) of the consolidated financial statements for detailed descriptions of the revenue recognition.

Description of Key Audit Matters:

The revenue of the Group mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Group.

Corresponding Audit Procedures:

- Evaluate the appropriateness of the accounting policy for revenue recognition;
- Understand and test the effectiveness of the design and implementation of internal control over the main revenue types, transaction models, contract terms and transaction conditions of the Group;
- Conduct detailed tests on samples and check various forms to ensure the authenticity of transactions; perform cut-off testing before and after the financial reporting date, select samples and verify against relevant documents to determine if the timing of recognition of transactions is reasonable;
- Meanwhile, select a period of time around the financial reporting date to check the allowance and discount that the Group is required to provide to customers in accordance with the sales contract to determine whether there are any significant sales returns and discounts, in order to confirm the authenticity of the transaction;
- Obtain the discounted amount to be accrued as imputed by the management and check it with relevant internal or external information to assess the reasonableness of the relevant parameters and key assumptions; check the accuracy of the discount estimates of the previous year to assess whether the discounted amount to be accrued as imputed by the management is appropriate.

II. Investment Property Fair Value Evaluation

Please refer to Note 4(10) of the consolidated financial statements for detailed accounting policy on investment property fair value evaluation. Please refer to Note 5(2) of the consolidated financial statements for detailed accounting estimation and assumption uncertainty for the investment property fair value. Please refer to Note 6(6) of the consolidated financial statements for details of the investment property.

Description of Key Audit Matters:

The investment property of the Group refers to important assets for operation, and its amount accounts for 28% of the total assets. For the investment property, the accounting procedure adopts the standard of IAS 40, and the fair value model is selected for the adoption. The subsequent fair value change is reorganized as current profit/loss. Since the Group uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Group for the execution of the appraisal procedure may

involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Group.

Corresponding Audit Procedures:

- Assess the professionalism, objectiveness and experience of the real estate appraiser retained by the Group to be in charge of the fair value measurement.
- Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.
- Verify the appraisal report and relevant accounting records in order to determine the accuracy of accounting procedures.

Other Matters

G-TECH Optoelectronics Corporation has prepared the parent company only financial statements for 2023 and 2022, for which we have issued an independent auditor's report with unqualified opinion.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and for necessary 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, the responsibilities of the management also include assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in the consolidated financial statements. Misstatement can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement in the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the consolidated financial statements are required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, 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.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide an opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion on the Group.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by the Competent Authority of Securities	:	Jin-Guan-Zheng-VI-Zi No. 0940129108 Jin-Guan-Zheng-Shen-Zi No. 1020000737
Date: March 5, 2024		

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Assets	December 31, 2023		December 31, 2022			Liabilities and equity	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (Note 6(1) and (20))	\$ 558,226	14	682,275	16	2100	Short-term borrowings (Notes 6(8) and (20))	\$ 382,000	10	393,792	10
1110 Financial assets at fair value through profit or loss-current	324	-	-	-	2130	Contract liabilities - current (Note 6(18))	5,582	-	13,518	-
1170 Net notes and accounts receivable (Note 6(2), (18) and (20))	430,799	11	332,727	8	2170	Notes and accounts payable (Note 6(20))	289,551	7	89,763	2
1180 Net notes and accounts receivable - related parties (Note 6(2), (18) and (20) and 7)	3,077	-	130,468	3	2180	Notes and accounts payable - related parties (Note 6(20) and 7)	10,639	-	227,874	5
1220 Current income tax assets	1,597	-	373	-	2219	Other payables (Note 6(20) and 7)	83,885	2	105,558	2
130X Inventories (Note 6(3))	152,794	4	187,261	4	2213	Payables on equipment (Notes 6(20) and (23))	2,133	-	4,977	-
1476 Other financial assets - current (Note 6(7), (20), 7 and 8)	387,794	9	120,701	3	2250	Liability reserve - current (Note 6(12))	16,459	-	26,174	1
1479 Other current assets - others	14,816	-	14,011	-	2280	Lease liabilities - current (Note 6(20) and 7)	1,008	-	14,800	-
Total current assets	1,549,427	38	1,467,816	34	2321	Due in one year or one business cycle or execution of putable bonds (Notes 6(10) and (20))	498,614	12	-	-
Non-current assets:					2322	Long-term borrowings due in one year or one business cycle (Notes 6(9) and (20))	201,701	5	214,684	5
1551 Investment accounted for under the equity method (Note 6(4))	53,727	1	51,990	1	2399	Other current liabilities - others	315	-	35	-
1600 Property, plant and equipment (Notes 6(5), (23), 8 and 9)	1,248,299	30	1,262,303	29		Total current liabilities	1,491,887	36	1,091,175	25
1755 Right-of-use assets (Note 7)	29,204	1	46,093	1		Non-current liabilities:				
1760 Net investment property (Note 6(6) and 8)	1,147,256	28	1,145,991	26	2530	Corporate bonds payable (Notes 6(10) and (20))	-	-	492,797	11
1780 Intangible assets	2,122	-	2,028	-	2540	Long-term borrowings (Notes 6(9) and (20))	1,167,876	29	1,228,156	29
1840 Deferred income tax assets (Note 6(13))	8,617	-	5,037	-	2550	Provision for liability - non-current	17,280	-	18,300	-
1915 Prepayments for equipment (Notes 8 and 9)	33,832	1	94,441	2	2570	Deferred income tax liabilities (Note 6(13))	57,425	1	53,846	1
1980 Other financial assets - non-current (Note 6(7) and (20) and 8)	28,845	1	287,347	7	2580	Lease liabilities - non-current (Note 6(20) and 7)	668	-	313	-
Total non-current assets	2,551,902	62	2,895,230	66		Total non-current liabilities	1,243,249	30	1,793,412	41
						Total liabilities	2,735,136	66	2,884,587	66
						Equity attributable to owners of the parent (Notes 6(14) and (15)):				
					3110	Ordinary share capital	1,443,296	35	2,241,856	51
					3140	Capital collected in advance	2,760	-	-	-
					3200	Capital surplus	22,614	1	196,778	5
					3300	Losses to be covered	(581,144)	(14)	(1,440,223)	(33)
					3400	Other equity	478,667	12	480,048	11
Total assets	\$ 4,101,329	100	4,363,046	100		Total equity	1,366,193	34	1,478,459	34
						Total liabilities and equity	\$ 4,101,329	100	4,363,046	100

(Please refer to the notes to the Consolidated Financial Statements enclosed for details)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Note 6(18) and 7)	\$ 1,859,041	100	2,430,202	100
5000	Operating costs (Notes 6(3) and (12))	1,796,468	97	2,552,312	105
	Gross profit (loss)	62,573	3	(122,110)	(5)
	Operating expenses (Notes 6(2), (12) and 7):				
6100	Selling and marketing expenses	38,473	2	36,486	2
6200	Administrative expenses	124,891	7	151,944	6
6300	Research and development expenses	97,581	5	62,314	3
6450	Expected credit impairment losses	867	-	24,247	1
	Total operating expenses	261,812	14	274,991	12
	Net operating loss	(199,239)	(11)	(397,101)	(17)
	Non-operating revenue and expenses:				
7100	Interest income (Note 6(19))	13,234	1	5,104	-
7020	Other gains and losses (Notes 6(6), (10) and (19))	116,583	6	121,066	5
7050	Finance costs (Note 6(10), (19) and 7)	(50,465)	(3)	(45,054)	(2)
7060	Share of profit or loss on of associated companies and joint ventures accounted for using the equity method (Note 6(4))	2,051	-	392	-
	Total non-operating income and expenses	81,403	4	81,508	3
	Net loss before tax from continuing operating segments	(117,836)	(7)	(315,593)	(14)
7950	Less: Income tax expenses (Note 6(13))	-	-	-	-
	Net loss of current period	(117,836)	(7)	(315,593)	(14)
8300	Other comprehensive income:				
8360	Items that may subsequently be reclassified to profit or loss (Note 6(14))				
8361	Difference in exchange from the conversion of financial statements of overseas operating entities	(1,099)	-	6,965	-
8370	Share of other comprehensive income of associated companies and joint ventures accounted for using the equity method	(282)	-	(1,422)	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	(1,381)	-	5,543	-
8300	Other comprehensive income (loss) of current period	(1,381)	-	5,543	-
8500	Total comprehensive income of current period	\$ (119,217)	(7)	(310,050)	(14)
	Loss per share (Note 6(16))				
9710	Basic loss per share (Unit: NTD)	\$ (0.82)		(2.30)	

(Please refer to the notes to the Consolidated Financial Statements enclosed for details)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	Share capital				Difference in exchange from the conversion of financial statements of overseas operating entities	Other equity		
	Ordinary share capital	Capital collected in advance	Capital surplus	Losses to be covered		Revalued amount of property	Total	Total equity
Balance on January 1, 2022	\$ 2,063,936	-	18,948	(1,124,630)	161,818	312,687	474,505	1,432,759
Net loss of current period	-	-	-	(315,593)	-	-	-	(315,593)
Other comprehensive income (loss) of current period	-	-	-	-	5,543	-	5,543	5,543
Total comprehensive income of current period	-	-	-	(315,593)	5,543	-	5,543	(310,050)
Cash capital increase	170,000	-	170,000	-	-	-	-	340,000
Issuance of new shares for employees' exercise of stock options	7,920	-	237	-	-	-	-	8,157
Share-based compensation	-	-	7,593	-	-	-	-	7,593
Balance on December 31, 2022	2,241,856	-	196,778	(1,440,223)	167,361	312,687	480,048	1,478,459
Net loss of current period	-	-	-	(117,836)	-	-	-	(117,836)
Other comprehensive income (loss) of current period	-	-	-	-	(1,381)	-	(1,381)	(1,381)
Total comprehensive income of current period	-	-	-	(117,836)	(1,381)	-	(1,381)	(119,217)
Capital reduction to make up for losses.	(800,000)	-	-	800,000	-	-	-	-
Issuance of new shares for employees' exercise of stock options	1,440	2,760	1,699	-	-	-	-	5,899
Covering loss from capital surplus	-	-	(176,915)	176,915	-	-	-	-
Share-based compensation	-	-	1,052	-	-	-	-	1,052
Balance on December 31, 2023	\$ 1,443,296	2,760	22,614	(581,144)	165,980	312,687	478,667	1,366,193

(Please refer to the notes to the Consolidated Financial Statements enclosed for details)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash Flows from Operating Activities:		
Net loss before tax in the period	\$ (117,836)	(315,593)
Adjustments:		
Income/expenses items		
Depreciation expense	133,779	194,609
Amortizations	1,373	4,940
Expected credit impairment losses	867	24,247
Net loss on financial asset or financial liability at fair value through profit or loss	1,130	1,250
Investment income recognized under the equity method	(2,051)	(392)
Loss (gain) on disposal and retirement of property, plant and equipment	(2,022)	22,947
Interest expense	50,465	45,055
Interest income	(13,234)	(5,104)
Share-based payment cost	1,052	7,593
Gain on fair value adjustment of investment property	(1,265)	(7,929)
Gains on lease modification	-	(415)
Others	32	-
Total adjustments to reconcile profit and loss	170,126	286,801
Change in assets/liabilities relating to operating activities:		
Notes and accounts receivable (including related parties)	27,899	154,832
Inventories	34,467	24,272
Other current assets	(867)	7,419
Other financial assets	2,328	(86)
Total net changes in assets related to operating activities	63,827	186,437
Net changes in liabilities related to operating activities:		
Lease liabilities-current	(7,878)	8,844
Notes and accounts payable (including related parties)	(16,604)	(31,369)
Other payables	(21,228)	(16,541)
Provision for liability	(9,715)	(16,796)
Other current liabilities - others	281	(23)
Other non-current liabilities - others	(1,020)	-
Total net changes in liabilities related to operating activities	(56,164)	(55,885)
Total net changes in assets and liabilities related to operating activities	7,663	130,552
Total adjustments	177,789	417,353
Cash inflow generated by operating activities	59,953	101,760
Interest received	13,204	24,065
Interest paid	(44,899)	(37,695)
Income tax paid	(1,194)	(367)
Net cash inflow generated by operating activities	27,064	87,763

(Please refer to the notes to the Consolidated Financial Statements enclosed for details)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(12,114)	-
Disposal of financial assets at fair value through profit or loss	10,660	-
Property, plant and equipment acquired	(38,981)	(67,473)
Disposal of property, plant and equipment	2,000	3,827
Acquisition of intangible assets	(1,091)	(1,805)
Increase in other financial assets	(10,921)	(127,157)
Increase in prepayments for equipment	(5,289)	(72,370)
Net cash used in investing activities	(55,736)	(264,978)
Cash flows from financing activities:		
Increase in short-term borrowings	874,000	907,631
Decrease in short-term borrowings	(885,792)	(1,048,200)
Proceeds from long-term borrowings	470,000	422,000
Repayments of long-term borrowings	(543,263)	(318,390)
Lease principle repayment	(15,078)	(74,907)
Cash capital increase	-	340,000
Employees' exercise of stock options	5,899	8,157
Net cash inflow (outflow) from financing activities	(94,234)	236,291
Effect of exchange rate changes on cash and cash equivalents	(1,143)	1,516
Increase (decrease) in cash and cash equivalents in current period	(124,049)	60,592
Balance of cash and cash equivalents at beginning of period	682,275	621,683
Balance of cash and cash equivalents at end of period	\$ 558,226	682,275

(Please refer to the notes to the Consolidated Financial Statements enclosed for details)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Unless otherwise specified, all amounts are in NTD thousand)

I. Organization and Business Scope

G-TECH Optoelectronics Corporation (hereinafter referred to as the “Company”) was approved by the Ministry of Economic Affairs (MOEA) for establishment on June 27, 1996. The place of registration is No. 99, Zhongxing Rd., Tongluo Township, Miaoli County. The main business items of the Company and its subsidiaries (collectively referred to as the “consolidated company”) include glass and glass products, electronics parts manufacturing and international trade business, etc.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 5, 2024.

III. Application of New and Revised Standards, Amendments and Interpretations

(I) The impact of the new announcements and revisions of the standards and interpretations endorsed by the Financial Supervisory Commission (“FSC”)

The initial application of the amendments of the IFRSs endorsed and issued into effect since January 1, 2023 did not have a significant effect on the consolidated financial statements of the consolidated company.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The initial application of the amendments of the IFRSs endorsed and issued into effect since May 23, 2023 did not have a significant effect on the consolidated financial statements of the consolidated company.

- Amendments to IAS 12 "International Tax Reform- "Pillar Two Model Rules"

(II) Effect of not adopting the IFRS endorsed by the FSC

The initial application of the following newly amended IFRSs endorsed and issued into effect since January 1, 2024, evaluated to be applicable to the consolidated company, will not have a significant effect on the consolidated financial statements of the consolidated company.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"

(III) New standards and Interpretations not yet endorsed by the FSC

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the consolidated financial statements of the consolidated company.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendments to IFRS 17 "Comparison of the Initial Application of IFRS 17 and IFRS 9"
- Amendments to IAS 21 "Lack of Convertibility"

(Please refer to the notes to the Consolidated Financial Statements enclosed for details)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the consolidated financial statements.

(I) **Statement of Compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as the “Regulations”) and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs” endorsed and issued into effect by the FSC).

(II) **Basis of Preparation**

1. **Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

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

(2) Investment property at fair value

2. **Functional and presentation currency**

The functional currency of each entity of the consolidated company is determined based on the currency of the primary economic environment in which it operates. These consolidated financial statements are presented in New Taiwan Dollars, which is the consolidated company’s functional currency. All financial information is presented in NTD thousand.

(III) **Basis of Consolidation**

1. **Principle for preparation of consolidated financial statements**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. subsidiaries). The Company controls an invested entity when the Company is exposed, or has rights, to variable returns from its involvement with the invested entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date when the consolidated company obtains control of the subsidiaries and ceases on the date when the consolidated company loses control of the subsidiaries. Transactions, balances or any unrealized gains and losses among the consolidated companies have been eliminated during the preparation of the consolidated financial statements. The total comprehensive income/loss of the subsidiaries are attributed to the owners and non-controlling interests of the Company respectively, and the same is true when the non-controlling interests consequently become loss balance.

Appropriate adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the consolidated company.

Changes to the ownership interest of the subsidiaries made by the consolidated company that have not caused the loss of the control over such subsidiaries, are handled as interest transactions with the owner. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity of the owner of the Company.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

2. Subsidiaries included in the consolidated financial statements:

The subsidiaries included in the consolidated financial statements are:

Name of investor	Name of subsidiary	Nature of business	Percentage of ownership (%)		Explanation
			December 31, 2023	December 31, 2022	
The Company	Fast Achievement Global Ltd.	Holding	100.00%	100.00%	
"	Golden Start Global Corp.	"	100.00%	100.00%	
Golden Global	Charmtex Global Corp.	"	100.00%	100.00%	
Charmtex Global	Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Manufacturing and sale of TFT-LCD panel display screen materials	100.00%	100.00%	

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

(IV) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the "report date"), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the following conditions:

- (1) When it is designated as equity instruments at fair value through other comprehensive income;
- (2) When the translation of a financial liability designated as a net investment in a foreign operation is within the effective extend of the hedge; or
- (3) When the qualified cash flow hedge is within the effective extend of the hedge.

2. Foreign operations

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income. In case of disposal of a foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of subsidiaries involving foreign operations, relevant accumulated exchange difference shall be reclassified as non-controlling interest proportionally. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(V) Classification of current and non-current assets and liabilities

Assets satisfying one of the following criteria shall be classified as current assets; all other assets that are no current assets shall be classified as non-current assets:

1. Assets expected to be realized or intended to be sold or consumed during their normal operating cycle;
2. Assets primarily held for the purpose of trading;
3. Assets expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities satisfying one of the following criteria shall be classified as current liabilities; all other liabilities that are not current liabilities shall be classified as non-current liabilities:

1. Liabilities expected to be settled in their normal operating cycle;
2. Liabilities primarily held for the purpose of trading;
3. Liabilities due to be settled within twelve months after the reporting period; or
4. Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing of equity instruments do not affect its classification.

(VI) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the consolidated company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial assets

For the purchase or sale of financial assets complying with regular trading, the consolidated company uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The consolidated company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

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

The financial instruments that are not measured at amortized cost or measured at fair value through other comprehensive income as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the consolidated company may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The consolidated company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured at 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the consolidated company considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the consolidated company based on past experience, credit assessment and prospective information.

The consolidated company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The consolidated company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligation to the consolidated company in full.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

If the credit rating of a financial instrument is equivalent to the globally understood definition of “investment grade” (investment level of BBB- per Standard & Poor’s, Baa3 per Moody’s or tWA per Taiwan Ratings, or higher levels thereof), then the consolidated company considers such debt security to have a low credit risk.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the consolidated company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the consolidated company in accordance with contracts and the cash flows that the consolidated company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the consolidated company assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observation data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower’s financial difficulty, having granted to the borrower a concession that the consolidated company would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either in full or partially, to the extent that there is no realistic prospect of recovery for the consolidated company. For corporate accounts, the consolidated company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The consolidated company expects that the written off amount will not have any significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the consolidated company’s procedures for recovery of amounts due.

(4) Derecognition of financial assets

The consolidated company derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained.

When the consolidated company signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debts and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transaction

Equity instrument refers to any contract representing the consolidated company with remaining equity from assets after all liabilities have been subtracted. The equity instruments issued by the consolidated company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instruments

The compound financial instruments issued by the consolidated company refer to convertible corporate bonds (valued in NTD) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liabilities

Financial liabilities are subsequently measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivative instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The consolidated company derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting of financial assets and liabilities

The consolidated company only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(VIII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(IX) Investment in Associates

Associate refers to an entity where the consolidated company has material impact on its financial and operational policies, but has no control or joint control over.

The consolidated company adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The consolidated financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the consolidated company, recognized by the consolidated company according to the equity ratio. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the consolidated company in the associate is not affected, the consolidated company then recognizes the equity change under the share of the associate for the consolidated company as capital reserve according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the consolidated company and associates is recognized in the company's financial statements only within the equity scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the consolidated company is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(X) Property, Plant and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is possible that the future economic benefits associated with the expenditure will flow to the consolidated company.

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The estimated useful lives for current and comparative years are as follows:

(1) Houses and buildings	7~25 years
(2) Machinery and equipment	3~8 years
(3) Other equipment	2~11 years
(4) Leasehold Improvements	1~10 years

The key components of houses and buildings mainly include the facility main building, electric power equipment and construction, and cleanroom systems, etc., and depreciation is calculated based on their useful lifetimes of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the consolidated company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassification to investment property

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to "Other equity - revalued amount of property". Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

(XI) Leases

At the inception of a contract, the consolidated company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessee

The consolidated company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the consolidated company periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the consolidated company's incremental borrowing rate shall apply. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (1) Fixed payments, including in-substance fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) The exercise price under a purchase option or lease termination that the Company is reasonably certain to exercise, or penalties required for a lease.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

- (1) When there is a change in future lease payments arising from a change in index or rate;
- (2) When there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- (3) When there is change in the assessment of whether to exercise a purchase option of the underlying asset;
- (4) If there is a change in the assessment of whether to exercise an extension or termination option, and a change to the assessment of the lease period;
- (5) When there is change to the lease subject matter, scope or other terms.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero.

For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The consolidated company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheets respectively.

For short-term leases of other equipment and low-value underlying asset leases, the consolidated company chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the consolidated company as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the consolidated company considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the consolidated company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the consolidated company uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the consolidated company adopts the straight-line basis to recognize the lease payment collected during the lease period as the rental income.

(XII) Intangible Assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit is likely to flow into the consolidated company, and the consolidated company has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Other intangible assets with limited useful life acquired by the consolidated company, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditure

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortization

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

The estimated useful lives for current and comparative years are as follows:

- | | |
|-----------------------------|-----------|
| (1) Computer software | 1~3 years |
| (2) Other intangible assets | 1 year |

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the consolidated company at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIII) Impairment of Non-financial Assets

The consolidated company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit consolidated company that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XIV) Provision for Liabilities

Provisions for liabilities are recognized when the consolidated company has an obligation as a result of past events, and the consolidated company is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

1. Restoration

According to applicable contracts, when the consolidated company bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Sales return and allowance

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

(XV) Recognition of Revenue

1. Income from customer contracts

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the consolidated company satisfies a performance obligation by transferring its control over the product or service to the customer. The main revenue items of the consolidated company are explained as follows:

(1) Sales of goods

The consolidated company manufactures panel display screen materials and glass products, and also sells such products. The consolidated company recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the consolidated company has objective evidence to consider that all acceptance criteria have been satisfied.

The consolidated company recognizes the accounts receivable upon the delivery of goods since the consolidated company has the right to collect consideration unconditionally at such time point.

(2) Financial component

The consolidated company expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes payment for such products or services is less than one year; therefore, the consolidated company has not adjusted the currency time value of the transaction price.

(XVI) Employee Benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the consolidated company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

3. Separation benefits

Separation benefits refer to when the consolidated company cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVII) Share-based Payment Transactions

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result.

The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the consolidated company refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XVIII) Income Tax

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction;
2. Temporary differences arising from equity investments in subsidiaries, associates and joint ventures, where the consolidated company is able to control the reversal of the temporary difference and where there is a high probability that such temporary differences will not reverse in the future; and
3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The deferred tax assets and liabilities of the consolidated company are only offset against each other when the following criteria are met:

1. The Company has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities is related to one of the following taxing authorities of one identical taxation agent for the income tax:
 - (1) Levied by the same taxing authority; or
 - (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities of significant amounts on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation matches with each other.

(XIX) Earnings per share

The consolidated company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the consolidated company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted ordinary shares of the consolidated company include convertible corporate bonds and employee stock options.

(XX) Information on Segments

The consolidated company is composed of operating segments engaged in operating activities that may generate revenue and incur expenses (including income and expenses related to transactions among other components in the consolidated company). The operating results of all operating segments are reviewed by the main operation decision maker of the consolidated company in order to make decision on the allocation of resource for the segments and to evaluate their performance. Each operating segment is equipped with independent financial information.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the management performs the preparation of these consolidated financial statements, the management is required to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates during the period and the impact in the next period are recognized.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

(I) Loss allowance for accounts receivable

The loss allowance for accounts receivable of the consolidated company is estimated based on the assumption of the risk of breach and the expected loss rate. The consolidated company considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be adopted and selection of inputs during the calculation of impairment loss. Changes in the economic and industrial environment may cause material adjustment in the loss allowance for accounts receivable. Please refer to Note 6(2) for detailed explanation on relevant assumption and inputs.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(II) Investment property fair value

The subsequent measurement of investment property of the consolidated company adopts the discounted cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

Valuation process

The accounting policies and disclosures of the consolidated company include the use of fair value to measure its financial, non-financial assets and liabilities. The consolidated company establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third-party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the consolidated company, it is assumed that the consolidated company has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

When the consolidated company measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the consolidated company recognizes such transfer at the report date.

Please refer to Note 6(6) Investment Property for relevant information on the assumption used for measurement of fair value.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 726	731
Demand deposits	397,075	407,809
Checking accounts	40	40
Time deposits	160,385	273,695
Cash and cash equivalent indicated in the statements of cash flow	\$ 558,226	682,275

The consolidated company's exposure to interest rate risk and the sensitivity analysis on the financial assets and liabilities of the consolidated company are disclosed in Note 6(20).

(II) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable	\$ 23,884	6,547
Accounts receivable	662,185	581,561
Accounts receivable - related parties	3,077	130,468
Less: Allowance for loss	(255,270)	(255,381)
	\$ 433,876	463,195

**Notes to the G-TECH Optoelectronics Corporation and
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The consolidated company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the consolidated company is as follows:

December 31, 2023			
	Carrying amount of notes and accounts receivables	Weighted- average expected credit loss rate	Loss allowance provision
Not overdue	\$ 408,214	0%~0.68%	2,760
Overdue less than 90 days	18,450	0.68%~21.28%	1,600
Overdue more than 91 days	262,482	21.28%~100%	250,910
	\$ 689,146		255,270

December 31, 2022			
	Carrying amount of notes and accounts receivables	Weighted- average expected credit loss rate	Loss allowance provision
Not overdue	\$ 434,571	0%~0.9%	3,078
Overdue less than 90 days	14,962	0.9%~21.9%	3,101
Overdue more than 91 days	269,043	21.9%~100%	249,202
	\$ 718,576		255,381

The movement in the allowance for impairment with respect to notes and accounts receivable of the consolidated company is as follows:

	2023	2022
Balance at beginning of the period	\$ 255,381	230,360
Provision in current period	867	24,247
Foreign currency translation gains or losses	(978)	774
Balance at end of the period	\$ 255,270	255,381

1. The amount in the accounts receivable that is overdue for more than 90 days mainly comes from key customers, the purchase of optical cement from the consolidated company by such customers and the sale of LCD displays to various large manufacturers in Shenzhen, China. However, due to the COVID-19 pandemic, the upstream and downstream supply chain operations were affected so that payments were delayed. To protect its own interest, the consolidated company has filed civil lawsuits with the Intermediate People's Court of Xiamen City, China and it is recognized as provision for loss.

The Intermediate People's Court of Xiamen City, China rendered the judgment in favor of the consolidated company on March 23, 2023. That is, the customer was required to repay the original loan plus the interest for overdue payment. The customer was declared bankrupt and liquidated by the court on August 23, 2022. Therefore, the relevant interest shall be calculated from the original due date to the effective date of the bankruptcy. The following petition about his property will be notified by the court for distribution.

2. On December 31, 2023 and 2022 the notes receivable and accounts receivable of the consolidated company were not pledged as collateral.

**Notes to the G-TECH Optoelectronics Corporation and
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(III) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	\$ 39,973	75,872
Work in progress	12,463	38,665
Finished goods	100,358	72,722
Merchandise inventory	-	2
	<u>\$ 152,794</u>	<u>187,261</u>

1. The details of the inventory related expenses of the consolidated company recognized for 2023 and 2022 are as follows:

	2023	2022
Inventory sale recognition	\$ 1,805,430	2,560,413
(Reversal of) write-down of inventories	(8,962)	(8,101)
	<u>\$ 1,796,468</u>	<u>2,552,312</u>

2. On December 31, 2023 and 2021, the inventories of the consolidated company were not pledged as collateral.

(IV) Investment Accounted for Using Equity Method

The investments of the consolidated company accounted for using the equity method at the report date are as follows:

	December 31, 2023	December 31, 2022
Associate	<u>\$ 53,727</u>	<u>51,990</u>

1. Associates

For associates of the consolidated company using the equity method that are not material, the summary financial information is as follows, and the financial information refers to the amount included in the consolidated financial statements of the consolidated company:

	December 31, 2023	December 31, 2022
The summary carrying amount at the end of the period for equity of individual non-material associates	<u>\$ 218,759</u>	<u>211,809</u>

	2023	2022
Share attributable to the consolidated company:		
Net profit for the current period for continuing business units	\$ 2,051	392
Other comprehensive income	(282)	(1,422)
Total comprehensive income	<u>\$ 1,769</u>	<u>(1,030)</u>

2. Guarantee

On December 31, 2023 and 2022, the investments of the consolidated company accounted for using the equity method were not pledged as collateral.

**Notes to the G-TECH Optoelectronics Corporation and
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(V) Property, Plant and Equipment

Details of the cost, depreciation and impairment of property, plant and equipment of the consolidated company for 2023 and 2022 are as follows:

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
Cost or deemed cost:							
Balance on January 1, 2023	\$ 319,648	1,398,154	951,169	51,225	16,518	55,171	2,791,885
Additions	-	1,412	5,987	12,976	-	15,770	36,145
Disposals and retirements	-	(27,675)	(761,202)	(8,560)	-	-	(797,437)
Reclassifications	-	3,992	62,404	26,646	-	(27,617)	65,425
Impact of changes in foreign exchange rate	-	-	-	(735)	-	-	(735)
Balance on December 31, 2023	<u>\$ 319,648</u>	<u>1,375,883</u>	<u>258,358</u>	<u>81,552</u>	<u>16,518</u>	<u>43,324</u>	<u>2,095,283</u>
Balance on January 1, 2022	\$ 319,648	1,417,138	1,914,687	207,403	422,924	20,540	4,302,340
Additions	-	294	30,385	2,348	-	36,112	69,139
Disposals and retirements	-	(19,404)	(1,122,767)	(167,380)	(406,406)	-	(1,715,957)
Reclassifications	-	126	128,864	8,396	-	(1,481)	135,905
Impact of changes in foreign exchange rate	-	-	-	458	-	-	458
Balance on December 31, 2022	<u>\$ 319,648</u>	<u>1,398,154</u>	<u>951,169</u>	<u>51,225</u>	<u>16,518</u>	<u>55,171</u>	<u>2,791,885</u>
Depreciation and impairment loss:							
Balance on January 1, 2023	\$ -	682,388	792,746	37,930	16,518	-	1,529,582
Depreciation	-	68,547	36,088	10,771	-	-	115,406
Disposals and retirements	-	(27,675)	(761,224)	(8,560)	-	-	(797,459)
Impact of changes in foreign exchange rate	-	-	-	(545)	-	-	(545)
Balance on December 31, 2023	<u>\$ -</u>	<u>723,260</u>	<u>67,610</u>	<u>39,596</u>	<u>16,518</u>	<u>-</u>	<u>846,984</u>
Balance on January 1, 2022	\$ -	630,470	1,866,631	199,424	377,195	-	3,073,720
Depreciation	-	71,322	48,882	2,386	22,050	-	144,640
Disposals and retirements	-	(19,404)	(1,122,767)	(164,285)	(382,727)	-	(1,689,183)
Impact of changes in foreign exchange rate	-	-	-	405	-	-	405
Balance on December 31, 2022	<u>\$ -</u>	<u>682,388</u>	<u>792,746</u>	<u>37,930</u>	<u>16,518</u>	<u>-</u>	<u>1,529,582</u>
Carrying value:							
December 31, 2023	<u>\$ 319,648</u>	<u>652,623</u>	<u>190,748</u>	<u>41,956</u>	<u>-</u>	<u>43,324</u>	<u>1,248,299</u>
January 1, 2022	<u>\$ 319,648</u>	<u>786,668</u>	<u>48,056</u>	<u>7,979</u>	<u>45,729</u>	<u>20,540</u>	<u>1,228,620</u>
December 31, 2022	<u>\$ 319,648</u>	<u>715,766</u>	<u>158,423</u>	<u>13,295</u>	<u>-</u>	<u>55,171</u>	<u>1,262,303</u>

On December 31, 2023 and 2022, the property, plant and equipment were provided to the financial institution, in part, as mortgage guarantee. Please refer to Note 8 for details.

**Notes to the G-TECH Optoelectronics Corporation and
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(VI) Investment Property

Investment properties refer to assets owned by the consolidated company, and for the lease of investment properties, the original non-cancellable period is 10 years. For investment properties already leased out, the rental incomes are fixed amounts.

Statement of changes in investment property of the consolidated company is as follows:

	Own assets		
	Land	Houses and buildings	Total
Cost or deemed cost:			
Balance on January 1, 2023	\$ 419,368	726,623	1,145,991
Net gain (loss) arising from fair value adjustments	50,208	(48,943)	1,265
Balance on December 31, 2023	\$ 469,576	677,680	1,147,256
Balance on January 1, 2022	\$ 375,972	762,090	1,138,062
Net gain (loss) arising from fair value adjustments	43,396	(35,467)	7,929
Balance on December 31, 2022	\$ 419,368	726,623	1,145,991

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3.

For the subsequent measurement of investment property of the consolidated company adopting the discounted cash flow analysis method under income approach for valuation, relevant important contract terms and valuation information are stated as follows:

1. December 31, 2023

Subject property	Miaoli Plant land and buildings
Important contract terms	1. Rent: NT\$5,867 thousand/month 2. Lease period: 136 months 3. Total future annual tax amount borne by lessor: NT\$2,806 thousand
Local rent status	NT\$130~160/3.3058 m ² /month
Rent status of similar property	NT\$140/3.3058 m ² /month
Current condition	Normal use
Past income amount	NT\$140/3.3058 m ² /month
Income capitalization rate	5.467%
Discount rate	4.345%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2023
Outsourced appraisal fair value	NT\$1,147,256 thousand

**Notes to the G-TECH Optoelectronics Corporation and
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2. December 31, 2022

<u>Subject property</u>	<u>Miaoli Plant land and buildings</u>
Important contract terms	1. Rent: NT\$5,867 thousand/month 2. Lease period: 136 months 3. Total future annual tax amount borne by lessor: NT\$2,422 thousand
Local rent status	NT\$130~160/3.3058 m ² /month
Rent status of similar property	NT\$140/3.3058 m ² /month
Current condition	Normal use
Past income amount	NT\$140/3.3058 m ² /month
Income capitalization rate	4.543%
Discount rate	3.895%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2022
Outsourced appraisal fair value	NT\$1,145,991 thousand

Pursuant to Article 34 of the Regulations on Real Estate Appraisal, the procedures of income appraisal are estimating effective gross income, estimating total expenses, calculating net operating income, determining the capitalization rate or discount rate, and calculating the income value. The estimation of the aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The present discount rate is determined based on the floating rate on the two-year time savings small deposits offered by Chunghwa Post Co. Ltd. plus 0.75%, namely 2.095%, along with the consideration of the factors of the difficulty in terms of the liquidity, risk, appreciation, and management of the subject property income status, plus the risk premium of 2.0% and 1.8% on December 31, 2023 and 2022, such that the discount rates of the subject property are determined to be 4.345% and 3.895% respectively. Regarding the estimation of the capitalization rate, the net income of comparable property is divided by the price, followed by the weighted average method to obtain the capitalization rate as 5.467% and 4.543% respectively.

**Notes to the G-TECH Optoelectronics Corporation and
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The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Significant unobservable inputs	Relationship between material unobservable inputs and fair value measurement
<p>The discounted cash flow analysis (DCF) under income approach is used as the evaluation method, and the contract rent price provided by the consolidated company during the lease period is used for evaluation. After the expiration of the lease period, the market rent price is used for evaluation.</p> <p>Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.</p>	<ul style="list-style-type: none"> • The risk-adjusted discount rate for December 31, 2023 and December 31, 2022 were 4.345% and 3.895%, respectively. 	<p>The estimated fair value will be increased (or decreased) if:</p> <ul style="list-style-type: none"> • Discount rate after risk adjustment decreases (increases).

Investment property refers to facilities leased out to others, and the lease contract includes the original non-cancellable lease period, and the subsequent lease period is negotiated with the lessee, and rent is either collected or not yet collected. Please refer to Note 6(11) for relevant information.

Before December 31, 2023 and 2022, the investment property of the consolidated company was not pledged as collateral. For details, please refer to Note 8.

(VII) Other financial assets (including non-current)

	December 31, 2023	December 31, 2022
Time deposits-general	\$ -	50,000
Time deposit- Pledged as collateral	63,978	2,557
Restricted demand deposit	342,000	342,500
Accrued rent receivable	4,316	4,365
Income tax refund receivable	1,456	3,632
Refundable deposits - non-current	4,845	4,847
Others	44	147
	\$ 416,639	408,048

Please refer to Note 8 for the other financial assets pledged as collateral.

**Notes to the G-TECH Optoelectronics Corporation and
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(VIII) Short-term Borrowings

Statement of short-term borrowings of the consolidated company is as follows:

	December 31, 2023	December 31, 2022
Letter of credit loan	\$ -	3,792
Unsecured bank loans	132,000	60,000
Secured bank loans	250,000	330,000
Total	\$ 382,000	393,792
Unused amount	\$ 140,000	236,208
Interest rate interval	2.47%~2.67%	2.22%~2.54%

1. For the consolidated company's assets pledged as collateral, in part, please refer to Note 8.
2. For the information about the consolidated company's interest rate, foreign currency and liquidity risk, please refer to Note 6(20).

(IX) Long-term Borrowings

Statement, criteria and terms of long-term borrowings of the consolidated company are as follows:

December 31, 2023				
	Currency	Interest rate interval	Year of maturity	Amount
Unsecured bank loans	NTD	2.095%~2.29%	2025~2026	\$ 139,125
Secured bank loans	NTD	2.095%~2.67%	2027~2028	1,230,452
				1,369,577
Less: Portion with maturity due in one year				(201,701)
Total				\$ 1,167,876
Unused amount				\$ -

December 31, 2022				
	Currency	Interest rate interval	Year of maturity	Amount
Unsecured bank loans	NTD	1.97%~2.05%	2025~2026	\$ 195,825
Secured bank loans	NTD	1.345%~2.42%	2023~2028	1,247,015
				1,442,840
Less: Portion with maturity due in one year				(214,684)
Total				\$ 1,228,156
Unused amount				\$ -

1. For the consolidated company's assets pledged as collateral, in part, please refer to Note 8.
2. For the information about the consolidated company's interest rate and liquidity risk, please refer to Note 6(20).

**Notes to the G-TECH Optoelectronics Corporation and
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(X) Bonds Payable

Information on the consolidated company's issuance of secured convertible bonds is as follows:

	December 31, 2023	December 31, 2022
Total amount of issued convertible bonds	\$ 500,000	500,000
Unamortized amount of discount on bonds payable	(1,386)	(7,203)
Less: Portion with maturity due in one year	(498,614)	-
Ending balance of bonds payable	\$ -	492,797
Equity component - conversion option (recognized as capital surplus - share option)	\$ 12,724	12,724
	2023	2022
Embedded derivative - loss on re-measurement at fair value of repurchase options	\$ -	(1,250)
Interest expense	\$ 5,817	5,749

The Company issued 5,000 3-year secured convertible corporate bonds at the coupon rate of 0% and par value of NT\$100 thousand on March 26, 2021, and the effective interest rate was 1.33%.

The conversion price at the time of issuance was set to NT\$35.86 per share. In case where the issuance of ordinary shares of the consolidated company satisfies the criteria for the adjustment of the conversion price specified in the terms of issuance, the conversion price is adjusted according to the formula specified in the terms of issuance. No terms are re-established for these bonds.

The consolidated company completed the cash capital increase in May 2022, and the conversion price should be adjusted in accordance with Article 11 of the Regulations Governing Issuance and Conversion of 3rd Domestic Secured Convertible Bonds. The conversion price was adjusted from NT\$35.86 to NT\$35.57 as of May 23, 2022.

The consolidated company completed the capital reduction to make up for the accumulated loss in August 2023, and the conversion price should be adjusted in accordance with Article 11 of the Regulations Governing Issuance and Conversion of 3rd Domestic Secured Convertible Bonds. The conversion price was adjusted from NT\$35.57 to NT\$55.29 as of August 17, 2023.

Regarding the convertible bonds, from three months after the date of issuance (June 27, 2021) to 40 days before the expiration of the issuance period (February 15, 2024), if the closing price of the consolidated company's ordinary share over the counter exceeds the prevailing conversion price by 30% (inclusive) for 30 consecutive business days, or if the outstanding amount of the convertible bonds is less than 10% of the original issue amount, the consolidated company may collect the convertible bonds from the bondholders in cash at the par value of the bonds within five business days after the collection record date of the bonds.

The convertible bonds are repayable in cash at par value upon maturity.

(XI) Operating Leases

For the lease on the investment property and a portion of the facilities of the consolidated company, since nearly all of the risks and remunerations associated with the ownership of the underlying asset are not transferred, the lease contracts are classified as operating lease. Please refer to Note 6(6) Investment Property for details.

**Notes to the G-TECH Optoelectronics Corporation and
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The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	December 31, 2023	December 31, 2022
Less than one year	\$ 72,762	72,762
One to two years	72,762	72,762
Two to three years	72,762	72,762
Three to four years	72,762	72,762
Four to five years	68,133	72,762
More than five years	206,730	274,863
Undiscounted lease payment total amount	<u>\$ 565,911</u>	<u>638,673</u>

2023 and 2022 rental incomes from investment property were both NT\$72,762 thousand.

(XII) Employee Benefits

1. Defined contribution plans

The consolidated company has made monthly appropriations according to the appropriation rate of 6.00% and 19.00% of employees' monthly salary to the labor pension personal account at the Bureau of the Labor Insurance and the Social Insurance Bureau in accordance with the provisions of the Labor Pension Act and the Social Insurance Law of the People's Republic of China. Under this defined contribution plan, the consolidated company contributes a fixed amount to the Bureau of the Labor Insurance and the Social Insurance Bureau without additional legal or constructive obligations. The pension expense confirmed and appropriated by the consolidated company according to the pension regulations and the retirement premium recognized under each subsidiary of the consolidated financial statements are as follows:

	2023	2022
Operating cost	\$ 8,550	11,812
Selling and marketing expenses	1,194	854
Administrative expenses	2,523	2,610
Research and development expenses	1,980	1,155
	<u>\$ 14,247</u>	<u>16,431</u>

2. Short-term leave with pay liabilities

	December 31, 2023	December 31, 2022
Short-term leave with pay liabilities	<u>\$ 9,070</u>	<u>9,409</u>

(XIII) Income Tax

1. Statement of the income tax expense of the consolidated company recognized for 2023 and 2022 are as follows:

	2023	2022
Current tax expenses	<u>\$ -</u>	<u>-</u>

**Notes to the G-TECH Optoelectronics Corporation and
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2. The reconciliation of the consolidated company's income tax expense and loss before tax is as follows:

	2023	2022
Loss before tax	\$ (117,836)	(315,593)
Income tax calculated according to the domestic tax rate of the country of the Company	(23,567)	(63,119)
Effect of foreign jurisdiction tax rate differences	(611)	(423)
Change of unrecognized deductible temporary differences	24,178	63,542
	\$ -	-

3. Deferred tax assets and liabilities

- (1) Unrecognized deferred tax assets

The items not recognized as deferred tax assets by the consolidated company are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 41,709	47,762
Tax loss	1,234,338	1,229,312
	\$ 1,276,047	1,277,074

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. The reason for not recognizing such items as deferred income tax assets is because the Company is not very likely to have sufficient taxable income in the future for deductible temporary difference use.

Up to December 31, 2023, the deduction time-limit for tax losses of the consolidated company not recognized as deferred income tax assets is as follows:

Year of loss	Loss not yet deducted	Final year for deduction
Approved value for 2014	\$ 910,923	2024
Approved value for 2015	1,073,944	2025
Approved value for 2016	457,378	2026
Approved value for 2017	1,862,692	2027
Approved value for 2018	337,430	2028
Approved value for 2019	346,172	2029
Approved value for 2020	277,181	2030
Approved value for 2021	245,323	2031
Declared value for 2022	464,698	2032
Expected value for 2023	195,947	2033
	\$ 6,171,688	

**Notes to the G-TECH Optoelectronics Corporation and
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(2) Recognized deferred tax assets and liabilities

Changes in the deferred tax assets and liabilities for 2023 and 2022 are as follows:

Deferred tax assets:

	Covering Losses
January 1, 2023	\$ 5,037
Recognized in income statement	3,580
December 31, 2023	\$ 8,617
January 1, 2022	\$ 4,643
Recognized in income statement	394
December 31, 2022	\$ 5,037

Deferred income tax liabilities:

	Investment property
January 1, 2023	\$ 53,846
Recognized as profit or loss	3,579
December 31, 2023	\$ 57,425
January 1, 2022	\$ 53,451
Recognized as profit or loss	395
December 31, 2022	\$ 53,846

4. The Company's profit-seeking enterprise income tax returns through 2021 have been assessed and approved by the taxation authority.

(XIV) Capital and Other Equity

1. Ordinary shares

As of December 31, 2023 and 2022, the Company's total authorized capital stock amounted to NT\$5,000,000 thousand, at par value of NT\$10 per share, for 500,000 thousand shares. The aforementioned total authorized capital stock refers to ordinary shares, and the number of shares issued is 144,330 thousand and 224,186 thousand shares, respectively. All proceeds from shares issued have been collected.

On December 20, 2021, the Board of Directors of the Company resolved to issue new shares for cash capital increase, and proposed to issue 17,000 thousand ordinary shares at par value of \$10 per share. Said capital increase projects was approved and entered into force by FSC on January 26, 2022, and the Chairman was authorized by the Board of Directors to determine the issue price at NT\$20 per share, for a total issue price of NT\$340,000 thousand. Further, the FSC approved an extension of the offering period for three months and, therefore, the offering deadline was extended until July 25, 2022. All issued shares were paid in full on May 23, 2022 and the cash capital increase record date was set as the same date. The statutory registration was also completed on June 6, 2022. On June 21, 2023, the Company's annual general meeting resolved to reduce capital to make up for losses. The capital reduction amounted to NT\$800,000 thousand and a total of 80,000 thousand issued shares were cancelled, i.e. the capital reduction rate by 35.68%. Said capital reduction was approved by FSC and became effective on August 9, 2023. August 17, 2023 was set as the record date for capital reduction. The change has been registered with MOEA.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

In 2023 and 2022, the Company's employees exercised 420 thousand and 792 thousand employee stock options, respectively. In 2022, the registration of change was completed on January 16, 2023. In 2023, the registration of change with respect to 144 thousand shares was completed on June 13, 2022. Until December 31, 2023, there has been NT\$2,760 thousand, which was stated as capital collected in advance temporarily.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	December 31, 2023	December 31, 2022
Share premium	\$ 3,258	173,176
Share-based payments	6,632	10,878
Convertible corporate bonds	12,724	12,724
	\$ 22,614	196,778

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On June 21, 2023, the Company's annual general meeting resolved to make up for the 2022 loss with the capital surplus, NT\$176,915 thousand. For the relevant information, please visit the MOPS, etc..

3. Retained earnings

According to the Company's Articles of Incorporation, the Company's surplus distribution or loss allowance may be made after the end of each half of the fiscal year. If there is a surplus in the final accounts for each half of the fiscal year, the Company shall first pay off taxes, make up for accumulated losses, estimate and reserve employee compensation, and then set aside 10% as legal reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting, while if they are distributed in cash, the distribution shall be subject to the resolution of the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting.

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

The Company is currently in a growing phase and will strive for business development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Distribution of earnings

On June 21, 2023 and June 24, 2022, the Company's annual general meeting resolved to make up for the 2022 and 2021 losses. For the relevant information, please visit the MOPS, etc..

The Company has accumulated losses as of June 30, 2023 and 2022; therefore, no earnings are distributed in the first half of 2023 and 2022.

4. Other equity (net after tax)

	Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total
Balance on January 1, 2023	\$ 167,361	312,687	480,048
Exchange differences arising from the translation of net assets of foreign operations	(1,099)	-	(1,099)
Share of translation difference of associates accounted for using the equity method	(282)	-	(282)
Balance on December 31, 2023	\$ 165,980	312,687	478,667
Balance on January 1, 2022	\$ 161,818	312,687	474,505
Exchange differences arising from the translation of net assets of foreign operations	6,965	-	6,965
Share of translation difference of associates accounted for using the equity method	(1,422)	-	(1,422)
Balance on December 31, 2022	\$ 167,361	312,687	480,048

(XV) Share-based Payments

1. Up to December 31, 2023 and 2022, the Company has made the following share-based payments:

	Equity settlement Employee stock option
Type	
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

**Notes to the G-TECH Optoelectronics Corporation and
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On August 21, 2020, the Company resolved at the Board meeting to issue the employee stock warrants. It scheduled to issue the new ordinary shares totaling 3,000 thousand shares. The subscription price was decided based on the closing price of ordinary shares of the Company on the same date of issuance. Such shares are to be issued within one year from the date when the notice of effective registration of the competent authority is served, in full or in installments, as the case may be. The aforementioned issuance of employee stock options has been registered effectively with the Securities and Futures Bureau, FSC on September 16, 2020, and according to the resolution of the board of directors' meeting on September 17, 2020, such shares are to be issued fully and the grant date fair value is NT\$10.4. Due to the cash capital increase on May 23, 2022, the fair value was adjusted as NT\$10.3. Due to the capital reduction to make up for losses on August 17, 2023, the fair value was adjusted as NT\$16.0.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

Employee stock options grant period	2020
Matured for two years	60%
Matured for three years	100%

2. Measurement parameter of fair value at grant date

The Company adopts the Black-Scholes option valuation model to estimate the fair value of the share-based payments at grant date, and the inputs for the model are as follows:

	2020
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: According to the 2020 Employee Stock Options Issuance Regulations of the Company, the subscription price will be adjusted (anti-dilution price adjustment) along with the issuance of dividends; therefore, it is not included in the calculation.

3. Detailed information on the aforementioned employee share options is as follows:

	2023		2022	
	Weighted- average exercise price (NT\$)	Subscription quantity (thousand shares)	Weighted- average exercise price (NT\$)	Subscription quantity (thousand shares)
Outstanding capital stock on January 1	\$ 10.30	2,208	10.40	3,000
Execution quantity in the current period (before capital reduction)	10.30	(144)	10.30	(792)
Execution quantity in the current period (after capital reduction)	16.00	(276)	-	-
Outstanding capital stock on December 31	\$ 16.00	1,788	10.30	2,208

The information about the subscription right for the Company's outstanding shares on December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Exercise price interval	10.30 ~ 16.00	10.30
Weighted-average remaining contractual life (years)	0.75	1.75

**Notes to the G-TECH Optoelectronics Corporation and
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4. Employee expenses

The expenses derived from the share-based payments of the consolidated company for 2023 and 2022 are as follows:

	2023	2022
Expenses arising from employee stock options	\$ 1,052	3,853

(XVI) Loss Per Share

	2023	2022
Basic loss per share		
Net loss attributable to ordinary shareholders of the Company	\$ (117,836)	(315,593)
Weighted average number of outstanding ordinary shares	144,280	136,922
Basic loss per share (NTD)	\$ (0.82)	(2.30)

1. The Company set August 17, 2023 as the record date for the capital reduction. In accordance with Paragraph 64 of IAS 33 "Earnings per Share," it is necessary to express the loss per share in the current and comparative financial statements retroactively.

2. For 2023 and 2022, the losses took place and there was no diluted effect. Accordingly, it is not necessary to disclose the diluted earnings per share.

(XVII) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of remuneration to employees and directors), 8% thereof shall be allocated as the remuneration to employees and no more than 0.01% thereof as the remuneration to directors. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first. The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria. The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

For 2023 and 2022, the loss to be offset took place for the Company. Accordingly, the Company is not required to estimate the remuneration to employees and directors. For the relevant information, please visit the MOPS, etc..

(XVIII) Revenue from Customer Contracts

1. Revenue details

	2023			
	Optoelectro nics	Green building industry	Others	Total
Primary regional markets:				
Taiwan	\$ 446,491	224,927	48,978	720,396
Mainland China	28,483	-	654,207	682,690
United States	62,538	-	306,364	368,902
Others	65,802	-	21,251	87,053
	\$ 603,314	224,927	1,030,800	1,859,041

**Notes to the G-TECH Optoelectronics Corporation and
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	2023			
	Optoelectro nics	Green building industry	Others	Total
Main products:				
Photoelectric glass	\$ 603,314	-	-	603,314
Green building glass	-	224,927	-	224,927
Others	-	-	1,030,800	1,030,800
	\$ 603,314	224,927	1,030,800	1,859,041
	2022			
	Optoelectro nics	Green building industry	Others	Total
Primary regional markets:				
Taiwan	\$ 341,508	195,660	63,388	600,556
Mainland China	190,430	-	1,492,811	1,683,241
United States	17,543	-	146	17,689
Others	111,356	-	17,360	128,716
	\$ 660,837	195,660	1,573,705	2,430,202
Main products:				
Photoelectric glass	\$ 660,837	-	-	660,837
Green building glass	-	195,660	-	195,660
Others	-	-	1,573,705	1,573,705
	\$ 660,837	195,660	1,573,705	2,430,202

2. Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	\$ 689,146	718,576	889,851
Less: Allowance for loss	(255,270)	(255,381)	(230,360)
Total	\$ 433,876	463,195	659,491
Contract liabilities	\$ 5,582	13,518	4,661

For the disclosures of notes and accounts receivable and impairment thereof, please refer to Note 6(2).

The contract liabilities of January 1, 2023 and 2022, recognized as the revenue for 2023 and 2022, amounted to NT\$12,391 thousand and NT\$4,498 thousand, respectively.

(XIX) Non-operating Income and Expenses

1. Interest income

Statement of interest income of the consolidated company is as follows:

	2023	2022
Interest income	\$ 13,234	5,104

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

2. Other gains and losses

Statement of other gains and losses of the consolidated company is as follows:

	<u>2023</u>	<u>2022</u>
Foreign currency exchange gains	\$ (154)	59,936
Loss (gain) on disposal and retirement of property, plant and equipment	2,022	(22,947)
Gain on fair value adjustment of investment property	1,265	7,929
Net loss on financial asset or financial liability at fair value through profit or loss	(1,130)	(1,250)
Other income		
Income from lease	78,617	80,359
Other income	40,396	3,124
Other expenses	(4,433)	(6,085)
	<u>\$ 116,583</u>	<u>121,066</u>

3. Financial costs

Statement of financial costs of the consolidated company is as follows:

	<u>2023</u>	<u>2022</u>
Interest expense		
Bank borrowings	\$ 44,490	37,970
Corporate bonds payable	5,817	5,749
Others	158	1,335
	<u>\$ 50,465</u>	<u>45,054</u>

(XX) Financial Instruments

1. Credit risk

(1) Credit risk exposure

The maximum credit risk exposure of financial assets is equal to their carrying amount.

(2) Concentration of credit risk

The main potential credit risk of the consolidated company comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the consolidated company is deposited at different financial institutions. The consolidated company controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the consolidated company. Customers of the consolidated company are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the consolidated company continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for doubtful accounts. On December 31, 2023 and 2022, the accounts receivable of these customers of the consolidated companies were 23% and 22% respectively, indicating that the consolidated company is subject to obvious concentration of credit risk.

(3) Credit risk of receivables and debt securities

Please refer to Note 6(2) for details on the credit risk exposure information related to notes receivable and accounts receivable. Other financial assets measured at amortized cost include other accounts receivable and time deposit certificates.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The aforementioned financial assets refer to financial assets with low credit risk; therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(7) of the 2022 consolidated financial statements for details on how the consolidated company makes the judgment on credit risk).

The changes in the provision for loss for 2023 and 2022 are as follows:

	Other receivables
Balance on January 1, 2023	\$ 986
Impact of changes in foreign exchange rate	(6)
Balance on December 31, 2023	\$ 980
Balance on January 1, 2022	\$ 646
Impairment loss recognized	340
Balance on December 31, 2022	\$ 986

2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,480,452	1,580,117	425,264	359,948	794,905	-
Unsecured bank loans	271,125	275,830	191,966	83,864	-	-
Convertible corporate bonds	498,614	500,000	500,000	-	-	-
Notes and accounts payable (including related parties)	300,190	300,190	300,190	-	-	-
Other payables	83,885	83,885	83,885	-	-	-
Payables on equipment	2,133	2,133	2,133	-	-	-
Lease liabilities (current and non-current)	1,676	1,709	1,034	675	-	-
	\$ 2,638,075	2,743,864	1,504,472	444,487	794,905	-
January 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,580,807	1,659,060	518,494	537,921	584,346	18,299
Unsecured bank loans	255,825	263,309	120,588	114,365	28,356	-
Convertible corporate bonds	492,797	500,000	-	500,000	-	-
Notes and accounts payable (including related parties)	317,637	317,637	317,637	-	-	-
Other payables	105,558	105,558	105,558	-	-	-
Payables on equipment	4,977	4,977	4,977	-	-	-
Lease liabilities (current and non-current)	15,113	15,268	14,951	317	-	-
	\$ 2,772,714	2,865,809	1,082,205	1,152,603	612,702	18,299

The consolidated company does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

3. Exchange rate risk

(1) Exchange rate risk

The consolidated company's financial assets and liabilities exposed to significant exchange rate risk are as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 20,975	30.71	644,039	25,898	30.71	795,313
EUR : NTD	14	33.98	476	48	32.72	1,565
JPY : NTD	7,427	0.2172	1,613	1,217	0.2324	283
<u>Non-monetary items</u>						
USD : NTD	1,750	30.71	53,727	1,693	30.71	51,990
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	7,531	30.71	231,237	5,866	30.71	180,133

(2) Sensitivity analysis

The consolidated company's exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs during the translation. On December 31, 2023 and 2022, in case of depreciation or appreciation of the NTD against the USD, EUR and JPY by 1% and other factors remaining unchanged, the net income after tax in 2023 and 2022 would have been increased or decreased by NT\$3,319 thousand and NT\$4,936 thousand, respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gain or loss of monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the consolidated company translated to the functional currency of NTD (i.e. the presentation currency of the Company) is as follows:

	2023		2022	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
TWD	\$ (154)	31.12	59,936	29.88

4. Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the consolidated company's financial assets and liabilities.

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the report date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting internally to the management personnel of the consolidated company, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased or decreased by 1%, under conditions where other variables remained unchanged, then the consolidated company's net loss before tax would have decreased or increased by NT\$11,941 thousand and NT\$11,551 thousand in 2023 and 2022 respectively, which was mainly due to the demand deposits, time deposits and loans at variable interest rate of the consolidated company.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

- (2) Fair value valuation technique for financial instruments not measured at fair value
The methods and assumptions the consolidated company adopted to estimate the instruments not measured at fair value are as follows:
- (2.1) Financial assets and liabilities at amortized cost
If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.
- (3) Fair value valuation technique for financial instruments measured at fair value
- (3.1) Non-derivative financial instruments
When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.
If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.
Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. For the fair value of financial instruments measured by using valuation techniques, reference can be made to the current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculations by model using market information available at the balance sheet date. If a financial instrument held by the consolidated company has no active market, then its fair value is determined according to the following category and attribute:
- Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the rate of return on investees as the basis for measurement. For the estimated value, the discount effect of the lack of market liquidity of such equity security has been adjusted.
- (3.2) Derivative financial instruments
The valuation is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.
- (4) Transfer between Level 1 and Level 2
The consolidated was not subject to any transfer of financial assets and liabilities for 2023 and 2022.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(XXI) Financial Risk Management

1. Overview

The consolidated company is exposed to the following risks arising from the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note discloses information about the consolidated company's exposure to the aforementioned risks, and its goals, policies and procedures with regard to the consolidated company's measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the consolidated financial statements.

2. Risk management framework

The Board of Directors is fully responsible for the establishment and oversight of the risk management framework of the consolidated company. For the Board of Directors, the Chairman Office is responsible for the development and control of the financial risk management policies of the consolidated company and to provide reports on the operation thereof to the Board of Directors periodically.

The establishment of the financial risk management policy of the consolidated company is to identify and analyze the financial risk faced by the consolidated company, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the consolidated company. The consolidated company, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the consolidated company monitors the management, such as monitoring of the financial risk management policy and procedure compliance of the consolidated company, and reviews the appropriateness of the relevant financial management framework for the risks faced by the consolidated company. The internal auditing personnel of the consolidated company provides assistance to the board of directors of the consolidated company to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the board of directors.

3. Credit risk

Credit risk refers to the risk of financial loss of the consolidated company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the consolidated company's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the consolidated company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the consolidated company, including the industry of customers and country default risk since such factors may affect the credit risk.

The consolidated company has established a credit policy, and according to such policy, before the consolidated company makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer individually.

The consolidated company has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(2) Investments

The credit risk of bank deposits and other financial instruments are measured and monitored by the financial department of the consolidated company. Since the transaction counterparties and the contract performance parties of the consolidated company are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantees

The consolidated company's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. Up to December 31, 2023 and 2022, the consolidated company has not provided any endorsements/guarantees.

4. Liquidity risk

Liquidity risk refers to the risk that the consolidated company is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The consolidated company's liquidity management method is to ensure that under general conditions and conditions of pressure, the consolidated company is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the consolidated company being damaged would not occur.

As of December 31, 2023 and 2022, the unused amount of bank financing of the consolidated company were NT\$140,000 thousand and NT\$236,208 thousand, respectively.

5. Market risk

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the consolidated company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage market risks, the consolidated company engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The consolidated company is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the consolidated company. The functional currencies of the consolidated company are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

In addition, based on the principle of natural hedging, the consolidated company performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The consolidated company's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXII) Capital Management

The consolidated company's capital management objective is to safeguard the consolidated company's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated company may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

**Notes to the G-TECH Optoelectronics Corporation and
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The consolidated company, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The capital management strategy of the consolidated company in 2023 was to ensure that the consolidated company is able to perform financing at a reasonable cost. Debt-to-capital ratio at report date is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,735,136	2,884,587
Less: Cash and cash equivalent	(558,226)	(682,275)
Net liabilities	2,176,910	2,202,312
Total equity	1,366,193	1,478,459
Capital after adjustment	\$ 3,543,103	3,680,771
Debt-to-capital ratio	61.44%	59.83%

The consolidated company reduced capital in 2023 to make up for the loss and thereby resulted in an increase in the debt capital ratio.

(XXIII) Non-cash Transaction Investments and Financing Activities

Statement of non-cash transaction investment activities of the consolidated company for 2023 and 2022 is as follows:

	2023	2022
Purchase of property, plant and equipment in the current period	\$ 36,145	69,139
Add: Equipment and construction payables at beginning of the period	4,977	3,303
Less: Equipment and construction payables at end of the period	(2,133)	(4,977)
Add: Impact of changes in foreign exchange rate	(8)	8
	\$ 38,981	67,473

(XXIV) Sound Financial Plan

Due to rapid changes in the industry, the consolidated company has suffered continuous losses in recent years, and the management of the consolidated company has consecutively adopted the following measures in order to ensure the operation of the consolidated company and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the consolidated company plans to adopt the following plans:

1. Operations

- (1) The consolidated company shall actively combine various core technical developments for integrated applications in order to satisfy high customization demands and new technologies for terminal products, and shall continue to enhance and adjust market order acceptance capability, thereby strengthening and expanding the market while satisfying customer demands and enhancing the foundation to improve the market share.
- (2) The consolidated company shall extend the diverse operations of industrial on-board vehicle control and smart building related industries, reduce reliance on consumer electronics and continue to develop new products and adjust market position, in order to acquire sales of niche products.
- (3) Expand the customer base and extend the core competence related product applications in order to achieve the objectives of high speed, service optimization, cost effectiveness and best quality.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

- (4) Promotion plan for glass processing products
- (a) E-beam evaporation technology in combination of precise optical film quality technology for ion assisted deposition.
 - (b) Development and promotion of vehicle display, interior parts and other multi-curved glass designs.
 - (c) Promotion of the application of electrochromic glass as curtain glass.
- (5) Subject to the energy conservation and carbon reduction policy, replace equipment with energy-conservation equipment, and also make planned production schedules for energy-intensive production equipment, in order to control the expenditure in electricity bills.
2. Management
- (1) Implement the streamlined organizational policy, and fully utilize the advantages of outsourcing to rigorously control costs and expenditures.
 - (2) Improve the efficiency of production management, reduce the loss of materials and strictly control inventory management, and reduce the loss of obsolescence.
 - (3) Improve the accuracy of sales forecasts, rigorously control raw material purchases, enhance the flexibility of capital use, improve efficiency and reduce operating costs.
 - (4) Expedite the implementation of second source materials in order to effectively control and reduce material costs.
 - (5) Implement rigorous review on the control over expenditures, reduce expenditures and unnecessary waste of resources.
 - (6) In the future, the focus will be on the introduction of new technologies or manufacturing processes, and the necessary capital expense for improving machinery and equipment production efficiency will be increased. In addition, rigorous investment benefit analysis will also be thoroughly executed in order to maximize the capital expenditure effect.
3. Finance
- (1) Implement cost and expense reduction plans, save expenditures and maintain safe levels for capital and reduce the cumulation of inventories.
 - (2) Continue negotiating bank quotas and limits, and enhancing the business dealings with banks in order to ensure sufficient working capital. Also plan to increase medium- and long-term financing and repay short-term liabilities to improve its financial structure.
 - (3) Plan to complete capital reduction to make up for accumulated losses, in order to improve the financial structure.

VII. Related Party Transactions

(I) Names of related parties and relationships

The related parties that have had transactions with the consolidated company during the periods covered in the financial statements are as follows:

Related party name	Relationship with the consolidated company	Remarks
Chin Ming Glass Co., Ltd.	The chairperson of this company is a relative within the first degree of kinship of the chairperson of the Company	
Hon Hai Precision Industry Co., Ltd.	Investment company using the indirect equity method on the Company	Note 1
PT. Sharp Electronics Indonesia	Its ultimate parent company is an investment company using the indirect equity method on the Company	"
FIH (Hong Kong) Limited	"	"
Asia Pacific Telecom Co., Ltd.	"	"
Nanjing Innolux Optoelectronics Ltd.	"	"
Futaihua Industry (Shenzhen) Co., Ltd.	"	"
Foxconn Global Network Corporation	"	"

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

<u>Related party name</u>	<u>Relationship with the consolidated company</u>	<u>Remarks</u>
General Interface Solution Business (Shenzhen) Co., Ltd.	Its ultimate parent company is an investment company using the indirect equity method on the Company	Note 1
General Interface Solution Business (Wuxi) Co., Ltd.	"	"
Innolux Corporation	"	"
Chiun Mai Communication Systems Inc.	"	"
Century Technology (Shenzhen) Co., Ltd.	"	"
Foshan Innolux Optoelectronics Ltd.	"	"
Ennoconn Corporation	"	"
Ningbo CarUX Technology Co., Ltd.	"	"
Hongfutai Precision Electronics (Yantai) Co., Ltd.	"	"
XINGFOX ENERGY TECHNOLOGY CO., LTD.	"	"
FOXCONN TECHNOLOGY CO., LTD.	"	"
Ningbo Innolux Optoelectronics Ltd.	"	"
CarUX Technology Pte. Ltd., Tainan Branch	"	"
Brave Advance International Co., Ltd.	Associates of the consolidated company	
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	"	

Note 1: No longer a related party of the consolidated company as of January 1, 2023.

(II) Significant related party transactions and balances

1. Operating revenue

The significant sales of the consolidated company to related parties are as follows:

	<u>2023</u>	<u>2022</u>
Other related parties:		
Innolux Corporation	\$ -	258,138
Other related parties	19,453	465,723
	<u>\$ 19,453</u>	<u>723,861</u>

The price and payment collection terms for the sales of the consolidated company to other related parties are open account 45~120 days, and there are no major differences for general customers.

2. Purchases

Purchase costs of the consolidated company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Other related parties:		
Futaihua Industry (Shenzhen) Co., Ltd.	\$ -	1,176,241
Other related parties	39,378	24,583
	<u>\$ 39,378</u>	<u>1,200,824</u>

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

The purchases from related parties by the consolidated company refer to single suppliers, and the payment terms are open account 45~90 days, and the payment terms for general suppliers are LC120 days and open account 30~90 days.

3. Receivables from related parties

Statement of receivables from related parties of the consolidated company is as follows:

<u>Accounts</u>	<u>Type of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable - related parties	Other related parties:		
	Innolux Corporation	\$ -	64,796
	Other related parties	3,077	65,672
		<u>\$ 3,077</u>	<u>130,468</u>

4. Payables to related parties

Statement of payables to related parties of the consolidated company is as follows:

<u>Accounts</u>	<u>Type of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable - related parties	Other related parties:		
	Futaihua Industry (Shenzhen) Co., Ltd.	\$ -	218,864
	Other related parties	10,639	9,010
		<u>\$ 10,639</u>	<u>227,874</u>
Other payables	Other related parties	<u>\$ 298</u>	<u>3,325</u>

5. Leases

Innolux Corporation is no longer a related party of the consolidated company, so only the transaction amount before December 31, 2022 is disclosed. The consolidated company leased an office building for its Southern Taiwan Science Park Plant from Innolux Corporation in December 2021 and signed a two-year lease contract with a total contract amount, NT\$101,024 thousand, in reference to the rent market in the neighborhood. In November 2022, the lease was renewed and the rent was reduced, while the remaining lease term remained unchanged. The total contract amount was NT\$15,654 thousand. Interest expenses, NT\$1,253 thousand, was recognized in 2022, and the balance of lease liabilities were NT\$13,851 thousand up to December 31, 2022.

(III) Personnel transactions from key management

Remuneration of key management includes:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 13,887	15,151
Share-based payments	280	1,028
	<u>\$ 14,167</u>	<u>16,179</u>

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

VIII. Pledged Assets

Statement of the carrying amount of the consolidated company's assets pledged as collateral is as follows:

<u>Asset name</u>	<u>Pledged or secured subject matter</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets - current	Custom bond, corporate bonds payable and bank borrowings	\$ 381,978	62,557
Other financial assets - non-current	Corporate bonds payable and bank borrowings	24,000	282,500
Property, plant, and equipment	Bank borrowings	930,221	1,098,652
Investment property	Bank borrowings	1,147,256	1,145,991
Prepayments for equipment	Bank borrowings	29,610	77,556
		<u>\$ 2,513,065</u>	<u>2,667,256</u>

IX. Significant Contingent Liabilities and Unrecognized Commitments

The contract prices for the consolidated company's equipment purchases were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Signed contract prices	<u>\$ 174,925</u>	<u>202,792</u>
Paid amount	<u>\$ 77,123</u>	<u>148,976</u>

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefit expense						
Salary expense	203,109	107,982	311,091	255,554	255,554	511,108
Labor and health insurance expense	22,734	10,533	33,267	28,023	8,182	36,205
Pension expense	8,550	5,697	14,247	11,812	4,619	16,431
Other employee benefit expenses	8,271	4,120	12,391	11,199	2,881	14,080
Depreciation expense	113,127	17,986	131,113	178,880	12,986	191,866
Amortization expense	42	1,331	1,373	1,002	3,938	4,940

The depreciations of other gains and losses stated as non-operating revenue and expenses of the consolidated company for 2023 and 2022 were NT\$2,666 thousand and NT\$2,743 thousand, respectively.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

XIII. Separately Disclosed Items

(I) Significant transactions information

In accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for the year of 2023, the significant transactions related information required to be further disclosed by the consolidated company is as follows:

1. Loaning funds to others: None.
2. Endorsements/guarantees made for others: None.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint venture equities):

Unit: NTD thousand

Holder	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Market price	
G-TECH Optoelectronics Corporation	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	5,000	324	0.00 %	324	

4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Engaging in derivative transactions: Please refer to Note 6(10).
10. Business relationships and significant transactions between parent and subsidiaries: None.

(II) Information on investees:

The information on investees of the consolidated company in 2023 (excluding investees in China) is as follows:

Unit: NTD thousand/USD thousand

Name of investor	Name of investee	Location	Main business items	Original investment amount		End of term holding			Mid-term highest shareholding or investment status	Current profit or loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount				
G-TECH Optoelectronics Corporation	Fast Achievement Global Ltd.	Cayman Islands	Holding	16,581 (USD540)	16,581 (USD540)	540,000	100.00%	53,727	100.00%	2,051 (USD66)	2,051 (USD66)	
G-TECH Optoelectronics Corporation	Golden Start Global Corp.	Samoa	Holding	2,192,072 (USD71,391)	2,192,072 (USD71,391)	71,391,373	100.00%	61,250	100.00%	(11,577) (USD(372))	(11,577) (USD(372))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	15,353 (USD500)	15,353 (USD500)	500,000	25.00%	53,727 (USD1,750)	25.00%	8,206 (USD264)	2,051 (USD66)	
Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,191,458 (USD71,371)	2,191,458 (USD71,371)	71,371,373	100.00%	61,250 (USD1,995)	100.00%	(11,577) (US(372))	(11,577) (USD(372))	

Note: Except for Brave Advance International Corp., the aforementioned transactions have been written off during the preparation of the consolidated financial statements.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(III) Information on Investments in China:

1. Information of name of investees in China, and main business items:

Unit: NTD thousand/USD thousand

Name of investee in China	Main business items	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Investment remittance or regain in the current period		Accumulated outward remittance for investment from Taiwan at end of the current period	Current profit or loss of investee	% of ownership of direct or indirect investment by the Company	Highest shareholding in the interim or contribution status capital contribution	Current investment profit/loss recognized	Investment carrying value at end of the period	Accumulated repatriation of investment income as of end of current period
					Outward	Inward							
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Manufacturing and sale of TFT-LCD panel display screen materials	728,937 (USD23,740)	Note 1	728,937 (USD23,740)	-	-	728,937 (USD23,740)	5,170 (USD166)	25.00%	25.00%	1,293 (USD42)	17,021 (USD554)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Manufacturing and sale of TFT-LCD panel display screen materials	2,149,350 (USD70,000)	Note 2	2,149,350 (USD70,000)	-	-	2,149,350 (USD70,000)	(12,216) (USD(393))	100.00%	100.00%	(12,216) (USD(393))	53,172 (USD(1,732))	-

Note 1: The Company invested in Hongda Photoelectric Glass (Dongguan) Co., Ltd. in China indirectly via the investee Brave Advance International Corp. of the investment enterprise Fast Achievement Global Ltd. in a third region.

Note 2: The Company invested in Ruizhida Optoelectronics (Chengdu) Co., Ltd. in China indirectly via the investee Charmtex Global Corp. of the investment enterprise Golden Start Global Corp. in a third region.

Note 3: Fast Achievement Global Ltd., Golden Start Global Corp., Charmtex Global Corp. and G-TECH Optoelectronics (Chengdu) Co., Ltd. recognize investment income based on the financial statements of the parent company audited by external auditors.

Note 4: Based on the conversion of USD to NTD 1:30.71 on December 31, 2023.

Note 5: Except for Hongda Photoelectric Glass (Dongguan) Co., Ltd., the aforementioned transactions have been written off during the preparation of the consolidated financial statements.

2. Upper limit on the amount of investment in China region:

Accumulated outward remittance for investment in China region at end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
2,878,287 (USD93,740)	2,878,287 (USD93,740)	-
(Including machine value, 263,541) (USD8,583)	(Including machine value, 284,820) (USD9,276)	-

Note: The consolidated company has received the certificate for compliance with operational headquarter business scope issued by the Industrial Development Bureau, MOEA, on August 23, 2022. Accordingly, the consolidated company is free from the investment limit requirement.

3. Significant transactions with investees in China: None.

(IV) Information on Major Shareholders:

Name of major shareholder	Shares	Shareholding	Shareholding percentage
Hongyuan International Investment Co., Ltd.		10,119,216	6.99%

XIV. Information on Segments

(I) General information

Since April 2016, the consolidated company has made organization segment adjustments, and the reportable segments and operations thereof after the adjustment respectively refer to the Optoelectronics Business Unit (referred to as "Optoelectronics BU") and the Green Building Business Unit (referred to as "Green Building BU"). The Optoelectronics BU is mainly responsible for the R&D, design, manufacturing and sales of general consumer electronics, vehicle glass and protective touch control glass for industrial control computers. The Green Building BU is mainly responsible for the R&D and sales of green building material glass, and provides various sorts of building glass surface treatment and reinforcement, abnormality processing services.

**Notes to the G-TECH Optoelectronics Corporation and
Subsidiaries Consolidated Financial Statements (continued)**

(II) Information on profit/loss, assets, liabilities and measurement basis and adjustment of reportable segments

The consolidated company uses the income before tax of segments (excluding gain/loss occurred infrequently and exchange gain/loss) from the internal management reports reviewed by key operating decision makers as a basis for management resource allocation and performance evaluation. Since the income tax, gain/loss occurred infrequently and exchange gain/loss are managed with the consolidated company as the basis, the consolidated company does not amortize the income tax expense (profit), gain/loss occurred infrequently and exchange gain/loss to the reportable segments. In addition, not all of the gain/loss of reportable segments includes material non-monetary items other than the depreciation and amortization. The amounts reported and the reports used by the operating decision makers are consistent.

The pension expense of each operating segment is recognized and measured based on the pension program paid in cash, and the accounting policies of operating segments are the same as Note 4 “Summary of Significant Accounting Policies”.

The consolidated company treats the sales and transfers among segments as transactions with third parties. The transactions are measured at current market prices.

Information and adjustment of operating segments of the consolidated company are as follows:

<u>2023</u>	<u>Optoelectro nics</u>	<u>Green building</u>	<u>Others</u>	<u>Adjustme nt and eliminatio n</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 603,314	224,927	1,030,800	-	1,859,041
Inter-segment revenue	-	-	-	-	-
Interest income	13,234	-	-	-	13,234
Total revenue	<u>\$ 616,548</u>	<u>224,927</u>	<u>1,030,800</u>	<u>-</u>	<u>1,872,275</u>
Interest expense	\$ (50,465)	-	-	-	(50,465)
Depreciation and amortization	(94,027)	(41,125)	-	-	(135,152)
Investment gain	2,051	-	-	-	2,051
Segment profit or loss	<u>\$ (193,823)</u>	<u>30,024</u>	<u>45,963</u>	<u>-</u>	<u>(117,836)</u>
Segment total assets	<u>\$ 3,460,795</u>	<u>640,534</u>	<u>-</u>	<u>-</u>	<u>4,101,329</u>
Segment liabilities	<u>\$ 2,380,177</u>	<u>354,959</u>	<u>-</u>	<u>-</u>	<u>2,735,136</u>
<u>2022</u>					
Revenue					
Revenue from external customers	\$ 660,837	195,660	1,573,705	-	2,430,202
Inter-segment revenue	-	-	-	-	-
Interest income	5,104	-	-	-	5,104
Total revenue	<u>\$ 665,941</u>	<u>195,660</u>	<u>1,573,705</u>	<u>-</u>	<u>2,435,306</u>
Interest expense	\$ (45,054)	-	-	-	(45,054)
Depreciation and amortization	(139,461)	(60,088)	-	-	(199,549)
Investment gain	392	-	-	-	392
Segment profit or loss	<u>\$ (340,746)</u>	<u>(31,611)</u>	<u>56,764</u>	<u>-</u>	<u>(315,593)</u>
Segment total assets	<u>\$ 3,945,196</u>	<u>417,850</u>	<u>-</u>	<u>-</u>	<u>4,363,046</u>
Segment liabilities	<u>\$ 2,588,145</u>	<u>296,442</u>	<u>-</u>	<u>-</u>	<u>2,884,587</u>

(III) Information on Product Type and Labor Type

Information on revenue from external customers of the consolidated company is as follows:

<u>Product name</u>	<u>2023</u>	<u>2022</u>
Photoelectric glass	\$ 603,314	660,837
Green building	224,927	195,660
Others	1,030,800	1,573,705
Total	<u>\$ 1,859,041</u>	<u>2,430,202</u>

(IV) Geographical Information

The geographical information of the consolidated company is as follows. The income described in the following is classified according to the geographical location of customers. In addition, non-current assets are classified according to the geographical location of assets.

<u>Geography</u>	<u>2023</u>	<u>2022</u>
Revenue from external customers:		
Taiwan	\$ 720,396	600,556
Mainland China	682,690	1,683,241
United States	368,902	17,689
Others	87,053	128,716
	<u>\$ 1,859,041</u>	<u>2,430,202</u>
Non-current assets:		
Taiwan	\$ 2,426,881	2,456,415
Total	<u>\$ 2,426,881</u>	<u>2,456,415</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, investment property and other assets; however, financial instruments, deferred income tax assets, assets of retirement benefits and non-current assets arising from rights of insurance policies are excluded.

(V) Information on Major Customers

Operating revenue:

	<u>2023</u>	<u>2022</u>
Customer C	\$ 342,898	258,138
Customer D	305,599	-
Customer B	202,711	684,133
Customer A	150,819	295,858
	<u>\$ 1,002,027</u>	<u>1,238,129</u>

Independent Auditor’s Report

The Board of Directors G-TECH Optoelectronics Corporation

Audit opinion

We have audited the accompanying financial statements of G-TECH Optoelectronics Corporation (the “Company”) which comprise the balance sheets for the years ended December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows and notes to parent company only financial statements, including a summary of significant accounting policies, for the years ended December 31, 2023 and 2022.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in accordance with the regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We are entrusted to conduct the audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. 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 Norms for Professional Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the audit of the financial statements are stated as follows:

I. Revenue Recognition

Please refer to Note 4(16) of the parent company only financial statements for the detailed accounting policy on revenue recognition. Please refer to Note 6(18) of the parent company only financial statements for detailed descriptions of the revenue recognition.

Description of Key Audit Matters:

The revenue of the Company mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Evaluate the appropriateness of the accounting policy for revenue recognition;
- Understand and test the effectiveness of the design and implementation of internal control over the main revenue types, transaction models, contract terms and transaction conditions of the Company;
- Conduct detailed tests on samples and check various forms to ensure the authenticity of transactions; perform cut-off testing before and after the financial reporting date, select samples and verify against relevant documents to determine if the timing of recognition of transactions is reasonable;
- Meanwhile, select a period of time around the financial reporting date to check the allowance and discount that the Company is required to provide to customers in accordance with the sales contract to determine whether there are any significant sales returns and discounts, in order to confirm the authenticity of the transaction; and
- Obtain the discounted amount to be accrued as imputed by the management and check it with relevant internal or external information to assess the reasonableness of the relevant parameters and key assumptions; check the accuracy of the discount estimates of the previous year to assess whether the discounted amount to be accrued as imputed by the management is appropriate.

II. Investment Property Fair Value Evaluation

Please refer to Note 4(10) of the parent company only financial statements for detailed accounting policy on investment property fair value evaluation. Please refer to Note 5(2) of the parent company only financial statements for detailed accounting estimation and assumption uncertainty for the investment property fair value. Please refer to Note 6(6) of the parent company only financial statements for details of the investment property.

Description of Key Audit Matters:

The investment property of the Company refers to important assets for operation, and its amount accounts for 28% of the total assets. For the investment property, the accounting procedure adopts the standard of IAS 40, and the fair value model is selected for the adoption. Subsequent fair value change is reorganized as current profit/loss. Since the Company uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Company for the execution of the appraisal procedure may involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Assess the professionalism, objectiveness and experience of the real estate appraiser retained by the Company to be in charge of the fair value measurement.
- Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.
- Verify the appraisal report and relevant accounting records in order to determine the accuracy of

accounting procedures.

Responsibilities of Management and Those Charged with Governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary 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, the responsibilities of the management also include assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the parent company only financial statements

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

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

1. Identify and assess the risk of material misstatement in the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of investees under the equity method, and express an opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion on the Company.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Company's 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by the Competent Authority of Securities	: Jin-Guan-Zheng-VI-Zi No. 0940129108 Jin-Guan-Zheng-Shen-Zi No. 1020000737
Date: March 5, 2024	

G-TECH Optoelectronics Corporation

Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Assets		December 31, 2023		December 31, 2022		Liabilities and equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1) and (20))	\$ 499,901	12	597,393	14	2100	Short-term borrowings (Notes 6(8) and (20))	\$ 382,000	9	393,792	9
1110	Financial assets at fair value through profit or loss-current	324	-	-	-	2130	Contract liabilities - current (Note 6(18))	1,412	-	13,260	-
1170	Net notes and accounts receivable (Note 6(2), (18) and (20))	406,909	10	257,664	6	2170	Notes and accounts payable (Note 6(20))	255,807	6	71,079	2
1180	Net notes and accounts receivable - related parties (Note 6(2), (18) and (20) and 7)	2,757	-	113,977	3	2180	Notes and accounts payable - related parties (Note 6(20) and 7)	10,639	-	134,826	3
1220	Current income tax assets	1,597	-	373	-	2200	Other payables (Note 6(20) and 7)	82,314	2	102,453	2
130X	Inventories (Note 6(3))	152,794	4	187,261	4	2213	Payables on equipment (Notes 6(20) and (23))	1,552	-	4,977	-
1476	Other financial assets - current (Note 6(7), (20) and 8)	387,794	10	120,701	3	2250	Liability reserve - current (Note 6(12))	16,459	1	26,174	1
1479	Other current assets - others	10,571	-	13,280	-	2280	Lease liabilities - current (Note 6(20) and 7)	1,008	-	14,800	-
	Total current assets	<u>1,462,647</u>	<u>36</u>	<u>1,290,649</u>	<u>30</u>	2321	Due in one year or one business cycle or execution of putable bonds (Notes 6(9) and (20))	498,614	12	-	-
						2322	Long-term borrowings due within one year or one operating cycle	201,701	5	214,684	6
	Non-current assets:					2399	Other current liabilities - others	289	-	-	-
1551	Investment accounted for under the equity method (Note 6(4))	114,977	3	125,883	3		Total current liabilities	<u>1,451,795</u>	<u>35</u>	<u>976,045</u>	<u>23</u>
1600	Property, plant and equipment (Notes 6(5), (23), 7 and 8)	1,234,222	30	1,262,303	30		Non-current liabilities:				
1755	Right-of-use assets	29,204	1	46,093	1	2530	Corporate bonds payable (Notes 6(10) and (20))	-	-	492,797	12
1760	Net investment property (Note 6(6) and 8)	1,147,256	28	1,145,991	27	2540	Long-term borrowings (Notes 6(9) and (20))	1,167,876	29	1,228,156	29
1780	Intangible assets	2,122	-	2,028	-	2550	Provision for liability - non-current	17,280	-	18,300	-
1915	Prepayments for equipment (Note 8)	33,453	1	82,693	2	2570	Deferred income tax liabilities (Note 6(13))	57,425	1	53,846	1
1840	Deferred income tax assets (Note 6(13))	8,617	-	5,037	-	2580	Lease liabilities - non-current (Note 6(20) and 7)	668	-	313	-
1980	Other financial assets - non-current (Note 6(7) and (20) and 8)	28,739	1	287,239	7		Total non-current liabilities	<u>1,243,249</u>	<u>30</u>	<u>1,793,412</u>	<u>42</u>
	Total non-current assets	<u>2,598,590</u>	<u>64</u>	<u>2,957,267</u>	<u>70</u>		Total liabilities	<u>2,695,044</u>	<u>65</u>	<u>2,769,457</u>	<u>65</u>
							Equity (Notes 6(14) and (15)):				
						3110	Ordinary share capital	1,443,296	36	2,241,856	53
						3140	Capital collected in advance	2,760	-	-	-
						3200	Capital surplus	22,614	1	196,778	5
						3300	Losses to be covered	(581,144)	(14)	(1,440,223)	(34)
						3400	Other equity (Note 6(5))	478,667	12	480,048	11
							Total equity	<u>1,366,193</u>	<u>35</u>	<u>1,478,459</u>	<u>35</u>
							Total liabilities and equity	<u>\$ 4,061,237</u>	<u>100</u>	<u>4,247,916</u>	<u>100</u>
	Total assets	<u>\$ 4,061,237</u>	<u>100</u>	<u>4,247,916</u>	<u>100</u>						

(Please refer to the Notes to the parent company only financial statements enclosed for detail)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Note 6(18) and 7)	\$ 1,678,626	100	2,092,473	100
5000	Operating costs (Note 6(3), (12) and 7)	1,618,690	96	2,221,153	106
	Gross profit (loss)	59,936	4	(128,680)	(6)
	Operating expenses (Notes 6(12), (15) and 7):				
6100	Selling and marketing expenses	36,289	2	34,544	2
6200	Administrative expenses	110,463	7	139,034	7
6300	Research and development expenses	97,581	6	62,314	3
6450	Expected credit losses (Gain from price recovery) (Note 6(2))	867	-	24,247	1
6300	Total operating expenses	245,200	15	260,139	13
	Net operating loss	(185,264)	(11)	(388,819)	(19)
	Non-operating income and expenses (Note 6(19)):				
7100	Interest income	12,556	1	4,590	-
7020	Other gains and losses (Note 6(6), (10), (11) and 7)	114,862	7	120,593	6
7050	Finance costs (Note 6(10) and 7)	(50,465)	(3)	(45,054)	(2)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(9,525)	(1)	(6,903)	-
	Total non-operating income and expenses	67,428	4	73,226	4
	Net loss before tax from continuing operating segments	(117,836)	(7)	(315,593)	(15)
7950	Less: Income tax expenses (Note 6(13))	-	-	-	-
	Net loss of current period	(117,836)	(7)	(315,593)	(15)
8300	Other comprehensive income:				
8360	Items that may subsequently be reclassified to profit or loss (Note 6(14))				
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	(1,381)	-	5,543	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	(1,381)	-	5,543	-
8300	Other comprehensive income (net of tax)	(1,381)	-	5,543	-
	Total comprehensive income of current period	<u>\$ (119,217)</u>	<u>(7)</u>	<u>(310,050)</u>	<u>(15)</u>
	Loss per share (Note 6(16))				
	Basic loss per share (Unit: NTD)	<u>\$ (0.82)</u>		<u>(2.30)</u>	

(Please refer to the Notes to the parent company only financial statements enclosed for detail)

Chairman of the Board: Chung, Chih-Ming Managerial Officer: Chung, Chih-Ming Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation
Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	Ordinary share capital	Capital collected in advance	Capital surplus	Losses to be covered	Difference in exchange from the conversion of financial statements of overseas operating entities	Other equity		Total equity
						Revalued amount of property	Total	
Balance on January 1, 2022	\$ 2,063,936	-	18,948	(1,124,630)	161,818	312,687	474,505	1,432,759
Net loss of current period	-	-	-	(315,593)	-	-	-	(315,593)
Other comprehensive income (loss) of current period	-	-	-	-	5,543	-	5,543	5,543
Total comprehensive income of current period	-	-	-	(315,593)	5,543	-	5,543	(310,050)
Cash capital increase	170,000	-	170,000	-	-	-	-	340,000
Issuance of new shares for employees' exercise of stock options	7,920	-	237	-	-	-	-	8,157
Share-based compensation	-	-	7,593	-	-	-	-	7,593
Balance on December 31, 2022	2,241,856	-	196,778	(1,440,223)	167,361	312,687	480,048	1,478,459
Net profit (loss) for the current period	-	-	-	(117,836)	-	-	-	(117,836)
Other comprehensive income (loss) of current period	-	-	-	-	(1,381)	-	(1,381)	(1,381)
Total comprehensive income of current period	-	-	-	(117,836)	(1,381)	-	(1,381)	(119,217)
Capital reduction to make up for losses.	(800,000)	-	-	800,000	-	-	-	-
Issuance of new shares for employees' exercise of stock options	1,440	2,760	1,699	-	-	-	-	5,899
Covering loss from capital surplus	-	-	(176,915)	176,915	-	-	-	-
Share-based compensation	-	-	1,052	-	-	-	-	1,052
Balance on December 31, 2023	\$ 1,443,296	2,760	22,614	(581,144)	165,980	312,687	478,667	1,366,193

(Please refer to the Notes to the parent company only financial statements enclosed for detail)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation
Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	Unit: NTD thousand	
	2023	2022
Cash Flows from Operating Activities:		
Net loss before tax in the period	\$ (117,836)	(315,593)
Adjustments:		
Income/expenses items		
Depreciation expense	130,577	194,582
Amortization expense	1,373	4,940
Expected credit losses (gain from price recovery)	867	24,247
Net loss on financial asset or financial liability at fair value through profit or loss	1,130	1,250
Interest expense	50,465	45,055
Interest income	(12,556)	(4,590)
Share-based payment cost	1,052	7,593
Share of loss of subsidiaries, associates and joint ventures accounted for using the equity method	9,525	6,903
Loss (gain) on disposal and retirement of property, plant and equipment	(2,022)	23,379
Gain on fair value adjustment of investment property	(1,265)	(7,929)
Gains on lease modification	-	(415)
Others	32	-
Total adjustments to reconcile profit and loss	179,178	295,015
Change in assets/liabilities relating to operating activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in notes and accounts receivable (including related parties)	(38,487)	206,115
Increase in accounts receivable - related parties	(406)	(7,080)
Decrease in inventories	34,467	24,272
Decrease in other current assets	2,709	5,199
Decrease (increase) in other financial assets	2,328	(402)
Total net changes in assets related to operating activities	611	228,104
Net changes in liabilities related to operating activities:		
Increase (decrease) in contract liabilities	(11,848)	9,380
Increase (decrease) in notes and accounts payable	58,912	(76,506)
Increase (decrease) in accounts payable - related party	1,630	(17,480)
Decrease in other payables	(19,731)	(17,939)
Decrease in provision for liability	(9,715)	(16,796)
Increase in other current liabilities	289	-
Decrease in other non-current liabilities	(1,020)	-
Total net changes in liabilities related to operating activities	18,517	(119,341)
Total net changes in assets and liabilities related to operating activities	19,128	108,763
Total adjustments	198,306	403,778
Cash inflow generated by operating activities	80,470	88,185
Interest received	12,526	22,648
Interest paid	(44,899)	(37,695)
Income tax paid	(1,194)	(367)
Net cash inflow generated by operating activities	46,903	72,771

G-TECH Optoelectronics Corporation
Statements of Cash Flows (continued)
For the years ended December 31, 2023 and 2022

	Unit: NTD thousand	
	2023	2022
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(12,114)	-
Disposal of financial assets at fair value through other comprehensive income	10,660	-
Property, plant and equipment acquired	(33,788)	(67,033)
Disposal of property, plant and equipment	2,000	300
Acquisition of intangible assets	(1,091)	(1,805)
Increase in other financial assets	(10,921)	(127,157)
Increase in prepayments for equipment	(4,907)	(72,370)
Net cash used in investing activities	(50,161)	(268,065)
Cash flows from financing activities:		
Increase in short-term borrowings	874,000	907,631
Decrease in short-term borrowings	(885,792)	(1,048,200)
Proceeds from long-term borrowings	470,000	422,000
Repayments of long-term borrowings	(543,263)	(318,390)
Lease principle repayment	(15,078)	(74,907)
Cash capital increase	-	340,000
Employees' exercise of stock options	5,899	8,157
Net cash inflow (outflow) from financing activities	(94,234)	236,291
Increase (decrease) in cash and cash equivalents in current period	(97,492)	40,997
Balance of cash and cash equivalents at beginning of period	597,393	556,396
Balance of cash and cash equivalents at end of period	\$ 499,901	597,393

(Please refer to the Notes to the parent company only financial statements enclosed for detail)

Chairman of the Board: Chung, Chih-Ming Managerial Officer: Chung, Chih-Ming Accounting Officer: Wu, Tai-Chiu

G-TECH Optoelectronics Corporation
Notes to the parent company only financial statements
For the Years Ended December 31, 2023 and 2022
(Unless otherwise specified, all amounts are in NTD thousand)

I. Organization and Business Scope

G-TECH Optoelectronics Corporation (hereinafter referred to as the “Company”) was approved by the Ministry of Economic Affairs (MOEA) for establishment on June 27, 1996. The place of registration is No. 99, Zhongxing Rd., Tongluo Township, Miaoli County. The main business items of the Company include glass and glass products, electronics parts manufacturing and international trade business, etc.

II. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 5, 2024.

III. Application of New and Revised Standards, Amendments and Interpretations

(I) The impact of the new announcements and revisions of the standards and interpretations endorsed by the Financial Supervisory Commission (“FSC”)

The initial application of the amendments of the IFRSs endorsed and issued into effect since January 1, 2023, did not have a significant effect on the parent company only financial statements of the Company.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The initial application of the amendments of the IFRSs endorsed and issued into effect since May 23, 2023 did not have a significant effect on the parent company only financial statements.

- Amendments to IAS 12 "International Tax Reform- "Pillar Two Model Rules"

(II) Effect of not adopting the IFRS endorsed by the FSC

The initial application of the following newly amended IFRSs endorsed and issued into effect since January 1, 2024, evaluated to be applicable to the Company, will not have a significant effect on the parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"

(III) New standards and Interpretations not yet endorsed by the FSC

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 17 "Comparison of the Initial Application of IFRS 17 and IFRS 9"
- Amendments to IAS 21 "Lack of Convertibility"

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the parent company only financial statements.

(I) Statement of Compliance

The parent company only financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Basis of Preparation

1. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

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

(2) Investment property at fair value

2. Functional and presentation currency

The functional currency of the Company is determined based on the currency of the primary economic environment in which it operates. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information is presented in NTD thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the “report date”), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the following conditions:

(1) When it is designated as equity instruments at fair value through other comprehensive income;

(2) When the translation of a financial liability designated as a net investment in a foreign operation is within the effective extend of the hedge; or

(3) When the qualified cash flow hedge is within the effective extend of the hedge.

2. Foreign operations

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income. In case of disposal of foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(IV) Classification of current and non-current assets and liabilities

Assets satisfying one of the following criteria shall be classified as current assets; all other assets that are no current assets shall be classified as non-current assets:

1. Assets expected to be realized or intended to be sold or consumed during their normal operating cycle;
2. Assets primarily held for the purpose of trading;
3. Assets expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities satisfying one of the following criteria shall be classified as current liabilities; all other liabilities that are not current liabilities shall be classified as non-current liabilities:

1. Liabilities expected to be settled in their normal operating cycle;
2. Liabilities primarily held for the purpose of trading;
3. Liabilities due to be settled within twelve months after the reporting period; or
4. Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing of equity instruments do not affect its classification.

(V) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial assets

For the purchase or sale of financial assets complying with regular trading, the Company uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The Company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

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

The financial instruments that are not measured at amortized cost as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the Company may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured at 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the Company considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Company based on past experience, credit assessment and prospective information.

If the credit rating of a financial instrument is equivalent to the globally understood definition of “investment grade” (investment level of BBB- per Standard & Poor’s, Baa3 per Moody’s or tWA per Taiwan Ratings, or higher levels thereof), then the Company considers such debt security to have a low credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company assumes that the credit risk on the financial asset has been breached if it is more than 90 days past due.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

If the credit rating of a financial instrument is equivalent to the globally understood definition of “investment grade” (investment level of BBB- per Standard & Poor’s, Baa3 per Moody’s or tWA per Taiwan Ratings, or higher levels thereof), then the Company considers such debt security to have a low credit risk.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Company in accordance with contracts and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observation data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower’s financial difficulty, having granted to the borrower a concession that the Company would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either in full or partially, to the extent that there is no realistic prospect of recovery for the Company. For corporate accounts, the Company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The Company expects that the written off amount will not have significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(4) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained. When the Company signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(2) Equity transaction

Equity instrument refers to any contract representing the Company with remaining equity from assets after all liabilities have been subtracted. The equity instruments issued by the Company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instruments

The compound financial instruments issued by the Company refer to convertible corporate bonds (valued in NTD) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liabilities

Financial liabilities are subsequently measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivative instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting of financial assets and liabilities

The Company only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(VII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(VIII) Investment in Associates

Associate refers to an entity where the Company has material impact on its financial and operational policies, but has no control or joint control over.

The Company adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The parent company only financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the Company, recognized by the Company according to the equity ratio. When the an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Company in the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as capital reserve according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Company and associates is recognized in the company's financial statements only within the scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the Company is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(IX) Investment in Subsidiaries

During the preparation of the parent company only financial statements, the Company uses the equity method for valuation of investees with controlling power. Under the equity method, profit or loss of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to the equity attributable to owners of the parent in the consolidated financial statement.

Changes to the ownership interest of the subsidiaries made by the Company that have not caused the loss of the control thereof are handled as interest transactions with the owner.

(X) Investment Property

Investment property refers to property held for the purpose of earning rents or capital value increase or both, and excluding property provided for normal business sales, for production, for product or labor or for administrative management purposes. Investment property is measured at cost initially, and subsequently measured at fair value. Any change thereof is recognized in profit or loss.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss. If an investment property for sale was previously classified as property, plant and equipment, any relevant "Other equity - revalued amount of property" is changed to be recognized as retained earnings.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The rental income from investment property is recognized as non-operating income under the straight-line method during the lease period, and the lease incentive offered during the lease period is recognized as part of the rental income.

(XI) Property, Plant and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is possible that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

The estimated useful lives for current and comparative years are as follows:

(1) Houses and buildings	7~25 years
(2) Machinery and equipment	3~8 years
(3) Other equipment	2~5 years
(4) Leasehold Improvements	1~10 years

The key components of houses and buildings mainly include the facility main building, electric power equipment and construction, and cleanroom systems, etc., and depreciation is calculated based on their useful lifetimes of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassification to investment property

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to "Other equity - revalued amount of property". Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(XII) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. It is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (1) Fixed payments, including in-substance fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) The exercise price under a purchase option or lease termination that the Company is reasonably certain to exercise, or penalties required for a lease.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

- (1) When there is a change in future lease payments arising from a change in index or rate;
- (2) When there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- (3) When there is change in the assessment of whether to exercise a purchase option of the underlying asset;
- (4) If there is a change in the assessment of whether to exercise an extension or termination option, and a change to the assessment of the lease period;
- (5) When there is change to the lease subject matter, scope or other terms.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero.

For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The Company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheet respectively.

For short-term leases of other equipment and low-value underlying asset leases, the Company chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the Company as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the Company considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the Company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the Company uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the Company adopts the straight-line basis to recognize the lease payment collected during the lease period as the rental income.

(XIII) Intangible Assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit is likely to flow into the Company, and the Company has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Other intangible assets with limited useful life acquired by the Company, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditure

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortization

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The estimated useful lives for current and comparative years are as follows:

- | | |
|-----------------------------|-----------|
| (1) Computer software | 1~3 years |
| (2) Other intangible assets | 1 year |

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIV) Impairment of Non-financial Assets

The Company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit consolidated company that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XV) Provision for Liabilities

Provisions for liabilities are recognized when the Company has an obligation as a result of past events, and the Company is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense.

1. Restoration

According to applicable contracts, when the Company bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Sales return and allowance

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(XVI) Recognition of Revenue

1. Income from customer contracts

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of the product or service to the customer. The main revenue items of the Company are explained as follows:

(1) Sales of goods

The Company manufactures panel display screen materials and glass products, and also sells such products. The Company recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the Company has objective evidence to consider that all acceptance criteria have been satisfied.

The company recognizes the accounts receivable upon the delivery of goods since the Company has the right to collect consideration unconditionally at such time point.

2. Financial component

The Company expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes payment for such products or services is less than one year; therefore, the Company has not adjusted the currency time value of the transaction price.

(XVII) Employee Benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the Company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

3. Separation benefits

Separation benefits refer to when the Company cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVIII) Share-based Payment Transactions

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the Company refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XIX) Income Tax

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. Assets or liabilities originally recognized in a transaction that is not a business combination, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss) and (ii) does not generate equivalent taxable and deductible temporary difference;
2. Temporary differences arising from equity investments in subsidiaries, associates and joint ventures, where the Company is able to control the reversal of the temporary difference and where there is a high probability that such temporary differences will not reverse in the future; and
3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Company are only offset against each other when the following criteria are met:

1. The Company has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities is related to one of the following taxing authorities of one identical taxation agent for the income tax:
 - (1) Levied by the same taxing authority; or
 - (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities of significant amounts on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation matches with each other.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(XX) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the Company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted common shares of the Company include convertible corporate bonds and employee stock options.

(XXI) Information on Segments

The Company has disclosed the information of segments in the consolidated financial statements; therefore, information of segments is not disclosed in the parent company only financial statements.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the management performs the preparation of these parent company only financial statements, the management is required to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates during the period and the impact in the next period are recognized.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

(I) Loss allowance for accounts receivable

The loss allowance for accounts receivable of the Company is estimated based on the assumption of the risk of breach and the expected loss rate. The Company considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be adopted and selection of inputs during the calculation of impairment loss. Please refer to Note 6(2) for detailed explanation on relevant assumption and inputs.

(II) Investment property fair value

The subsequent measurement of investment property of the Company adopts the discounted cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

The accounting policies and disclosures of the Company include the use of fair value to measure its financial, non-financial assets and liabilities. The Company establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the Company, it is assumed that the Company has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

When the Company measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

- Level 2: Input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the Company recognizes such transfer at the report date.

Please refer to the following Note 6(6) Investment Property for relevant information on the assumption used for measurement of fair value.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 685	692
Demand deposits	382,061	367,046
Checking accounts	40	40
Time deposits	117,115	229,615
	\$ 499,901	597,393

The Company's exposure to interest rate risk and the sensitivity analysis on the financial assets and liabilities of the Company are disclosed in Note 6(20).

(II) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable	\$ 23,884	6,547
Accounts receivable	586,007	453,232
Accounts receivable - related parties	2,757	113,977
Less: Allowance for loss	(202,982)	(202,115)
	\$ 409,666	371,641

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the Company is as follows:

	December 31, 2023		
	Carrying amount of notes and accounts receivables	Weighted- average expected credit loss rate	Loss allowance provision
Not overdue	\$ 394,939	0.7%	2,759
Overdue less than 90 days	7,519	21.28%	1,601
Overdue more than 91 days	210,190	40.06%~100%	198,622
	\$ 612,648		202,982

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	December 31, 2022		
	Carrying amount of notes and accounts receivables	Weighted- average expected credit loss rate	Loss allowance provision
Not overdue	\$ 343,816	0.9%	3,078
Overdue less than 90 days	14,163	21.9%	3,101
Overdue more than 91 days	215,777	25.98%~100%	195,936
	\$ 573,756		202,115

The movement in the allowance for impairment with respect to notes and accounts receivable of the Company is as follows:

	2023	2022
Balance at beginning of the period	\$ 202,115	177,868
Provision in current period	867	24,247
Balance at end of the period	\$ 202,982	202,115

1. The amount in the accounts receivable that is overdue for more than 90 days mainly comes from key customers, the purchase of optical cement from the Company by such customers and the sale of LCD displays to various large manufacturers in Shenzhen, China. However, due to the COVID-19 pandemic, the upstream and downstream supply chain operations were affected so that payments were delayed. To protect its own interest, the Company has filed civil lawsuits with the Xiamen Intermediate People's Court in China and it is recognized as allowance for loss.

The Intermediate People's Court of Xiamen City, China rendered the judgment in favor of the consolidated company on March 23, 2023. That is, the customer was required to repay the original loan plus the interest for overdue payment. The customer was declared bankrupt and liquidated by the court on August 23, 2022. Therefore, the relevant interest shall be calculated from the original due date to the effective date of the bankruptcy. The following petition about his property will be notified by the court for distribution.

2. On December 31, 2023 and 2022, the accounts receivable of the Company were not pledged as collateral.

(III) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	\$ 39,973	75,872
Work in progress	12,463	38,665
Finished goods	100,358	72,722
Products	-	2
	\$ 152,794	187,261

1. The details of the inventory related expenses of the Company recognized for 2023 and 2022 are as follows:

	2023	2022
Inventory sale recognition	\$ 1,627,652	2,229,254
(Reversal of) write-down of inventories	(8,962)	(8,101)
	\$ 1,618,690	2,221,153

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. On December 31, 2023 and 2022, the inventories of the Company were not pledged as collateral.

(IV) Investment Accounted for Using Equity Method

The investments of the Company accounted for using the equity method at the report date are as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 114,977	125,883

1. Subsidiaries

Please refer to the 2023 consolidated financial statements for details.

2. Guarantee

On December 31, 2023 and 2022, the investments of the Company accounted for using the equity method were not pledged as collateral.

(V) Property, Plant and Equipment

Details of the cost, depreciation and impairment of property, plant and equipment of the Company for 2023 and 2022 are as follows:

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment pending for inspection	Total
Cost or deemed cost:							
Balance on January 1, 2023	\$ 319,648	1,398,154	951,168	23,834	16,518	55,171	2,764,493
Additions	-	1,412	5,987	7,194	-	15,770	30,363
Disposals and retirements	-	(27,675)	(761,202)	(8,560)	-	-	(797,437)
Reclassifications	-	3,992	62,404	14,959	-	(27,617)	53,738
Balance on December 31, 2023	\$ 319,648	1,375,883	258,357	37,427	16,518	43,324	2,051,157
Balance on January 1, 2022	\$ 319,648	1,417,138	1,914,687	176,943	422,924	20,540	4,271,880
Additions	-	294	30,385	2,348	-	36,112	69,139
Disposals and retirements	-	(19,404)	(1,122,767)	(163,854)	(406,406)	-	(1,712,431)
Reclassifications	-	126	128,863	8,397	-	(1,481)	135,905
Balance on December 31, 2022	\$ 319,648	1,398,154	951,168	23,834	16,518	55,171	2,764,493
Depreciation and impairment loss:							
Balance on January 1, 2023	\$ -	682,388	792,746	10,538	16,518	-	1,502,190
Depreciation in the current year	-	68,547	36,089	7,568	-	-	112,204
Disposals and retirements	-	(27,675)	(761,224)	(8,560)	-	-	(797,459)
Balance on December 31, 2023	\$ -	723,260	67,611	9,546	16,518	-	816,935
Balance on January 1, 2022	\$ -	630,470	1,866,631	172,032	377,195	-	3,046,328
Depreciation in the current year	-	71,322	48,882	2,360	22,050	-	144,614
Disposals and retirements	-	(19,404)	(1,122,767)	(163,854)	(382,727)	-	(1,688,752)
Balance on December 31, 2022	\$ -	682,388	792,746	10,538	16,518	-	1,502,190
Carrying value:							
December 31, 2023	\$ 319,648	652,623	190,746	27,881	-	43,324	1,234,222
January 1, 2022	\$ 319,648	786,668	48,056	4,911	45,729	20,540	1,225,552
December 31, 2022	\$ 319,648	715,766	158,422	13,296	-	55,171	1,262,303

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

1. Due to the adjustment of operating strategy, the Company reduced the scope of lease of the STSP Plant and contracted the disposal service provider to recycle the waste generated from lease improvements in November 2022. As certain subject matters still fell within the useful years, a total of loss from the retirement, NT\$23,379 thousand, was recognized. Please refer to Note 6(19) for the relevant profit and loss.
2. On December 31, 2023 and 2022, they were provided to the financial institution, in part, as mortgage guarantee. Please refer to Note 8 for details.

(VI) Investment Property

Investment properties refer to assets owned by the Company, and for the lease of investment properties, the original non-cancellable period is 10 years. For investment properties already leased out, the rental incomes are fixed amounts.

Statement of changes in investment property of the Company is as follows:

	Own assets		
	Land	Houses and buildings	Total
Cost or deemed cost:			
Balance on January 1, 2023	\$ 419,368	726,623	1,145,991
Net gain (loss) arising from fair value adjustments	50,208	(48,943)	1,265
Balance on December 31, 2023	<u>\$ 469,576</u>	<u>677,680</u>	<u>1,147,256</u>
Balance on January 1, 2022	\$ 375,972	762,090	1,138,062
Net gain (loss) arising from fair value adjustments	43,396	(35,467)	7,929
Balance on December 31, 2022	<u>\$ 419,368</u>	<u>726,623</u>	<u>1,145,991</u>

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3. Besides, there were no transfers to or from Level 3 of the fair value hierarchy in the current period. For the subsequent measurement of investment property of the Company adopting the discounted cash flow analysis method under income approach for valuation, relevant important contract terms and valuation information is as follows:

1. December 31, 2023

Subject property	Miaoli Plant land and buildings
Important contract terms	1. Rent: NT\$5,867 thousand/month 2. Lease period: 136 months 3. Total future annual tax amount borne by lessor: NT\$2,806 thousand
Local rent status	NT\$130~160/3.3058 m ² /month
Rent status of similar property	NT\$140/3.3058 m ² /month
Current condition	Normal use
Past income amount	NT\$140/3.3058 m ² /month
Income capitalization rate	5.467%
Discount rate	4.345%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Subject property	Miaoli Plant land and buildings
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2023
Outsourced appraisal fair value	NT\$1,147,256 thousand

2. December 31, 2022

Subject property	Miaoli Plant land and buildings
Important contract terms	1. Rent: NT\$5,867 thousand/month 2. Lease period: 136 months 3. Total future annual tax amount borne by lessor: NT\$2,422 thousand
Local rent status	NT\$130~160/3.3058 m2/month
Rent status of similar property	NT\$140/3.3058 m2/month
Current condition	Normal use
Past income amount	NT\$140/3.3058 m2/month
Income capitalization rate	4.543%
Discount rate	3.895%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2022
Outsourced appraisal fair value	NT\$1,145,991 thousand

Pursuant to Article 34 of the Regulations on Real Estate Appraisal, the procedures of income appraisal are estimating effective gross income, estimating total expenses, calculating net operating income, determining the capitalization rate or discount rate, and calculating the income value. The estimation of the aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The present discount rate is determined based on the floating rate on the two-year time savings small deposits offered by Chunghwa Post Co. Ltd. plus 0.75%, namely 2.095%, along with the consideration of the factors of the difficulty in terms of the liquidity, risk, appreciation, and management of the subject property income status, plus the risk premium of 2.0% and 1.8% on December 31, 2023 and 2022, such that the discount rates of the subject property are determined to be 4.345% and 3.895% respectively. Regarding the estimation of the capitalization rate, the net income of comparable property is divided by the price, followed by the weighted average method to obtain the capitalization rate as 5.467% and 4.543% respectively.

The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Significant unobservable inputs	Relationship between material unobservable inputs and fair value measurement
<p>The discounted cash flow analysis (DCF) under income approach is used as the evaluation method, and the contract rent price provided by the Company during the lease period is used for evaluation. After the expiration of the lease period, the market rent price is used for evaluation.</p> <p>Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.</p>	<ul style="list-style-type: none"> Discount rate after risk adjustment (4.345% and 3.895% on December 31, 2023 and 2022, respectively) 	<p>The estimated fair value will be increased (or decreased) if:</p> <ul style="list-style-type: none"> Discount rate after risk adjustment decreases (increases).

Investment property refers to facilities leased out to others, and the lease contract includes the original non-cancellable lease period, and the subsequent lease period is negotiated with the lessee, and rent is either collected or not yet collected. Please refer to Note 6(11) for relevant information.

For the information about the Company's investment property pledged as collateral on December 31, 2023 and 2022, please refer to Note 8.

(VII) Other financial assets (including current and non-current)

	December 31, 2023	December 31, 2022
Time deposits - general	\$ -	50,000
Time deposit - pledged as collateral	63,978	2,557
Restricted demand deposit	342,000	342,500
Accrued rent receivable	4,316	4,365
Income tax refund receivable	1,456	3,632
Refundable deposits - non-current	4,739	4,739
Others	44	147
	\$ 416,533	407,940

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(VIII) Short-term Borrowings

Statement of short-term borrowings of the Company is as follows:

	December 31, 2023	December 31, 2022
Letter of credit loan	\$ -	3,792
Unsecured bank loans	132,000	60,000
Secured bank loans	250,000	330,000
	\$ 382,000	393,792
Unused amount	\$ 140,000	236,208
Interest rate interval	2.47%~2.67%	2.22%~2.54%

1. Please refer to Note 8 for details on the status of the collaterals provided for short-term bank borrowings with a portion of assets under pledge setting of the Company.
2. Please refer to Note 6(20) for details on risk information related to the Company's interest rate, foreign currency and liquidity risk.

(IX) Long-term Borrowings

Statement, criteria and terms of long-term borrowings of the Company are as follows:

December 31, 2023				
	Currency	Interest rate interval	Year of maturity	Amount
Unsecured bank loans	NTD	2.095%~2.29%	2025~2026	\$ 139,125
Secured bank loans	NTD	2.095%~2.67%	2027~2028	1,230,452
				1,369,577
Less: Portion with maturity due in one year				(201,701)
Total				\$ 1,167,876
Unused amount				\$ -

December 31, 2022				
	Currency	Interest rate interval	Year of maturity	Amount
Unsecured bank loans	NTD	1.97%~2.05%	2025~2026	\$ 195,825
Secured bank loans	NTD	1.345%~2.42%	2023~2028	1,247,015
				1,442,840
Less: Portion with maturity due in one year				(214,684)
Total				\$ 1,228,156
Unused amount				\$ -

1. Please refer to Note 8 for details on the status of the collaterals provided for bank loans with a portion of assets under pledge setting of the Company.
2. Please refer to Note 6(20) for details on risk information related to the Company's interest rate, foreign currency and liquidity risk.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(X) Bonds Payable

Information on the Company's issuance of secured convertible bonds is as follows.

	December 31, 2023	December 31, 2022
Total amount of issued convertible bonds	\$ 500,000	500,000
Unamortized amount of discount on bonds payable	(1,386)	(7,203)
Less: Due in one year	(498,614)	-
Ending balance of bonds payable	\$ -	492,797
Equity component - conversion option (recognized as capital surplus - share option)	\$ 12,724	12,724
	2023	2022
Embedded derivative—loss on remeasurement at fair value of repurchase options (recognized as other gains and losses)	\$ -	(1,250)
Interest expense	\$ 5,817	5,749

The Company issued 5,000 five-year secured convertible corporate bonds at a face interest rate of 0% and face value of NT\$100 thousand on March 26, 2021, and the effective interest rate was 1.33%.

The conversion price at the time of issuance was set to NT\$35.86 per share. In case where the issuance of common shares of the Company satisfies the criteria for the adjustment of the conversion price specified in the terms of issuance, the conversion price is adjusted according to the formula specified in the terms of issuance. No terms are re-established for these bonds.

The Company completed the cash capital increase in May 2022, and the conversion price should be adjusted in accordance with Article 11 of the Regulations Governing Issuance and Conversion of 3rd Domestic Secured Convertible Bonds. The conversion price was adjusted from NT\$35.86 to NT\$35.57 as of May 23, 2022.

The Company completed the capital reduction to make up for the accumulated loss in August 2023, and the conversion price should be adjusted in accordance with Article 11 of the Regulations Governing Issuance and Conversion of 3rd Domestic Secured Convertible Bonds. The conversion price was adjusted from NT\$35.57 to NT\$55.29 as of August 17, 2023.

Regarding the convertible bonds, from three months after the date of issuance (June 27, 2021) to 40 days before the expiration of the issuance period (February 15, 2024), if the closing price of the Company's common share over the counter exceeds the prevailing conversion price by 30% (inclusive) for 30 consecutive business days, or if the outstanding amount of the convertible bonds is less than 10% of the original issue amount, The Company may collect the convertible bonds from the bondholders in cash at the par value of the bonds within five business days after the collection record date of the bonds.

The convertible bonds are repayable in cash at par value upon maturity.

(XI) Operating Leases

For the lease on the investment property and a portion of the facilities of the Company, since nearly all of the risks and remunerations associated with the ownership of the underlying asset are not transferred, the lease contracts are classified as operating lease. Please refer to Note 6(6) Investment Property for details.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	December 31, 2023	December 31, 2022
Less than one year	\$ 72,762	72,762
One to two years	72,762	72,762
Two to three years	72,762	72,762
Three to four years	72,762	72,762
Four to five years	68,133	72,762
More than five years	206,730	274,863
Undiscounted lease payment total amount	<u>\$ 565,911</u>	<u>638,673</u>

2023 and 2022 rental incomes from investment property were both NT\$72,762 thousand.

(XII) Employee Benefits

1. Defined contribution plans

The Company has made monthly contributions equal to 6.00% of each employee's monthly salary to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan for the years 2023 and 2022 are as follows:

	2023	2022
Operating cost	\$ 8,550	11,812
Selling and marketing expenses	1,194	854
Administrative expenses	2,351	2,448
Research and development expenses	1,980	1,155
	<u>\$ 14,075</u>	<u>16,269</u>

2. Short-term employee benefit liabilities

	December 31, 2023	December 31, 2022
Short-term leave with pay liabilities	<u>\$ 9,070</u>	<u>9,409</u>

(XIII) Income Tax

1. Statement of the income tax expense of the Company recognized for 2023 and 2022 are as follows:

	2023	2022
Current tax expenses		
Adjustment of current income tax for the previous period	\$ -	-
Income tax expense	<u>\$ -</u>	<u>-</u>

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. The reconciliation of the Company's income tax expense and loss before tax is as follows:

	2023	2022
Loss before tax	\$ (117,836)	(315,593)
Income tax calculated according to the domestic tax rate of the country of the Company	(23,567)	(63,119)
Change of unrecognized temporary differences	23,567	63,119
Income tax expense	\$ -	-

3. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The items not recognized as deferred tax assets by the Company are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 41,709	47,762
Aggregate amount of temporary differences related to investments in subsidiaries	406,635	404,454
Tax loss	1,234,338	1,229,312
	\$ 1,682,682	1,681,528

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. The reason for not recognizing such items as deferred income tax assets is because the Company is not very likely to have sufficient taxable income in the future for deductible temporary difference use.

Up to December 31, 2023, the deduction time-limit for tax losses of the Company not recognized as deferred income tax assets is as follows:

Year of loss	Loss not yet deducted	Final year for deduction
Approved value for 2014	\$ 910,923	2024
Approved value for 2015	1,073,944	2025
Approved value for 2016	457,378	2026
Approved value for 2017	1,862,692	2027
Approved value for 2018	337,430	2028
Approved value for 2019	346,172	2029
Approved value for 2020	277,181	2030
Approved value for 2021	245,323	2031
Declared value for 2022	464,698	2032
Expected value for 2023	195,947	2033
	\$ 6,171,688	

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(2) Recognized deferred tax assets and liabilities

Changes in the deferred tax assets and liabilities for 2023 and 2022 are as follows:

Deferred tax assets:

	Covering Losses
January 1, 2023	\$ 5,037
Recognized in income statement	3,580
December 31, 2023	\$ 8,617
January 1, 2022	\$ 4,643
Recognized in income statement	394
December 31, 2022	\$ 5,037

Deferred income tax liabilities:

	Investment property
January 1, 2023	\$ 53,846
Recognized as profit or loss	3,579
December 31, 2023	\$ 57,425
January 1, 2022	\$ 53,451
Recognized in income statement	395
December 31, 2022	\$ 53,846

4. The Company's profit-seeking enterprise income tax returns through 2021 have been assessed and approved by the taxation authority.

(XIV) Capital and Other Equity

1. Ordinary shares

As of December 31, 2023 and 2022, the Company's total authorized capital stock amounted to NT\$5,000,000 thousand, at par value of NT\$10 per share, for 500,000 thousand shares. The aforementioned total authorized capital stock refers to ordinary shares, and the number of shares issued is 144,330 thousand and 224,186 thousand shares. All proceeds from shares issued have been collected.

On December 20, 2021, the Board of Directors of the Company resolved to issue new shares for cash capital increase, and proposed to issue 17,000 thousand ordinary shares at par value of \$10 per share. Said capital increase projects was approved and entered into force by FSC on January 26, 2022, and the Chairman was authorized by the Board of Directors to determine the issue price at NT\$20 per share, for a total issue price of NT\$340,000 thousand. Further, the FSC approved an extension of the offering period for three months and, therefore, the offering deadline was extended until July 25, 2022. All issued shares were paid in full on May 23, 2022 and the cash capital increase record date was set as the same date. The statutory registration was also completed on June 6, 2022. On June 21, 2023, the Company's annual general meeting resolved to reduce capital to make up for losses. The capital reduction amounted to NT\$800,000 thousand and a total of 80,000 thousand issued shares were cancelled, i.e. the capital reduction rate by 35.68%. Said capital reduction was approved by FSC and became effective on August 9, 2023. August 17, 2023 was set as the record date for capital reduction. The change has been registered with MOEA.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

In 2023 and 2022, the Company's employees exercised 420 thousand and 792 thousand employee stock options, respectively. In 2022, the registration of change was completed on January 16, 2023. In 2023, the registration of change with respect to 144 thousand shares was completed on June 13, 2022. Until December 31, 2023, there have been NT\$2,760 thousand, which were stated as capital collected in advance temporarily.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	December 31, 2023	December 31, 2022
Share premium	\$ 3,258	173,176
Share-based payments	6,632	10,878
Convertible corporate bonds	12,724	12,724
	\$ 22,614	196,778

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On June 21, 2023, the Company's annual general meeting resolved to make up for the 2022 loss with the capital surplus, NT\$176,915 thousand. For the relevant information, please visit the MOPS, etc..

3. Retained earnings

According to the Company's Articles of Incorporation, the Company's surplus distribution or loss allowance may be made after the end of each half of the fiscal year. If there is a surplus in the final accounts for each half of the fiscal year, the Company shall first pay off taxes, make up for accumulated losses, estimate and reserve employee compensation, and then set aside 10% as legal reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting, while if they are distributed in cash, the distribution shall be subject to the resolution of the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

The Company is currently in a growing phase and will strive for business development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Distribution of earnings

On June 21, 2023 and June 24, 2022, the Company's annual general meeting resolved to make up for the 2022 and 2021 losses. For the relevant information, please visit the MOPS, etc..

The Company has accumulated losses as of June 30, 2023 and 2022; therefore, no earnings are distributed in the first half of 2023 and 2022.

4. Other equity (net after tax)

	Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total
Balance on January 1, 2023	\$ 167,361	312,687	480,048
Share of translation difference of subsidiaries under the equity method	<u>(1,381)</u>	-	<u>(1,381)</u>
Balance on December 31, 2023	<u>\$ 165,980</u>	<u>312,687</u>	<u>478,667</u>
Balance on January 1, 2022	\$ 161,818	312,687	474,505
Share of translation difference of subsidiaries under the equity method	<u>5,543</u>	-	<u>5,543</u>
Balance on December 31, 2022	<u>\$ 167,361</u>	<u>312,687</u>	<u>480,048</u>

(XV) Share-based Payments

1. Up to December 31, 2023 and 2022, the Company has made the following share-based payments:

	Equity settlement Employee stock option
Type	
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The Company has passed the issuance of employee stock options through the resolution of the board of directors' meeting on August 21, 2020. The present issuance of total number of new common shares is 3,000 thousand shares, and the subscription price is to be specified based on the closing price of common shares of the Company on that day. Such shares are to be issued within one year from the date when the notice of effective registration of the competent authority is served, and such shares may be issued all at once or at discreet times depending upon the actual needs. The aforementioned issuance of employee stock options has been registered effectively with the Securities and Futures Bureau, FSC on September 16, 2020, and according to the resolution of the board of directors' meeting on September 17, 2020, such shares are to be issued fully and the grant date fair value is NT\$10.4. Due to the cash capital increase on May 23, 2022, the fair value was adjusted as NT\$10.3. Due to the capital reduction to make up for losses on August 17, 2023, the fair value was adjusted as NT\$16.0.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

Employee stock options grant period	2020
Matured for two years	60%
Matured for three years	100%

2. Measurement parameter of fair value at grant date

The Company adopts the Black-Scholes option valuation model to estimate the fair value of the share-based payments at grant date, and the inputs for the model are as follows:

	2020
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: According to the 2020 Employee Stock Options Issuance Regulations of the Company, the subscription price will be adjusted (anti-dilution price adjustment) along with the issuance of dividends; therefore, it is not included in the calculation.

3. Detailed information on the aforementioned employee share options is as follows:

	2023		2022	
	Weighted- average exercise price (NT\$)	Subscription quantity (thousand shares)	Weighted- average exercise price (NT\$)	Subscription quantity (thousand shares)
Outstanding capital stock on January 1	\$ 10.30	2,208	10.40	3,000
Execution quantity in the current period (before capital reduction)	10.30	(144)	10.30	(792)
Execution quantity in the current period (after capital reduction)	16.00	(276)	-	-
Outstanding capital stock on December 31	\$ 16.00	1,788	10.30	2,208

The information about the subscription right for the Company's outstanding shares on December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Exercise price interval	10.30 ~ 16.00	10.30
Weighted-average remaining contractual life (years)	0.75	1.75

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

4. Employee expenses

The expenses derived from the share-based payments of the Company for 2023 and 2022 are as follows:

	2023	2022
Expenses arising from employee stock options	\$ 1,052	3,853

(XVI) Loss Per Share

	2023	2022
Basic loss per share		
Net loss attributable to ordinary shareholders of the Company	\$ (117,836)	(315,593)
Number of common shares with retroactive adjustment outstanding shares for basic loss per share	144,280	136,922
Basic loss per share (NTD)	\$ (0.82)	(2.30)

1. The Company set August 17, 2023 as the record date for the capital reduction. In accordance with Paragraph 64 of IAS 33 "Earnings per Share," it is necessary to express the loss per share in the current and comparative financial statements retroactively.

2. For 2023 and 2022, the losses took place and there was no diluted effect. Accordingly, it is not necessary to disclose the diluted earnings per share.

(XVII) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of remuneration to employees and directors), 8% thereof shall be allocated as the remuneration to employees and no more than 0.01% thereof as the remuneration to directors. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first. The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria. The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

For 2023 and 2022, the loss to be offset took place for the Company. Accordingly, the Company is not required to estimate the remuneration to employees and directors. For the relevant information, please visit the MOPS, etc..

(XVIII) Revenue from Customer Contracts

1. Revenue details

	2023			
	Optoelectronics	Green building industry	Others	Total
Primary regional markets:				
Taiwan	\$ 446,491	224,927	48,978	720,396
Mainland China	28,483	-	473,792	502,275
United States	62,538	-	306,364	368,902
Others	65,802	-	21,251	87,053
	\$ 603,314	224,927	850,385	1,678,626
Primary product/service line:				
Photoelectric glass	\$ 603,314	-	-	603,314
Green building glass	-	224,927	-	224,927
Others	-	-	850,385	850,385
	\$ 603,314	224,927	850,385	1,678,626

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	2022			
	Optoelectronics	Green building industry	Others	Total
Primary regional markets:				
Taiwan	\$ 341,508	195,660	63,388	600,556
Mainland China	190,428	-	1,155,084	1,345,512
United States	17,543	-	146	17,689
Others	111,356	-	17,360	128,716
	\$ 660,835	195,660	1,235,978	2,092,473
Main products:				
Photoelectric glass	\$ 660,835	-	-	660,835
Green building glass	-	195,660	-	195,660
Others	-	-	1,235,978	1,235,978
	\$ 660,835	195,660	1,235,978	2,092,473

2. Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	\$ 612,648	775,871	790,849
Less: Allowance for loss	(202,982)	(202,115)	(177,868)
Total	\$ 409,666	573,756	612,981
Contract liabilities	\$ 1,412	13,260	3,880

For the disclosures of notes and accounts receivable and impairment thereof, please refer to Note 6(2).

The beginning contract liabilities of January 1, 2023 and 2022, recognized as the revenue for 2023 and 2022, amounted to NT\$12,333 thousand and NT\$3,716 thousand, respectively.

(XIX) Non-operating Income and Expenses

1. Interest income

Statement of interest income of the Company is as follows:

	2023	2022
Interest on bank deposits	\$ 12,556	4,590

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. Other gains and losses

Statement of other gains and losses of the Company is as follows:

	2023	2022
Foreign currency exchange gains	\$ (154)	59,936
Loss (gain) on disposal and retirement of property, plant and equipment	2,022	(23,379)
Gain on fair value adjustment of investment property	1,265	7,929
Net loss on financial asset or financial liability at fair value through profit or loss	(1,130)	(1,250)
Rental income	77,847	80,100
Other income	38,711	3,069
Other expenses	(3,699)	(5,812)
	\$ 114,862	120,593

3. Financial costs

Statement of financial costs of the Company is as follows:

	2023	2022
Interest expense		
Bank borrowings	\$ 44,490	37,970
Corporate bonds payable	5,817	5,749
Others	158	1,335
	\$ 50,465	45,054

(XX) Financial Instruments

1. Credit risk

(1) Maximum credit risk exposure amount

The maximum credit risk exposure of financial assets is equal to their carrying amount.

(2) Concentration of credit risk

The main potential credit risk of the Company comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the Company is deposited at different financial institutions. The Company controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the Company.

Customers of the Company are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the Company continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for losses, and impairment loss is within the expectations of the management. On December 31, 2023 and 2022, the accounts receivable of these customers of the Company were 23% and 22% respectively, indicating that the Company is subject to obvious concentration of credit risk.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(3) Credit risk of receivables

Please refer to Note 6(2) for details on the credit risk exposure information related to notes receivable and accounts receivable. Other financial assets measured at amortized cost include other accounts receivable, restricted deposits and time deposit certificates.

The aforementioned financial assets refer to financial assets with low credit risk; therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(6) for details on how the Company makes the judgment on low credit risk). The changes in the provision for loss for 2023 and 2022 are as follows:

	Other receivables
Balance on December 31, 2023 (namely, balance on January 1, 2023)	\$ 672
Balance on January 1, 2022	\$ 646
Impairment loss recognized	26
Balance on December 31, 2022	\$ 672

2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,480,452	1,580,117	425,264	359,948	794,905	-
Unsecured bank loans	271,125	275,830	191,966	83,864	-	-
Convertible corporate bonds	498,614	500,000	500,000	-	-	-
Notes and accounts payable (including related parties)	266,446	266,446	266,446	-	-	-
Other payables	82,314	82,314	82,314	-	-	-
Construction and equipment payable	1,552	1,552	1,552	-	-	-
Lease liabilities	1,676	1,709	1,034	675	-	-
	\$ 2,602,179	2,707,968	1,468,576	444,487	794,905	-
December 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,580,807	1,659,060	518,494	537,921	584,346	18,299
Unsecured bank loans	255,825	263,309	120,588	114,365	28,356	-
Convertible corporate bonds	492,797	500,000	-	500,000	-	-
Notes and accounts payable (including related parties)	205,905	205,905	205,905	-	-	-
Other payables	102,453	102,453	102,453	-	-	-
Construction and equipment payable	4,977	4,977	4,977	-	-	-
Lease liabilities	15,113	15,268	14,951	317	-	-
	\$ 2,657,877	2,750,972	967,368	1,152,603	612,702	18,299

The Company does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's financial assets and liabilities exposed to significant exchange rate risk are as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 20,975	30.71	644,039	25,898	30.71	795,313
EUR : NTD	14	33.98	476	48	32.72	1,565
JPY : NTD	7,427	0.2172	1,613	-	-	-
<u>Non-monetary items</u>						
USD : NTD	1,750	30.71	53,727	1,693	30.71	51,990
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	7,531	30.71	231,237	5,866	30.71	180,133

(2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs during the translation. On December 31, 2023 and 2022, in case of depreciation or appreciation of the NTD against the USD, EUR and JPY by 1% and other factors remaining unchanged, the net loss after tax in 2023 and 2022 would have been decreased or increased by NT\$3,319 thousand and NT\$4,934 thousand, respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gain or loss of monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the Company translated to the functional currency of NTD (i.e. the presentation currency of the Company) is as follows:

	2023		2022	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
TWD	\$ (154)	31.12	59,936	29.88

4. Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the report date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting internally to the management personnel of the Company, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased or decreased by 1%, under conditions where other variables remained unchanged, then the Company's net income would have decreased or increased by NT\$12,524 thousand and NT\$12,400 thousand in 2023 and 2022 respectively, which was mainly due to the demand deposits, time deposits and loans at variable interest rate of the Company.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(2) Fair value valuation technique for financial instruments not measured at fair value

The methods and assumptions the Company adopted to estimate the instruments not measured at fair value are as follows:

(2.1) Financial assets and liabilities at amortized cost

If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.

(3) Fair value valuation technique for financial instruments measured at fair value

(3.1) Non-derivative financial instruments

When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.

If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. For the fair value of financial instruments measured by using valuation techniques, reference can be made to the current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculations by model using market information available at the balance sheet date. If a financial instrument held by the Company has no active market, then its fair value is determined according to the following category and attribute:

- Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the rate of return on investees as the basis for measurement. For the estimated value, the discount effect of the lack of market liquidity of such equity security has been adjusted.

(3.2) Derivative financial instruments

The valuation is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.

(4) Transfer between Level 1 and Level 2

The Company was not subject to any transfer of financial assets and liabilities for 2023 and 2022.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(XXI) Financial Risk Management

1. Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the parent company only financial statements.

2. Risk management framework

The board of directors is fully responsible for the establishment and oversight of the risk management framework of the Company. For the board of directors, the chairperson's office is responsible for the development and control of the financial risk management policies of the Company and to provide reports on the operation thereof to the board of directors periodically.

The establishment of the financial risk management policy of the Company is to identify and analyze the financial risk faced by the Company, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the Company. The Company, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of the Company monitors the management personnel, such as monitoring of the financial risk management policy and procedure compliance of the Company, and reviews the appropriateness of relevant financial management framework for the risks faced by the Company. The internal auditing personnel of the Company provides assistance to the board of directors of the Company to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the audit committee.

3. Credit risk

Credit risk refers to the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the Company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Company, including the industry of customers and country default risk since such factors may affect the credit risk.

The Company has established a credit policy, and according to such policy, before the Company makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer individually.

The Company has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the transaction counterparties and the contract performance parties of the Company are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantees

The Company's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. Up to December 31, 2023 and 2022, the Company has not provided any endorsements/guarantees

4. Liquidity risk

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The Company's liquidity management method is to ensure that under general conditions and conditions of pressure, the Company is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the Company being damaged would not occur.

As of December 31, 2023 and 2022, the unused amount of bank financing of the Company were NT\$140,000 thousand and NT\$236,208 thousand, respectively.

5. Market risk

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the Company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage the market risk, the Company engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The Company is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the Group. The functional currencies of the consolidated company are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

In addition, based on the principle of natural hedging, the Company performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The Company's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXII) Capital Management

The Company's capital management objective is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The Company, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The capital management strategy of the Company in 2023 was identical with that in 2022, which aimed to ensure that the Company is able to perform financing at a reasonable cost. For the years ended December 31, 2023 and 2022, the debt-to-capital ratio is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,695,044	2,769,457
Less: Cash and cash equivalent	(499,901)	(597,393)
Net liabilities	2,195,143	2,172,064
Total equity	1,366,193	1,478,459
Capital after adjustment	\$ 3,561,336	3,650,523
Debt-to-capital ratio	61.64%	59.50%

The Company reduced capital in 2023 to make up for the loss and thereby resulted in an increase in the debt capital ratio.

(XXIII) Non-cash Transaction Investments and Financing Activities

Statement of the change to the acquisition of property, plant and equipment of the Company for 2023 and 2022 is as follows:

	2023	2022
Purchase of property, plant and equipment in the current period \$	30,363	69,139
Add: Equipment and construction payables at beginning of the period	4,977	2,871
Less: Equipment and construction payables at end of the period	(1,552)	(4,977)
	\$ 33,788	67,033

(XXIV) Sound Financial Plan

Due to rapid changes in the industry, the Company has suffered continuous loss in recent years, and the management of the Company has consecutively adopted the following measures in order to ensure the operation of the Company and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the Company plans to adopt the following plans:

1. Operations

- (1) The consolidated company shall actively combine various core technical developments for integrated applications in order to satisfy high customization demands and new technologies for terminal products, and shall continue to enhance and adjust market order acceptance capability, thereby strengthening and expanding the market while satisfying customer demands and enhancing the foundation to improve the market share.
- (2) The consolidated company shall extend the diverse operations of industrial on-board vehicle control and smart building related industries, reduce reliance on consumer electronics and continue to develop new products and adjust market position, in order to acquire sales of niche products.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

- (3) Expand the customer base and extend the core competence related product applications in order to achieve the objectives of high speed, service optimization, cost effectiveness and best quality.
- (4) Promotion plan for glass processing products
 - (a) E-beam evaporation technology in combination of precise optical film quality technology for ion assisted deposition.
 - (b) Development and promotion of vehicle display, interior parts and other multi-curved glass designs.
 - (c) Promotion of the application of electrochromic glass as curtain glass.
- (5) Subject to the energy conservation and carbon reduction policy, replace equipment with energy-conservation equipment, and also make planned production schedules for energy-intensive production equipment, in order to control the expenditure in electricity bills.

2. Management

- (1) Implement the streamlined organizational policy, and fully utilize the advantages of outsourcing to rigorously control costs and expenditures.
- (2) Improve the efficiency of production management, reduce the loss of materials and strictly control inventory management, and reduce the loss of obsolescence.
- (3) Improve the accuracy of sales forecasts, rigorously control raw material purchases, enhance the flexibility of capital use, improve efficiency and reduce operating costs.
- (4) Expedite the implementation of second source materials in order to effectively control and reduce material costs.
- (5) Implement rigorous review on the control over expenditures, reduce expenditures and unnecessary waste of resources.
- (6) In the future, the focus will be on the introduction of new technologies or manufacturing processes, and the necessary capital expense for improving machinery and equipment production efficiency will be increased. In addition, rigorous investment benefit analysis will also be thoroughly executed in order to maximize the capital expenditure effect.

3. Finance

- (1) The Company shall Implement cost and expense reduction plans, save expenditures and maintain safe levels for capital and reduce the cumulation of working capital.
- (2) Continue negotiating bank quotas and limits, and enhancing the business dealings with banks in order to ensure sufficient working capital.
- (3) Plan to complete capital reduction to make up for accumulated losses, in order to improve the financial structure.

VII. Related Party Transactions

(I) Names of related parties and relationships

The related parties of subsidiaries of the Company and others that have had transactions with the Company during the periods covered in these parent company only financial statements are as follows:

Related party name	Relationship with the Company	Remarks
Chin Ming Glass Co., Ltd.	Its chairman is a relative within the first degree of kinship of the Chairman of the Company	
Hon Hai Precision Industry Co., Ltd.	Investment company using the indirect equity method on the Company	Note 1
PT. Sharp Electronics Indonesia	Its ultimate parent company is an investment company using the indirect equity method on the Company	"
FIH (Hong Kong) Limited	"	"
Asia Pacific Telecom Co., Ltd.	"	"
Nanjing Innolux Optoelectronics Ltd.	"	"

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

<u>Related party name</u>	<u>Relationship with the Company</u>	<u>Remarks</u>
Futaihua Industry (Shenzhen) Co., Ltd.	Its ultimate parent company is an investment company using the indirect equity method on the Company	"
Foxconn Global Network Corporation	"	"
General Interface Solution Business (Shenzhen) Co., Ltd.	"	"
Innolux Corporation	"	"
Chiun Mai Communication Systems Inc.	"	"
Foshan Innolux Optoelectronics Ltd.	"	"
Ennoconn Corporation	"	"
Ningbo Innolux Optoelectronics Ltd.	"	"
Ningbo CarUX Technology Co., Ltd.	"	"
Hongfutai Precision Electronics (Yantai) Co., Ltd.	"	"
XINGFOX ENERGY TECHNOLOGY CO., LTD.	"	"
FOXCONN TECHNOLOGY CO., LTD.	"	"
CarUX Technology Pte. Ltd.	"	"
Tainan Branch		
Fast Achievement Global Ltd.	Subsidiary of the Company	
Golden Start Global Corp.		
Charmtex Global Corp.		
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	"	
Brave Advance International Corp.	Associates of the Company	
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	"	
Note 1: No longer a related party of the Company as of January 1, 2023.		

(II) Significant related party transactions and balances

1. Operating revenue

The significant sales of the Company to related parties were as follows:

	<u>2023</u>	<u>2022</u>
Innolux Corporation	\$ -	258,138
Other related parties	14,327	360,853
	<u>\$ 14,327</u>	<u>618,991</u>

The price and payment collection terms for the sales of the Company to other related parties are open account 45~120 days, and there are no major differences for general customers.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. Purchases

Purchase costs of the Company from related parties were as follows:

	2023	2022
Other related parties:		
Futaihua Industry (Shenzhen) Co., Ltd.	\$ -	948,880
Other related parties	39,378	24,583
	\$ 39,378	973,463

The purchases from related parties by the Company refer to single suppliers, and the payment terms are open account 45~90 days, and the payment terms for general suppliers are LC120 days and open account 30~90 days.

3. Receivables from related parties

Statement of receivables from related parties of the Company is as follows:

Accounts	Type of related party	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Other related parties:		
	Innolux Corporation	\$ -	64,796
	Other related parties	2,757	49,181
		\$ 2,757	113,977

4. Payables to related parties

Statement of payables to related parties of the Company is as follows:

Accounts	Type of related party	December 31, 2023	December 31, 2022
Accounts payable - related parties	Other related parties:		
	Futaihua Industry (Shenzhen) Co., Ltd.	\$ -	125,816
	Other related parties	10,639	9,010
		\$ 10,639	134,826
Other payables	Other related parties	\$ 269	3,325

5. Leases

Innolux Corporation is no longer a related party of the Company, so only the transaction amount before December 31, 2022 is disclosed. The Company leased an office building for its Southern Taiwan Science Park Plant from Innolux Corporation in December 2021 and signed a two-year lease contract with a total contract amount, NT\$101,024 thousand, in reference to the rent market in the neighborhood. In November 2022, the lease was renewed and the rent was reduced, while the remaining lease term remained unchanged. The total contract amount was NT\$15,654 thousand. Interest expenses, NT\$1,253 thousand, was recognized in 2022, and the balance of lease liabilities were NT\$13,851 thousand up to December 31, 2022.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(III) Personnel transactions from key management

Remuneration of key management includes:

	2023	2022
Short-term employee benefits	\$ 13,783	14,724
Share-based payments	280	1,028
	\$ 14,063	15,752

VIII. Pledged Assets

Statement of the carrying value of pledged or secured assets of the Company is as follows:

Asset name	Pledged or secured subject matter	December 31, 2023	December 31, 2022
Other financial assets - current	Custom bond, corporate bonds payable and bank borrowings	\$ 381,978	62,557
Other financial assets - non-current	Corporate bonds payable and bank borrowings	24,000	282,500
Property, plant, and equipment	Bank borrowings	930,221	1,098,652
Investment property	Bank borrowings	1,147,256	1,145,991
Prepayments for equipment	Bank borrowings	29,610	77,556
		\$ 2,513,065	2,667,256

IX. Significant Contingent Liabilities and Unrecognized Commitments

The contract prices for the Company's equipment purchases were as follows:

	December 31, 2023	December 31, 2022
Signed contract prices	\$ 174,546	184,499
Paid amount	\$ 76,777	137,196

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salary expense	201,939	98,587	300,526	255,554	104,233	359,787
Labor and health insurance expense	22,734	10,264	32,998	28,023	8,094	36,117
Pension expense	8,550	5,525	14,075	11,812	4,457	16,269
Remuneration of directors	-	2,808	2,808	-	3,024	3,024
Other employee benefit expenses	8,271	3,370	11,641	11,199	3,285	14,484
Depreciation expense	113,127	14,784	127,911	178,880	12,985	191,865
Amortization expense	42	1,331	1,373	1,002	3,938	4,940

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The depreciations of other gains and losses stated as non-operating revenue and expenses of the Company for 2023 and 2022 were NT\$2,666 thousand and NT\$2,717 thousand, respectively. Additional information on the number of employees and employee benefit expenses of the Company for 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	<u>481</u>	<u>562</u>
Number of directors without concurrent position as employee	<u>6</u>	<u>6</u>
Average employee benefit expenses	<u>\$ 756</u>	<u>767</u>
Average employee salary expense	<u>\$ 633</u>	<u>647</u>
Adjustment status of average employee salary expense	<u>(2.16)%</u>	<u>(11.21)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

Information on the Company's remuneration policy (including directors, managerial officers and employees) is as follows:

(I) Directors

Directors' remuneration shall include transportation fees, business operation expenses, and surplus distribution. After the Company's remuneration for directors has been reviewed by the Remuneration Committee according to the Company's Articles of Incorporation, the Board of Directors is authorized to set the salaries for the directors based on their participation in the Company's operations, contribution value, as well as the industry standards. The remuneration distribution standard for surplus distribution to directors is based on the Company's Articles of Incorporation, which shall be submitted to the board of directors for review and be issued after it has passed the shareholders meeting resolution.

(II) President and Vice Presidents

The remuneration of the president and vice president includes salary, employee dividends, employee stock options, and new restricted shares for subscription. Salary standards are based on contributions to the Company and reference to peer standards. The employee dividend distribution standard shall be based on the Company's Articles of Incorporation, be submitted to the Remuneration Committee for deliberation, and then issued after the proposal has passed the resolution of the board of directors' or shareholders' meeting. Employee stock options, and new restricted shares for subscription issuance standards were evaluated based on contributions to the Company and its future development.

(III) Employees

The remuneration of employees include the full salary (base salary, meal allowance and duty allowance), other allowances, cash gift, performance bonus, year-end bonus, employee bonus, and employee stock option, etc. The full salary payment standard references to the common standard adopted in the market of the same industry, job duty at the Company and contribution to the Company. In addition, the salary adjustment policy is established based on the operating status of the Company along with the consideration of the domestic economic growth rate, price index, industry salary adjustment status, etc., in conjunction with personal work performance and value contribution. The issuance of other allowances, cash gift, performance bonus, year-end bonus, employee bonus and employee stock option is handled in accordance with the articles of Incorporation and management regulations of the Company.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

XIII. Separately Disclosed Items

(I) Significant transactions information

In accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for the year of 2023, the significant transactions related information required to be further disclosed by the Company is as follows:

1. Loaning funds to others: None.
2. Endorsements/guarantees made for others: None.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint venture equities):

Unit: NTD thousand

Holder	Marketable securities Type and name	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Market price	
G-TECH Optoelectronics Corporation	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	5,000	324	0.00 %	324	

4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Engaging in derivative transactions: Please refer to Note 6(10).

(II) Information on investees:

The information on investees of the Company in 2023 (excluding investees in China) is as follows:

Unit: NTD thousand/USD thousand

Name of investor	Name of investee	Location	Main business items	Original investment amount		End of term holding			Current profit or loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
G-TECH Optoelectronics Corporation	Fast Achievement Global Ltd.	Cayman Islands	Holding	16,581 (USD540)	16,581 (USD540)	540,000	100.00%	53,727	2,051 (USD66)	2,051 (US66)	
G-TECH Optoelectronics Corporation	Golden Start Global Corp.	Samoa	Holding	2,192,072 (USD71,391)	2,192,072 (USD71,391)	71,391,373	100.00%	61,250	(11,577) (USD(372))	(11,577) (USD(372))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	15,353 (USD500)	15,353 (USD500)	500,000	25.00%	53,727 (USD1,750)	8,206 (USD264)	2,051 (USD66)	
Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,191,458 (USD71,371)	2,191,458 (USD71,371)	71,371,373	100.00%	61,250 (USD1,995)	(11,577) (USD(372))	(11,577) (USD(372))	

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(III) Information on Investments in China:

1. Information of name of investees in China, and main business items:

Unit: NTD thousand

Name of investee in China:	Main business items	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount at beginning of the current period		Accumulated outward remittance for investment from Taiwan at end of the current period	Current profit or loss of investee	% of ownership of direct or indirect investment by the Company	Current investment profit/loss recognized	Investment carrying value at end of the period	Accumulated repatriation of investment income as of end of current period
					Outward	Inward						
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Manufacturing and sale of TFT-LCD panel display screen materials	728,937 (USD23,740)	Note 1	728,937 (USD23,740)	-	-	728,937 (USD23,740)	5,170 (USD166)	25.00%	1,293 (USD42)	17,021 (USD554)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Manufacturing and sale of TFT-LCD panel display screen materials	2,149,350 (USD70,000)	Note 2	2,149,350 (USD70,000)	-	-	2,149,350 (USD70,000)	(12,216) (USD(393))	100.00%	(12,216) (USD(393))	53,172 (USD1,732)	-

Note 1: The Company invested in Hongda Photoelectric Glass (Dongguan) Co., Ltd. in China indirectly via the investee Brave Advance International Corp. of the investment enterprise Fast Achievement Global Ltd. in a third region.

Note 2: The Company invested in Ruizhida Optoelectronics (Chengdu) Co., Ltd. in China indirectly via the investee Charmtex Global Corp. of the investment enterprise Golden Start Global Corp. in a third region.

2. Upper limit on the amount of investment in China region:

Accumulated outward remittance for investment in China region at end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
2,878,287 (USD93,740)	2,878,287 (USD93,740)	-
(Including machine value, 263,541) (USD8,583)	(Including machine value, 284,820) (USD9,276)	-

Note: The Company has received the certificate for compliance with operational headquarter business scope issued by the Industrial Development Bureau, MOEA, on August 23, 2022. Accordingly, the consolidated company is free from the investment limit requirement.

3. Significant transactions with investees in China: None.

(IV) Information on Major Shareholders:

Name of major shareholder	Shares	Shareholding	Shareholding percentage
Hongyuan International Investment Co., Ltd.		10,119,216	6.99%

XIV. Information on Segments

Please refer to the 2023 consolidated financial statements for details.

G-TECH Optoelectronics Corporation
Statement of Cash and Cash Equivalents
December 31, 2023

Unit: NTD thousand

Item	Summary	Amount
Cash on hand and petty cash		\$ 685
Bank deposits		
Demand deposits		276,627
Checking accounts		40
Foreign currency deposits	USD 3,367 thousand, JPY6,278 thousand and RMB65 thousand	105,434
Time deposits	US\$5,000 thousand and NT\$25,000 thousand	117,115
		<u><u>\$ 499,901</u></u>

Statement of Notes and Accounts Receivable
(Including Related Parties)

Customer name	Summary	Amount	Remarks
Customer A	Loan	\$ 125,800	
Customer B	"	106,123	
Customer C	"	94,882	
Customer D	"	62,113	
Customer E	"	43,587	
Customer F	"	34,931	
Customer G	"	18,207	
Others	"	<u>127,005</u>	Customer amount of each account is less than 5% of the balance of this subject
Total		612,648	
Less: Allowance for impairment		<u>(202,982)</u>	
Net		<u><u>\$ 409,666</u></u>	

G-TECH Optoelectronics Corporation
Inventory ledger
December 31, 2023

Unit: NTD thousand

Item	Amount		Remarks
	Cost	Net realisable value	
Raw materials and supplies	\$ 78,393	73,989	Replacement cost of an asset
Work in progress	12,463	12,463	Net realisable value
Finished goods	107,938	108,300	"
Products	<u>3</u>	<u>-</u>	"
Subtotal	\$ 198,797	<u>194,752</u>	
Less: Allowance for loss	<u>(46,003)</u>		
Total	<u>\$ 152,794</u>		

Statement of Changes in Property, Plant and Equipment
From January 1, 2023 to December 31, 2023

Please refer to Note 6(5) for relevant information.

G-TECH Optoelectronics Corporation
Statement of Changes in Investment Property
From January 1, 2023 to December 31, 2023

Unit: NTD thousand

Please refer to Note 6(6) for relevant information.

Statement of Short-term Borrowings
December 31, 2023

<u>Nature of borrowings</u>	<u>Lending institution</u>	<u>Amount</u>	<u>Loan period</u>	<u>Interest rate</u>
Secured borrowings	First Commercial Bank	\$ 200,000	112/09/23~113/03/22	2.5000%
"	Sunny Bank	50,000	112/07/14~113/07/14	2.4700%
Credit loan	Mega International Commercial Bank	60,000	112/10/20~113/04/20	2.6743%
"	Hua Nan Commercial Bank	<u>72,000</u>	112/12/19~113/02/23	2.5639%
		<u>\$ 382,000</u>		

G-TECH Optoelectronics Corporation
Statement of Long-term Borrowings
December 31, 2023

Unit: NTD thousand

<u>Nature of borrowings</u>	<u>Lending institution</u>	<u>Amount</u>	<u>Loan period</u>	<u>Interest rate</u>	<u>Pledge or guarantee</u>	<u>Remarks</u>
Mortgage loan	Sunny Bank	11,810	2020-07-14~2027-07-14	2.4700%	Land and house building	Start to repay principle on 2022-07-14
"	"	488,350	2020-07-14~2027-07-14	2.4700%	"	Started to repay principle on August 14, 2023
"	"	58,000	2021-09-29~2028-09-29	2.6700%	"	Started to repay principle on 2024-10-29
"	Taiwan Cooperative Bank	470,000	December 26, 2023~December 26, 2028	2.4130%	"	Started to repay principle on 2019-10-02
"	Hua Nan Commercial Bank	61,667	October 12, 2022~October 12, 2027	2.0950%	Reserve account	Started to repay principle on February 15, 2022
"	The Shanghai Commercial & Savings Bank	140,625	December 26, 2023~December 26, 2028	2.0950%	Property, plant, and equipment	Started to repay principle on 2022-10-15
Credit loan	"	26,125	October 8, 2022~October 8, 2026	2.0950%	-	"
"	"	77,000	June 6, 2022~October 18, 2026	2.0950%	-	"
"	Bank of Panhsin	<u>36,000</u>	September 2, 2022~September 2, 2025	2.2900%	-	Started to repay principle on September 2, 2025
	Total	1,369,577				
	Less: Due in one year	<u>(201,701)</u>				
	Net	<u>\$ 1,167,876</u>				

Statement of Operating Revenue
From January 1, 2023 to December 31, 2023

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Smart car glass	1,067 Thousand pieces	\$ 603,314	
Smart building glass	2,350 Thousand pieces	224,927	
Others	12,754 Thousand pieces	<u>850,385</u>	
Net operating income		<u>\$ 1,678,626</u>	

G-TECH Optoelectronics Corporation
Statement of Operating Costs
From January 1, 2023 to December 31, 2023

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Merchandise inventory at beginning of the current period		\$ 3	
Plus: Purchase in the current period		703,332	
Less: Merchandise inventory at end of the current period		(3)	
Recognition expense		(284)	
Merchandise sale cost		<u>703,048</u>	
Raw materials at beginning of the current period		90,993	
Plus: Purchase in the current period		334,391	
Less: Raw materials at end of the current period		(50,477)	
Recognition expense		(11,830)	
Direct raw material consumption		<u>363,077</u>	
Materials at beginning of the current period		41,030	
Plus: Purchase in the current period		65,647	
Less: Materials at end of the current period		(39,414)	
Recognition expense		(15,621)	
Material consumption		51,642	
Direct labor		108,711	
Production overhead		<u>210,905</u>	
Production cost		734,335	
Plus: Work in progress at beginning of the current period		38,666	
Less: Work in progress at end of the current period		<u>(12,463)</u>	
Finished goods cost		760,538	
Plus: Finished goods at beginning of the current period		87,264	
Materials returned by department		3,843	
Less: Finished goods at end of the current period		(107,938)	
Recognition expense		(34,782)	
Product sales cost		708,925	
Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery).		(8,962)	
Idle production capacity		215,822	
Income from sale of scraps		<u>(143)</u>	
Operating cost		<u><u>\$ 1,618,690</u></u>	

G-TECH Optoelectronics Corporation
Statement of Operating Expenses
From January 1, 2023 to December 31, 2023 **Unit: NTD thousand**

<u>Item</u>	<u>Selling and marketing expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salary expense	\$ 17,098	49,945	34,352	101,395
Travel expenses	909	902	291	2,102
Shipping expense	4,626	-	-	4,626
Postage and cable expense	151	2,750	9	2,910
Repair and maintenance expense	108	1,798	343	2,249
Water, electricity and gas expense	320	1,149	1,488	2,957
Insurance expense	2,270	5,404	4,186	11,860
Entertainment expense	564	811	-	1,375
Tax expense	1,368	5,170	1	6,539
Depreciation	-	6,814	7,970	14,784
Amortizations	-	1,331	-	1,331
Meal expense	395	1,110	847	2,352
Employee benefits	41	748	98	887
Import/export expense	3,307	17	6	3,330
Training expenses	-	131	-	131
Security expense	-	5,895	-	5,895
Purchase of miscellaneous items	-	458	1,181	1,639
Consumables	-	-	4,442	4,442
Material expense	-	-	37,814	37,814
Mold expense	-	-	550	550
Pensions	1,194	2,351	1,980	5,525
Labor expense	-	5,290	905	6,195
Sample fee	1,583	-	-	1,583
Miscellaneous expenses	693	17,189	962	18,844
Others	1,662	1,200	156	3,018
Total	\$ 36,289	110,463	97,581	244,333

Statement of Other Gains and Losses, Net

Please refer to Note 6(19) for the relevant information.