



## **Vision**

To be the best company with commitment to business excellence and sustainability.

## **Mission**

The world's most trusted provider of electronic components.

## **Core Value**

In line with the founding spirit of "Integrity, Practicality, Innovation, Service", and the organization and management culture of "Harmony, Unity, and High Efficiency", the two are compatible to form the core value of Taiwan Crystal Technology.

Whether it is internally or externally, to people or to things.

Honesty is always our most fundamental and important requirement, mutual trust fulfills every prudent promise; establish comprehensive quality and risk awareness, seek truth from facts, look into the bottom line, and look to the future for healthy development; continuous improvement and excellence, and continuous pursuit of operation, management, technology, and marketing Innovate in all aspects; adhere to high-quality growth, provide services attentively, and achieve every task entrusted to obtain the full trust of employees, customers, shareholders, business partners and the market.

Whether it is employees, customers, shareholders, business partners, or even society or the region.

People and the environment are always the important lifeline supporting the survival and development of an enterprise, and we attach great importance to the development and maintenance of sustainable and harmonious relations of interest. We use a kind heart, people-oriented, treat employees kindly, and create a happy corporate culture. We use a responsible heart to implement company management and governance, create value for shareholders and customers, and fulfill our corporate social responsibilities and obligations as a global citizen.

We pay attention to discipline, but not red tape. We are open to communication, but not in a bureaucratic manner.

We respect the individual, but don't follow suit. We value efficiency, but don't compromise quality.

We are convinced that only teamwork can be united, go all out to implement effectively, and be unafraid of challenges. Maintaining common values can achieve our mission and move towards our vision.

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## Chapter 1 Letter to Shareholders

To all shareholders,

After two years of adjustments in terminal market demand and global supply chain inventory liquidation after the epidemic, market supply and demand have gradually become stable and elastic, but the global electronic components supply chain will still face considerable turbulent challenges in 2024. The Company's operations are deeply affected by the global environment. The comprehensive competition between China and the United States, regional political conflicts, worsening climate change, labor shortages, rising production and operation costs, and other unfavorable factors and huge challenges are on the rise. On the favorable side, artificial intelligence is rapidly heating up, new energy automotive electronics are growing significantly, high-speed computing and next-generation communication transmission are growing steadily, and new technology applications continue to drive strong order demand.

As market applications develop, the company's long-term focus on the application development of quartz frequency components, deepening customer trust, proactively deploying new product development, strengthening industry leadership, continuously promoting digital transformation, and effectively controlling costs have also been reflected in its operating performance, with both full-year revenue and profits returning to double-digit growth.

- Consolidated operating revenue was NT\$12.672 billion (budget achievement rate of approximately 111.5%), an increase of approximately 16.8% from the previous year's consolidated operating revenue of NT\$10.850 billion.
- Net profit after tax was NT\$2.137 billion (budget achievement rate was approximately 122.8%), an increase of approximately 24.7% from the net profit after tax of NT\$1.714 billion in the previous year.

Basic earnings per share after tax was NT\$6.55, an increase of approximately 18.4% from basic earnings per share after tax of NT\$5.53 in the previous year, and return on equity (ROE) was 15.1%.

By the end of 2024, the company's global layout and product revenue growth portfolio have been initially constructed, effectively grasping huge growth opportunities while taking into account the company's consolidated interests and regional development of its subsidiaries. In terms of product revenue mix, the revenue of product portfolios such as 5G+/WiFi+/Automotive electronics/artificial intelligence has increased significantly year by year, and the contribution from brands that have risen against the trend in the terminal market has been particularly eye-catching. In terms of global production operations, in addition to the Taiwan PCF plant accelerating the development and production of full-wafer advanced processes, the subsidiaries TXC (NINGBO) and TXC (CHONGQING) continue to exert cost-profit synergies, and the TETC CORP. NINGBO focuses on new energy vehicle electronic products. In order to meet the requirements of international customers and diversify the political risks of the supply chain, the company's newly established Indonesian plant has been completed by the end of 2024, and is expected to be put into mass production in Q1 2025, and will simultaneously launch a plan to continuously reduce production costs.

In terms of ESG environmental sustainable development, the company has obtained ISO14064, ISO14067, and ISO50001 third-party certifications, which not only meets the world trend and international customer requirements, but also fully demonstrates the determination and commitment to sustainable development. The sustainability report compiled by our company in accordance with the GRI international standards has fully disclosed the relevant information of PCF, NGB, TETC and CKG plant, and has obtained third-party verification confirmation

from the British BSI. In order to effectively manage data and improve operational efficiency, ESG digital system engineering will be implemented in 2024. All production sites (PCF, NGB, TETC and CKG) have completed the ISO14064 greenhouse gas inventory and BSI/SGS third-party certification. The ISO14064 digital system will be implemented first at the end of 2024, and the inventory of non-production overseas business offices will be carried out simultaneously in Q4 2025 to accelerate the completion of the inventory operations of the Group's global corporate locations. The ISO14067 product carbon footprint digital system will also be implemented in 2025. The energy management system will be officially launched in 2024, effectively meeting the audit support for the company's ISO50001 energy management certification. 2024 is the first year for the company's CPPA global renewable energy power supply to be officially used. The utilization rate of renewable energy in 2024 has reached 10%, and will be expanded year by year to achieve the 2050 net zero carbon emission target.

TXC Corporation's responsible attitude and efforts over the years have been highly recognized and acknowledged by the public sector, investment markets, and domestic and foreign institutions. In 2024, it received the "Paris Climate Agreement 1.5 degrees C Compliance" temperature control seal from Taiwan CommonWealth Magazine, the international evaluation agency Sustainalytics low-risk assessment, the British BSI "Sustainable Development Pilot Award", and the "2024 Top 100 Foreign Investment Selected Taiwan" from the Taiwan Institute of Directors and the Corporate Development Research Center. The Company adheres to the concept of honest management and actively strengthens corporate governance to safeguard the interests of stakeholders. It has established compensation, audit and risk, and investment review committees to assist the Board of Directors in improving corporate governance performance, improving its supervisory functions and strengthening management functions. Every year, it is selected to be among the top companies in the corporate governance evaluation of all listed companies.

As the results of global elections have settled, the world has entered a new situation, which is the most challenging and most opportunity-filled era. 2025 is still full of uncertainties and risks, with the global situation moving towards trade protectionism and deglobalization. However, as business opportunities such as AI applications continue to emerge, it is also a year of turning point in the crisis. Therefore, the company has launched various operational plans based on the principle of "great times, great opportunities, great challenges, and building a resilient team". The operational priorities for 2025 are as follows:

- Facing great times, great opportunities and great challenges, such as global tariff and trade protection disputes, exchange rate fluctuations, supply chain risks, rising costs and expenses, and artificial intelligence digital security, we will empower all employees to add value and build a resilient executive team.
- Continue to promote digital transformation and accelerate the application of artificial intelligence to help improve productivity and reduce costs and increase efficiency.
- Accelerate the application and development of new products with advanced technologies and improve yield, thereby expanding the cost advantage of mass production.
- Steady governance and sustainable development, taking into account the requirements of all parties and investment returns, and achieving the company's long-term goals step by step.
- Focus on pursuing high-growth market opportunities, meeting customer requirements, and consolidating the company's leadership position.

Looking to the future, no matter how the world changes, we will always remain consistent, focusing on product technology application development, meeting customer requirements with service and quality, empowering all employees to add value, and effectively reducing costs and fees. TXC Corporation will continue to strengthen its organizational operational resilience

and comprehensively enhance its overall competitiveness, focusing on AI applications, 6G/5G/WiFi next-generation transmission communications, automotive electronics markets, high-speed computing, etc., which will drive the unlimited business opportunities in the electronic frequency component industry. Therefore, in 2025, the company will continue to set revenue and profit growth targets in high-growth markets.

Thank you to all shareholders for your long-term support and care. TXC Corporation will continue to push product technology development and corporate operational governance to a higher level, providing colleagues, customers, suppliers, partners and investors with better and more valuable development opportunities. We are willing to develop and pursue growth together with everyone, continue to examine and measure the current situation, strive to maintain resilience, fight to overcome adversity, and implement discipline to achieve continuous improvement in overall competitiveness and the vision of "becoming a top enterprise with excellent performance and sustainable operation.".

Chairman and CEO : **Lin, Wan-Shing**

President : **Kuo, Ya-Ping**

## Chapter 2 Company Governance

### I. Documents of directors, president, vice presidents, associate vice presidents, and managers of each departments and divisions

#### (I) Directors

##### 1. Director Information

March 29, 2025

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Lin, Wan-Shing	R.O.C	Male  71~80	2022/05/31	1989/11/05	5,030,722	1.62%	5,030,722	1.47%	75,991	0.02%	0	0%	Master in Management, National Taiwan University of Science and Technology Director and President of TXC Corporation Chairman and CEO of TXC Corporation	Chairman and CEO of TXC Corporation Chairman of TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED Juristic-person director representative of TXC JAPAN CORPORATION LTD Chairman of TAIWAN CRYSTAL TECHNOLOGY(HK) LTD Corporation Juristic-person director representative of TXC (NINGBO) CORPORATION Juristic-person director representative of TXC (CHONGQING) CORPORATION Juristic-person director representative of Chongqing All Suns Company Limited Supervisor of Ningbo Longying Semiconductor Co., Ltd Chairman of Tai-Shing Electronics Components Corporation Chairman of Liang Shing EcLife Corp. Juristic-person director representative of RFIC TECHNOLOGY CORPORATION Juristic-person director representative of DEPO Auto Parts Ind. Co., Ltd. Supervisor of Piezoelectric Crystal Industries Association of Taiwan

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Director Lin, Jin-Bao	R.O.C	Male 71~80	2022/05/31	1989/11/05	5,987,263	1.93%	5,847,263	1.70%	163	0%	0%	0%	MBA, West Texas A&M University, USA Chairman and Founder of TXC Corporation	DIRECTOR OF TXC CORPORATION AND MEMBER OF INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION DIRECTOR OF TAI-SHING ELECTRONICS COMPONENTS CORPORATION DIRECTOR OF LIANG SHING ECLIFE CORP JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF HANTIC PRECISION TECHNOLOGY , INC JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF GALLOP WAVE INC. DIRECTOR OF PIEZOELECTRIC CRYSTAL INDUSTRIES ASSOCIATION OF TAIWAN
Director Kuo, Ya-Ping	R.O.C	Male 51~60	2022/05/31	2019/06/12	430,000	0.14%	258,000	0.08%	0	0%	0	0%	Boston University ,MBA Executive Deputy Vice President and Deputy Vice President of Management Center of TXC Corporation Director and President of TXC Corporation	DIRECTOR AND PRESIDENT OF TXC CORPORATION JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF TXC JAPAN CORPORATION LTD

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Director Chen Chueh, Shang-Hsin	R.O.C	Male 71~80	2022/05/31	2010/06/15	298,212	0.10%	298,212	0.09%	0	0%	0	0%	Master of management, Zhejiang University Director and Vice President of TXC Corporation Director and Deputy CEO of TXC Corporation	DIRECTOR OF TXC CORPORATION CHAIRMAN OF TXC (NINGBO) CORPORATION CHAIRMAN OF TXC (CHONGQING) CORPORATION CHAIRMAN OF TETC CORP. NINGBO JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF PT TXC TECHNOLOGY INDONESIA JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF CHONGQING ALL SUNS COMPANY LIMITED SUPERVISOR OF NINGBO JINGYU COMPANY LIMITED JURISTIC-PERSON DIRECTOR REPRESENTATIVE AND VICE CHAIRMAN OF NINGBO LONGYING SEMICONDUCTOR CO., LTD CHAIRMAN OF NINGBO XINGMAO ELECTRONIC TECHNOLOGY CO., LTD JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF TAI-SHING ELECTRONICS COMPONENTS CORPORATION
Director Huang, Hsiang-Lin	R.O.C	Male 51~60	2022/05/31	2019/06/12	3,789,399	1.22%	3,379,399	0.99%	0	0%	0	0%	State University of New York at Albany, Master of Business Administration (MBA) Assistant Vice President of Marketing Center of TXC Corporation Juristic-person director representative and President of TETC CORP. NINGBO	DIRECTOR OF TXC CORPORATION JURISTIC-PERSON DIRECTOR REPRESENTATIVE AND PRESIDENT OF TETC CORP. NINGBO
Director Hsu, Hsing-Hao	R.O.C	Male 41~50	2022/05/31	2019/06/12	3,006,352	0.97%	3,730,352	1.08%	1,085,299	0.32%	308,026	0.09%	M.S. degree - Electrical and Computer Engineering, Colorado State University Chairman of Kang-Shuo Investment Corporation R&D Manager of K&H MFG. CO., LTD.	DIRECTOR OF TXC CORPORATION AND MEMBER OF INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION DIRECTOR OF GOLDEN BIOTECHNOLOGY CORPORATION CHAIRMAN OF KANG-SHUO INVESTMENT CORPORATION DIRECTOR OF K&H MFG. CO., LTD.



Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Director TLC Capital Co.,LTD	-	-	2022/05/31	2010/06/15	1,977,991	0.64%	1,977,991	0.58%	0	0%	0	0%	Director of TXC Corporation	DIRECTOR OF TXC CORPORATION AND MEMBER OF INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION
Representative Peng, Chih-Chiang	R.O.C	Male 51~60			0	0%	0	0%	0	0%	0	0%	Ph. D. of National Chiao Tung University Institute of Management of Technology Master of institute of industrial engineering of University of Pittsburgh	

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Yu, Shang-Wu	R.O.C	Male 61~70	2022/05/31	2007/06/13	0	0%	0	0%	0	0%	0	0%	Ph.D., Birmingham University Dean of School of Business Administration, Jingwen University of Science and Technology Chair Professor and Dean of the School of Management and Chinese, Yuanpei University of Medical Technology Professor, Director, Dean of Information Management Department of National Taiwan University of Science and Technology Vice President and Dean of School of Management, Tungnan University Distinguished Professor and Dean of School of Information, Takming University of Science and Technology Director (public stock representative) of First Financial Holdings (Shares) Co., Ltd. Juristic-person director representative of the First Bank Juristic-person director representative of International Express Securities Co., Ltd. Public welfare director of the Taiwan Stock Exchange (assigned by the Financial Supervisory Commission) Independent Director of Taisun Int'l (Holding) Corp. Supervisor of Taiwan Economy Research Institute	PROFESSOR, MING CHI UNIVERSITY OF TECHNOLOGY COLLEGE OF MANAGEMENT AND DESIGN INDEPENDENT DIRECTOR OF VISGENEER INC. INDEPENDENT DIRECTOR OF GENESYS LOGIC, INC. INDEPENDENT DIRECTOR OF TXC CORPORATION CONVENOR OF REMUNERATION COMMITTEE OF TXC CORPORATION CONVENOR OF AUDIT AND RISK COMMITTEE OF TXC CORPORATION MEMBER OF INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Tsai, Song-Qi	R.O.C	Male 71~80	2022/05/31	2013/06/19	0	0%	0	0%	0	0%	0	0%	PhD in Accounting, Shanghai University of Finance and Economics Master of Business Administration, National Chengchi University Vice Chairman of KMPG Taiwan Director and CSO of KMPG Taiwan The chief accountant of the Taiwanese Business Group in Mainland China of KMPG Taiwan Director of e-Force Taiwan Co., Ltd. Supervisor of Phalanx Biotech	ADJUNCT PROFESSOR OF ACCOUNTING, NATIONAL DONG HWA UNIVERSITY CHAIRMAN OF EMCC HUMAN CAPITAL SOLUTIONS INC CHAIRMAN OF DAMING INVESTMENT DEVELOPMENT CO., LTD. CHAIRMAN OF SHANGAI MANAGEMENT CONSULTING CO., LTD. CHAIRMAN OF DISCOVERY FORMOSA INTERNATIONAL INC. CHAIRMAN OF ZHISHIMEI CO., LTD. INDEPENDENT DIRECTOR OF TXC CORPORATION MEMBER OF REMUNERATION COMMITTEE, AUDIT AND RISK COMMITTEE AND INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION
Independent Director Su, Yan-Syue	R.O.C	Female 51~60	2022/05/31	2016/06/07	0	0%	0	0%	0	0%	0	0%	Master in Industrial Management of Carnegie Mellon University, USA CIO and senior Senior VP of PEGATRON Corporation CIO of ASUSTek Computer Inc. Manager Director of UBS Independent Director of Zhong Yang Technology Co., Ltd Independent Director of AUO Corporation Juristic-person director representative of Kinsus Interconnect Technology Corp. Representer of Yongyu Investment Director of eslite Foundation for Culture and the Arts	JURISTIC-PERSON DIRECTOR REPRESENTATIVE OF SPOTFILMS CO., LTD. INDEPENDENT DIRECTOR OF ESLITE SPECTRUM CORPORATION INDEPENDENT DIRECTOR OF COWELL E HOLDINGS INC INDEPENDENT DIRECTOR OF UNIVERSAL CEMENT CORPORATION INDEPENDENT DIRECTOR OF ASROCK INCORPORATION INDEPENDENT DIRECTOR OF TXC CORPORATION CONVENOR OF INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION MEMBER OF REMUNERATION COMMITTEE, AUDIT AND RISK COMMITTEE AND INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Wang, Chuan-Fen	R.O.C	Female  51~60	2022/05/31	2016/06/07	0	0%	0	0%	0	0%	0	0%	Master in Law of Columbia University, USA  Legal Master of Naitonal Taiwan Universtiy  International Associate of Simpson Thacher & Bartlett LLP  Associate Attorney of Lin & Liu International Law Office	PARTNER OF CHEN & LIN LAW FIRM INDEPENDENT DIRECTOR OF LOTUS PHARMACEUTICAL CO., LTD. INDEPENDENT DIRECTOR OF O-BANK CO., LTD. INDEPENDENT DIRECTOR OF TXC CORPORATION MEMBER OF REMUNERATION COMMITTEE, AUDIT AND RISK COMMITTEE AND INVESTMENT REVIEW COMMITTEE OF TXC CORPORATION

When the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or relatives of each other, the reasons, rationality, necessity, future improvement measures and other relevant information shall be stated:

The CEO of the company is responsible for the planning and implementation of the company's long-term business development strategy, the overall management of the group's business team and reporting to the board of directors, while the president is responsible for the planning and management of the daily operation of each plant area. The chairman of the board of directors of the company also serves as the CEO. The company is expected to plan and implement the company's long-term business development strategy in the direction of the concept of sustainable operation, and clearly divide the functions and powers of the chairman, the CEO and the president. In addition, the number of independent directors of the company is more than 4, and more than half of the directors are not employees or managers, so as to enhance the independence of the board of directors.

2. Major Shareholders of the Corporate Shareholders

March 29, 2025

Name	Major Shareholder	Share (%)
TLC Capital Co., LTD	United Microelectronics Corporation	100%

3. Major Shareholders are Corporate Shareholders

March 29, 2025

Name	Major Shareholder	Share (%)
United Microelectronics Corporation	JPMorgan Chase Bank, N.A. acting in its capacity as depositary and representative to the holders of ADRs	4.85
	Hsun Chieh Investment Co., Ltd.	3.52
	Capital TIP Customized Taiwan Select High Dividend Exchange Traded Fund	2.48
	Silicon Integrated Systems Corp.	2.13
	Taiwan Life Insurance Co, Ltd.	1.76
	Yann Yuan Investment Co., Ltd.	1.54
	China Life Insurance Co, Ltd.	1.54
	New Labor Pension Fund	1.47
	Citibank Taiwan in custody for Government of Singapore	1.21
	Yuanta/P-shares Taiwan Dividend Plus ETF	1.15

Note1: Names of the major shareholders (who shareholding percentage shall be top 10) of the corporate shareholders and its shareholding percentage.

Note 2: The ex-dividend date of the year is on April 1, 2024.

#### 4. Training of the Directors

Title	Name	On-Board Date	Training Date		Organizer	Course	Hour
			From	To			
Director	Lin, Wan-Shing	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Director	Lin, Jin-Bao	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Director	Kuo, Ya-Ping	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Director	Chen Chueh, Shang-Hsin	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Director	Huang, Hsiang-Lin	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Director	Hsu, Hsing-Hao	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Director	TLC Capital Co.,LTD (Peng, Chih-Chiang)	2022/05/31	2024/02/22	2024/02/22	Taiwan Corporate Governance Association	On the Tax Management of Intellectual Property Rights from the Perspective of Corporate Governance	3
			2024/03/01	2024/03/01		How Audit Committees Interpret and Use the Audit Quality Index (AQI)	3
			2024/04/26	2024/04/26	Corporate Operating and Sustainable Development Association	Challenges and business thinking of Taiwanese companies in turbulent times	3
Independent Director	Yu, Shang-Wu	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Independent Director	Tsai, Song-Qi	2022/05/31	2024/08/05	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
Independent Director	Su, Yan-Syue	2022/05/31	2024/07/09	2024/07/09	Taiwan Corporate Governance Association	Strategic thinking on group enterprise reorganization	3
			2024/08/05	2024/08/05		Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/10/01	2024/10/01	Independent Director Association Taiwan	【ESG Sustainability Forum】Win-win situation for environment and economy in 2024: Taiwan's ESG practice path	3

Title	Name	On-Board Date	Training Date		Organizer	Course	Hour
			From	To			
Independent Director	Wang, Chuan-Fen	2022/05/31	2024/03/13	2024/03/13	Taiwan Corporate Governance Association	Corporate Governance and Sustainable Development	1
			2024/04/09	2024/04/09		Circular Economy Benefits and Sustainable Finance Business Opportunities	2
			2024/08/05	2024/08/05		Sustainability trends that directors must be aware of and review of sustainability reports	3
			2024/08/12	2024/08/12		TCFD & SBTi Development and Directors' Responsibilities	3
			2024/10/02	2024/10/02		Anti-money laundering and combating terrorist financing	2

## 5. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Qualification Name	Professional qualifications and experience	Independence (two years before election and during term of office)	Number of independent directors serving concurrently as other public companies
Chairman Lin, Wan-Shing	Graduated from the Institute of Business Administration, National Taiwan University of Science and Technology, served as the company's vice chairman (1989-1992), president (1992-2019) and the 15 <sup>th</sup> chairman of the Republic of China Industrial and Commercial Construction Research Association. He has worked in the field of quartz crystal for more than 30 years, leading the company's industrial upgrading and the goal of becoming a global company, enabling the company's operating scale to continue to grow steadily. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> <li>1. Currently serve as the CEO of the company and a director with the status of a manager.</li> <li>2. The director of related companies (100% subsidiary) of the company.</li> <li>3. The relative relationship with Mr. Lin Jin-Bao, a director of the company, is within the second degree of kinship.</li> <li>4. The chairman of the board of directors of associate and other associate.</li> <li>5. There is no one of the circumstances of Article 30 of the Company Act.</li> <li>6. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act.</li> </ol>	None
Director Lin, Jin-Bao	Graduated from West Texas A&M University with a master's degree in business management, he is the founder and first chairman of the company. He has been working in the field of quartz crystal since he started his career, and has a good reputation in the industry. He is the leading pioneer of Taiwan's quartz crystal industry. In 2001, he took over as the chairman of the company again. During his tenure, in addition to assisting the company to promote internationalization, he also integrated quartz crystal related technologies and markets with international manufacturers, and was committed to the integration of Taiwan's quartz crystal industry. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> <li>1. A director with employee status (consultant).</li> <li>2. The top ten individual shareholders of the company.</li> <li>3. The relative relationship with Mr. Lin Wan-Shing, the director of the company, is within the second degree of kinship.</li> <li>4. The director of the board of directors of associate and other associate.</li> <li>5. There is no one of the circumstances of Article 30 of the Company Act.</li> <li>6. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act.</li> </ol>	None
Director Kuo, Ya-Ping	Graduated from Boston University with a master's degree in business management, he is currently the general manager of the company. During his more than 20 years in the company, he served as the executive vice president of the company and the vice president of the management center, the vice president of the quality assurance center, and assistant vice president of the marketing center, the president of TXC Optec Corporation. He has an international outlook, the ability to judge the characteristics of globalized professional market competition and the ability to innovate and lead professional team development. He has rich experience in marketing, operation management and strategic planning, and has more than five years of work experience required for company business.	<ol style="list-style-type: none"> <li>1. Currently serve as the president of the company and a director with managerial status.</li> <li>2. The relative relationship with Ms.Kuo, Ya-Han, the vice president of the company, is within the second degree of kinship.</li> <li>3. There is no one of the circumstances of Article 30 of the Company Act.</li> <li>4. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act.</li> </ol>	None
Director Chen Chueh, Shang-Hsin	Graduated from Zhejiang University with a master's degree in management, he is currently the chairman of several subsidiaries of the company. He has served as deputy CEO and vice president for more than 20 years in the company, and continues to specialize in the marketing and business development of electronic components. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> <li>1. Served concurrently as the company's deputy CEO in the two years before the election (retired on 2021/12/31).</li> <li>2. The director of related companies (100% subsidiary) of the company.</li> <li>3. The chairman or director of associate, or the supervisor of other associate.</li> <li>4. There is no one of the circumstances of Article 30 of the Company Act.</li> <li>5. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act.</li> </ol>	None



Director Huang, Hsiang-Lin	He graduated from the State University of New York with a master's degree in business administration. He is currently the president of TETC CORP. NINGBO, a subsidiary of the company. During his 20 years in the company, he served as the assistant vice president and director of the company's marketing center, mainly responsible for market development and customer management in the Greater China region. He specialized in market strategy, brand marketing and customer service, with extensive experience in cross-industry and product business promotion, corporate competitiveness development and project planning team leadership capabilities. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> <li>1. Served concurrently as the company's assistant vice president in the two years before the election (retired on 2021/12/31).</li> <li>2. Acting as juristic-person director representative and president of related companies (100% subsidiary) of the company.</li> <li>3. There is no one of the circumstances of Article 30 of the Company Act.</li> <li>4. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act.</li> </ol>	None
Director Hsu, Hsing-Hao	Graduated from Colorado State University with a master's degree in Electromechanical Computer Engineering, focusing on the research of high-frequency circuit design. He used to be the marketing director of Chan-Yu Corporation, and is currently the director of Golden Biotechnology Corporation, the director of K&H MFG. CO., LTD. and the Chairman of Kang-Shuo Investment Corporation, specializing in software and hardware sales and R&D of laboratory teaching equipment and test instruments in different fields, with more than five years of work experience required for company business.	<ol style="list-style-type: none"> <li>1. There is no one of the circumstances of Article 30 of the Company Act.</li> <li>2. There is no case where the government, juristic-person director representative is elected as stipulated in Article 27 of the Company Act.</li> </ol>	None
Director TLC Capital Co.,LTD	It is a reinvestment company established by UMC in 2005. It has a strong management team and professionals, and provides high value-added services related to the operation and management of the invested company. It is a professional venture capital company. He was the director of Simplo Technology Co., Ltd., whose experience in corporate management can provide important advice on the company's operation and development.	<ol style="list-style-type: none"> <li>1. In the case of being elected as a juristic-person director representative as stipulated in Article 27 of the Company Act.</li> </ol>	None
Independent Director Yu, Shang-Wu	<p>Graduated from the University of Birmingham with a Ph.D. in Finance, served as Dean of School of Business Administration, Jingwen University of Science and Technology, Chair Professor and Dean of the School of Management and Chinese, Yuanpei University of Medical Technology Professor, Director, Dean of Information Management Department of National Taiwan University of Science and Technology, Vice President and Dean of School of Management, Tungnan University, Distinguished Professor and Dean of School of Information, Takming University of Science and Technology, Director (public stock representative) of First Financial Holdings (Shares) Co., Ltd., Juristic-person director representative of the First Bank, Juristic-person director representative of International Express Securities Co., Ltd., Public welfare director of the Taiwan Stock Exchange (assigned by the Financial Supervisory Commission), and Independent Director of Taisun Int'l (Holding) Corp.etc.</p> <p>He has been engaged in academic research for many years, specializing in corporate financial management and investment. Management and financing decision-making, etc., with professional qualifications for lecturers in public and private colleges and universities in relevant departments of business, finance and corporate business.</p>	<p>According to the company's articles of association and the "Corporate Governance Code of Practice", directors are selected through a candidate nomination system. When nominating and selecting board members, the company has confirmed that its own, spouse and relatives within the third degree are relative to the company. In addition, it has been verified that the four independent directors have complied with the "Regulations on the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Followed" and Article 14 of the Securities and Exchange Law in the two years before the election and during their tenure. According to the qualification requirements set out in 2, independent directors are empowered to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers, which meets the independence requirements.</p>	2

Independent Director Tsai, Song-Qi	Graduated from Shanghai University of Finance and Economics with PhD in Accounting, with a Master degree of Business Administration, National Chengchi University, and obtained professional qualifications and work experience as an accountant for more than 30 years, served at vice chairman of KMPG Taiwan, Director and CSO of KMPG Taiwan, the chief accountant of the Taiwanese Business Group in Mainland China of KMPG Taiwan;specializing in cross-strait financial and accounting business, and providing professional advice on cross-strait accounting affairs.	<p>According to the company's articles of association and the "Corporate Governance Code of Practice", directors are selected through a candidate nomination system. When nominating and selecting board members, the company has confirmed that its own, spouse and relatives within the third degree are relative to the company. In addition, it has been verified that the four independent directors have complied with the "Regulations on the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Followed" and Article 14 of the Securities and Exchange Law in the two years before the election and during their tenure. According to the qualification requirements set out in 2, independent directors are empowered to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers, which meets the independence requirements.</p>	None
Independent Director Su, Yan-Syue	Graduated from Carnegie Mellon University with a master's degree in industrial management, she was the chief investment officer and senior vice president of PEGATRON Corporation (2004-2013), chief investment officer of ASUSTek Computer Inc., managing director of UBS, and an independent director of AUO Corporation. She currently is an independent director of eslite spectrum Corporation, Cowell e Holdings Inc, UNIVERSAL CEMENT CORPORATION and ASROCK Incorporation, specializing in corporate finance, financial investment and industry research and analysis, with work experience required for business, finance, investment strategy and other businesses.		3
Independent Director Wang, Chuan-Fen	Graduated from Columbia University School of Law with a Master of Law, and obtained professional qualifications and work experience as a lawyer for more than 20 years. She has worked in Simpson Thacher & Bartlett LLP and Lin & Liu International Law Office. She is currently a partner of Chen & Lin Law Firm and an independent director of Lotus Pharmaceutical Co., Ltd.and O-Bank Co., Ltd., specializing in areas of expertise include securities transaction laws, company laws, corporate mergers and acquisitions law, fair trade law, e-commerce and cross-strait investment and technical cooperation and other related laws, for cross-border and local mergers and acquisitions, corporate group restructuring, overseas Domestic and foreign initial public offerings and fundraising, foreigners investing in Taiwan and setting up R&D and training centers, applying for government subsidies, establishing joint ventures, compliance with the Fair Trade Law and related applications, and even assisting clients in various commercial transactions and contract design, drafting and negotiating and general corporate legal consulting, working experience covering domestic and multinational corporate legal professional services in different industries.		2

## 6. Board Diversity and Independence

### (1) Board Diversity

The company carefully considers the configuration and diversity standards of the board of directors. The selection process of all directors is fair, open and impartial, in line with regulation of the company's "Articles of Incorporation ", "Director Selection Process" and "Code of Practice for Corporate Governance", and based on industry experience and professional ability, etc., to select those with the knowledge, skills and literacy required to perform their duties to serve as directors.

According to the "Code of Practice on Corporate Governance", the composition of the board of directors should consider diversity, and formulate an appropriate diversity policy based on its own operation, operation type and development needs. It should include but not limited to the following two standards:

1. Basic conditions and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The specific management objectives and achievement of the company's diversity policy are as follows:

Management Goals	Achievement
Directors are younger	Achieved
At least two female directors	Achieved

The members of the board of directors are diversified in industry, law, finance, accounting, investment management and operation management. The relevant professional fields are described in the following table:

The company has 3 directors with employee status, accounting for 27%; independent directors account for 36%; female directors account for 18%; the term of office of the 2 independent directors does not exceed 9 years; There are 1 persons aged 41-50, 5 persons aged 51-60, 1 persons aged 61-70, and 4 person aged 71-80; the directors of the company have different professional backgrounds, one seat each for members with professional backgrounds in law and accounting, and the other members also have financial, business and With rich experience and expertise in management and other fields, he can give professional advice to the company from different perspectives.

Due to the special nature of our products, it is difficult to find directors with professional qualifications. We have gradually planned to increase the number of female directors in the 2025 election, in order to gradually achieve the goal of 1/3 of the directors being either gender.

March 29, 2025

Diversity items  Name of director	Basic Component									Industry experience				Professional competence				
	Nationality	Gender	Work in TXC	Age				Independend directors Tenure of tenure			Electronic Technology Manufacturing	R & D Technology	Business Development	Finance and Investment and M & A	Accounting and Financial Analysis	Legal	Information Technology	Business Management
				41 ~ 50	51 ~ 60	61 ~ 70	71 ~ 80	<3	3~9	>9								
Lin, Wan-Shing	ROC	Male	V				V				V	V	V		V			V
Lin, Jin-Bao	ROC	Male	V				V				V	V	V		V			V
Kuo, Ya-Ping	ROC	Male	V		V						V		V		V			V
Chen Chueh, Shang-Hsin	ROC	Male					V				V	V	V		V		V	V
Huang, Hsiang-Lin	ROC	Male			V						V		V		V			V
Hsu, Hsing-Hao	ROC	Male		V							V	V					V	V
TLC Capital Co., TD (Peng, Chih-Chiang)	ROC	Male			V						V		V	V	V		V	V
Yu, Shang-Wu	ROC	Male				V				V			V	V	V		V	V
Tsai, Song-Qi	ROC	Male					V			V			V	V	V			V
Su, Yan-Syue	ROC	Female			V				V				V	V	V			V
Wang, Chuan -Fen	ROC	Female			V				V				V	V		V		V

## (2) Board independence

The board of directors of the company supervises the company's development strategy, supervises the management level, and is responsible to the company and shareholders. In all operations and arrangements of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws, the company's articles of association or the resolutions of the shareholders' meeting. The board of directors of the company emphasizes the functions of independent operation and transparency. Directors and independent directors are independent individuals and exercise their powers independently. The company attaches great importance to corporate governance, and has set up 4 independent directors, which exceeds the statutory target, accounting for 36% of all directors. The audit committee is composed of all independent directors. Independence and performance, the effective implementation of internal control, the company's compliance with relevant laws and regulations, and the management and control of the company's existing or potential risks, etc., the company has also established an investment review committee to strengthen the company's investment decision-making quality, implement investment review procedures and performance management, and To conduct research, deliberation and suggestions on the company's long-term investment strategy planning and major investment decisions. The purpose of setting up functional committees is to assist the board of directors to supervise the company's implementation of accounting, auditing, financial reporting processes and financial control, and the quality and integrity of investment decision to improve corporate governance performance.

After confirming the family relationship information sheet and independent director declaration provided by the director candidates, the directors of the company, Mr. Lin, Wan-Shing and Mr. Lin, Jin-Bao are relatives within the second degree of kinship, and none of the remaining directors are subject to Article 26-3 of the Securities and Exchange Act item 3 and item 4.

## (II) Documents of president, vice president, assistant vice president, and chief of divisions

March 29, 2025

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman and CEO Lin, Wan-Hsing	Male	R.O.C	1989/11/11	5,030,722	1.47%	75,991	0.02%	0	0%	Master in Management, National Taiwan University of Science and Technology Director and President of TXC Corporation Director and CEO of TXC Corporation	Chairman of TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED Juristic-person director representative of TXC JAPAN CORPORATION LTD Chairman of TAIWAN CRYSTAL TECHNOLOGY(HK) LTD Corporation Juristic-person director representative of TXC (NINGBO) CORPORATION Juristic-person director representative of TXC (CHONGQING) CORPORATION Juristic-person director representative of Chongqing All Suns Company Limited Supervisor of Ningbo Longying Semiconductor Co., Ltd Chairman of Tai-Shing Electronics Components Corporation Chairman of Liang Shing EcLife Corp. Juristic-person director representative of RFIC TECHNOLOGY CORPORATION Juristic-person director representative of DEPO Auto Parts Ind. Co., Ltd. Supervisor of Piezoelectric Crystal Industries Association of Taiwan	None	None	None
President Kuo, Ya-Ping	Male	R.O.C	2009/08/01	258,000	0.08%	0	0%	0	0%	Boston University ,MBA Executive Deputy Vice President and Deputy Vice President of Management Center of TXC Corporation Director and President of TXC Corporation	Juristic-person director representative of TXC JAPAN CORPORATION LTD	VP of Marketing	Kuo, Ya-Han	sister and brother
TXC (NGB) President Chao, Min-Chiang	Male	R.O.C	2012/01/01	16,437	0.00%	126	0%	0	0%	Ph.D., Naval Architecture & Ocean Engineering, National Taiwan University Engineer, Biomedical Engineering Center, ITRI Vice president of TXC Corporation President of TXC (NINGBO) CORPORATION President of TXC(SUB)	Juristic-person director representative of TXC (NINGBO) CORPORATION Juristic-person director representative and President of Ningbo Free Trade Zon Ding Kai Investment Management Company Juristic-person director representative of PT TXC TECHNOLOGY INDONESIA	None	None	None

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
TXC (CKG) President Chou, Chien-Fu	Male	R.O.C	2017/04/01	0	0%	0	0%	0	0%	Master of National Taiwan of Science and Technology Vice President of TXC Corporation President of TXC (CHONGQING) CORPORATION	Chairman of Chongqing All Suns Company Limited Chairman of ChongQing Dingsen Commercial Management Co.,Ltd	None	None	None
TETC CORP. (TETC) Presiden Huang, Hsiang-Lin	Male	R.O.C	2019/09/01	3,379,399	0.99%	0	0%	0	0%	State University of New York at Albany, Master of Business Administration (MBA) Assistant Vice President of Marketing Center of TXC Corporation Juristic-person director representative and President of TETC CORP. NINGBO	Juristic-person director representative of TETC CORP. NINGBO	None	None	None
PT TXC TECHNOLOGY INDONESIA TXC (SUB) President Chang, Chien-Tsung	Male	R.O.C	2012/01/01	0	0%	0	0%	0	0%	City University of Macau, MBA Vice President of TXC Corporation President of PT TXC TECHNOLOGY INDONESIA TXC (SUB)	Supervisor of TXC (NINGBO) CORPORATION Juristic-person director representative of TXC (CHONGQING) CORPORATION Juristic-person director representative and President of PT TXC TECHNOLOGY INDONESIA	None	None	None
TXC (CKG) Executive Vice President Yu, Fang-Ming	Male	R.O.C	2012/01/01	53,952	0.02%	0	0%	0	0%	Department of Electronic Engineering, Oriental Insitute of Technology Vice President of TXC Corporation Executive Vice President of TXC (CHONGQING) CORPORATION	-	None	None	None
Vice President Lin, Shi-Bo	Male	R.O.C	2011/01/31	6,932	0%	0	0%	0	0%	Master of Physics, UC, Riverside, USA Vice President of TXC Corporation	-	None	None	None
Vice President/ Chief Technology Officer (CTO) Cheng, Li-Wei (Note 2)	Male	R.O.C	2018/01/01	0	0%	0	0%	0	0%	Ph D., Materials Science and Engineering of National Tsing Hua University Vice President of TXC Corporation CTO of TXC Corporation	-	None	None	None

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President Kuo, Ya-Han	Female	R.O.C	2009/08/01	22,537	0.01%	0	0%	0	0%	West Coast University, MBA Assistant Vice President of TXC Corporation Vice President of TXC Corporation	Supervisor of TXC JAPAN CORPORATION Chairman and Juristic-person director representative of TXC EUROPE GMBH	President	Kuo, Ya-Ping	sister and brother
Vice President Su, Jing-Sheng	Male	R.O.C	2015/12/05	0	0%	0	0%	0	0%	Master of Department of Electrical Engineering, National Tsing Hua University Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
Assistant Vice President Lin, Su-fen	Female	R.O.C	2010/07/01	29,891	0.01%	0	0%	0	0%	Electrical Department of Kaohsiung Institute Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
Assistant Vice President Chen, Chiu-Lin	Male	R.O.C	2020/09/14	0	0%	0	0%	0	0%	Master of Department of Industrial Engineering of National Tsing Hua University Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
TXC (NGB) Vice President Liu, Hsu-Er (Note 3)	Male	R.O.C	2015/06/01	0	0%	0	0%	0	0%	Master of Department of Materials Science and Engineering, National Taiwan University Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
Assistant Vice President Su, Zhe-Ming	Male	R.O.C	2011/01/31	13,054	0.00%	0	0%	0	0%	Department of Electrical Engineering, National Taiwan Ocean University Assistant Vice President of TXC Corporation	-	None	None	None
Chief Engineer (Assistant Vice President) Chang, Qi-Zhong	Male	R.O.C	2006/04/01	18,929	0.01%	2,000	0%	0	0%	Executive Master of Business Administration, EMBA National Chiao Tung University College of Management Chief Engineer of TXC Corporation	-	None	None	None



Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President / Deputy CTO Chiu,Chih-Hung	Male	R.O.C	2019/06/01	9,000	0.00%	0	0%	0	0%	Master of Executive Master of Business Administration Deputy CTO of TXC Corporation	-	None	None	None
Deputy CTO Pao,Shih-Yung	Male	R.O.C	2019/06/01	0	0%	0	0%	0	0%	Ph.D of National Taiwan University Institute of Applied Mechanics Deputy CTO of TXC Corporation	-	None	None	None
Assistant Vice President Chen, Ming	Male	R.O.C	2023/10/01	0	0%	0	0%	0	0%	Master of Business Administration of DREXEL UNIVERSITY Assistant Vice President of TXC Corporation	-	None	None	None
Chief Financial Officer (CFO) / Vice President Hong, Guan-Wen	Female	R.O.C	2003/03/11	128,805	0.04%	0	0%	0	0%	MBA, National Taipei University CFO of TXC Corporation	Director of Win win precision technology	None	None	None

When the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or relatives of each other, the reasons, rationality, necessity, future improvement measures and other relevant information shall be stated:

The CEO of the company is responsible for the planning and implementation of the company's long-term business development strategy, the overall management of the group's business team and reporting to the board of directors, while the president is responsible for the planning and management of the daily operation of each plant area. The chairman of the board of directors of the company also serves as the CEO. The company is expected to plan and implement the company's long-term business development strategy in the direction of the concept of sustainable operation, and clearly divide the functions and powers of the chairman, the CEO and the president. In addition, the number of independent directors of the company is more than 4, and more than half of the directors are not employees or managers, so as to enhance the independence of the board of directors.

Note 1: Mr. Chang, Chien-Tsung was appointed as the President of PT TXC TECHNOLOGY INDONESIA on September 1, 2024.

Note 2: Mr. Chu, Chih-Hsun, as Vice President and CTO retired on December 31, 2024 ; Mr. Cheng, Li-Wei was appointed as Vice President and CTO on January 1, 2025.

Note 3: Mr. Liu, Hsu-Er was appointed as Vice President of TXC (NGB) on January 1, 2025.

## II. Remuneration and Compensation Paid to Directors, and President and Vice President

### (I) Remuneration Paid to Directors

December 31, 2024 Unit: Shares, NT\$ 1,000

Title Name	Director's Remuneration								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Compensation Earned by a Director Who is an Employee								Total Compensation A+B+C+D+E+F+G) and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)
	Base Compensation(A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Compensation to Employees (G) (Note 6)						
	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC		From All Consolidated Entities (Note 7)		From TXC	From All Consolidated Entities (Note 7)	
															Cash	Stock	Cash	Stock			
Chairman and CEO Lin, Wan-Shing	0	0	0	0	24,313	24,313	855	855	25,168 1.1775	25,168 1.1775	9,406	36,740	725	725	8,300	0	8,300	0	43,599 2.0398	70,933 3.3186	3,076
Director Lin, Jin-Bao																					
Director and President Kuo, Ya-Ping																					
Director Chen Chueh, Shang-Hsin																					
Director and TETC President Huang, Hsiang-Lin																					
Director Hsu, Hsing-Hao																					
Director TLC Capital Co.,LTD																					
Representative: Peng, Chih-Chiang																					

Title Name	Director's Remuneration								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Compensation Earned by a Director Who is an Employee								Total Compensation A+B+C+D+E+F+G) and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)
	Base Compensation(A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Compensation to Employees (G) (Note 6)						
	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC		From All Consolidated Entities (Note 7)		From TXC	From All Consolidated Entities (Note 7)	
															Cash	Stock	Cash	Stock			
Independent Director Yu, Shang-Wu	0	0	0	0	15,900	15,900	980	980	16,880 0.7897	16,880 0.7897	0	0	0	0	0	0	0	0	16,880 0.7897	16,880 0.7897	0
Independent Director Tsai, Song-Qi																					
Independent Director Su, Yan-Syue																					
Independent Director Wang, Chuan-Fen																					

- Please describe the independent director's remuneration payment policy, system, standards and structure, and describe the relationship with the amount of remuneration according to the responsibilities, risks, investment time and other factors:  
The company's directors' remuneration is handled in accordance with the company's articles of association, and reasonable remuneration is given in consideration of the company's operating results and its contribution to the company's performance; the procedure for setting remuneration is based on the company's "Directors and Managers Performance Evaluation Method" as the basis of evaluation. Follow, in addition to referring to the company's overall operating performance, future business risks and development trends of the industry, it also refers to the individual's performance achievement rate and contribution to the company's performance. The relevant performance appraisal and salary rationality are reviewed by the salary compensation committee and the board of directors. Review the remuneration system at any time depending on the actual operating conditions and relevant laws and regulations, in order to achieve a balance between the company's sustainable operation and risk control.  
  
The independent directors of the company are ex officio members of the remuneration, audit committee, and investment review committee. In addition to the remuneration paid to general directors, considering their responsibilities, risks, and investment time, etc., different reasonable remunerations are determined at their own discretion.
- In addition to the information disclosed in the table above, has any Director provided services to TXC Corporation and its subsidiaries and received compensation for such services (e.g. serving as a consultant that is not an employee): None.

Table of Remuneration Scale

Remuneration Paid to Directors	Director Names			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From TXC (Note 8)	From All Consolidated Entities (Note 9) H	From TXC (Note 8)	From All Consolidated Entities (Note 9) I
Less than NT\$1,000,000	Peng, Chih-Chiang	Peng, Chih-Chiang	Peng, Chih-Chiang	Peng, Chih-Chiang
NT\$1,000,000 –NT\$1,999,999				
NT\$2,000,000 –NT\$3,499,999	Lin, Jin-Bao, Kuo, Ya-Ping, Chen Chueh, Shang-Hsin, Huang, Hsiang-Lin, Hsu, Hsing-Hao, TLC Capital Co., LTD	Lin, Jin-Bao, Kuo, Ya-Ping, Chen Chueh, Shang-Hsin, Huang, Hsiang-Lin, Hsu, Hsing-Hao, TLC Capital Co., LTD	Chen Chueh, Shang-Hsin, Huang, Hsiang-Lin, Hsu, Hsing-Hao, TLC Capital Co., LTD	Hsu, Hsing-Hao, TLC Capital Co., LTD
NT\$3,500,000 –NT\$4,999,999	Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen	Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen	Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen	Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen
NT\$5,000,000 - NT\$9,999,999	Lin, Wan-Shing	Lin, Wan-Shing	Lin, Jin-Bao,	Lin, Jin-Bao,
NT\$10,000,000 - NT\$14,999,999			Lin, Wan-Shing, Kuo, Ya-Ping	Kuo, Ya-Ping, Huang, Hsiang-Lin
NT\$15,000,000 - NT\$29,999,999				Lin, Wan-Shing, Chen Chueh, Shang-Hsin
NT\$30,000,000 - NT\$49,999,999				
NT\$50,000,000 - NT\$99,999,999				
NT\$100,000,000 and above				
Total	12 persons (included 1 corporate director representative)	12 persons (included 1 corporate director representative)	12 persons (included 1 corporate director representative)	12 persons (included 1 corporate director representative)

- Note 1: Director names shall be listed separately (the shareholder name and representative shall be listed separately for corporate directors) and each payment amount shall be disclosed as a summary. If directors concurrently serve as president and vice presidents, list in this Table and Tables (3-1) or (3-2) below.
- Note 2: 2024 director remuneration (includes director salary, allowances, severance pay, various bonuses and incentives).
- Note 3: 2024 compensation to directors passed by the Board of Directors in 2025.
- Note 4: Related 2024 director allowances (including travel expenses, special expenses, all kinds of allowances, accommodations, substantive objects offered in the form of vehicles and etc.). If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration.
- Note 5: 2024 directors who concurrently hold positions in the company (including the president and vice presidents, other managers and employees) receive remunerations including salary, duty differential pay, severance pay, all kinds of bonuses, incentive pays, accommodations, and substantive objects offered in the form of vehicles. If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration.
- Note 6: 2024 directors concurrently hold positions in the Company (including the president and vice presidents, other managers and employees) who receive employee bonuses (including stock and cash) shall disclose the 2024 employee compensation amounts passed and distributed by the 2025 Board of Directors meeting. If estimation is not possible, calculate this year's proposed distribution amounts based on the actual percentages distributed for the previous year and list in Table 1-3.
- Note 7: The total of all compensation items from all consolidated entities (including the Company) paid to Company directors shall be disclosed.
- Note 8: The total of each of the remuneration items paid by the Company to each director are disclosed under the corresponding director name in the scale.
- Note 9: The total of each of the remuneration items paid by all consolidated entities to Company directors shall be disclosed under the corresponding director name in the scale.
- Note 10: Net Income refers to 2024 net income: Those who have adopted IFRS, net income refers to the net income in individual or separate financial reports for the most recent year.
- Note 11: a. This column shall clearly list the related remuneration amounts from reinvested companies other than subsidiaries.  
b. If Company directors receive remuneration from reinvested companies other than subsidiaries, the remuneration received by Company directors from reinvested companies other than subsidiaries is included in the Remuneration Scale column and the column is renamed All Reinvested Entities.  
c. Compensation and remuneration refers to the compensation and remuneration (employee, director and supervisor remuneration), business execution expenses and other related remuneration received by Company directors as directors, supervisors and managers of reinvested entities other than subsidiaries.

## (II) Compensation Paid to President and Vice Presidents

December 31, 2024 Unit: Thousand Shares, NT\$ 1,000

December 31, 2024															Unit: Thousand Shares; RMB 1,000	
Title	Name	Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation (A+B+C+D) and as a % of Net Income (Note 8)		Compensation Paid to Directors from Non-Consolidated Entities (Note 9)		
		From TXC	From All Consolidated Entities (Note 5)	From TXC	From All Consolidated Entities (Note 5)	From TXC	From All Consolidated Entities (Note 5)	From TXC		From All Consolidated Entities (Note 5)		From TXC	From All Consolidated Entities (Note 5)			
								Cash	Stock	Cash	Stock					
Chairman &CEO	Lin, Wan-Shing	23,911	33,995	2,290	2,290	9,476	47,179	27,200	0	27,200	0	62,877 2.9417	110,664 5.1775	1,389		
President	Kuo, Ya-Ping															
TXC(NGB) President	Chao, Min-Chiang															
TXC(CKG) President	Chou, Chien-Fu															
TETC President	Huang, Hsiang-Lin															
TXC(SUB) Vice President	Chang, chien-Tsung															
TXC(CKG) Executive Vice President	Yu, Fang-Ming															
Vice President	Lin, Shi-Bo															
Vice President	Cheng, Li-Wei															
Vice President/ Chief Technology Officer (CTO)	Chu,Chih-Hsun															
Vice President	Kuo,Ya Han															
Vice President	Su, Jing-Sheng															
Vice President	Lin, Su-fen															
Vice President	Chen,Chiu-Lin															
Chief Financial Officer (CFO) / Vice President	Hong, Guan-Wen															

Note: This is to fill in the remuneration information of managers above the deputy general manager at the end of 2024. For personnel changes, please refer to the general manager, deputy general manager, assistant manager, and supervisors of various departments and branches.

### Compensation Scale

Compensation Paid to Senior Executives	Names of Senior Executives	
	The Company (Note 6)	The Company in the financial report (Note 7) (E)
Less than NT\$1,000,000	Huang, Hsiang-Lin, Chang, Chien-Tsung	
NT\$1,000,000 –NT\$1,999,999	Chao, Min-Chiang, Chou, Chien-Fu	
NT\$2,000,000 –NT\$3,499,999	Yu, Fang-Ming, Chu, Chih-Hsun	
NT\$3,500,000 –NT\$4,999,999	Lin, Shi-Bo, , Chen, Chiu-Lin	Chu, Chih-Hsun,
NT\$5,000,000 - NT\$9,999,999	Lin, Wan-Shing, Kuo, Ya-Ping, Cheng, Li-Wei, Kuo, Ya Han, Su, Jing-Sheng, Lin, Su-fen, Hong, Guan-Wen	Chao, Min-Chiang, Chou, Chien-Fu, Huang, Hsiang-Lin, Chang, Chien-Tsung, Yu, Fang-Ming, Lin, Shi-Bo, Cheng, Li-Wei, Kuo, Ya Han, Su, Jing-Sheng, Lin, Su-fen, Chen, Chiu-Lin Hong, Guan-Wen
NT\$10,000,000 - NT\$14,999,999		Lin, Wan-Shing, Kuo, Ya-Ping
NT\$15,000,000 - NT\$29,999,999		
NT\$30,000,000 - NT\$49,999,999		
NT\$50,000,000 - NT\$99,999,999		
NT\$100,000,000 and above		
Total	15 persons	15 persons

- Note 1: The names of president and vice general presidents shall be listed separately (the shareholder name and representative shall be listed separately for corporate directors) and each payment amount shall be disclosed as a summary. If there are directors that concurrently serve as a president and vice general presidents, list in this Table and Tables (1-1) or (1-2) below.
- Note 2: Lists 2024 salary, allowances and severance pay for the general and vice general managers.
- Note 3: Lists 2024 president and vice general presidents bonuses, incentives, travel expenses, special expenses, all kinds of allowances, accommodations, substantive objects offered in the form of vehicles and other remuneration). If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration
- Note 4: Fill in the amount of employee remuneration (including stock dividends and cash) distributed by the board of directors in 2025. If it is impossible to estimate, calculate the proposed distribution amount for this year based on the actual distribution amount last year, and separately fill out the attached form 1-3.
- Note 5: The total of all compensation items from all consolidated entities (including the Company) paid to Company president and vice general presidents shall be disclosed.
- Note 6: The total of each of the remuneration items paid by the Company to each general and vice general manager shall be disclosed under the corresponding general manager and vice general manager names in the scale.
- Note 7: The total of each of the remuneration items paid by all consolidated entities (including the Company) to each general and vice general manager shall be disclosed under the corresponding president and vice general presidents' name in the scale.
- Note 8: Net Income refers to 2024 net income: Those who have adopted IFRS, net income refer to the net income in individual or separate financial reports for the most recent year.
- Note 9: a. This column shall clearly list the related remuneration amounts from reinvested companies other than subsidiaries.  
b. If Company general and vice general managers receive remuneration from reinvested companies other than subsidiaries, the remuneration received by Company directors from reinvested companies other than subsidiaries is included in Remuneration Scale Column E and the column is renamed All Reinvested Entities.  
c. Remuneration refers to the compensation and remuneration (employee, director and supervisor remuneration), business execution expenses and other related remuneration received by Company general and vice general managers serving as directors, supervisors and managers of reinvested entities other than subsidiaries.
- \* There are differences in the income concept in the remuneration information disclosed in this Table and income tax laws so this Table is used for information disclosure and not taxation purposes.
- \* Regardless of the position, those positions equivalent to President and Vice President (i.e.: President, CEO and Director) have all been disclosed.



### (III) Profit Sharing Distributed to Managers (Proposed 2025 Employee Profit Sharing Amounts)

December 31, 2024 Unit: Thousand Shares, NT\$

1,000

	Title	Name	Stock	Cash	Total	% of Net Income
Managers	Chairman and CEO	Lin, Wan-Shing	0	35,800	35,800	1.6749
	President	Kuo, Ya-Ping				
	Vice President	Lin, Shi-Bo				
	Vice President	Cheng, Li-Wei				
	Vice President	Kuo, Ya-Han				
	Vice President	Su, Jing-Sheng				
	Vice President	Lin, Su-Fen				
	Vice President	Chen, Chiu-Lin				
	Assistant Vice President	Su, Zhe-Ming				
	Chief Engineer (Assistant Vice President)	Chang, Qi-Zhong				
	Assistant Vice President/ Deputy CTO	Chiu, Chih-Hung				
	Deputy CTO	Pao, Shih-Yung				
	Assistant Vice President	Chen, Ming				
	Vice President / Chief Financial Officer (CFO)	Hong, Guan -Wen				

Note 1: Name and title of individuals shall be disclosed but earning distribution shall be disclosed in summarized form.

Note 2: Employee remuneration amounts (including stocks and cash) for managers passed by the 2025 Board of Directors meeting. If estimation is not possible, calculate this year's proposed distribution amounts based on the actual percentages distributed for the previous year. Net Income refers to 2024 net income: Those who have adopted IFRS, net income refers to the net income in individual or separate financial reports for the most recent year.

Note 3: The scope of application for managers is determined according to the rules set down in the March 27, 2003 Tai-tsai-cheng-san no. 0920001301 letters. The scope is as follows:

- (1) President and equivalent level personnel
- (2) Vice president and equivalent level personnel
- (3) Assistant vice president and equivalent level personnel
- (4) Financial department supervisor
- (5) Accounting department supervisor
- (6) Other persons handling company management affairs and with signature authority.

Note 4: If directors, presidents and vice presidents receive employee compensation (including stocks and cash), the compensation shall be listed in Table 1-2 and additionally in this Table.

Note 5: Fill in the information of the employee's remuneration received by the incumbent manager at the end of 2024. For personnel changes, please refer to the general manager, deputy general manager, assistant vice president,

supervisor of each department and branch.

**(IV) Remuneration by the Company to individual directors shall be disclosed under the following circumstances:**

1. Remuneration to individual directors shall be disclosed if there have been consecutive after-tax losses for the previous three year: None.
2. Remuneration to individual directors shall be disclosed in the event of insufficient director shareholdings for three consecutive months in the most recent year: None.
3. If there are directors with an average pledged share ratio of over 50% for any three months in the most recent years, the individual director(s) with the average pledged share ratio exceeding 50% for each of these months shall be disclosed: None.
4. If all Directors receive the directors' remuneration of all companies in the financial report accounting for more than 2% of the after tax net profit, and individual directors receive the remuneration of more than NT\$15 million: None.
5. Where the results of the corporate governance evaluation of a listed or OTC company in the most recent year are at the last level, or where the trading method has been changed, the trading has been stopped, or the listed and OTC company has been terminated in the most recent year and up to the date of printing the annual report, or where the approval of the corporate governance evaluation committee indicates that the company should not be evaluated: None.
6. This restriction shall not apply to full-time employees of a listed or OTC company whose average annual salary for the most recent year is less than NT\$500,000: None.
7. Listed and OTC companies whose net profit after tax increased by more than 10% in the most recent year, but the average annual salary of full-time employees who are not in supervisory positions did not increase compared with the previous year: None.
8. The after-tax profit and loss of listed companies in the most recent year has declined by 10% and exceeded NT\$5 million, and the average remuneration of each director (excluding part-time employee compensation) has increased by 10% and exceeded NT\$100,000: None.

**(V) Individually compare and explain the analysis of the remuneration paid to Company directors, president and vice presidents as a percentage of net income by the Company and all consolidated entities over the past two years and explain the remuneration payment policy, standard and mix, procedure for setting remuneration and operation performance and future risk correlation.**

1. Analysis of the proportion of remuneration paid to the company's directors, president and the proposed remuneration for directors, president and vice presidents of the company and the consolidated Entities in FY2024 increased by 6.61% and 18.17% respectively compared to the actual amounts in FY2023. The net profit after tax in FY2024 increased by approximately 24.73% compared to FY2023, so the proportion of total remuneration to net profit after tax decreased slightly.

Unit: %

Title	Remuneration as Percentage of Net Income			
	2023 (Note 1)		2024(Note 2)	
	From TXC	From All Consolidated Entities	From TXC	From All Consolidated Entities
Director	2.99	4.34	2.83	4.11
President and Vice President	3.86	5.46	2.94	5.18

Note 1 In 2024, the board of directors approved the distribution of the remuneration amount of directors, general manager, and deputy general manager in 2023. Therefore, the calculation of the proportion of total remuneration to after-tax net income in this column is the actual number.

Note 2 In 2025, the board of directors approved the distribution of the remuneration amount for directors, general manager, and deputy general manager in 2024. Therefore, the calculation of the proportion of total remuneration to net income after tax in the information in this column is the proposed number.

The remuneration of the Company's directors is determined by the Board of Directors in accordance with Article 19 of the Company's Articles of Association and in accordance with the evaluation indicators in the Company's "Board of Directors and Managers Performance Evaluation Methods". The Board of Directors, Board members, and Functional Committees are evaluated annually. The remuneration of directors is calculated based on the weight of their roles as chairman, convener and member of functional committees, and may be adjusted based on operating performance or director performance evaluation results.

The remuneration of managers in our company includes salary, bonus and employee remuneration. Salary is assessed in accordance with the "Salary Management Regulations", with reference to the industry and market standards, and taking into account items such as job title, job grade, education (experience), professional ability and responsibilities. Bonuses and employee remuneration are highly linked to performance. Managers must set performance goals based on annual strategies. Performance evaluation items are divided into two major categories: (1) Financial indicators: allocated according to the profit contribution of each department to the company, and taking into account the manager's target achievement rate; (2) Non-financial indicators: two major parts such as the practice of the company's core values and operational management capabilities, and participation in sustainable development (ESG). The performance evaluation indicators for sustainable operations include: comprehensive consideration of the achievement of climate change mitigation and adaptation-related goals (ISO 14064 greenhouse gas inventory and assurance for subsidiaries, ISO 14067 carbon footprint verification for products, ISO 50001 verification for energy management systems, etc.), issuance of sustainability reports, etc., accounting for 10% of the overall assessment. The Company will consider the annual operating performance, financial status, and operating conditions, follow the "Bonus Distribution Operation Method" and "Employee Remuneration Distribution Method", and use the performance evaluation results implemented in accordance with the "Performance Evaluation Management Method" as the basis for issuing manager bonuses and employee remuneration. After review by the Remuneration Committee, the results will be submitted to the Board of Directors for approval. The remuneration system will be reviewed from time to time based on the actual operating conditions and relevant laws and regulations to seek a balance between the company's sustainable operation and risk control.

### III. Implementation of Corporate Governance

#### (I) Operation of the Board of Directors

In 2024, the Board of Directors had held 7 meetings (A), the attendance of which as follows:

December 31, 2024

Title	Name	Actual number of attendees (B)	Number of proxy attendees	Actual rate of attendance (%) [B/A]	Remarks
Chairman	Lin, Wan-Shing	7	0	100	
Director	Lin, Jin-Bao	6	1	86	
Director	Kuo, Ya-Ping	7	0	100	
Director	Chen Chueh, Shang-Hsin	7	0	100	
Director	Huang, Hsiang-Lin	7	0	100	
Director	Hsu, Hsing-Hao	7	0	100	
Director	TLC Capital Co., LTD (Peng, Chih-Chiang)	7	0	100	
Independent Director	Yu, Shang-Wu	7	0	100	
Independent Director	Tsai, Song-Qi	6	1	86	
Independent Director	Su, Yan-Syue	7	0	100	
Independent Director	Wang, Chuan -Fen	7	0	100	

Other items to be recorded:

1. The date, session, agenda, opinions of all independent directors and the Company's means of processing the opinions of independent directors shall be specified if one of the following circumstances occurred in the operation of the board of directors:
  - (1) Matters listed under Article 14-3 of the Securities and Exchange Act: Not applicable, since the Company has established an audit committee; matters listed under Article 14-5 of the Securities and Exchange Act shall be applicable instead.
  - (2) Other board resolutions recorded and stated in writing with opposing or reserved opinions from independent directors other than those mentioned above: None; there was no opposing or reserved opinions of the period from the independent directors.
2. Directors' implementation on the avoidance of interest-related motions:
  - (1) Date: 2024/03/11
    - Agenda: remove of non-competition restrictions for directors.
    - Directors avoiding conflicts of interest: Director Su, Yan-Syue, Director Wang, Chuan -Fen
    - Reasons for the avoidance of conflict of interests and participation in voting: According to the provisions of Article 206, Paragraph 2 of the Company Law, Director Su, Yan-Syue, and Director Wang, Chuan -Fen are parties to the proposal. According to the rules of procedure of the board of directors, the parties shall withdraw from participation in discussions and voting.
    - Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection.
  - (2) Date: 2024/06/20
    - Agenda: Review the 2023 annual payment of employee compensation and directors' remuneration.
    - Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping
    - Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping, are the Company's managers, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
    - Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection.
  - (3) Date: 2024/06/20
    - Agenda: Review of salary adjustment proposals for managers
    - Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping
    - Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping, are the Company's managers, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
    - Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without

objection.

(4) Date: 2024/12/23

- Agenda: 2024 performance bonus amount
- Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping
- Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping, are the Company's managers, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
- Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection.

(5) Date: 2024/12/23

- Agenda: To approve the donation to TXC\_FOUNDATION
- Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Lin, Jin-Bao
- Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Lin, Jin-Bao are the TXC\_FOUNDATION's directors, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
- Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection

3. The interval and period of self-assessment (or peer assessment) made by the Board of Directors of the Company, the assessment scope, method, and content, and the implementation:

Interval	Period	Scope	Method	Content
Annually	January 2024 to December 2024	Board of Directors, individual members, and functional Committees (inclu. Remuneration Committee, Audit Committee, Investment Review Committee)	Board, functional committee assessment and board member self-assessment	<ul style="list-style-type: none"><li>● Board of Directors Performance evaluation content includes: the degree of participation in the Company's operations, the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, selection and appointment of directors and continuous education and internal control.</li><li>● Individual Director of Board of Directors Performance evaluation content includes: mastery of company goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc.</li><li>● Functional Committees The performance assessment of the Functional</li></ul>

Interval	Period	Scope	Method	Content
				<p>Committees and its individual members includes five major aspects: the degree of participation in the Company's operations, the awareness of duties of the Functional Committees, the decision-making quality of the Functional Committees, the composition and election of the Functional Committees, and internal control.</p> <p>● Assessment Results</p> <p>In 2024, the self-evaluation results of the company's board of directors and functional committees (including the salary and remuneration committee, audit committee and investment review committee) all reached 96 points or above, and there were no major improvement projects. They were reported to the board of directors on March 10, 2025. It also serves as a reference for the performance, remuneration and nomination for renewal of members of the Board of Directors and functional committees.</p>
Every three years	January 2022 to December 2022	Board of Directors	External professional institution	<p>Taiwan Institute of Ethical Business, a corporate legal person, evaluates the effectiveness of the board of directors through questionnaires and on-site visits on four major aspects and 24-question indicators including the professional functions of the board of directors, decision-making effectiveness, internal control, and sustainable management in 2022.</p> <p>● Assessment Results</p> <p>Most of the company's board of directors are elected as natural persons, and there are four independent directors, accounting for more than one-third of the board of directors. They all have different fields of expertise and can provide diversified opinions from different perspectives. By introducing a business continuity management (BCM) mechanism, board members can understand the risks and opportunities of the rated company, urge the management team to establish relevant risk response measures, and strengthen the board of directors' management and supervision of corporate risks. Establish a sustainability committee and set specific strategic goals for sustainable development and regularly report the implementation status to the board of directors. The company reported the evaluation results to the directors on March 6, 2023. Based on the recommendations of the Institute, the board of directors increased communication between board members and</p>

Interval	Period	Scope	Method	Content
				the manager team on daily business, overall planning and adjustment of the whistleblowing system as a way to continue to improve the functions of the board of directors.

4. The goals of the year and the most recent year on the strengthening of the board of directors' functions (such as establishing an audit committee, improving information transparency, etc.) and performance evaluation:
- (1) The company's board of directors is responsible for guiding the company's strategies, supervising the management and various operations and arrangements of the corporate governance system, being responsible to the company and the shareholders' meeting, and exercising its powers in accordance with the provisions of laws and the company's articles of association or the resolutions of the shareholders' meeting.
  - (2) The Company's first Audit and Risk Committee was duly established on June 19, 2013. It is responsible for reviewing the proper presentation of the Company's financial statements, the selection (dismissal), independence and performance of the Certified Public Accountant, and the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's control over existing or potential risks. Since the date the Audit and Risk Committee was established, the Audit and Risk Committee has invited Certified Public Accountant and related personnel to attend each meeting and participate in the discussion. The Audit and Risk Committee has convened 7 meetings in 2024. For details, please refer to the operation status of the audit committee in the annual report or the "Functional Committees" section of the company's website.
  - (3) The Company's first Remuneration Committee was established on December 28, 2011 to be responsible for formulating and periodically reviewing the performance assessment and remuneration policies, system, standards and structure for the directors and managers, regularly evaluating and setting the remuneration of the directors and managers, as well as completing annual assessment before the first quarter of the following year pursuant to the Company's "Performance Assessment Method for the Directors and Managers". There were 3 meetings in 2024, for details, please refer to the annual report on the operation of the salary and remuneration committee or the company's website.
  - (4) In order to strengthen the quality of the company's investment decision-making, implement investment review procedures and performance management, and conduct research, review and recommendations on the company's long-term investment strategic planning and major investment decisions, the investment review committee was established by resolution of the board of directors on May 7, 2020. Currently the second investment review committee, was nominated by the chairman of four independent directors, Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue and Wang, Chuan-Fen, and three directors, Lin, Jin-Bao, Hsu, Hsing-Hao and Peng, Chih-Chiang of TLC Capital Co., LTD, as members of the committee. The directors who attended the meeting passed the proposal to elect independent director Su, Yan-Syue as the convener without objection. In 2024, 1 meetings were held to review the operation status of the company's reinvestment business and financial investment planning. For details, please refer to the annual report on the operation of investment review committee or the "Functional Committees" section of the company's website.



## (II) Operation of the Audit and Risk Committee

### 1. Operations of the Audit Committee

The first Audit Committee of the Company was formally established on June 19, 2013, consisting of three independent directors, and elected independent director Yu Shangwu as convener. In order to strengthen corporate governance, an independent director seat was added during the shareholders' meeting re-election since 2016, and it was composed of four independent directors. On November 4, 2024, the Audit Committee and the Board of Directors passed a resolution to strengthen the Board of Directors' supervision of the Company's risk matters, and include the review of risk management policies, procedures and structures and the supervision of risk management implementation in the "Audit Committee" powers and responsibilities, and renamed it "Audit and Risk Committee". Meetings are held at least once a quarter. The committee is responsible for reviewing the appropriate presentation of the company's financial statements, the selection (dismissal) and independence and performance of certified public accountants, the effective implementation of the company's internal control, the company's compliance with relevant laws and regulations, and the control of the company's existing or potential risks. Its main duties and responsibilities are as follows:

- (1) To establish or modify the internal control system as prescribed in Article 14 of the Securities and Exchange Act;
- (2) To evaluate the effectiveness of the internal control system;
- (3) To establish or modify the procedures for material financial business behaviors such as acquiring or disposing assets, engaging in derivative commodity transactions, lending capital to others, endorsing or providing guarantees for others as prescribed in Article 36-1 of the Securities and Exchange Act;
- (4) Matters concerning the directors' personal interests;
- (5) Material assets or derivative commodities transactions;
- (6) Material capital lending, endorsement or provision of guarantees;
- (7) Offering, issuance or private placement of equity securities;
- (8) Appointment, dismissal or remuneration of Certified Public Accountant;
- (9) Appointment or dismissal of chief financial officer, chief accounting officer or chief audit executive;
- (10) Annual financial statements and semi-annual financial statements
- (11) Review risk management policies, procedures and structures and monitor the implementation of risk management
- (12) Other matters required by the Company or the competent authority.

In 2024, the Audit Committee had held 7 meetings (A), the attendance of which as follows:

Position	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Note
Independent Director	Yu, Shang-Wu	7	0	100	
Independent Director	Tsai, Song-Qi	6	1	86	
Independent Director	Su, Yan-Syue	7	0	100	
Independent Director	Wang, Chuan -Fen	7	0	100	

Other items to be recorded:

1. The date, session, agenda, resolution of the Audit Committee and the Company's means of processing the opinions of the Audit Committee shall be specified if one of the following circumstances occurred in the operation of the Audit Committee:

(1) Matters listed under Article 14-5 of the Securities and Exchange Act:

Meeting date (session)	Agenda	Resolutions and opinion of all
2024/03/11 (9 <sup>th</sup> meeting of the fourth session)	<ol style="list-style-type: none"> <li>1. Undertaking of Derivative Financial Commodities</li> <li>2. 2023 Business Report and Financial Statements</li> <li>3. 2023 Earnings Distribution</li> <li>4. 2023 Annual Accountant Independence and Performance Evaluation Review Case</li> <li>5. Internal Audit Report</li> <li>6. Accountants' internal control assessment opinions, the company's annual self-assessment report on the effectiveness of the internal control system and the statement of the internal control system</li> <li>7. Approved to entrust Deloitte Taiwan to conduct the lighthouse factory maturity assessment case</li> </ol>	Approved by all independent director; it was sent to the board of directors for resolution without any approval by the audit committee and more than two-thirds of all director
2024/04/15 (10 <sup>th</sup> meeting of the fourth session)	<ol style="list-style-type: none"> <li>1. To handle cash capital increase and issuance of common shares through private placement.</li> </ol>	
2024/05/06 (11 <sup>th</sup> meeting of the fourth session)	<ol style="list-style-type: none"> <li>1. Undertaking of bank credit extensions and derivative financial commodities</li> <li>2. Q1 / 2024 financial statements</li> <li>3. TXC (NGB) Capacity Expansion</li> <li>4. Internal Audit Report</li> </ol>	
2024/06/20 (12 <sup>th</sup> meeting of the fourth session)	<ol style="list-style-type: none"> <li>1. The price setting and other related matters for the company's first private placement of common shares in 2024</li> <li>2. TXC Corporation information software and hardware capacity expansion</li> </ol>	
2024/08/05 (13 <sup>th</sup> meeting of the fourth session)	<ol style="list-style-type: none"> <li>1. Internal audit Report</li> <li>2. Undertaking of bank credit extensions and derivative financial commodities</li> <li>3. Q2/ 2024 financial statements</li> <li>4. TXC's capital expansion</li> <li>5. TXC's subsidiary TETC CORP. NINGBO construction progress and capacity expansion</li> </ol>	
2024/11/04 (14 <sup>th</sup> meeting of the fourth session)	<ol style="list-style-type: none"> <li>1. Internal audit report</li> <li>2. Undertaking of bank credit extensions and derivative financial commodities</li> <li>3. The change of the company's certified accountant and accountant's independence assessment case</li> <li>4. Q3 / 2024 financial statements</li> <li>5. Apprived the company's "Audit Committee" was renamed as "Audit and Risk Committee" and the "Audit and Risk Committee Organizational Rules" were revised</li> </ol>	

2024/12/23 (15 <sup>th</sup> meeting of the fourth session)	1. To approve the donation to TXC_FOUNDATION 2. 2025 annual review on the accountant fees 3. TXC's subsidiary TETC CORP. NINGBO's capacity expansion plan 4. 2025 annual business plan and annual budget 5. Internal audit report 6. To approve the establishment of the "Internal Control System - Sustainable Information Management" proposal 7. To revise the "Internal Control Self-Assessment Operating Procedures" 8. 2025 annual audit plan 9. The appointment of the company's "Internal Audit Supervisor" 10. The company's operational risk management policy and implementation procedures	
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- (2) Except for the foregoing, other matters that were not approved by the Audit Committee but were approved by more than two-thirds of all directors: None.

2. Implementation of the independent directors' avoidance of motion with conflict of interests (please specify the independent director's name, content of the motion, reasons for the avoidance of conflict of interests, and participation in voting): None.

3. Communication between the independent directors and chief audit executive and accountant (include major topics, methods and results relating to the Company's financial and business status that shall be communicated) :

- (1) There are channels of direct contact between the independent directors and chief audit executive and the Certified Public Accountant and the communication condition is good;
- (2) The Company convenes the Audit and Risk Committee meeting on regular basis, which will invite accountant, chief auditing executive to attend and invite related supervisors to attend if necessary.
- (3) The chief audit executive submits aggregated auditing report to the Audit and Risk Committee on monthly basis according to the annual audit plan.
- (4) Evaluate the performance and independence of the accountant annually and submit to the Audit and Risk Committee for review. The 2024 annual evaluation on the accountant's performance and independence was approved by the Audit and Risk Committee on March 10, 2025 and submitted to the Board of Directors. Please visit the Company's website for the assessment results.
- (5) Main communication matters in 2024:
  - a. An excerpt of the communication between the independent directors and the accountants is as follows:

Date	Independent Director	Accountant	Communication Focus	Communicate Results
2024/03/11 (audit committee)	Yu, Shang-Wu Tsai, Song-Qi Su, Yan-Syue Wang, Chuan -Fen	Hsieh, Ming-Chung	2023 annual audit conclusion and regulatory update report	After review by the Audit Committee, all independent directors have no objections.
2024/11/04 (individual meeting)	Yu, Shang-Wu Su, Yan-Syue Wang, Chuan -Fen	Hsieh, Ming-Chung Peng, Yi-Hua	2024 Key Audit Matters and Regulations Update Report	

- b. An excerpt of the communication between the independent directors and the Audit supervisor is as follows:

Date	Independent Director	Audit Supervisor	Communication Focus	Communicate Results
2024/11/04 (individual meeting)	Yu, Shang-Wu Su, Yan-Syue Wang, Chuan -Fen	Chin, Yun-Hsi	Discuss the direction of formulating the "Sustainable Information Management Internal Control System Operation Guidelines"	Based on the results of the meeting, the independent directors agreed to formulate the "Sustainable Information Management Internal Control System Operating Procedures" and propose it to the next board meeting.  Audit Supervisor: Perform work according to the directors' suggestions.

4. Annual key functions and operations:
- (1) Annual Key functions
    - a. Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
    - b. Communicate with CPA regularly over financial statement review or audit results in each quarter.
    - c. Review financial reports.
    - d. Assessment of the effectiveness of internal control system.
    - e. Review the hiring, dismissal, compensation and service matters concerning CPAs in advance.
    - f. Evaluate the independence of the CPA who provide audit and non-audit services.
    - g. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
    - h. Review risk management policies, procedures and structures and monitor the implementation of risk management
    - i. Legal compliance.
  - (2) 2024 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

### (III) Composition, duties, and operations of the Remuneration Committee

1. The company's board of directors set up the first Salary and Remuneration Committee and its organizational rules on December 28, 2011 in accordance with the regulations of the competent

authority. From the third term, the Board of Directors decided to appoint four independent directors. The fifth Remuneration Committee was composed of independent directors. Director Yu, Shang-wu was re-elected as convener and chairman of the meeting.

## 2. Information on the members of the Remuneration Committee

Position (Note 1)	Name\ Criteria	Professional qualifications and experience	Independence situation	Number of Other Public Companies Concurrently Serving as Member of Compensation Committee
Independent director	Yu, Shang-Wu	Please refer to the "Directors' Professional Qualifications and Information Disclosure of Independent Directors' Independence" table		2
Independent director	Tsai, Song-Qi			0
Independent director	Su, Yan-Syue			3
Independent director	Wang, Chuan -Fen			2

## 3. Remuneration Committee Operation Status

(1) The company's remuneration committee has 4 members.

(2) The current term of remuneration committee members is: May 31, 2022 to May 30, 2025. The Committee had held 3 meetings (A) in 2024. The member qualifications and attendance status is as follows:

Position	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Note
Independent director (Convenor)	Yu, Shang-Wu	3	0	100%	
Independent director	Tsai, Song-Qi	3	0	100%	
Independent director	Su, Yan-Syue	3	0	100%	
Independent director	Wang, Chuan-Fen	3	0	100%	

Other mentionable items:

(1) If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, the date of the board of directors meeting, term, content of motions, board resolution results and company handling of remuneration committee opinions (if the resolution passed by the board of directors exceeds the recommendations of the remuneration committee, the circumstances and cause of the difference shall be specifically stated): No such circumstances.

(2) If any committee member has an objection or qualified opinion together with a record or written statement regarding a remuneration committee resolution, the remuneration committee date, term, content of motions, all member opinions and how member opinions were handled: No such circumstances.

(3) The discussion of the remuneration committee and the handling of the company's opinions:

Meeting date (session)	Agenda	Resolutions and opinion of all members
2024/03/11 (5 <sup>th</sup> meeting of the fifth session)	1. Performance appraisal of board of directors (including functional committees) and managers in 2023 2. 2023 annual employee compensation and report on the distribution of directors' compensation	The Remuneration Committee Chairman consulted with all the present members and approved them without objection, and then sent them to the Board of Directors for approval.
2024/06/20 (6 <sup>th</sup> meeting of the fifth session)	1. Review of 2023 employee compensation and directors' compensation 2. Review of salary adjustment proposals for managers	

2024/12/23 (7 <sup>th</sup> meeting of the fifth session)	1. 2024 performance bonus payment amount 2. 2025 annual employee compensation and directors' compensation ratio 3. Review the appointment of senior managers	
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#### 4. Remuneration Committee duties

In accordance with the charter of the company's remuneration committee, the remuneration committee has the following duties and its recommendations are submitted to the board of directors for discussion:

- (1) Regular review on the charter and submission of amendment recommendations.
- (2) Determine and regular review the policies, system, standards and structure for company director and officer performance evaluations and remuneration.
- (3) Regularly evaluate the remuneration of company directors and officers.

The following principles must be followed before performance of the above remuneration committee duties:

- (1) Ensure the company's remuneration arrangements conform to related laws and are sufficient to attract talent.
- (2) Performance assessments and compensation levels of directors, supervisors and executive officers shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions and the compensation paid to employees holding equivalent positions in recent years. The evaluation should also cover the reasonableness of the correlation between the individual's performance and the company's operational performance and future risk exposure, with respect to the achievement of short and long-term business goals and the financial position of the company.
- (3) There shall be no incentive for directors or executive officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the company.
- (4) The percentage of the bonus to be distributed based on short-term performance and the time for payment of any variable compensation for directors and executive officers shall be determined based on industry characteristics and company business attributes.
- (5) A committee member may not enter into discussions or voting when the committee is deciding on that member's individual remuneration.
- (6) The decision making and handling of director and officer remuneration matters for subsidiaries is delegated to the subsidiary but requires the ratification of the company's board of directors. The company's remuneration committee is asked to submit recommendation before the matter is submitted to the board of directors for discussion.

Refer to the company website for more detailed information on the company's remuneration committee charter.

#### (IV) Composition, duties, and operations of the Investment Review Committee

1. In order to strengthen the quality of the company's investment decisions, implement investment review procedures and performance management, and conduct research, review and

recommendations on the company's long-term investment strategic planning and major investment decisions, the company established the Investment Review Committee through a resolution of the board of directors on May 7, 2020. The committee shall review the operating conditions and financial investment plans of the company's reinvested businesses respectively.

## 2. Information on the members of the Investment Review Committee

- (1) There are 7 members in the Company's Investment Review Committee.
- (2) The term of the current Investment Review Committee is from May 31, 2022 to May 30, 2025.

In 2024, the Investment Review Committee had held 1 meetings (A), the attendance of which as follows:

Position	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Note
Independent Director (Convenor)	Su, Yan-Syue	1	0	100	
Independent Director	Yu, Shang-Wu	1	0	100	
Independent Director	Tsai, Song-Qi	0	1	0	
Independent Director	Wang, Chuan -Fen	1	0	100	
Director	Lin, Jin-Bao	1	0	100	
Director	Hsu, Hsing-Hao	1	0	100	
Juristic-person director representative	Peng, Chih-Chiang	1	0	100	

## 3. Important resolutions of the Investment Review Committee

Meeting date (session)	Agenda	Resolutions and opinion of all
2024/11/04 (4 <sup>th</sup> meeting of the second session)	1. The operating status of the company and its subsidiaries' reinvested businesses	The Investment Review Committee Chairman consulted with all the present members and approved them without objection, and then sent them to the Board of Directors for approval.

## 4. Investment Review Committee duties

- (1) Review the company and its subsidiaries' external strategic investments, mergers and acquisitions (including mergers, acquisitions and divisions, etc.), and joint venture investment projects with others, and submit recommendations to the board of directors for discussion.
- (2) Review the company's and its subsidiaries' investments in new businesses, mergers and

acquisitions (including mergers, acquisitions, divisions, etc.), and joint venture investment projects with others, and submit recommendations to the board of directors for discussion.

- (3) Review the implementation status of existing investment projects every year.
- (4) Execute relevant affairs in accordance with the resolutions of the board of directors, and report the execution results and other related matters to the board of directors.
- (5) The company may purchase real estate not for business use and its right-of-use assets or securities in accordance with the provisions of Article 6, Paragraph 5 of the Procedure for Acquiring or Disposing of Assets, if the individual investment amount does not exceed NT\$50,000,000. If the accumulated balance does not exceed NT\$80,000,000 the convener of the Association shall be notified in advance and shall be reported to the Association afterwards.

Refer to the company website for more detailed information on the company's Investment Review Committee charter.



**(V) Corporate governance and variations with management principles of publicly-listed companies and reasons**

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Comply with General Guideline of public-listed companies and disclose company's practical guideline in corporate governance?	Yes		The company has formulated the Practical Guideline for Corporate Governance, and set up effective regulations governing corporate governance framework, protection of the rights and benefits of shareholders, strengthening the function of the board of directors, bringing up the function of the Auditing Committee, showing respect for the rights and benefits of the stakeholder, and enhancing the transparency of information. The Code of Corporate Governance Practice can be found on the company's website.	Comply with best-practice principles, no discrepancy
2. Company shareholding Structure and shareholders' rights				
(1) Has the Company formulated internal operating procedures for handling proposals, doubts, disputes and litigation of shareholders and follow procedures for implementation.	Yes		The company has a "Corporate Governance Code of Practice" and also has spokespersons, acting spokespersons, investment relations, etc., and the contact information is disclosed on the company's website. Shareholders can express their opinions by phone or email, and the company will follow Relevant work program processing.	Comply with best-practice principles, no discrepancy
(2) Has the Company the list of the major shareholders with de fact control of the Company and the final controllers of the major shareholders?	Yes		In accordance with Article 25 of the Securities Trading Act, requires monthly posting of changes in shareholding of the internal staff including directors, managers and shareholders with over 10% equities, on the open information observation website specified by the Securities and Futures Bureau.	Comply with best-practice principles, no discrepancy
(3) Has the Company set up a firewall mechanism for executing risk control of affiliated enterprises?	Yes		Aside from formulation of various risk control mechanisms, the Company also has formulated relevant operation methods for the operation, business and finance with the affiliated enterprises. For instance, in the subsidiary operation method TXC has formulated decision making and approval for the subsidiaries, the management of trading by the associates, specific companies, associates and group trading operation procedures, aside from counseling internal control for the subsidiaries in writing. Moreover, similar to that of the parent company, the acquisition or disposal of assets handling procedures, endorsement method, operation method for loaning to other persons, handling procedures for trading of derivative financial commodities so as to implement the risk control mechanism for subsidiaries. Subsidiaries have already formulated respective risk control mechanisms, and set up risk control mechanisms and firewalls with the affiliated enterprises according to the relevant operating methods of the Company.	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
( 4 ) Has the Company formulated internal regulations prohibiting internal staff utilizing information not yet open to the market for trading of securities?	Yes		<p>The Company formulated the Operating Procedure for Prevention of Insider Trading and “Regulations on whistle-blowing of illegal and unethical or dishonest conduct” to prohibit the internal staff utilizing information not yet open to the market for trading securities.</p> <p>The company conducts educational advocacy on the prevention of insider transaction management operation procedures and related laws and regulations for current directors, managers and employees at least once a year. The human resources unit will give education and announcement during pre-employment training.</p> <p>The relevant directors, managers and employees have been educated on July 3, August 5, and August 12, 2024. The content of the course includes laws related to the prevention of insider trading, maintenance of business secrets, etc., and the briefing of the course is placed on internal staff. The education and training system provides reference for those who are not present on the day.</p> <p>In addition, the board of directors approved the revision of the "Corporate Governance Code of Practice" on August 8, 2022, requiring company insiders to prohibit insider trading of stocks before the release of relevant financial results, and publicized it by e-mail to remind directors and managers not to trade its stocks during the closed period before the financial report announcement; the closed period will be calculated on January 5, 2024 based on the pre-scheduled board of directors date in 2024, and the directors and managers will be informed in advance by e-mail, and will be notified before each closed period. The total of 4 formal notifications were issued in 2024 (January 31, April 15, July 16, and October 9).</p>	Comply with best-practice principles, no discrepancy
3. Members and duties of board of directors				
( 1 ) Has the Board of Directors drafted policies for a diversified board framework?	Yes		Please refer to the company's board of directors' diversity policy for details in the annual report: II. Documents of directors, president, vice presidents, associate vice presidents, and managers of each departments and divisions.	Comply with best-practice principles, no discrepancy
( 2 ) Aside from setting up the Remuneration Committee and the Auding Committee according to the law, is it willing to set up other function committees?	Yes		<p>1. Audit and Risk Committee</p> <p>2024.11.04 The Audit Committee and the Board of Directors passed a resolution to strengthen the Board of Directors' supervision of the Company's risk matters, to include the review of risk management policies, procedures and structures, and the supervision of risk management implementation in the responsibilities of the "Audit Committee" and renamed it the "Audit and Risk Committee".</p>	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>2. Investment Review Committee</p> <p>In addition to establishing a Remuneration Committee and an Audit Committee in accordance with the law, the Company also established an Investment Review Committee by resolution of the Board of Directors in May 2020 to strengthen the quality of the Company's investment decisions, implement investment review procedures and performance management, and conduct research, review and make recommendations on the Company's long-term investment strategy planning and major investment decisions.</p> <p>For details on the operation of the committees, please refer to the data pages of Annual Report IV. Operation of Corporate Governance (II) Operation of Audit and Risk Committee and (IV) Operation of Investment Review Committee.</p>	
(3) Has the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	Yes		<p>The Company has formulated the Directors and General Manager Performance Assessment Method. The performance of the board of directors is regularly evaluated (at least once per year), and regularly carry out performance assessment of the board every year and forward to the Remuneration Committee and the Board of Directors for discussion. Director performance evaluations are performed externally at least once every three years.</p> <p>The company records the evaluation results based on the scoring standards for performance evaluation indicators and submits them to the board of directors, and uses them as a reference for individual directors' salary and remuneration and nomination and renewal. Please refer to the annual report for details of the evaluation results. IV. Corporate Governance Operations (1) Board of Directors Operations Information Page.</p>	Comply with best-practice principles, no discrepancy
(4) Has the Company regularly assessed the independence of the certified accountant?	Yes		<p>In order to strengthen the independence of the CPA and his /her familiarity with company business, an evaluation of CPA independence, competency and performance is performed by the company each year and an assessment is done based on the CPA Evaluation and Performance Assessment Procedure. The results are submitted to the Audit Committee and board of directors for discussion.</p> <p>Its evaluation items (1) refer to the audit quality index (AQI) information and independence statement provided by the accountants, and evaluate the five major dimensions of professionalism, independence, quality control, supervision, and innovation capabilities; among them, the specific indicators of independence are: accountants have no direct or significant indirect financial interest relationship with the company, accountants and all members of the audit service team are not allowed to hold shares in the company, accountants are not allowed to have money loans with the company and have no improper interest relationship After evaluation, the relevant indicators all meet the company's independence evaluation standards. (2) Performance Indicator Items: financial report completion date, interaction between accountants and the company, whether accountants have made positive suggestions on company systems and internal control inspections, etc.</p>	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>The company's 2024 accountant performance evaluation has been completed, and the evaluation result is 88 points. It has reached the assessment method standard of more than 80 points and will be renewed. It was reviewed and approved by the Audit and Risk Committee on March 10, 2025 and the Board of Directors on March 10, 2025 to implement corporate governance and improve the Board of Director.</p> <p>If a situation occurs in which the CPA needs to be replaced, the chairman and general manager shall understand the reason for replacement and hold an interview for the replacement CPA. A profile of the CPA and other related information is submitted to the Review Committee for review and then it is passed to the Board of Directors for discussion. Afterward, the CPA may be invited to board of director meetings if necessary.</p>	
4. Have public listed companies established dedicated (ad-hoc) corporate governance units or personnel responsible for corporate governance matters (including but not limited to providing information needed by directors and supervisors to perform their duties, handle matters related to the board of directors meeting and shareholders' meeting, handle company registration and registration of related changes, preparation of the board of directors and shareholders meeting minutes)?	Yes		<p>The company has set up a corporate governance work team. The General Manager was appointed to serve as convenor, on the board of March 22, 2019, the new company secretary was appointed at the Chief Financial Officer Ms. Hong, Guan -Wen (extension: 3230) as the head of corporate governance, who is responsible for the supervision and planning of corporate governance. Her qualifications meet the requirements of more than three years of experience in the management of the company's finance, stock affairs or deliberations in accordance to the Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TWSE/TPEX Listed Companies. The head of corporate governance's duties include: provide directors and Audit Committee with the information required for the implementation and the latest regulations pertaining to the Company's operations, assist directors and Audit Committee in complying with laws and regulations, report regularly to the Corporate Governance Committee and the Board of Directors on corporate governance operations, handle affairs relating to the board and shareholder meetings in accordance with the law, produce the minutes of the Board of Directors and shareholders' meetings, assist directors and members of Audit Committee in their appointments and continuing education, etc., all are performed by the Board's secretary unit.</p> <p>The implementation of the corporate governance in the year of 2024 are as follows:</p> <ol style="list-style-type: none"> <li>1. 7 board meetings, 7 Audit and Risk Committees, 3 Remuneration Committees, and 1 Investment Review Committee were held.</li> <li>2. Hold annual shareholders' meeting</li> <li>3. Board members complete at least 6 credits of refresher courses</li> <li>4. Insured liability insurance for directors and key staff and reported to the board of</li> </ol>	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies																				
	Yes	No	Summary																					
			<div>directors</div> <div>5. Conduct performance evaluation of the board of directors and functional committees,</div> <table><tr><th>Date</th><th>Organizer</th><th>Course</th><th>Hours</th></tr><tr><td>2024/08/05</td><td>Taiwan Corporate Governance Association</td><td>Sustainability trends that directors must be aware of and review of sustainability reports</td><td>3</td></tr><tr><td>2024/08/07</td><td>SECURITIES &amp; FUTURES INSTITUTE</td><td>Promoting sustainable development of enterprises through risk management- Risk Management Practice Guidelines for Listed and OTC Companies</td><td>3</td></tr><tr><td>2024/08/12</td><td>Taiwan Corporate Governance Association</td><td>TCFD &amp; SBTi Development and Directors' Responsibilities</td><td>3</td></tr><tr><td>2024/09/23</td><td>TAIWAN ACADEMY OF BANKING AND FINANCE</td><td>Corporate Governance Forum</td><td>3</td></tr></table> <div>the evaluation results both reached 96 points above, and the results were reported to the directors on March 10, 2025.</div> <div>6. The results of the 10<sup>th</sup> corporate governance evaluation are the top 6 ~ 20% of listed companies</div> <div>7. 3 meetings of independent directors and accountants, internal audits, etc.</div> <div>In 2024, the training hours for the head of corporate governance totaled 12 hours :</div>	Date	Organizer	Course	Hours	2024/08/05	Taiwan Corporate Governance Association	Sustainability trends that directors must be aware of and review of sustainability reports	3	2024/08/07	SECURITIES & FUTURES INSTITUTE	Promoting sustainable development of enterprises through risk management- Risk Management Practice Guidelines for Listed and OTC Companies	3	2024/08/12	Taiwan Corporate Governance Association	TCFD & SBTi Development and Directors' Responsibilities	3	2024/09/23	TAIWAN ACADEMY OF BANKING AND FINANCE	Corporate Governance Forum	3	
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5. Any communication channel between the Company and the stakeholders? Any special zone on the website for the stakeholders for properly responding to the topic of corporate social responsibility where the stakeholders are concerned?	Yes		The company has established a stakeholder communication area, spokesperson system, website and other channels to provide the latest news and corresponding windows for each stakeholder, and respond to issues of concern to stakeholders in a timely manner. In addition, in the stakeholder communication area, if the company's stakeholders have relevant suggestions, doubts or complaints, they can also use the mailbox provided in this area to contact the dedicated window of the audit division. For details, see the company website.	Comply with best-practice principles, no discrepancy																				
6. Any assigned professional stock affairs handling	Yes		The company has appointed Yuanta Securities to serve as the company's stock affairs agent	Comply with																				

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
agency for shareholders' affairs?			and assist the company in handling matters related to the shareholders' meeting.	best-practice principles, no discrepancy
7. Information Disclosure				
(1) Has the company set up website for disclosing finance, business and corporate governance?	Yes		The company and its subsidiaries have actually set up a website to provide financial, business, corporate governance and other information in Chinese and English, and have dedicated personnel responsible for maintaining and updating the information. Please see the company website for details.	Comply with best-practice principles, no discrepancy
(2) Are there other ways of information disclosure (such as English website, assign dedicated person for collection and disclosure of company information? Any spokesman system for implementation? Full process of briefing by the legal person posted on the company website)?	Yes		In addition to its Chinese language website, the company also provides English and Japanese languages websites. A dedicated person is responsible for collecting information and disclosure of major company information. External communication is handled by a spokesperson. Audio and video files of the company's institutional investor conferences are posted on the company's information disclosure website for general reference. Relevant information is posted on the Market Observation Post System designated by the competent authorities.	Comply with best-practice principles, no discrepancy
(3) Has the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports and operating conditions of each month as early as possible before the prescribed deadline?	Yes		Although the company's 2023 annual consolidated and individual financial reports were not announced and reported within two months after the end of the fiscal year, they were all completed in accordance with the regulations before the deadline. The financial reports for the first to third quarters of 2024 and the monthly revenue situation are also announced and declared at the MOPS before the stipulated deadline, and the company voluntarily announces and declares the monthly self-financing profit and loss status, and simultaneously uploads relevant information to the company website.	Comply with best-practice principles, no discrepancy
8. Are there other important information for helping understand the operation of corporate governance (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, the rights and benefits of the stakeholders, further studies for directors and supervisors, risk control policy, and execution of risk assessment standard, client policy implementation, purchase of liability risk for directors and supervisors, others)?	Yes		1. Employee rights: Employee rights are handled by the company in accordance with the Labor Standards Act in the company's annual report for information regarding other employee welfare measures, the pension system, continuing education and other related employee rights. The employee rights at our subsidiaries are handled in accordance with their respective national laws and regulations 2. Employee concern: In addition to setting up medical offices at the company and its subsidiaries that are staffed with professional medical care providers, a labor safety & health committee has been established for safety and health procedures for specialist personnel and personnel assistance projects including psychology, medical and health. A wide range of channels have been provided for personnel to express their opinions to create excellent two-way communication channels 3. Supplier relations and stakeholder rights are handled in accordance with the company and	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>subsidiary work procedures and the contracts with cooperating companies to maintain the legal rights of both parties. No related lawsuits have been brought as of today.</p> <p>4. Investor relations: The company and its subsidiaries are very concerned about investor rights. In addition to posting related information in a timely fashion on the Market Observation Post System and the company website, the company has been awarded an A+ information disclosure assessment rating for the fourth straight year, named a transparent voluntary information disclosure company for eight straight years and received an A++ rating for four straight years, ranked within the top 20% of public listed companies in the 1st corporate governance assessment and within the top 5% of listed companies in the 2nd ~4th assessments. The 5-10<sup>th</sup> was ranked the top 6-20% of the listed company.</p> <p>5. Stakeholder rights: In holding the beliefs of integrity and honesty, the company is committed to building long-term relationships with stakeholders based on transparency and sincerity. Related information please refer to the company's annual report and website for information regarding stakeholder communication.</p> <p>6. The company's directors attend financial, business and professional knowledge continuing education courses on an irregular basis. Refer to the director and supervisor education and training table in the company's annual report.</p> <p>7. Implementation of the company's risk management policy and risk measurement standard: In the company's annual report for information regarding the risk management policy, organization structure and related risk control work of the company and its subsidiaries. In addition, the company and its subsidiaries analyze, track and respond to possible high risk events caused by operation targets to establish a sound risk management system.</p> <p>8. Protecting consumers or customer policy implementation: Our 'customer first, mission focused' philosophy demonstrates our determination and commitment to our customers, our dedication to quality and hard work to earn customer approval over the years. The company has been given best supplier awards from a number of companies as a form of encouragement.</p> <p>9. The company purchases liability insurance for directors and managers every year. Since August 2021, the insurance amount has been increased from US\$5 million to US\$10 million. When the contract expires, the renewal period, insurance amount, coverage and premium rate of director and supervisor liability insurance will be reported to the board of directors, and the minutes of the board meeting will be submitted to the board of directors. See the company website for details. The board of directors and board meeting minutes are detailed on the company website.</p>	

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
9. Succession Plan and Operations of Members of the Board of Directors and Key Managerial Officers	Yes		<p>The composition of the Company's Board of Directors takes into account its own operations, operating patterns and development needs to formulate appropriate diversification policies. In order to respond to future strategic development and transformation plans, the Company considers the professional knowledge, skills and experience required by the Company's directors, regularly reviews the number of directors and the qualifications they should meet, and plans the succession plan and candidates for directors. New management team members were added during the last two shareholders' meetings to make the directors younger and familiarize themselves with the operation of the Board of Directors in advance to assist in the company's strategic planning.</p> <p>The associate level and above colleagues of the company are important management level. In addition to having professional functions and leadership, their values must be consistent with the company's corporate culture and business philosophy. They must identify with the company's mission and vision and be jointly responsible for the company's operations and development. They must also have forward-looking planning, business management skills and thinking, and perfect execution capabilities.</p> <p>Each management level has a position agent. In order to cultivate important management and their position agents, in addition to improving professional and management functions through education and training courses, we also cultivate talents through job rotation, one-on-one experience transfer and guidance, implementation of the agent system, and participation in senior management meetings. The company's associate level (inclusive) and above colleagues are important management layers. In addition to having professional functions and leadership, their values must be consistent with the company's corporate culture and business philosophy, must identify with the company's mission and vision and be jointly responsible for the company's operations and development, and must have forward-looking planning, business management capabilities and thinking, and have perfect execution capabilities.</p> <p>The company attaches great importance to succession planning and actively cultivates senior managers. In 2024, it will assign senior executives to participate in the two-year "MISA Third Academician Class" to learn corporate management wisdom and promote resource integration and network expansion. In 2024, 24 professional courses in artificial intelligence will be offered, totaling 66 hours, and a total of 110 people will obtain completion certificates. In line with technological trends, we will cultivate internal AI talents, improve overall operational efficiency and market advantages, and strengthen competitiveness; and offer management courses such as New Manager Orientation, Building Responsible Teams,</p>	Comply with best-practice principles, no discrepancy



Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			Financial Statement Interpretation, Crisis and Risk Management, etc., to cultivate supervisory management thinking and strengthen leadership management capabilities; on the other hand, the Group CEO and General Manager regularly communicate with management at monthly management meetings. In addition to management reports, reviewing important operational issues, sharing health concepts and strategic management books, they also convey business philosophy and operational development, improve operational management capabilities and thinking, and strengthen the future management team in a planned manner to respond to the company's continued growth and alignment with the strategic layout of sustainable operations. The Company will also arrange for key management personnel to serve as members of the board of directors of the Company or its investees so that they can become familiar with the operation of the board of directors and participate in the formulation of the long-term strategic direction and vision of the Company or its investees.	
10. Please provide information on the status of improvement regarding the results of corporate governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements not yet implemented, state the areas and policies the Company has set as priority for improvement	Yes		<p>The company has obtained the top 20% of the companies in first corporate governance evaluation, the top 5% of the listed companies from 2<sup>nd</sup> to 4<sup>th</sup> evaluations, and the top 6 to 20% of the listed companies from the 5<sup>th</sup> to 10<sup>th</sup> evaluation. The efforts in implementing corporate governance have been recognized. The unscored items are explained as follows:</p> <p>1. The Company's Board of Directors currently consists of 11 directors, of which 2 are female independent directors (one of whom is a current lawyer), which implements the gender equality policy and meets the requirements of diverse backgrounds and suitability. However, no single gender accounts for more than one-third of the board seats. It is planned to increase the number of female directors in the 2025 board election to gradually achieve this goal.</p> <p>2. Voluntary disclosure of individual directors' and supervisors' remuneration in the annual report: Due to personal data protection, it will not be disclosed for the time being, but will be evaluated for disclosure in the future.</p> <p>3. The company signs a collective agreement with its employees: Our company has not established a trade union and is not required to sign a collective agreement in accordance with the Collective Agreement Act. If a trade union is established, it will be implemented in accordance with the law.</p>	Comply with best-practice principles, no discrepancy

**(VI) Fulfillment of Corporate Social Responsibility and variations with management principles of publicly-listed companies and reasons**

**1. Discrepancy with best-practice principles of TWSE/GTSM listed companies**

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Has the Company established exclusively (or concurrently) dedicated units to implement CSR, and has the board of directors appointed executive-level positions with responsibility for CSR, and to report the status of the handling to the board of directors?	Yes		<p>When the company is committed to the pursuit of corporate growth and sustainable operation, it always promises to be a good corporate citizen. In 2009, the "Corporate Social Responsibility Management Committee" was established. On December 23, 2021, the "Sustainable Development Committee" was reorganized and established by the founder. (Honorary Chairman), Chairman (Chairman), General Manager (Vice Chairman), Chief Financial Officer, Chief Technology Officer, Heads of Centers and Top Supervisors of Subsidiaries, and the Chairman appoints the top supervisor of the management center as the executive secretary. Together with the professions of various departments, formulate medium and long-term sustainable development plans to jointly promote various sustainable development affairs. Please refer to the company website for its organizational structure.</p> <p>The "Sustainable Development Committee" is divided into three groups: corporate governance, employee relations and social participation, environmental protection and energy conservation and carbon reduction. Based on the plan and budget, it analyzes the level of concerns of stakeholders and evaluates the company's various aspects. Impact level, identify major themes, incorporate them into routine work and annual plans, promote and track the work of their respective professions, and integrate important work content and resources to achieve synergy; overseas subsidiaries due to different local laws and regulations, Set up "Social Responsibility Management System" to carry out the activities and verification of sustainable development.</p> <p>In 2024, the Company will report to the Board of Directors on the communication with various stakeholders on March 11, 2024, May 6, 2024, August 5, 2024 and November 4, 2024. The Company will report to the Board of Directors on the specific operation and implementation results of sustainable development (ESG) on November 4, 2024. The Company will also report the implementation status and resource requirements to the Chairman and General Manager from time to time to keep track of the progress in real time and adjust the implementation strategy and direction at any time in response to current affairs and emergencies.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>The report includes: (1) communication with stakeholders and issues of concern; (2) identification of sustainability issues that require attention, definition of major topics and proposal of corresponding action plans; (3) review of goals and operation cycles for sustainability-related issues and policy revisions; (4) monitoring the implementation of sustainable management matters and evaluating the implementation status; (5) greenhouse gas inventory, carbon reduction plan and progress review; (6) description of sustainable development performance results, based on which the Sustainability Committee proposes corporate strategy.</p> <p>Through regular report interaction, the board of directors supervises and gives guidance and suggestions to the sustainable development committee, implements PDCA. Please refer to the board meeting minutes on the company's website</p>	
2. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)	Yes		<p>In response to major global economic, social and environmental risks, establish systematic risk response policies and procedures in accordance with the principle of materiality and in accordance with ISO 31000 risk management principles and guidelines. The company has set up a risk response organization, with the general manager of the company as the convener, coordinating and directing the promotion and operation of the risk management plan, and responsible for reviewing the company's risk identification operations. Review the situation from an angle, including financial and non-financial risks, and seek opportunities for risk response in addition to mitigation responses. In 2019, the risk identification matrix, the operational risk checklist, and the assessment of intellectual property risks were added.</p> <p>The risk identification process takes into account the frequency of occurrence, the degree of impact and the degree of control for quantitative assessment, covering 1. Business/laws/regulations/standards 2. Political environment changes 3. Economic/financial environment changes 4. Natural disasters (climate change) 5. Technology and information 6. Competitive environment 7. Facilities/equipment 8. Business/market operation 9. Supply chain related 10. Financial operations 11. Community/environmental security 12. Personnel, etc., a total of 92 types of risks are identified and prioritized using matrix analysis.</p> <p>The "Sustainable Development Committee" analyzes the materiality principle of the Sustainability Report, collects issues of concern to various stakeholders, identifies the three major aspects of environment, society and corporate governance, and holds an internal senior executive meeting to discuss and evaluate The extent to which the company's operations have a positive or negative impact on various sustainable management issues, in order to evaluate the material ESG issues, and continue to develop action countermeasures to reduce the impact of related risks.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>In terms of environment, in terms of the possible risks and impacts of climate change on operations, formulate plans for carbon reduction, energy and water conservation, and solar renewable energy creation; in terms of society, treat employees well with people-oriented, strive to build a friendly workplace, and continuously strengthen quality improvement, education and training, etc. The preventive mechanism enhances the company's value and exceeds customer expectations; in terms of corporate governance, formulates "key operational risk management measures" for risk management and implementation.</p> <p>The company held regular risk management meetings on April 17, 2024 and October 2, 2024 in 2024, and identified projects such as Sino-US trade restrictions and technological conflicts, the Russia-Ukraine war and tensions in the Taiwan Strait, demand uncertainty and inventory control, ESG promotion, and the development of China's independent IC industry based on the risk control mechanism. Actively develop mitigation strategies, plans, and business continuity plans to eliminate, reduce, transfer, and accept risks; strengthen early warning and monitoring capabilities and promote risk identification and control, promote an appropriate risk management-oriented business model, achieve operational goals, and enhance the value of shareholders and internal and external stakeholders. The company reported on the implementation of operational risk management in 2024 will be made at the board meeting on December 23, 2024. For details, please refer to the "Assessment of Risk Matters" in the company's annual report and website</p>	
3. Environmental issues				
( 1 ) Does the company establish appropriate environmental management system according to its industrial characteristics?	Yes		The company establishes an environmental management system in accordance with ISO 14001 and has passed third-party verification. In addition, it conducts annual greenhouse gas inventory in accordance with ISO14064-1 specifications, and tracks emission reduction results and discloses it in the sustainability report and the company's website.	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(2) Is the company committed to improving the utilization efficiency of energy and using recycled materials with low impact on environmental load?	Yes		<p>The company and its subsidiaries continue to promote energy-saving and carbon reduction programs, the goal is to achieve an energy-saving rate of more than 1% compared with the previous year, and the energy-saving rate in 2024 will reach about 1.67%, continue to promote self-built solar power generation systems, use energy-saving lighting fixtures throughout the factory, and adjust public lighting in the factory area in accordance with sunrise/sunset times Time, adjust the start/stop time of air-conditioning and hot water supply time in the living area according to the weather and temperature, recover the concentrated water from the process and flush the toilet for reuse, recycle scrap products and leftovers to qualified scrap metal resource recycling manufacturers, and refine gold, silver, etc. Residual value utilization of precious metals; and promotion of process waste heat recovery and reuse, new heat pump system energy saving, plant equipment energy efficiency improvement project and ISO50001 energy management system verification. The company continues to establish and publicize employees' relevant environmental protection knowledge and concepts, so as to fully protect the earth's responsibility and effort, please refer to the company website for details; for energy use, please refer to the sustainability report</p> <p>According to the relevant international laws and regulations and the green product requirements of key customers, the company formulates the most stringent requirements into the [Environmental Management Substance Management Standards] to follow, and simultaneously requires suppliers based on this, and regularly collects information on hazardous substances from suppliers to Confirm that it meets the requirements, except that it has obtained the certification of IECQ QC 080000 Hazardous Substance Process Management System, and regards green procurement activities as the basis for continuously providing green products to users, so as to meet the requirements of non-use and non-contamination from product design to manufacturing and shipment. , free from pollution, thereby reducing the impact of products and services on the environment; in order to strengthen the management of green products in the supply chain, suppliers are encouraged to introduce the IECQ QC 080000 hazardous substance process management system in addition to the basic ISO 9001 quality system , to implement the implementation of environmental management activities.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(3) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?	Yes		<p>Under the important issue of climate change, the company continues to actively promote relevant activities. In addition to grasping the company's carbon emissions through "Greenhouse Gas Verification" (ISO 14064-1), it also discloses carbon, water, forests through CDP questionnaires., and other relevant data related to natural capital management, and understand the relevant risks and opportunities according to the scoring results, which will be used as measurement factors for subsequent decision-making on related activities and investment choices. In addition, through the ISO14001 management review meeting, the company reviews the actual carbon reduction implementation measures of the previous year and examines the implementation results, actively facing various carbon reduction measures. Inventory the risks and opportunities derived from climate change, including direct or indirect physical impacts, the impact of transformation due to regulations, technology or market demand... and other risks and opportunities on the company's operating activities, and strengthen the company's corporate identity through the identification of relevant units Climate change governance to reduce risks and seize business opportunities.</p> <p>The Sustainable Development Committee and the functional group, according to the TCFD disclosure framework, incorporate climate-related risks and opportunities into assessment and identification, and propose response measures, plans and goals through the four aspects of governance, strategy, risk management, indicators and goals, focus on (1) Issues with increasing stakeholder concerns and negative feedback (2) Two major risks of sustained high temperatures; opportunity focus: use of low-carbon energy. Proposed countermeasures: Continue to conduct greenhouse gas inventory and verification and expand to product carbon footprints, purchase renewable energy, and eliminate high-energy-consuming equipment. Regularly disclose climate governance-related information, improve information transparency, promote sustainable operations, and report to the board of directors for review progress and rolling adjustments. The details are publicly disclosed in the ESG report.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(4) Does the company make statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	Yes		<p>The company through the ISO 14001 system, strengthens self-management, continuously improves environmental performance, and maintains the overall operation effectively and properly. The company complies with the relevant requirements of government laws and regulations and other applicable international regulations. For the control of pollution prevention and control, we have obtained the "fixed pollution source operation permit", "water pollution prevention and control permit", and "business waste disposal plan" according to law " and "Toxic Chemical Substances Operation Permit Document", etc., and regularly carry out inspections, maintenance, reporting and testing in accordance with its regulations. See the company's website for details on greenhouse gas emissions, water consumption and total waste weight.</p> <p>The company and its subsidiaries have been promoting carbon management related operations for some time, and regularly conduct "greenhouse gas verification" (ISO 14064-1). To determine improvement measures in order to achieve the goal of reducing carbon dioxide emissions (at least 1% per year), to demonstrate the company's determination to protect the environment.</p> <p>The company has been concerned about water resources energy conservation and environmental protection issues for many years. In terms of water conservation plans, it starts with the full implementation of the daily water consumption, and maximizes the benefits of the available resources. Over the years, it has been committed to the recycling of water resources, and collects the RO concentrated water generated in the process of manufacturing pure water and it is expected that the water intensity of tap water in the plant area will be reduced by 20% in 2025 (based on 2020).</p> <p>The company is committed to environmental protection and formulates various reduction plans, and takes "zero waste in the process" as the ultimate goal of waste management. In recent years, we have continued to reduce the use of raw materials and the generation of waste through process improvement, recycling of waste solvents and measures to reduce people's livelihood to reduce the use of disposable tableware, reduce the amount of kitchen waste, and improve the resource recovery rate. We hope that the factory will be abandoned in 2025 and the production rate can be reduced by 20% (based on 2020)</p>	Comply with the best-practice principles, no discrepancy
4 Social issues				

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	Yes		<p>In order to protect the rights and interests of workers, the company and its subsidiaries have formulated "Labor Rights and Ethics Policies", each following the recognized human rights principles such as local labor laws and the Code of Conduct of the Responsible Business Alliance, and formulating "Labor Rights and Ethics and Ethics" to protect the legitimate rights and interests of employees. Policy", and check whether the proposed policy needs to be revised and adjusted in the quarterly labor-management meeting, in order to comply with corporate ethics and fulfill corporate social responsibility, and announce it to the public. Please refer to the company website for details.</p> <p>Every year, through independent attention to major social issues, employee opinion surveys, and two-way communication forums at all levels, we review and understand the content of relevant issues, so as to prevent potential human rights risks and propose improvement plans.</p> <p>TXC also through the annual training of corporate social responsibility courses and human rights policy promotion, so that colleagues understand their own rights and corporate social responsibility policies and practices. A total of 3,377 employees completed the training in 2024.</p>	Comply with the best-practice principles, no discrepancy
(2) Does the company establish and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflect the operating performance or results in employee compensation?			<p>The Company and its subsidiaries set salary scales based on the relative contribution of positions, and in line with the operation and development strategy, use individual employee performance, future development potential and operating conditions as the basis for salary adjustment and bonus distribution, so as to drive employees to work hard and motivate excellent performance, and achieve "internal fairness" and "individual fairness" in compensation. In addition to setting aside bonus amounts based on pre-tax net profit in the annual operating budget, if the company makes a profit in the current year, 9% will be set aside as employee remuneration in accordance with the company's articles of association and budget planning, and bonuses and employee remuneration will be issued based on individual employee performance evaluation and contribution, giving back to colleagues in a timely manner and sharing the results of the operation. The "Remuneration Committee" regularly reviews the rationality of various salary and welfare systems, maintains a high level of employee benefits, and attracts outstanding talents to join; establishes employee stock ownership trusts and various bonus systems, and flexibly adjusts the remuneration system to gather centripetal force and retain employees for a long time.</p> <p>The Group promoted 192 colleagues with outstanding performance in 2024, with an average salary increase of 8.06%, in order to timely recognize and encourage them to give full play to their expertise and potential, so as to retain and develop talents.</p>	Comply with the best-practice principles, no discrepancy



Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
	Yes		<p>According to the Labor Standards Law, the Labor Retirement Measures (Old System), the labor retirement reserve fund of 9% of the monthly wages is allocated to the special account of the Bank of Taiwan on a monthly basis, and the Labor Retirement Reserve Fund Supervisory Committee is responsible for the management and use of matters. From July 1, 2005, in accordance with the "Labor Pension Regulations", a labor pension (new system) of 6% of the monthly salary is paid on a monthly basis, and stored in the labor pension individual account established by the Labor Insurance Bureau. In January 2007, the Employees' Pension Fund Management Committee was established to allocate 8% of the monthly wages to employees' pensions on a monthly basis to protect the retirement planning of the appointed managers.</p> <p>Since 2009, the company has also set up an "employee stock ownership trust" to provide relatively allocated bonuses to assist employees in long-term investment, financial management and retirement planning.</p> <p>Starting from 2021, in order to assist employees in family care and reduce the burden of childcare, in response to the government's countermeasures against childbirth, implement childcare allowances for employees (0-5 years old), provide a safe and friendly workplace, and enable employees to take care of families and work development. Flexible working hours, guaranteed return to work upon expiry of the childcare stay period, setting up exclusive parking spaces for pregnant women and breastfeeding rooms.</p> <p>The [Early Collection of Old System Retirement Benefits] project was launched in May 2024, allowing colleagues who choose the new system and retain their years of service under the old system to collect their old system retirement benefits in advance, allowing them to flexibly plan their personal financial management.</p> <p>The Company values and is committed to implementing a friendly workplace with equal employment rights and diversity and inclusion. In 2024, the average proportion of female employees in the Group was 55.7%, and the average proportion of female supervisors was 36.4%. The Company proactively provides job opportunities to people with disabilities, achieving the goal of 100% promotion of people with disabilities. The Company is empathetic and inclusive of the customs and cultural activities of foreign employees, and provides special event content in festivals, catering and accommodation.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			Various high-quality benefits: wedding gifts, childbirth gifts, birthday gifts, festival gifts, employee travel subsidies, and all-round care for employees, including regular free health checks, group insurance and consolation payments; in addition, paid "birthday leave" will be launched in January 2024 to encourage employees to arrange celebrations on their own days. The company also has an employee welfare committee that promotes diversified welfare and activities based on the concept of "work/life balance", establishes various clubs to promote and foster a workplace culture that can achieve a balance between work and family, and holds physical fitness and mental and spiritual health activities from time to time. It is also clearly stated in the "Performance Appraisal Management Measures" that supervisors may give appropriate rewards in performance appraisals based on employees' involvement and cooperation in corporate social responsibility-related activities.	
(3) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	Yes		<p>Our company complies with the Occupational Safety and Health Act and formulates policies based on the expectations of stakeholders, and takes zero accidents as the goal of occupational safety and health management.</p> <p>Our company has set up an Occupational Safety and Health Committee to regularly discuss and handle issues related to occupational safety and health every quarter to ensure a safe and hygienic working environment. We also use the ISO 45001 occupational safety and health management system to continuously improve the factory's safety and health technology, reduce overall operational risks and reduce operating losses. The ISO45001 and TOSHMS certifications are valid until October 27, 2025.</p> <p>Our company will revise and implement various safety and health management measures for factory safety management every year according to the occupational safety and health management plan, and require relevant colleagues to comply with and implement them. For occupational safety and health related training, we also follow the relevant laws and regulations to conduct education and training for new employees and employees at all levels, and obtain relevant certificates in accordance with the law. We also send personnel to participate in seminars or briefings held by government agencies or academic institutions from time to time. In addition to regular inspections of the factory working environment in accordance with the law, we also maintain the safety of the factory environment, facilities and equipment through various inspections and checks. For accidents that occur in the factory, we also complete investigations, improvements and report to the competent authorities in accordance with relevant regulations.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>For factory fire safety management, we have selected fire prevention managers in accordance with regulations. We manage and report fire equipment inspections and repairs every year according to regulations. In addition to maintaining abnormal equipment, we also review whether each area needs to be reinforced with additional fire safety facilities. Currently, the factory is mainly equipped with a fire receiving switchboard, automatic fire alarm equipment, fire detectors, fire pumps, automatic fire extinguishing systems, fire extinguishers, emergency escape lighting and other necessary fire safety equipment. We also conduct fire safety training and drills every six months to enhance employees' fire safety awareness and emergency rescue experience. We also have a medical room where on-site service doctors and health care personnel provide face-to-face guidance and health management measures. We also hold health information (including disease prevention) lectures from time to time. For related health management activities, please refer to the company website.</p> <p>The company's Ningbo plant and Chongqing plant have respectively set up an environmental health and safety committee and a safety production management committee, which hold a monthly review of the work progress and discuss environmental safety and hygiene issues. A number of new human health education and publicity courses are held regularly every year, and healthy life is promoted to all colleagues by email every month. The company also provides health information from time to time on the company's internal website and e-mail to strengthen the health knowledge of employees and their families.</p>	

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies																
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(4) Does the company establish an effective career development training program for its employees?	Yes		<p>The Company and its subsidiaries plan career training courses for employees based on the job system/grade system, actual needs and forward-looking development to strengthen employees' professional knowledge, skills and expertise, thereby improving their capabilities and performance. The training courses include new employee training, professional training, management training, general training, and self-growth inspiration training. A total of 67,637 people completed education and training in 2024, with a total training time of 113,344 hours.</p> <p>The 2024 training and development focus plan is as follows: 1. Management training:</p> <table><tr><th>Key Project</th><th>Description</th></tr><tr><td>MISA Academician Class</td><td>The company attaches great importance to succession planning and actively cultivates internal managers. In 2024, it assigned senior executives to participate in the two-year "MISA Third Academician Class" to learn corporate management wisdom and promote resource integration and network expansion.</td></tr><tr><td>Management Courses at All Levels</td><td><table><tr><th>Course Name</th><th>Target Students</th></tr><tr><td>New Manager Orientation</td><td>New Supervisor</td></tr><tr><td>Building a responsible team</td><td>Section Supervisor</td></tr><tr><td>Crisis and Risk Management</td><td>Management level supervisor</td></tr><tr><td>Financial Statement Interpretation</td><td>Management level supervisor</td></tr></table></td></tr></table>	Key Project	Description	MISA Academician Class	The company attaches great importance to succession planning and actively cultivates internal managers. In 2024, it assigned senior executives to participate in the two-year "MISA Third Academician Class" to learn corporate management wisdom and promote resource integration and network expansion.	Management Courses at All Levels	<table><tr><th>Course Name</th><th>Target Students</th></tr><tr><td>New Manager Orientation</td><td>New Supervisor</td></tr><tr><td>Building a responsible team</td><td>Section Supervisor</td></tr><tr><td>Crisis and Risk Management</td><td>Management level supervisor</td></tr><tr><td>Financial Statement Interpretation</td><td>Management level supervisor</td></tr></table>	Course Name	Target Students	New Manager Orientation	New Supervisor	Building a responsible team	Section Supervisor	Crisis and Risk Management	Management level supervisor	Financial Statement Interpretation	Management level supervisor	Comply with the best-practice principles, no discrepancy
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			<div>2. Professional training:<table><tr><th>Key Project</th><th>Description</th></tr><tr><td>Artificial Intelligence Program</td><td>In order to keep pace with technological trends, cultivate internal AI talents, improve overall operational efficiency and market advantages, and strengthen competitiveness, in 2014, we combined the resources of 12 lecturers from National Taiwan University of Science and Technology to introduce AI courses and hold special proposal presentations. A total of 24 artificial intelligence program courses were offered, totaling 66 hours, and a total of 110 people obtained completion certificates.</td></tr><tr><td>Intellectual Property Training</td><td>Combining internal and external NUST lecturer resources, a total of 4 TIPS-related courses were offered to deepen intellectual property concepts, totaling 9 hours, and a total of 166 people completed the training.</td></tr></table></div> <div>3. General training:<table><tr><th>Key Project</th><th>Description</th></tr><tr><td>Habit Field Training Workshop</td><td>In order to guide employees to change their behavior and promote cross-departmental communication, eight shifts of habit field training workshops were held, totaling 80 hours, and a total of 226 people completed the training</td></tr></table></div> <div>4. Personal Development Plan: Every year, supervisors and subordinates communicate and discuss together to formulate clear and specific personal development plans, and continuously track and evaluate them.</div>	Key Project	Description	Artificial Intelligence Program	In order to keep pace with technological trends, cultivate internal AI talents, improve overall operational efficiency and market advantages, and strengthen competitiveness, in 2014, we combined the resources of 12 lecturers from National Taiwan University of Science and Technology to introduce AI courses and hold special proposal presentations. A total of 24 artificial intelligence program courses were offered, totaling 66 hours, and a total of 110 people obtained completion certificates.	Intellectual Property Training	Combining internal and external NUST lecturer resources, a total of 4 TIPS-related courses were offered to deepen intellectual property concepts, totaling 9 hours, and a total of 166 people completed the training.	Key Project	Description	Habit Field Training Workshop	In order to guide employees to change their behavior and promote cross-departmental communication, eight shifts of habit field training workshops were held, totaling 80 hours, and a total of 226 people completed the training	
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Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(5) Does the company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	Yes		<p>The company adheres to the core value of "customer-centricity" and formulates and discloses consumer rights protection policies for customer health and safety, marketing, labeling, etc. to ensure the compliance and transparency of products and services, and is committed to protecting the rights of consumers and customers. The specific policies and measures are as follows:</p> <p><b>I. Consumer Rights Protection Policy</b></p> <ul style="list-style-type: none"> <li>• Product safety and environmental compliance: All products comply with international safety and environmental regulations (such as RoHS, REACH), strictly control hazardous substances, and reduce potential risks to consumer health.</li> <li>• Reliability and durability verification: Implement high-standard reliability tests (such as high temperature and high humidity, and drop tests) on electronic products to ensure product durability and safety of use.</li> <li>• Correct product labeling: Product labeling complies with the Consumer Protection Act, the Fair Trade Act and international standards (such as ISO, IEC), and fully discloses specifications, usage warnings, warranty content and other information to protect consumers' right to know.</li> <li>• Principle of honest marketing: All marketing activities must comply with local laws and regulations and the principle of honest advertising to ensure that information is true, clear, not exaggerated or misleading, and respects consumers' decision-making power.</li> </ul> <p><b>II. Complaint Channels and Handling Procedures</b></p> <ul style="list-style-type: none"> <li>• Multiple complaint channels: The Company provides multiple channels such as dedicated customer service, online customer service platform and email, so that consumers can reflect their opinions and problems immediately. Email: whistleblower@txc.com.tw</li> <li>• Return and Repair Policy (RMA): Establish clear return and repair procedures to quickly handle defective products and protect consumers' after-sales rights.</li> <li>• Major Complaints Handling Mechanism (CAPA): For major consumer complaints, the "Corrective and Preventive Action" mechanism is activated to analyze the root causes and develop effective improvement measures to prevent the problem from recurring.</li> <li>• Response and improvement mechanism: All complaint cases will be tracked and responded to by a dedicated team, and will serve as the basis for internal quality and service optimization.</li> <li>• The Company will continue to strengthen its consumer protection policies and complaint handling procedures, and conduct regular reviews and improvements to ensure that consumers and customers can choose the Company's products and services with confidence and establish long-term trusting relationships.</li> </ul>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies																																													
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(6) Does the company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, labor rights and other issues?	Yes		<p>In order to ensure that the requirements and spirit of CSR are implemented to our supplier partners, our suppliers need to regularly sign the "integrity commitment letter", "environment, occupation, safety, health status questionnaire", "industry code commitment letter", "green products and environmental protection statement" and "non conflict financial statement" to enable suppliers to follow the CSR scope. In addition, relevant organizations and units of the company regularly evaluate suppliers to ensure that suppliers can meet the medium and long-term development plan of the company, comply with relevant international standards, and maintain long-term high-quality partnership.</p> <p>In view of the increasing importance of various issues related to corporate governance, such as the care of employees' rights and interests related to human rights, environmental safety and hygiene, the company will give priority to suppliers with the following systems. The following table shows the company's important suppliers Percentage of each certification system:</p> <table border="1"> <thead> <tr> <th colspan="2">Visit verification</th><th>Number of investigators</th><th>Number of match</th><th>%</th></tr> </thead> <tbody> <tr> <td colspan="2">Responsible Business Alliance Guidelines</td><td>47</td><td>47</td><td>100%</td></tr> <tr> <th colspan="2">System verification</th><th>Number of investigators</th><th>Number of match</th><th>%</th></tr> <tr> <td colspan="2">ISO 9001 Quality management system</td><td>47</td><td>46</td><td>98%</td></tr> <tr> <td colspan="2">ISO 14001 Environmental Management System</td><td>47</td><td>42</td><td>89%</td></tr> <tr> <td colspan="2">ISO 28000 Secure Supply Chain Management System</td><td>47</td><td>23</td><td>49%</td></tr> <tr> <td colspan="2">ISO 45001 Occupational Safety and Health Management System</td><td>47</td><td>16</td><td>34%</td></tr> <tr> <td colspan="2">IECQ/QC080000 Hazardous Substance Process Management System</td><td>47</td><td>4</td><td>9%</td></tr> <tr> <td colspan="2">ISO 14064 Greenhouse Gas Inventory</td><td>47</td><td>6</td><td>13%</td></tr> </tbody> </table>	Visit verification		Number of investigators	Number of match	%	Responsible Business Alliance Guidelines		47	47	100%	System verification		Number of investigators	Number of match	%	ISO 9001 Quality management system		47	46	98%	ISO 14001 Environmental Management System		47	42	89%	ISO 28000 Secure Supply Chain Management System		47	23	49%	ISO 45001 Occupational Safety and Health Management System		47	16	34%	IECQ/QC080000 Hazardous Substance Process Management System		47	4	9%	ISO 14064 Greenhouse Gas Inventory		47	6	13%	Comply with the best-practice principles, no discrepancy
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Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
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5. Does the company prepare corporate social responsibility reports and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the disclosure report confirmed or guaranteed by a third party certification unit?	Yes		<p>The company has issued the corporate social responsibility report since 2009, and changed its name to the sustainability report in 2021. In order to fully disclose the practices and achievements in the three aspects of corporate social welfare, corporate operation governance, and environmental safety and health, we have based on the global sustainability report over the years. Development Report Guidance (GRI) and AA1000 Standard Compilation Report, written in accordance with the new version of GRI Standards (GRI Standards) since 2017, using the latest published standards as the basis for continuous improvement of the three aspects of social responsibility, 2023 Annual Sustainability Report In addition to the above-mentioned standard framework, the book also incorporates the content of the TCFD and SASB frameworks to strengthen corporate governance of climate-related risks and opportunities. And entrusted the third-party verification unit "British Standards Institution" (BSI), according to the AA1000 assurance standard and "The Core option" (The Core option) of the GRI standard, after the inspection, it complies with the inclusiveness, materiality and responsiveness of the information disclosure, and issued The independent guarantee statement is an appendix to the 2023 Annual Sustainability Report. The 2024 sustainability report is expected to be submitted and published on the company website before August 30, 2025.</p> <p>All the data disclosed in the report conform to the corresponding management system specifications, and the financial related results are calculated in NT dollars and have been verified by accountants from Qinye Zhongxin United Accounting Firm; the management system of the environment, safety and sanitation is not completed regularly In addition to internal audits, it also accepts external audits of ISO 14001 and ISO 45001 every year. Greenhouse gas emission data is calculated using the coefficient used in the "Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4)" provided by the Environmental Protection Agency, and the carbon dioxide emission data of the product carbon footprint is based on the DoITPro: 2013 database of the Industrial Technology Research Institute It is derived from the coefficients and calculation rules provided.</p>	Comply with the best-practice principles, no discrepancy
6. If a company has its own corporate social responsibility code in accordance with the code of practice for corporate social responsibility of listed and OTC companies, please state the difference between its operation and the code :	<p>The company prepares a corporate social responsibility report every year. The report content and related operations are consistent with the corporate social responsibility code of practice for listed and OTC companies, and there is no significant difference. It is disclosed at the public information observatory and the company website. Please refer to the company website.</p>			
7. Other important information to understand the operation of CSR :	<p>For information about corporate social responsibility of the company and its subsidiaries, such as corporate governance, environmental safety and health, and social welfare, please refer to the company website.</p>			

Note 1: If "yes" is checked in the operation, please indicate the important policies, strategies, measures and implementation; if "no" is checked in the operation, please explain the reasons and explain the plans for adopting relevant policies, strategies and measures in the future. However, regarding promotion projects 1 and 2, listed OTC companies should describe the governance and



supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. It also describes the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.

Note 2: Materiality principle refers to those issues related to environment, society and corporate governance that have a significant impact on the company's investors and other stakeholders.

## 2. Climate related information

### (1) Implementation of climate-related information

Item	Implementation												
1. Describe the board and management’s oversight and governance of climate-related risks and opportunities	<p>The company follows TCFD as a methodology for mitigating climate change actions. The board of directors and senior managers’ direct operational strategies, promote measures to respond to identified climate change risks and opportunities, and regularly track and supervise through targets; at the same time, we increase the transparency of information related to climate governance. , regularly disclosed in the sustainability report to actively respond to and look forward to mutual exchanges from all walks of life to promote sustainable management. Based on the identification results, the company impact degree and occurrence possibility of each issue were confirmed, and the risk issues of "increasing greenhouse gas emission pricing", "average temperature rise", and "using low-carbon energy" opportunity issues were identified, and corresponding measures were formulated respectively.</p> <p>Climate risk impact and scenario analysis and response strategies :</p> <table><tr><th colspan="3">Increased Pricing of Greenhouse Gas Emissions</th></tr><tr><th>Period</th><th>Potential Financial Impact</th><th>Response Strategies and Measures</th></tr><tr><td>Short- to Medium-Term</td><td><ul style="list-style-type: none"><li>Greenhouse gas emissions from transportation: The interplay between carbon fee expenses and the replacement of transportation equipment with low-carbon models will increase the cost of raw material/product transportation.</li><li>Greenhouse gas emissions from products and processes: Carbon footprint calculations, carbon fee expenses, equipment replacement, and the trend toward low-carbon materials will impact operational costs.</li></ul></td><td><ul style="list-style-type: none"><li>The Company actively gathers information on low-carbon technologies and proactively engages in or collaborates on research and development of low-carbon technologies or processes.</li><li>A third-party independent entity is continuously commissioned to verify greenhouse gas emissions in accordance with ISO 14064-1. The Company comprehensively compiles the organization’s overall greenhouse gas emissions and sets concrete and feasible carbon reduction targets based on the scientific reduction methods provided by Science Based Targets (SBT). Carbon footprint assessments are promoted, along with the accumulation of practical experience and the integration of appropriate tools.</li><li>The Company establishes strategies for carbon fees, greenhouse gas emission allowances, and carbon pricing analysis. Additionally, it evaluates greenhouse gas reduction plans and seeks policy incentives.</li><li>The Company procures competitively priced renewable energy; for emissions that cannot be reduced, it purchases carbon credits as a countermeasure.</li><li>A budget is allocated to continuously initiate the replacement of high-energy-consuming equipment and operations.</li></ul></td></tr><tr><td>Long-Term</td><td><ul style="list-style-type: none"><li>Due to environmental taxes (such as carbon border taxes) or the application of low-carbon raw materials and technologies, raw material costs will continue to rise, impacting operational costs.</li><li>To align with the net-zero emissions trend, regulations are increasingly enforcing stringent energy-saving and carbon reduction requirements, such as mandating products to meet low-carbon standards or display carbon footprints. 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2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-term, medium-term, long-term)													
3. Describe the financial impact of extreme climate events and transition actions													
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system													
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained													
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical													

Item	Implementation												
risks and transformation risks													
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated													
8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, information such as Explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed	<table><tr><th colspan="3">Rising Average Temperatures</th></tr><tr><th>Period</th><th>Potential Financial Impact</th><th>Response Strategies and Measures</th></tr><tr><td>Short- to Medium-Term</td><td><p>Climate models indicate greater fluctuations in temperature and rainfall, estimating the interrelationship between carbon peaking and ecosystems. The following impact scenarios on the value chain may arise, leading to increased operating costs and indemnities, but they will remain within a controllable range:</p><p>A. High temperatures during the summer and autumn seasons, coupled with insufficient renewable energy resources, will increase the likelihood of power shortages and rolling blackouts.</p><p>B. Delays in raw material inventory or deliveries.</p><p>C. Delays in the estimated product delivery times.</p></td><td><ul style="list-style-type: none"><li>• Allocate a budget to initiate the ongoing replacement of high-energy-consuming equipment and operations.</li><li>• Plan for energy storage systems or uninterrupted power supply facilities to address electricity shortages during power restriction periods.</li><li>• Discuss with insurance companies the scope of coverage and underwriting conditions, and possibly explore new insurance products to mitigate risks.</li></ul></td></tr><tr><td>Long-Term</td><td><p>Greenhouse gas emissions are kept under stable control, and temperature and rainfall simulations in the long-term phase show conditions similar to historically stable states. The likelihood and impact of high temperatures are predictable, and the raw materials, design, and transportation stages of the process and operations are manageable. This results in operational costs and damage compensation remaining stable.</p></td><td><ul style="list-style-type: none"><li>• Continue planning for energy storage systems or uninterrupted power supply facilities to address electricity shortages during power restriction periods; plan the proportion of renewable energy to reduce or avoid production line downtime or the scope of impact caused by power restrictions.</li><li>• The Company will collaborate and share risk warnings, intelligence monitoring, and communication efforts with strategic alliances or academic institutions.</li><li>• Regularly train employees on emergency response mechanisms.</li></ul></td></tr></table> <p>Note 1: The value chain boundary includes the stages of raw materials, design, and transportation.</p> <p>Note 2: Period definitions: short-term is 2024; medium-term is 2025; long-term is 2030.</p>	Rising Average Temperatures			Period	Potential Financial Impact	Response Strategies and Measures	Short- to Medium-Term	<p>Climate models indicate greater fluctuations in temperature and rainfall, estimating the interrelationship between carbon peaking and ecosystems. The following impact scenarios on the value chain may arise, leading to increased operating costs and indemnities, but they will remain within a controllable range:</p> <p>A. High temperatures during the summer and autumn seasons, coupled with insufficient renewable energy resources, will increase the likelihood of power shortages and rolling blackouts.</p> <p>B. Delays in raw material inventory or deliveries.</p> <p>C. Delays in the estimated product delivery times.</p>	<ul style="list-style-type: none"><li>• Allocate a budget to initiate the ongoing replacement of high-energy-consuming equipment and operations.</li><li>• Plan for energy storage systems or uninterrupted power supply facilities to address electricity shortages during power restriction periods.</li><li>• Discuss with insurance companies the scope of coverage and underwriting conditions, and possibly explore new insurance products to mitigate risks.</li></ul>	Long-Term	<p>Greenhouse gas emissions are kept under stable control, and temperature and rainfall simulations in the long-term phase show conditions similar to historically stable states. The likelihood and impact of high temperatures are predictable, and the raw materials, design, and transportation stages of the process and operations are manageable. 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9. Greenhouse gas inventory and confirmation, reduction goals, strategies and specific action plans	<p>Identification of climate opportunities and response strategies and measures:</p> <p>In response to the results of the identification of climate-related opportunities, we will strategically invest resources to seize business opportunities and formulate response measures. After comprehensively estimating the impact on financials due to laws or government requirements and the expectations of stakeholders (such as customers), the company's operations will have a near-term impact. We will deploy and promote it in advance, so that all or part of the company's business will have a considerable degree of improvement opportunity (sales of more than NT\$10 million), or lead the profit period by 2 to 3 years.</p>												

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(2) Company greenhouse gas inventory and confirmation status in the last two years

- **Greenhouse gas inventory information**

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/million yuan) and data coverage of greenhouse gases in the past two years.

TXC Corporation follows the ISO 14064-1 international standard to conduct a greenhouse gas inventory of all greenhouse gas emissions generated within the organization. The inventory items are Category 1 (direct emission sources), Category 2 (indirect energy emission sources), and Category 3 (transportation indirect Emission source - employee business trip transportation), Category 4 (service indirect emission source - waste disposal emission). The emissions in 2022 are 27,516 metric tons of CO<sub>2</sub>e, and the intensity is 2.60metric tons of CO<sub>2</sub>e/million yuan; the emissions in 2023 are 27,611 metric tons of CO<sub>2</sub>e, and the intensity is 3.14 metric tons of CO<sub>2</sub>e/million yuan; during the 2024 inventory, complete information will be disclosed in the ESG report.

- **Greenhouse Gas Confirmation Information**

Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.

From 2022 to 2023, we will follow the ISO 14064-1 international standard and entrust the British Standards Institute (BSI) to conduct greenhouse gas verification. The inventory emission boundaries are No. 4, Gongye 6th Road, Pingzhen District, Taoyuan City and No. 7, Hangxiang Road, Dayuan District, Taoyuan City. Floor, verification statement are all published on the company's official website. During the 2024 inspection, complete information will be disclosed in the sustainability report.

- **Greenhouse gas reduction goals, strategies and specific action plans**

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

The greenhouse gas base year of Taiwan Crystal Technology is set in 2022. Following the ISO 14064-1 international standard, a greenhouse gas inventory was conducted on all greenhouse gas emissions produced within the organization. The inventory resulted in emissions of 27,516 metric tons of CO<sub>2</sub>e. Taiwan Crystal Technology follows the ISO 50001 energy management system and uses the P-D-C-A cycle management methodology to conduct systematic inventory, risk assessment and review, confirm business activities, equipment, operating procedures, services and product aspects, and collect the location and extent of energy. and time and activity trends, etc., through data analysis to formulate action plans to effectively reduce energy consumption, especially usage habits, energy recycling, energy-saving replacement and improvement measures for factory facilities, process equipment and transportation, such as : replace high-efficiency lighting fixtures, improve hot water boilers, optimize process parameters, etc. to cope with future greenhouse gas emission reporting obligations and carbon fee payment risks.



### 3. Organizational Structure of the Sustainability Committee



### 4. Sustainable Development Strategies and Policies

TXC Corporation adheres to the founding spirit of "integrity, pragmatism, innovation, and service" and its organizational management culture of "harmony, unity, and high efficiency". The two are compatible and integrated to form core values.

Internally, externally, with people or things, honesty is the first priority. In particular, sustainable development strategies should be disclosed honestly. We should fulfill every commitment on environmental protection, social responsibility and corporate governance with mutual trust, responsibility and truthfulness, and look to the future. Steadily promote the company's sustainable development, continue to improve and strive for excellence, pursue sustainable development and innovation with an open mind, gain the trust of all stakeholders, and maintain long-term harmonious relationships.

Through the actions of discipline, communication, respect, efficiency and unity, and the same values, we will face various environmental, social and corporate governance challenges in the future and move towards the corporate vision of excellent performance and sustainable operation.

As TXC Corporation strives to pursue corporate growth and sustainable management, it has always committed itself to being a good corporate citizen, and has adopted "integrity" as its operating principle for upstream and downstream manufacturers. It has also consistently strengthened corporate social welfare and environmental protection activities. In recent years, based on the belief and mission of society and environmental protection, the company has actively promoted green product design and promotion of various environmental protection activities within the company, so as to protect the environment and achieve sustainable development.

Based on the above, the company promises to proceed from the three aspects of "corporate social welfare", "corporate operational governance" and "environmental safety and health". For details, please refer to the ESG report and the company website.

### 5. Fulfill sustainable development situation

The Sustainable Development Committee consists of the Chairman, Vice Chairman and members jointly confirming the company's sustainable development strategies and action plans, agreeing on management policies and short, medium and long-term goals, and providing regular supervision. The executive secretary is the top manager of the management center, responsible for coordinating the planning and promotion of issues related to sustainable development, as well as coordinating sustainable development and promoting cooperation among groups.

The sustainable development promotion team has three functional groups, each with designated

supervisors and members, covering the company's operating department supervisors and colleagues, collecting information from domestic or foreign customers, markets, local governments, etc. on environmental protection (E), social responsibility (S), and corporate governance (G) related issue information, based on which management policies, short, medium and long-term goals and action plans are formulated. After submitting to the committee, implementation and progress reports are implemented according to the agreed content. For details, please refer to the ESG report and the company website.

**(VII) Implementation of Ethical Corporate Management and variations with management principles of publicly-listed companies and reasons**

The company's "integrity operation code" has been adopted by the board of directors and submitted to the general meeting of shareholders on June 19, 2013 and the "integrity operation procedure and code of conduct" adopted by the board of directors on April 24, 2017. Meanwhile, the "internal control system and internal audit implementation rules for integrity" have been formulated, which will be included in the actual audit project. The company will follow this "code of conduct for integrity" in the future. In order to improve the effect of the company's integrity operation, and to implement the integrity operation principle more effectively, the company shall establish an integrity operation corporate culture and sound development, pay attention to the development of relevant domestic and foreign integrity operation norms at any time, and encourage directors, independent directors, managers and employees to put forward suggestions, so as to review and improve the integrity operation rules formulated by the company, and at the end of each year the company's performance of corporate social responsibility shall be reported to the board of directors.

**1. Performance of integrity operation and the difference between integrity operation rules of listed and OTC companies and the reasons**

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Establish integrity business policies and plans				
(1) Does the company have an integrity operation policy approved by the board of directors, and clearly state the integrity operation policy and practice in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	Yes		The "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guidelines" disclosed on our company's website are the highest guiding policy and specific regulations for integrity management approved by the board of directors. Based on this, the company has also established the "Code of Ethics for Directors and Managers" and the "Code of Ethics for Employees". Directors, managers and all colleagues of the company must read and understand them carefully and sign them separately, jointly committing to upholding the contents of the Code of Ethics for honest business operations. In addition, the highest executive of the company's management center, who is also the executive secretary of the Sustainability Committee, shall report the implementation of integrity management to the board of directors at least once a year, and publicly disclose the integrity management results of the year through the company's website, annual report and sustainability report.	Comply with the best-practice principles, no discrepancy
(2) Does the company establish an evaluation mechanism for the risk of dishonest behavior, regularly analyze and evaluate the business activities with high dishonest behavior risk within the business scope, and formulate a plan for preventing dishonest behavior based on it, and at least cover the preventive measures for the behaviors in Article 7, paragraph 2, of the code of	Yes		The Company has established a risk assessment mechanism for dishonest behavior and has set out preventive measures for dishonest behavior in the "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guidelines": 1. Bribery and bribery 2. Providing illegal political donations 3. Improper charitable donations or sponsorships 4. Providing or accepting unreasonable gifts, entertainment or other improper benefits 5. Infringement of trade secrets, trademark rights, patents, copyrights and other intellectual property rights 6. Engaging in unfair competition 7. Directly or indirectly damaging the rights, health and safety of consumers or other stakeholders during the development, procurement, manufacturing, provision or sale of	Comply with the best-practice principles, no discrepancy



Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
honest operation for listed and OTC companies?			<p>products and services. In addition, preventive measures are formulated in the "Information Security Management Regulations", "Document Confidentiality Management Regulations" and "Employment Contract" to protect the company's intellectual property and trade secrets.</p> <p>The Company regularly analyzes and evaluates business activities with a higher risk of dishonest behavior within its scope of operation, and organizes promotional or training courses and pushes relevant information in communication groups to provide relevant education and promotion to current directors, managers and employees. The course content includes legal knowledge such as laws and regulations on preventing insider trading, protecting trade secrets and intellectual property rights, and placing course briefings in the internal employee education and training system for reference by those who did not attend that day, so that they can comply with the necessary regulations when handling related business at work.</p>	
(3) Does the company specify operating procedures, conduct guidelines, disciplinary and grievance systems for violations in the prevention of dishonest conduct plan, implement them, and regularly review and amend the aforementioned scheme?	Yes		<p>The Company has established relevant documents such as the "Integrity Management Operating Procedures and Behavior Guidelines", "Code of Ethics for Directors and Managers", "Procedures for Preventing Insider Trading Management" and "Code of Ethics for Employees", etc., to encourage employees or anyone else to report to independent directors, internal audit supervisors, integrity management unit supervisors or other appropriate personnel when they suspect or discover any violation of laws, regulations or the Company's integrity management code of conduct. In order to encourage and protect employees to report illegal activities safely, the company has formulated "Procedures for Reporting Illegal, Immoral or Dishonest Behavior Cases" and related process mechanisms to let employees know that the company will do its utmost to protect the safety of whistleblowers and prevent them from retaliation. If a director, manager or any employee violates the above-mentioned circumstances, the company shall handle the violation in accordance with the disciplinary measures stipulated in the above-mentioned relevant regulations and documents, and shall impose penalties such as but not limited to warnings, demerits, transfers, demotions, dismissals, cancellation of bonuses, termination of employment or legal sanctions according to the severity of the circumstances, and shall immediately disclose the title, name, date of violation, reason for violation, violation of the code of conduct and the handling of the violation on the public information observation station. The Company reports the implementation of integrity management to the Board of Directors every year and regularly reviews and amends the above-mentioned plans to meet the needs of the times.</p>	Comply with the best-practice principles, no discrepancy
2. Implement integrity operation				
(1) Does the company assess the integrity records of its counterparties and specify the integrity terms in the contracts it enters into with them?	Yes		<p>The company will conduct credit rating for all suppliers, customers and agents it cooperates with, and require suppliers to sign the following documents related to honest business operations in accordance with the "Supplier Audit Operation Specifications" to fulfill the contracts of commercial</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>activities in a fair and ethical manner and in strict compliance with relevant laws, regulations and contract terms. If there is any dishonest behavior involved, the terms of the contract may be terminated or rescinded at any time.</p> <ul style="list-style-type: none"> <li>▪ Suppliers' commitment to comply with the company's social responsibility policy.</li> <li>▪ Supplier's commitment to comply with industry practices.</li> <li>▪ Supplier's commitment to comply with SA8000 standard requirements.</li> <li>▪ Fair dealing and integrity undertaking.</li> </ul> <p>Suppliers adhere to the Responsible Sourcing of Minerals Commitment.</p>	
(2) Does the company set up a dedicated unit under the board of directors to promote the integrity operation of the enterprise, and regularly (at least once a year) report to the board of directors its integrity operation policies, plans to prevent dishonest behavior and supervision of implementation?	Yes		<p>In order to implement the integrity management policy and improve the management of integrity management, the company has set up a corporate governance team under the Corporate Sustainability Committee of the Board of Directors to promote integrity management. The Executive Secretary of the Sustainability Committee, who is also the highest executive of the Company's Management Center, is responsible for the formulation, revision and supervision of the implementation of integrity management policies, anti-corruption, anti-bribery, discipline, appeals and other legal compliance management matters and preventive measures. He shall report the implementation of integrity management to the Board of Directors at least once a year. The implementation status was reported to the Board of Directors on November 4, 2024. For details, please refer to the Company's website.</p> <p>To implement the integrity management policy, the company promotes its commitment to honest transactions at the annual supplier conference and uses the Responsible Business Alliance (RBA) third-party audit system to verify whether suppliers meet the standards. When new employees report for work, the company's relevant regulations and integrity and ethical requirements are also explained in detail, and the company's integrity and business conduct standards are clearly stated in the "Employment Contract". At the same time, the company continues to promote corporate integrity policies and explain the importance of honest management in routine department meetings, management meetings and lectures. In 2024, 96 promotion and training sessions were held, with a total of 5,241 participants. Directors and senior management are also required to sign a statement committing to abide by the company's integrity management policy and ethical behavior. Please refer to our company website for the implementation of honest management.</p>	Comply with the best-practice principles, no discrepancy
(3) Does the company have a conflict of interest prevention policy, provide appropriate presentation channels and implement them?	Yes		<p>The Company has established the "Corporate Governance Code of Practice", "Integrity Management Code", "Director and Manager Ethical Conduct Code", "Article 15 of the Board of Directors' Meeting Rules", "Employee Ethical Conduct Code" and "Integrity Management Operating Procedures and Behavior Guidelines", all of which clearly regulate conflict of interest policies. If there is a conflict of interest that requires avoidance, the employee shall avoid it on his own or report it in advance. If a director or manager violates the Code of Ethical Conduct, the company shall handle the violation in accordance with the disciplinary measures stipulated in the</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			above-mentioned relevant documents and promptly disclose information such as the person who violated the code, date, reason, relevant code and handling status on the public information observation station.	
(4) Has the company established an effective accounting system and internal control system for the implementation of integrity operation, and the internal audit unit shall, according to the assessment results of the risk of dishonest behavior, draw up relevant audit plans, and according to the compliance of the plan for preventing dishonest behavior, or entrust an accountant to carry out the audit?	Yes		The company has established an "internal control system" that sets up an internal audit office and simultaneously entrusts external accountants to conduct audits. The Audit Office regularly assesses risks and formulates audit plans, and performs relevant audits according to the plans to ensure that the internal control system is continuously and effectively implemented. Regularly report audit results to the Audit and Risk Committee and the Board of Directors to allow management to understand the implementation of the company's internal control and achieve effective management. Over the years, our company has not had any dishonest conduct.	Comply with the best-practice principles, no discrepancy
(5) Does the company regularly conduct internal and external education and training for integrity operation?	Yes		The Company requires directors, managers, all current employees and new employees to participate in corporate integrity-related education and training courses to provide relevant education and promotion on the recognition and prevention of dishonest behavior. Before the release of each quarter's operating results, the Company provides education and promotion to internal managers, supervisors in specific positions, and colleagues regarding the provisions of Article 157-1 of the Securities and Exchange Act to specifically implement prevention of insider trading. The company provides training to each new employee when they join the company, informing them that they must strictly abide by the "Employee Code of Ethics and Conduct", and holds training on the Code of Ethics and Conduct for company employees from time to time. In 2024, the company held 96 publicity and training sessions on integrity management, involving a total of 5,241 participants.	Comply with the best-practice principles, no discrepancy
<b>3. Operation of the company's whistleblowing system</b>				
(1) Does the company have a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate personnel to the reported object?	Yes		Our company has established "Regulations for Handling Reports of Illegal, Immoral or Dishonest Behavior Cases", which can be found on our company website. When conducting business, if relevant persons in the company find any violation of the integrity of business ethics, they can report it through the following channels: <ul style="list-style-type: none"> <li>▪ Company management unit: accept reports sent to the employee opinion mailbox.</li> <li>▪ Company spokesperson: accept reports from shareholders, investors and other stakeholders.</li> <li>▪ Company Audit Unit: accepts reports from internal colleagues, customers, suppliers, contractors, etc.</li> <li>▪ Independent directors or the audit and risk committee of the company: accept reports against management executives.</li> </ul> Our company's website also has an email communication channel. All stakeholders can communicate and file complaints with the company via email at any time, thus keeping the	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			communication and complaint channels between the company and all stakeholders open. All stakeholders of the company may report any matter at any time through the above channels or by email to the company's stakeholder mailbox. The company will be responsible for maintaining complete confidentiality and will investigate and deal with it in accordance with the law.	
(2) Does the company establish the standard operating procedures for investigation of reported matters, follow-up measures to be taken after investigation and relevant confidentiality mechanisms?	Yes		The company has established reporting, investigation, confidentiality mechanisms and follow-up measures such as the "Social Responsibility Manual", "Employee Handbook", "Employee Grievance (Complaint/Reporting) Control Procedure", "Procedures for Reporting Illegal, Immoral or Dishonest Cases", "Employee Ethical Code of Conduct" and "Industrial Safety and Health Consultation and Communication Operation Standards".	Comply with the best-practice principles, no discrepancy
(3) Does the company take measures to protect whistleblowers from improper handling due to whistleblowing?	Yes		The company has established "Employee Handbook", "Employee Appeal (Complaint/Report) Control Procedure", "Procedure for Handling Reports of Illegal, Immoral or Dishonest Cases", and "Employee Ethical Code of Conduct" documents with clear definitions: During the entire complaint/reporting process, relevant personnel should keep confidentiality. If there is a leak, they will be punished according to relevant regulations; if there is any retaliation against the complainant/reporter, they will be punished more severely according to relevant regulations.	Comply with the best-practice principles, no discrepancy
4. Enhance information disclosure Does the company disclose the content and promotion effect of its code of conduct for integrity operation on its website and public information observatory?	Yes		The company's "Integrity Management Code" is disclosed on the company website, and the implementation results of integrity management promotion are regularly updated every year. Our company website also provides financial information related to corporate governance, stock price and dividend information, organizational structure and company operating results, etc., which are fully disclosed in quarterly reports, annual reports and company websites, and quickly and truthfully reflect various types of business information, so that stakeholders can grasp the company's business dynamics in a timely manner. Please refer to the company's website for details on corporate governance.	Comply with the best-practice principles, no discrepancy
5. If a company has its own code of conduct for integrity in accordance with the code of conduct for listed and OTC companies, please state the difference between its operation and the code: The Company and its subsidiaries have established the "Integrity Management Code" and continue to promote and cooperate with various publicity activities in accordance with this code to strengthen the awareness of colleagues at the management level. The content and related operations are not significantly different from the "Integrity Management Code for Listed Companies".				
6. Other important information helpful to understand the company's operation integrity: (such as the company's review and amendment of the integrity operation rules, etc.) The Company and its subsidiaries negotiate and perform contracts with customers with integrity and honesty, and strive for, negotiate and perform all contracts in a fair and ethical manner.				

**(VIII) Other important information which is sufficient to understand corporate governance operation status must also be disclosed**

1. In order to improve corporate governance, accountants, independent directors, auditors, and financial supervisors communicate from time to time. Please refer to the company's website for communication status.
2. On May 7, 2020, the Board of Directors resolved to establish an Investment Review Committee to strengthen the quality of the company's investment decisions, implement investment review procedures and performance management, and conduct research, review and recommendations on the company's long-term investment strategic planning and major investment decisions. , please refer to the "Functional Committee" section of our company's website for details.
3. On November 4, 2024, the Audit Committee and the Board of Directors passed a resolution to include reviewing risk management policies, procedures and structures, and supervising the implementation of risk management in the responsibilities of the "Audit Committee" in order to strengthen the Board of Directors' supervision of the Company's risk matters, and renamed it the "Audit and Risk Committee".
4. In order to strengthen corporate governance, the company attaches special importance to information disclosure and disclosure. It regularly and irregularly discloses information on the public information observatory. It also discloses financial and other related information on the company's website so that investors and stakeholders can obtain it in real time. For important company information, please refer to our website.
5. The company's hard work and achievements in corporate governance and information disclosure over the years have been highly recognized. For information related to corporate governance evaluation, please refer to the company's website.

**(IX) Statement on Internal Control**

1. Internal Control Statement: Please refer to the Public Information Observatory for information reporting [<https://mops.twse.com.tw> Single Company>Corporate Governance>Corporate Regulations/Internal Control>Internal Control Statement Announcement]
2. Those who entrust a certified public accountant to conduct a special audit of the internal control system shall disclose the certified public accountant's audit report: None.

**(X) Important resolutions of the shareholders' meeting and the Board of Directors during the most recent year and until the publication date of the annual report**

**1. Important resolutions of the annual shareholders meeting**

Date	Important resolution	Resolution result
2024/05/28 Annual shareholders meeting	<ol style="list-style-type: none"> <li>2023 annual business report and financial statements</li> <li>To remove the restriction of non-compete agreement of directors</li> <li>To handle cash capital increase and issuance of common shares through private placement</li> </ol>	<ol style="list-style-type: none"> <li>Approved by a resolution of the general meeting of shareholders</li> <li>Approved to remove the restrictions of non-compete agreement of Director Lin, Jin-Bao, Independent Director Su, Yan-Syue and Independent Director Wang, Chuan-Fen.</li> <li>The company issued common stock through cash capital increase in private placement. The payment was completed on July 2, 2024, 25,000,000 common shares were issued, and the change registration was completed on August 26, 2024 (Letter No. 11330126290)</li> </ol>

**2. Important resolutions of the board of directors**

Date	Board meeting	Important resolution	Resolution result
2024/03/11	Board meeting	<ol style="list-style-type: none"> <li>Accountants' internal control evaluation opinions, the company's annual internal control effectiveness self-assessment report and internal control statement</li> <li>Undertaking of derivative financial product</li> <li>2023 the distribution of employees' compensation and directors' compensation</li> <li>2023 annual business report and financial statements</li> <li>2023 annual earnings distribution</li> <li>2023 annual accountant independence and performance evaluation review</li> <li>To host 2024 annual general shareholders meeting</li> <li>Shareholders' right to propose proposals accepted by shareholders' regular meeting</li> <li>To remove the restriction of non-compete agreement of directors</li> <li>To issue the 5th domestic conversion of unsecured convertible corporate bonds into common shares, to handle the registration of changes in share capital in the fourth quarter of 2023</li> <li>To entrust Deloitte Taiwan to conduct the lighthouse factory maturity assessment case</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection (NT\$4.5 cash dividends per share)</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection and proposed to hold the annual shareholders meeting on May 28, 2024</li> <li>Passed by all attending directors without objection.</li> <li>Except for the relevant directors who recused themselves due to conflicts of interest, the chairman of the board of directors consulted with the remaining directors and approved the proposal without objection.</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>
2024/04/15	Board meeting	<ol style="list-style-type: none"> <li>To handle cash capital increase and issuance of common shares through private placement</li> <li>The amendment to the agenda of the 2024 annual shareholders' meeting</li> <li>The 5th domestic conversion of unsecured convertible corporate bonds into common shares, to handle the registration of changes in share capital in the first quarter of 2024</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>

Date	Board meeting	Important resolution	Resolution result
2024/05/06	Board meeting	<ol style="list-style-type: none"> <li>Undertaking of bank credit extensions and derivative financial commodities</li> <li>Q1 / 2024 financial statements</li> <li>Remittance of earnings of china subsidiaries</li> <li>TXC (NGB) Capacity Expansion</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>
2024/06/20	Board meeting	<ol style="list-style-type: none"> <li>The price setting and other related matters for the company's first private placement of common shares in 2024</li> <li>Reviewed the 2023 employee remuneration and director remuneration payment case</li> <li>The review of the manager's salary adjustment proposal</li> <li>The TXC Corporation information software and hardware capacity expansion</li> <li>The appointment of senior managers of Indonesian subsidiary PT TXC TECHNOLOGY INDONESIA.</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Except for the relevant directors who recused themselves due to conflicts of interest, the chairman of the board of directors consulted with the remaining directors and approved the proposal without objection.</li> <li>Except for the relevant directors who recused themselves due to conflicts of interest, the chairman of the board of directors consulted with the remaining directors and approved the proposal without objection.</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>
2024/08/05	Board meeting	<ol style="list-style-type: none"> <li>Extension of bank credit period and undertaking of derivative financial products</li> <li>Q2 / 2024 financial statements</li> <li>The 5th domestic conversion of unsecured convertible corporate bonds into common shares, to handle the registration of changes in share capital in the second quarter of 2024</li> <li>The company's 2023 ESG report</li> <li>TXC's capital expansion</li> <li>TXC's subsidiary TETC CORP. NINGBO construction progress and capacity expansion</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>
2024/11/04	Board meeting	<ol style="list-style-type: none"> <li>Extension of bank credit period and undertaking of derivative financial products</li> <li>The change of the company's certified accountant and accountant's independence assessment case</li> <li>Q3 / 2024 financial statements</li> <li>The company and its subsidiaries' investment and construction progress and capital increase case</li> <li>The company's "Audit Committee" was renamed as "Audit and Risk Committee" and the "Audit and Risk Committee Organizational Rules" were revised</li> <li>The amendments to some provisions of the company's "Standards of Procedures for Board of Directors"</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>

Date	Board meeting	Important resolution	Resolution result
2024/12/23	Board meeting	<ol style="list-style-type: none"> <li>The company's 2024 performance bonus proposal</li> <li>The company's proposed donation to TXC_FOUNDATION</li> <li>The proposal on the proportion of employee remuneration and directors' remuneration in the 2025 budget</li> <li>The 2025 annual accountant fee audit</li> <li>The capacity expansion plan of its subsidiary TETC CORP. NINGBO</li> <li>2025 annual business plan and annual budget</li> <li>The establishment of the "Internal Control System - Sustainable Information Management" proposal</li> <li>The revision of the "Internal Control Self-Assessment Operating Procedures"</li> <li>The 2025 audit plan</li> <li>The appointment of the company's "Internal Audit Supervisor"</li> <li>The company's operational risk management policy and implementation procedures</li> <li>The proposal for the appointment of senior executives</li> </ol>	<ol style="list-style-type: none"> <li>Except for the relevant directors who recused themselves due to conflicts of interest, the chairman of the board of directors consulted with the remaining directors and approved the proposal without objection</li> <li>Except for the relevant directors who recused themselves due to conflicts of interest, the chairman of the board of directors consulted with the remaining directors and approved the proposal without objectionPassed by all attending directors without objection.</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> </ol>
2025/03/10	Board meeting	<ol style="list-style-type: none"> <li>The accountant's internal control assessment opinion, the company's annual self-assessment report on the effectiveness of the internal control system, and the internal control system statement.</li> <li>Undertaking of derivative financial products</li> <li>The distribution of 2024 employees' compensation and directors' compensation</li> <li>2024 Business Report and Financial Statements</li> <li>2024 Earnings Distribution</li> <li>2024 Annual Accountant Independence and Performance Evaluation Review</li> <li>To host 2025 Annual General Shareholders Meeting</li> <li>To elect eleven Directors (including four independent directors)</li> <li>Shareholders' right to propose proposals accepted by shareholders' regular meeting</li> <li>To remove the restriction of non-compete agreement of directors</li> <li>To Revise the ""Articles of Incorporation""</li> <li>The amendments to some important internal rules of the Company.</li> <li>Review the appointment of senior executives.</li> <li>The reassignment of the legal representative of the mainland subsidiary.</li> </ol>	<ol style="list-style-type: none"> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection (NT\$5.2 cash dividends per share)</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection (to be held on May 27, 2025)</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Passed by all attending directors without objection</li> <li>Except for the relevant directors who recused themselves due to conflicts of interest, the chairman of the board of directors consulted with the remaining directors and approved the proposal without objectionPassed by all attending directors without objection.</li> </ol>

**(XI) Main content of recorded or written statements of dissenting opinions filed by directors or supervisors in connection with important resolutions passed by the board of directors in recent years up to the publication date of the annual reports: None.**



**(XII) The financial people obtained the relevant license specified by the competent authority**

Name of the License	Number of people
The Institute of Internal Auditors-Internal Auditors	1
Ministry of Examination-Accountant	1
Ministry of Examination -bookkeeper	2
PMI-PMP Project Manager	3
Securities & Futures Institute -Stock Affairs Staff	1
Securities & Futures Institute -Securities Salesperson	1
Securities & Futures Institute -Futures Merchant Salesperson	2
Securities & Futures Institute -Junior Associate	1
Securities & Futures Institute-Corporate Governance Basic Ability Test	2

**IV. Information on CPA fees**

Unit : NT\$1,000

Accounting Firm	Accountant	Audit Period	Auditing Fees	Non-Auditing Fees	Total	Remark
Deloitte & Touche	Hsieh, Ming-Chung	January 1, 2024 ~ June 30, 2024	3,830	2,052	5,882	Note 1
	Su, Yu-Hsiu					
	Hsieh, Ming-Chung	July 1, 2024 ~ December 31, 2024				
	Peng, Yi-Hua					

Note 1: The accounting firm made internal adjustments and replaced the visa accountant.

Note 2 :The non- auditing fees include project consulting at NT\$1,600,000 , tax visa at NT\$450,000 , and business registration at NT\$2,000 .

- (I) The amount, ratio and reasons for the decrease in auditing fees shall be disclosed if there is a change in accounting firm and the auditing fees in the year of such change is less than the auditing fees in the previous year: **None.**
- (II) The amount, ratio and reasons for the decrease in auditing fees shall be disclosed if the auditing fees was decrease by more than 10% comparing to that of in the previous year: **None.**

## V. Information on change of accountant's information:

### (I) 、About the former accountant:

Replacement Date	Approved by the Board of Directors on November 4, 2024		
Reasons and explanations for replacement	The accounting firm underwent internal adjustments, with the certifying accountants changed from Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Hsiu to Mr. Hsieh, Ming-Chung and Mr. Peng, Yi-Hua.		
Indicates that the client or accountant terminates or does not accept the appointment	Party		Accountant
	Situation		Appointed by
	Voluntary termination of mandate		V
	No longer accept (continue) the appointment		NA
			NA
Audit report opinions other than unqualified opinions issued within the last two years and the reasons therefor	None		
Any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Explanation		
Other Disclosures (Those who should be disclosed in accordance with Article 10, Paragraph 6, Item 1, Section 4 to Item 1, Section 7 of these Regulations)	None		

### (II) 、Regarding the successor accountant:

Firm name	Deloitte Touche Tohmatsu CPA Ltd.
Accountant name	Peng, Yi-Hua CPA
Date of appointment	November 4, 2024, approved by the Board of Directors
Pre-appointment accounting for specific transactions treatment methods or accounting principles and possible opinions on financial reports consultation items and results	None
Successor accountant to former accountant written opinions on matters of dissent	None

### (III) 、Reply from the former CPA regarding items 1 and 2-3 of Article 10, paragraph 6 of these Standards: Not applicable.

**VI. Where the company's chairman, general manager or any officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of is CPA or at an affiliated enterprise of the accounting, the name and position of the person and the period during which the position was held, shall be disclosed: None.**

**VII. Any transfer of shareholdings and changed equity pledge from the directors, managers and shareholder(s) holding more than 10% of the shares during the most recent year and as of the publication date of the annual report:**

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

Please refer to the information reported by the Public Information Observatory

【<https://mops.twse.com.tw> Single Company> Equity Change/Securities Issuance> Equity Transfer Information Inquiry> Post-event Report Form for Insider Shareholding Change】

**(II) Information on equity transfer:** None.

**(III) Information on equity pledge where the counterparty of the pledge is a related party:**  
None.

## VIII. Information of relationships between TOP 10 shareholders are related parties:

March 29, 2025 Unit: shares

Name	Own held shares		Shares held by spouse, children under twenty (20) years of age		Shareholding in the name of others		Where the relationship among the top 10 shareholders is a related party, spouse, and/or a relative by blood or marriage within second degree of kinship or relationship, please specify the name and relationship		Remark
	Shares	Shares (%)	Shares	Shares (%)	Shares	Shares (%)	Name	Relationship	
WALSIN TECHNOLOGY CORPORATION Representative: Jiao, You-Heng	34,242,000	9.98%	0	0%	0	0%	INPAQ TECHNOLOGY CO., LTD.	Note	
Fubon Life Insurance Company Limited Representative: Lin, Fu-Xing	17,110,000	4.99%	0	0%	0	0%	None	None	
KGI Taiwan Select High Dividend 30 ETF Fund Account	15,880,000	4.63%	0	0%	0	0%	None	None	
Taipei Fubon Commercial Bank Co., Ltd. is entrusted to keep the Fuhua Taiwan Technology High Interest ETF Securities Investment Trust Fund Special Account	12,384,000	3.61%	0	0%	0	0%	None	None	
Chunghwa Post Co., Ltd. Representative: Wang, Kwo-Tsai	8,759,000	2.55%	0	0%	0	0%	None	None	
Hua Nan Commercial Bank is entrusted to keep the Yuanta Taiwan Value High Yield ETF Securities Investment Trust Fund special account	7,633,000	2.23%	0	0%	0	0%	None	None	
KGI Life Insurance Company Limited Representative: Wang, Ming-Yang	7,413,000	2.16%	0	0%	0	0%	None	None	
INPAQ TECHNOLOGY CO., LTD. Representative: Chen Pei-Zhen	6,770,000	1.97%	0	0%	0	0%	WALSIN TECHNOLOGY CORPORATION	Note	
Cathay Life Insurance Co., Ltd. Representative: Hsiung, Ming-he	6,450,000	1.88%	0	0%	0	0%	None	None	
Lin, Jin-Bao	5,847,263	1.70%	163	0%	0	0%	None	None	

Note : INPAQ TECHNOLOGY CO., LTD. is a subsidiary of WALSIN TECHNOLOGY CORPORATION that uses the equity method for valuation.

Top 10 Shareholder	Major Shareholders of the Juristic Person
WALSIN TECHNOLOGY CORPORATION Representative: Chiao, Yu-Heng	Walsin Lihwa Corporation (18.30%) HannStar Board Corporation (7.88%) Global Brands Manufacture Ltd. (3.53%) Walton Advanced Engineering, Inc. (2.75%) Chiao, Yu-Heng (2.65%) Citigroup (Taiwan) Commercial Bank entrusted with the custody of Maybank Kim Eng Securities Sdn Bhd investment account (2.33%) Giga Investment Co. (1.37%) Chin-Xin Investment Co., Ltd (1.28%) TSAI YI CORPORATION (1.11%) Winbond Electronics Corporation (1.09%)
Fubon Life Insurance Company Limited Representative: Lin, Fu-Xing	Fubon Financial Holdings Co., Ltd. (100%)
Chunghwa Post Co., Ltd. Representative: Wang, Kwo-Tsai	Ministry of Transportation and Communications (100%)
KGI Life Insurance Company Limited Representative: Wang, Ming-Yang	KGI Financial Holdings Co., Ltd. (100%)
INPAQ TECHNOLOGY CO., LTD. Representative: Chen Pei-Zhen	Walsin Technology Corp. (34.76%) Tai Feng Shi Co., Ltd. (5.24%) Jia-Yuan Investment Co., Ltd. (1.79%) Cheng, Dun-Ren (0.88%) Lai, Guan-Zhou (0.80%) J.P. Morgan Chase Bank, N.A., Taipei Branch, has been appointed as the custodian for the investment account of Central Short-Term Investment Corporation (0.74%) Wang, Nong-Fu (0.60%) Citibank Taiwan Ltd. has been appointed as the custodian for the investment account of UBS Europe SE. (0.57%) Hong-Sheng Chen (0.55%) Fu Kai Investment and Consultation Co., Ltd. (0.55%)
Cathay Life Insurance Co., Ltd. Representative: Hsiung, Ming-he	Cathay Financial Holdings (100%)

Note 1: The shareholding base date is April 15, 2024, which is the date when the transfer of shares will be stopped at the 2024 shareholders' meeting.

Note 2: The shareholding base date is April 16, 2024, which is the date when the transfer of shares will be stopped at the 2024 shareholders' meeting.

**IX. The number of shares held by the company, the company's directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same joint venture, and the combined shareholding percentage**

December 31, 2024 Unit: shares, %

Investees	Investments of the Company		Investments of the directors, supervisors, managers and their investment in business which they have direct or indirect control of.		Comprehensive investments	
	Shares	Share (%)	Shares	Share (%)	Shares	Share (%)
TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED	42,835,294	100	-	-	42,835,294	100
TXC TECHNOLOGY, INC.	300,000	100	-	-	300,000	100
TXC JAPAN CORPORATION	2,100	100	-	-	2,100	100
TAIWAN CRYSTAL TECHNOLOGY (HK) LIMITED	80,000	100	-	-	80,000	100
TXC EUROPE GMBH	50,000	100	-	-	50,000	100
TAI SHING ELECTRONICS COMPONENTS CORP.	8,802,000	33.34	3,203,500	12.14	12,005,500	45.48
TXC (NINGBO) CORPORATION	-	-	77,241,343	100	77,241,343	100
TXC (CHONGQING) CORPORATION	-	-	247,876,609	100	247,876,609	100
Chongqing All Suns Company Limited	-	-	150,000,000	100	150,000,000	100
Ningbo Beilun Jingyu Trading Corporation	-	-	2,500,000	100	2,500,000	100
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	-	-	35,050,000	100	35,050,000	100
TETC CORP. NINGBO	-	-	150,000,000	100	150,000,000	100
PT TXC TECHNOLOGY INDONESIA	-	-	1,600,000	81.22	1,600,000	81.22
ChongQing Dingsen Commercial Management Co.,Ltd	-	-	1,000,000	100	1,000,000	100
Shanghai JCH Co.,Ltd	-	-	500,000	100	500,000	100
Ningbo Longying Semiconductor Co., Ltd	-	-	2,400,000	29.37	2,400,000	29.37

Note: Equity investments of the Company.

## Chapter 3 Capital Overview

### I. Capital and Shares

#### (I) Source of Capital

##### 1. Capitalization

March 29, 2025 Unit: Shares, NT\$

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Other (Approval document no.)
1983.12	10	310,000	3,100,000	310,000	3,100,000	Registered capital	Nil	-
1984.03	10	3,315,200	33,152,000	3,315,200	33,152,000	Capital increase by cash	Nil	-
1989.03	10	8,500,000	85,000,000	8,500,000	85,000,000	Capital increase by cash	Nil	-
1989.10	10	18,000,000	180,000,000	18,000,000	180,000,000	Capital increase by cash	Nil	-
1990.07	10	21,060,000	210,600,000	21,060,000	210,600,000	Capital increase by cash, by capital surplus	Nil	07/10/1990 (79) Tai-Tsai-Cheng(1) no. 01530
1991.08	10	60,000,000	600,000,000	31,590,000	315,900,000	Capital increase by cash, by earnings, by capital surplus	Nil	08/01/1991 (80) Tai-Tsai-Cheng(1) no. 02111
1992.07	10	60,000,000	600,000,000	41,067,000	410,670,000	Capital increase by earnings, by capital surplus	Nil	07/07/1992 (81) Tai-Tsai-Cheng(1) no. 01518
1993.07	10	60,000,000	600,000,000	47,300,000	473,000,000	Capital increase by earnings	Nil	07/14/1993 (82) Tai-Tsai-Cheng(1) no. 30047
1994.07	10	60,000,000	600,000,000	51,557,000	515,570,000	Capital increase by earnings, by capital surplus	Nil	07/07/1994 (83) Tai-Tsai-Cheng(1) no. 31774
1995.06	10	60,000,000	600,000,000	55,681,560	556,815,600	Capital increase by earnings	Nil	06/22/1995 (84) Tai-Tsai-Cheng(1) no. 36958
1996.09	10	100,000,000	1,000,000,000	75,681,560	756,815,600	Capital increase by cash	Nil	09/05/1996 (85) Tai-Tsai-Cheng(1) no. 53631
2000.09	10	100,000,000	1,000,000,000	82,201,820	822,018,200	Capital increase by earnings	Nil	09/06/2000 (89) Tai-Tsai-Cheng(1) no. 5237
2001.07	10	260,000,000	2,600,000,000	110,348,515	1,103,485,150	Capital increase by earnings	Nil	05/14/2001 (90) Tai-Tsai-Cheng(1) no. 129296
2001.08	10	260,000,000	2,600,000,000	120,348,515	1,203,485,150	Capital increase by cash	Nil	06/12/2001 (90) Tai-Tsai-Cheng(1) no. 135132
2002.09	10	260,000,000	2,600,000,000	137,673,100	1,376,731,000	Capital increase by earnings, by capital increase	Nil	08/21/2002 (91) Tai-Tsai-Cheng(1) no. 0910146351
2003.08	10	260,000,000	2,600,000,000	144,140,534	1,441,405,340	Capital increase by earnings	Nil	08/12/2003 Tai-Tsai-Cheng(1) no. 0920136359
2004.08	10	260,000,000	2,600,000,000	151,810,534	1,518,105,340	Convertible bonds, exercise of employee stock options	Nil	08/18/2004 Ching-Shou-Shang-Zi no. 09301157450
2004.10	10	260,000,000	2,600,000,000	160,779,678	1,607,796,780	Capital increase by earnings	Nil	10/13/2004 Ching-Shou-Shang-Zi no. 09301188710
2004.10	10	260,000,000	2,600,000,000	160,784,678	1,607,846,780	Convertible bonds	Nil	10/19/2004 Ching-Shou-Shang-Zi no. 09301199790

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Other (Approval document no.)
2005.05	10	260,000,000	2,600,000,000	163,133,882	1,631,338,820	Convertible bonds	Nil	05/03/2005 Ching-Shou-Shang-Zi no. 09401077580
2005.07	10	260,000,000	2,600,000,000	168,068,138	1,680,681,380	Convertible bonds, exercise of employee stock options	Nil	07/25/2005 Ching-Shou-Shang-Zi no. 09401135020
2005.09	10	260,000,000	2,600,000,000	178,181,410	1,781,814,100	Capital increase by earnings	Nil	09/23/2005 Ching-Shou-Shang-Zi no. 09401185020
2005.10	10	260,000,000	2,600,000,000	181,557,883	1,815,578,830	Convertible bonds, exercise of employee stock options	Nil	10/20/2005 Ching-Shou-Shang-Zi no. 09401207340
2006.01	10	260,000,000	2,600,000,000	186,198,661	1,861,986,610	Convertible bonds, exercise of employee stock options	Nil	01/23/2006 Ching-Shou-Shang-Zi no. 09501010180
2006.03	10	260,000,000	2,600,000,000	188,908,827	1,889,088,270	Convertible bonds, exercise of employee stock options	Nil	04/17/2006 Ching-Shou-Shang-Zi no. 09501068450
2006.07	10	260,000,000	2,600,000,000	188,942,532	1,889,425,320	Convertible bonds	Nil	07/20/2006 Ching-Shou-Shang-Zi no. 09501152420
2006.09	10	300,000,000	3,000,000,000	203,711,768	2,037,117,680	Capital increase by earnings	Nil	09/04/2006 Ching-Shou-Shang-Zi no. 09501198120
2006.10	10	300,000,000	3,000,000,000	204,815,282	2,048,152,820	Convertible bonds, exercise of employee stock options	Nil	10/16/2006 Ching-Shou-Shang-Zi no.09501232600
2007.01	10	300,000,000	3,000,000,000	205,698,282	2,056,982,820	Exercise of employee stock options	Nil	01/16/2007 Ching-Shou-Shang-Zi no. 09601010470
2007.04	10	300,000,000	3,000,000,000	206,032,282	2,060,322,280	Exercise of employee stock options	Nil	04/14/2007 Ching-Shou-Shang-Zi no. 09601078450
2007.07	10	300,000,000	3,000,000,000	206,624,577	2,066,245,770	Convertible bonds	Nil	07/27/2007 Ching-Shou-Shang-Zi no. 09601180970
2007.08	10	300,000,000	3,000,000,000	230,739,719	2,307,397,190	Capital increase by earnings	Nil	08/28/2007 Ching-Shou-Shang-Zi no.09601210120
2007.10	10	300,000,000	3,000,000,000	240,243,456	2,402,434,560	Convertible bonds	Nil	10/22/2007 Ching-Shou-Shang-Zi no. 09601258520
2008.01	10	300,000,000	3,000,000,000	241,552,590	2,415,525,900	Convertible bonds	Nil	01/29/2008 Ching-Shou-Shang-Zi no. 09701022010
2008.01	10	300,000,000	3,000,000,000	241,552,590	2,415,525,900	Convertible bonds	Nil	01/29/2008 Ching-Shou-Shang-Zi no. 09701022010
2008.04	10	300,000,000	3,000,000,000	241,627,148	2,416,271,480	Convertible bonds	Nil	04/11/2008 Ching-Shou-Shang-Zi no. 09701087040
2008.08	10	300,000,000	3,000,000,000	242,464,833	2,424,648,330	Convertible bonds	Nil	08/05/2008 Ching-Shou-Shang-Zi no.09701191720
2008.08	10	350,000,000	3,500,000,000	270,395,056	2,703,950,560	Capital increase by earnings	Nil	08/28/2008 Ching-Shou-Shang-Zi no. 09701819210
2008.11	10	350,000,000	3,500,000,000	271,698,090	2,716,980,900	convertible bonds	Nil	11/17/2008 Ching-Shou-Shang-Zi no. 09701293960
2009.09	10	400,000,000	4,000,000,000	287,312,523	2,873,125,230	Capital increase by earnings	Nil	09/11/2009 Ching-Shou-Shang-Zi



Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Other (Approval document no.)
								no. 0980120690
2009.11	10	400,000,000	4,000,000,000	287,340,930	2,873,409,300	Convertible bonds	Nil	11/11/2009 Ching-Shou-Shang-Zi no. 09801260380
2010.01	10	400,000,000	4,000,000,000	288,727,249	2,887,272,490	Convertible bonds	Nil	01/26/2010 Ching-Shou-Shang-Zi no. 09901016750
2010.04	10	400,000,000	4,000,000,000	290,907,037	2,909,070,370	Employee stock options and convertible bonds	Nil	04/21/2010 Ching-Shou-Shang-Zi no. 09901078530
2010.09	10	400,000,000	4,000,000,000	296,665,178	2,966,651,780	Capital increase by earnings	Nil	09/02/2010 Ching-Shou-Shang-Zi no.09901199850
2010.11	10	400,000,000	4,000,000,000	297,183,178	2,971,831,780	Employee stock options	Nil	11/18/2010 Ching-Shou-Shang-Zi no. 099001257750
2011.04	10	400,000,000	4,000,000,000	296,305,178	2,963,051,780	Employee stock options treasury stock retired	Nil	4/15/2011 Ching-Shou-Shang-Zi no. 100001075170
2011.07	10	400,000,000	4,000,000,000	296,316,207	2,963,162,070	Convertible bonds	Nil	7/26/2011 Ching-Shou-Shang-Zi no. 100001171400
2011.08	10	400,000,000	4,000,000,000	302,242,310	3,022,423,100	Capital increase by earnings	Nil	8/25/2011 Ching-Shou-Shang-Zi no.100001197910
2013.01	10	400,000,000	4,000,000,000	309,757,040	3,097,570,400	Employee stock options and convertible bonds	Nil	1/17/2013 Ching-Shou-Shang-Zi no.10201011600
2024.04	10	500,000,000	5,000,000,000	309,757,920	3,097,579,200	Convertible bonds	Nil	4/9/2024 Ching-Shou-Shang-Zi no.11330043530
2024.05	10	500,000,000	5,000,000,000	309,767,602	3,097,676,020	Convertible bonds	Nil	5/8/2024 Ching-Shou-Shang-Zi no.11330070610
2024.08	10	500,000,000	5,000,000,000	334,767,602	3,347,676,020	Private Placement	Nil	8/26/2024 Ching-Shou-Shang-Zi no.11330126290
2024.09	10	500,000,000	5,000,000,000	342,992,971	3,429,929,710	Convertible bonds	Nil	9/6/2024 Ching-Shou-Shang-Zi no.11330154360

## 2. Types of Stock

March 29, 2025 Unit: Share

Type of Stock	Authorized Share Capital			Remarks
	Listed (Note)	Unlisted	Total	
Common Stock	342,992,971	157,007,029	500,000,000	

Note : The above-mentioned 25,000,000 private common shares will be counted until the transfer suspension date of March 29, 2025.

## 3. Shelf Registration Related Information: N/A.

## (II) List of Major Shareholders

Name(s), amount and proportion of shares held by shareholder(s) with shareholding ratios that accounted for more than 5% of the equity ratio or accounted for the top ten shareholders:

March 29, 2025 Unit: Person/Share/%

Major Shareholders	Shares	Shares	Shares (%)
1、WALSIN TECHNOLOGY CORPORATION.		34,242,000	9.98
2、Fubon Life Insurance Company Limited		17,110,000	4.99
3、KGI Taiwan Select High Dividend 30 ETF Fund Account		15,880,000	4.63
4、Taipei Fubon Commercial Bank Co., Ltd. is entrusted to keep the Fuhua Taiwan Technology High Interest ETF Securities Investment Trust Fund Special Account		12,384,000	3.61
5、Chunghwa Post Co., Ltd.		8,759,000	2.55
6、Hua Nan Commercial Bank is entrusted to keep the Yuanta Taiwan Value High Yield ETF Securities Investment Trust Fund special account		7,633,000	2.23
7、KGI Life Insurance Company Limited		7,413,000	2.16
8、INPAQ TECHNOLOGY CO., LTD.		6,770,000	1.97
9、Cathay Life Insurance Co., Ltd.		6,450,000	1.88
10、Lin, Jin-Bao		5,847,263	1.70

## (III) Company's dividend policy and its current implementation status

### 1. Dividend policy as defined in the articles of incorporation :

If the company generates annual profit, no less than 3% of that profit will be provided to employees as a bonus in the form of cash or company shares, as determined by the board of directors. Recipients of this bonus will include company employees who fulfill certain conditions. The company must apportion a directors' bonus of no greater than 2% of posted profit figures, following the board of directors' decision. Employee and director bonuses are announced at the general meeting of shareholders. However, the company shall retain a portion of funds prior to incurring losses, the amount beyond which will be distributed as bonuses according to the aforementioned proportion.

If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, the loss should be made up first, and 10% should be withdrawn as the statutory surplus reserve. According to the provisions of laws and regulations or according to business needs, the special surplus reserve shall be set aside or reversed. If there is still a balance, it shall be combined with the accumulated undistributed surplus. The board of directors shall prepare a surplus distribution plan. Submit to the shareholders' meeting for a resolution on distribution.

In accordance with Article 240, Paragraph 5 of the Company Law, the Company authorizes the board of directors to distribute dividends and bonuses when two-thirds or more of the directors are present and a resolution is passed by more than half of the directors present or in accordance with Article 240 of the Company Law. As stipulated in Paragraph 1 of Article 1, all or part of the statutory surplus reserve and capital reserve shall be reported to the shareholders' meeting in the form of cash distribution.

The Company's dividend distribution policy is made in consideration of factors such as industry development being in a growth phase, long-term financial planning and shareholder cashflow

requirements. Therefore, the earnings available for distribution for that year, after allocation of the legal reserve and special reserve in accordance with the law, shall be distributed as provided in the previous paragraph. Of this, the cash dividend portion of shareholder dividends shall not be lower than 50% of total dividends.

Specific dividend policy: Dividend payment over the years

Year	Cash Dividend	Stock dividend		X/R transactions date	Shareholders' meeting date	Cash dividend	Stock dividend
		Retained earnings transferred to common stock	Capital surplus transferred to common stock			payment date	payment date
1999	0	0.8	0	2000/09/14	2000/05/13	N/A	2000/11/16
2000	0	2.9	0	2001/06/05	2001/04/26	N/A	2001/07/31
2001	0.2	0.8	0.5	2002/09/12	2002/05/30	2002/10/17	2002/11/27
2002	0.10222	0.4089	0	2003/09/09	2003/06/16	2003/10/16	2003/11/11
2003	0.2999	0.499901	0	2004/09/13	2004/06/24	2004/10/15	2004/11/12
2004	0.480681	0.480681	0	2005/08/31	2005/06/13	2005/10/21	2005/10/21
2005	0.99982162	0.59989298	0	2006/08/09	2006/06/15	2006/09/20	2006/09/20
2006	1.94210210	0.97105104	0	2007/08/09	2007/06/13	2007/09/20	2007/09/20
2007	1.98486059	0.9924303	0	2008/08/12	2008/06/13	2008/09/18	2008/09/18
2008	2	0.5	0	2009/08/24	2009/06/16	2009/09/30	2009/09/30
2009	1.99640807	0.1996408	0	2010/08/12	2010/06/15	2010/09/21	2010/09/21
2010	2.49990694	0.19999253	0	2011/08/03	2011/06/10	2011/09/09	2011/09/09
2011	2.2	0	0	2012/08/20	2012/06/13	2012/09/13	N/A
2012	2.2	0	0	2013/08/19	2013/06/19	2013/09/17	N/A
2013	2.2	0	0	2014/08/17	2014/06/18	2014/09/05	N/A
2014	2.5	0	0	2015/08/20	2015/06/16	2015/09/18	N/A
2015	2.5	0	0	2016/08/11	2016/06/07	2016/09/13	N/A
2016	2.8	0	0	2017/08/15	2017/06/08	2017/09/15	N/A
2017	2.5	0	0	2018/08/15	2018/06/05	2018/09/18	N/A
2018	2.0	0	0	2019/08/15	2019/06/12	2019/09/11	N/A
2019	2.5	0	0	2020/07/30	2020/06/09	2020/08/27	N/A
2020	3.8	0	0	2021/08/20	2021/07/20	2021/09/10	N/A
2021	7.5	0	0	2022/07/15	2022/05/31	2022/08/10	N/A
2022	7.0	0	0	2023/07/04	2023/05/30	2023/07/28	N/A
2023	4.5	0	0	2024/06/20	2024/05/28	2024/07/12	N/A
2024	5.2	0	0	Undetermined	2025/05/27	Undetermined	N/A

Although the company's articles of association do not specify the distribution ratio of the dividends of the

shareholders, the ratio of the distribution of the surplus of the preceding paragraph may be adjusted according to the relevant factors such as the actual pre-tax profit, capital budget and capital status of the year, and shall be handled after the resolution of the shareholders' meeting.

Estimated dividend distribution policy for the next three years

(1) Employee bonus is 9%~12%

(2) Directors' compensation is 1%~2%

The total dividend is based on more than 60% of the current year's profit (net of statutory surplus reserve) or not less than 30% of the total distributable surplus, and the cash dividend shall not be less than 50% of the total cash dividend and stock dividend.

2. Suggested dividend appropriate in this shareholders' meeting :

Profit distribution for 2024

Unit: NT\$

Item	Amount	
	Sub-total	Sum
<b>Beginning period undistributed profits</b>		<b>3,225,718,022</b>
Net profit after tax for this year	2,137,415,399	
Adjusted retained earnings from investments accounted for using equity method	226,345	
Remeasurement of defined employee benefit plans to retained earnings	16,307,010	
The amount of undistributed profits		2,153,948,754
Setting aside 10% legal reserve		(215,394,875)
Reserve the setting aside special reserve		304,973,851
<b>Profits available for distribution</b>		<b>5,459,245,752</b>
Distribution Item:		
Cash Dividends (NT\$5.2 per share)		(1,783,563,449)
<b>End period of undistributed profits</b>		<b>3,685,682,303</b>

Note: Allocation of 2024 undistributed profit shall be given priority for the above profit distribution.

Chairman: **Lin, Wan-Shing**

Manager: **Kuo, Ya-Ping**

Accounting Supervisor: **Hong Guan-wen**

(IV) **The effect of the shareholder's proposed stock grants on the Company's business performance and earnings per share: N/A (The Company did not offer stock grants this time).**

**(V) Employee bonus and rewards for directors and auditors**

1. The principle of surplus distribution in accordance with company regulations:

If the company generates annual profit, no less than 3% of that profit will be provided to employees as a bonus in the form of cash or company shares, as determined by the board of directors. Recipients of this bonus will include company employees who fulfill certain conditions. The company must apportion a directors' bonus of no greater than 2% of posted profit figures, following the board of directors' decision. Employee and director bonuses are announced at the general meeting of shareholders. However, the company shall retain a portion of funds prior to incurring losses, the amount beyond which will be distributed as bonuses according to the aforementioned proportion.

If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, the loss should be made up first, and 10% should be withdrawn as the statutory surplus reserve. According to the provisions of laws and regulations or according to business needs, the special surplus reserve shall be set aside or reversed. If there is still a balance, it shall be combined with the accumulated undistributed surplus. The board of directors shall prepare a surplus distribution plan. Submit to the shareholders' meeting for a resolution on distribution.

In accordance with Article 240, Paragraph 5 of the Company Law, the Company authorizes the board of directors to distribute dividends and bonuses when two-thirds or more of the directors are present and a resolution is passed by more than half of the directors present or in accordance with Article 240 of the Company Law. As stipulated in Paragraph 1 of Article 1, all or part of the statutory surplus reserve and capital reserve shall be reported to the shareholders' meeting in the form of cash distribution.

The Company's dividend distribution policy is made in consideration of factors such as industry development being in a growth phase, long-term financial planning and shareholder cashflow requirements. Therefore, the earnings available for distribution for that year, after allocation of the legal reserve and special reserve in accordance with the law, shall be distributed as provided in the previous paragraph. Of this, the cash dividend portion of shareholder dividends shall not be lower than 50% of total dividends.

2. Accountant procedures if a current period's estimated employee dividend, the basis of director/supervisor bonus amounts and calculations for stock dividend figures differ from the amounts that are actually apportioned:

- (1) The basis of estimating the current period's estimated employee bonus and director/supervisor bonus figures: please see the aforementioned (VI).1. Stock dividend policy.
- (2) The basis for calculating stock dividends apportioned: if the company has not apportioned stock dividends during this period, please disregard.
- (3) Accounting procedures if the current period's actual apportioned value differs from the estimated figures: when a significant change occurs to the dividend value approved by the board of directors, which adjustment is due to annual expenses. If the figure remains changed by the day of the general meeting of shareholders, the matter will be processed according to the updated accounting estimate, and amounts transferred onto accounts according to general meeting of shareholder decision.

3. Proposal by the Board of Directors for surplus distribution in 2024:

As proposed by the Board of Directors on March 10, 2025 surplus distribution for employee bonus and directors' compensation are as follows:

- (1) Propose to allocate employee bonus in cash amounting to NT\$ 241,279,192 and directors' compensation to NT\$40,213,199. There is no difference between the planned allocation amount from expense for employee bonus and surplus in the 2024 financial statement. So, no adjustment for income and loss is required.
- (2) The proposed distribution of employee compensation (stocks) and its share of the net profit after tax and total employee compensation for the current period: N/A.
- (3) Propose to allocate employee bonus and directors' compensation in accordance with par value setting earnings per share at: NT\$6.55.

4. The Company Board of Directors on surplus allocation in 2023:

The actual surplus allocation of employee bonus and directors' compensation is according to resolution adopted by the shareholders meeting on May 28, 2024.

- (1) Actual employee bonus and directors' compensation in cash are respectively: NT\$ 194,830,617 and NT\$32,471,770.
- (2) No difference between the proposed allocation adopted by the Board of Directors and the resolution by shareholders meeting.

**(VI) Buyback of Common Stock: None**

## **II. Convertible Corporate Bond**

(I) Corporate bond handling status :

The 5<sup>th</sup> domestic unsecured convertible corporate bond of the Company matured and the principal was repaid on July 26, 2024. For related information, please refer to the Public Information Observation Station.

(II) Information on convertible corporate bonds: None.

(III) Exchange of corporate bond information: None.

(IV) Summary of the application for issuance of corporate bonds: None.

(V) Information on corporate bonds with warrants: None.

## **III. Preferred Shares : None**

## **IV. Issuance of Oversea Depositary Shares : None**

## **V. Status of Employee Stock Option Plan : None**

## **VI. Status of Employee Restricted Stock : None**

## **VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None**



## VIII. Financing Plans and Implementation

### (I) 2024 Private Placement Common Stock

1. Project Content

- (1) In order to introduce strategic partners to support long-term operational development, enrich working capital and strengthen financial structure, and taking into account the cost of raising funds and the timeliness and convenience of the introduction, the Company's shareholders' meeting on May 28, 2024, passed a resolution to conduct a private placement of common shares within a quota of no more than 25,000,000 shares in installments (a maximum of two installments) within one year from the date of the shareholders' meeting resolution.
- (2) Contents of all previous change plans, reasons for the change, benefits before and after the change, and the date the change plans were submitted to the shareholders' meeting: Not applicable.
- (3) Sources and use of funds: Fund application plan, estimated progress and possible benefits:
  - A. Funding source

Unit : 1000 shares/NT thousand

Subscriber	Payment Completion Date	Subscribed Shares (1000 shares)	Subscribed Price (NT\$/share)	Total Subscription Amount (NT\$ thousand)
WALSIN TECHNOLOGY CORPORATION	July 2, 2024	20,800	93.50	1,944,800
INPAQ TECHNOLOGY CO., LTD.	July 2, 2024	4,200	93.50	392,700
Total		25,000	-	2,337,500

B. Projects and estimated use of funds

The additional capital will be used to replenish working capital and repay bank loans.

C. Enter the public information observation station date

- a. Within two days from the date of the board resolution: April 15, 2024
- b. Within two days of the actual pricing date: June 20, 2024
- c. Within 15 days after the payment of share capital or price is completed: July 2, 2024

2. Implementation:

The funds raised were NT\$2,337,500,000, which were used to replenish working capital and repay bank loans, and were fully executed in the third quarter of 2024.

3. Expected benefits to be achieved:

The private placement funds will be used to replenish working capital and repay bank loans, enhance the company's competitiveness, improve operational efficiency and strengthen the effectiveness of the financial structure, which will have a positive impact on shareholders' equity. For financial structure analysis, please refer to Annual Report V, Financial Status and Financial Performance Review and Analysis, and Risk Issues.

### (II) The previous cash capital increase plan and its implementation: None

## Chapter 4 Business Information

### I. Business Contents

#### (I) Business Scope

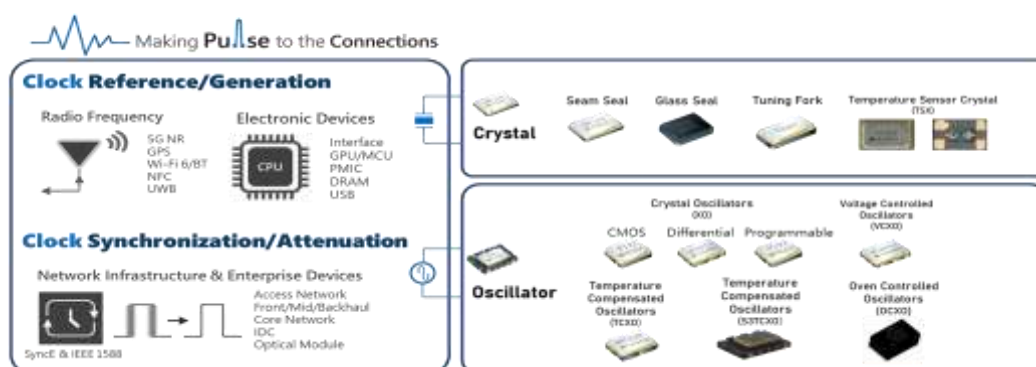
##### (1). Major Business Contents

TXC Corporation is a professional supplier of frequency control components. Since its establishment in 1983, it has been committed to the research and development, design, production and sales of quartz component series products, specializing in the production of high-precision, high-quality quartz crystal resonators (Crystal Units), crystal oscillators (Crystal Oscillators).

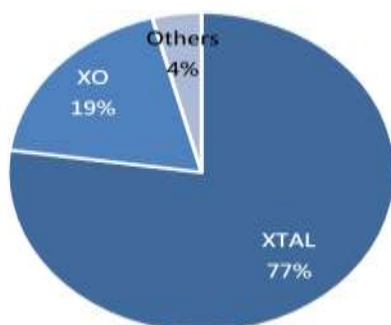
Related product solutions can be widely used in all fields of the technology ecosystem, including Automotive/EV, 5G Advanced (AI Infrastructure), Datacom (AI Server, Switch, Super NIC & Optical Module), AIoT (Mobile Communication, Computing & Networking) and other key application markets.

The company has always maintained strategic layouts such as strengthening technological advantages, innovative R&D, vertically integrated production models, global supply chain services, international certification and quality management to meet customers' more diverse and high-end product needs, and comprehensively expand its core competitive advantages in the global frequency control component market with the goal of enhancing customer value.

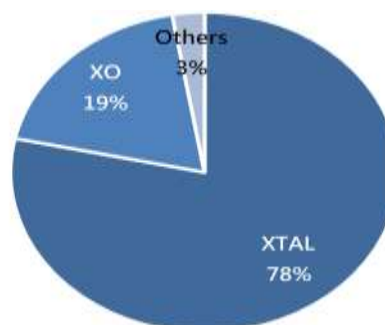
#### Making Every Connection Better



##### (2). Business Proportions
















2024 sales revenues NTD 12,672,258 thousands



2023 sales revenues NTD 10,850,402 thousands

### (3). Company's current products

Product Type	Type	Product Size	Product Picture
Crystal Units	SMD Glass Sealing Crystals	3.2 x 2.5mm , 2.0 x 1.6mm	
	SMD Seam Sealing Crystals	3.2 x 2.5mm , 2.5 x 2.0mm , 2.0 x 1.6mm , 1.6 x 1.2mm ,	
	SMD AuSn Sealing Crystals	1.6 x 1.2mm , 1.2 x 1.0mm 1.0 x 0.8mm	
	SMD Seam Temperature Sensing Crystals (TSX)	2.5 x 2.0mm , 2.0 x 1.6mm 1.6 x 1.2mm , 1.2 x 1.0mm	
	SMD kHz Crystals (Tuning Fork)	3.2 x 1.5mm , 2.0 x 1.2mm 1.6 x 1.0mm , 1.2 x 1.0mm	
Crystal Oscillators	SMD Crystal Oscillators (CMOS)	5.0 x 3.2mm , 3.2 x 2.5mm , 2.5 x 2.0mm , 2.0 x 1.6mm , 1.6 x 1.2mm	
	SMD Crystal Oscillators (Differential)	7.0 x 5.0mm , 5.0 x 3.2mm 3.2 x 2.5mm , 2.5 x 2.0mm 2.0 x 1.6mm	
	SMD kHz Crystal Oscillators	3.2 x 2.5mm , 2.5 x 2.0mm 2.0 x 1.6mm , 1.6 x 1.2mm	
	SMD Voltage Controlled Crystal Oscillators (VCXO)	7.0 x 5.0mm , 5.0 x 3.2mm 3.2 x 2.5mm	
	Oven Controlled Crystal Oscillators (OCXO)	14 x 9 mm(SMD type) 9.7x 7.5mm (SMD type) 7.0 x 5.0 mm(SMD type) 5.0 x 3.2mm(SMD type)	
	SMD Temperature Compensated Crystal Oscillators (TCXO)	2.5 x 2.0mm , 2.0 x 1.6mm , 1.6 x 1.2mm	
	Precise SMD Temperature Compensated Crystal Oscillators (TCXO Stratum-3)	7.0 x 5.0mm (4/10 Pad) 5.0 x 3.2mm (6/10 Pad)	
Automotive	Glass Sealing Crystal / Seam Sealing Crystal / XO/TCXO /TSX/kHz Crystal Oscillators/ kHz Crystals (Tuning Fork)	8.0 x 4.5mm , 5.0 x 3.2mm 3.2 x 2.5mm , 3.2 x 1.5mm 2.5 x 2.0 mm , 2.0 x 1.6 mm 1.6 x 1.2 mm	

### (4). Scheduled new products development

According to the development strategy and market demand, the company will continue to invest in research and development resources, actively develop new technologies, and take "miniaturization, high stability, and modularization" as the product development policy to expand market share in high-end applications and high value-added products Rate. And based on the company's core technology, develop horizontally and actively enter the fields of optics,

micro-electromechanical, medical electronics and automotive electronics. Facing the rapid changes and fierce competition in the domestic and foreign markets, the company has formulated the following new product development priorities:

i. Development of miniaturized products

Pursuing product leadership and continuing to take root in quartz component technology, we have successfully mass-produced the smallest 1.0x0.8x0.30mm quartz crystal component currently on the market and achieved the highest market share. We are actively developing 0806 extremely miniaturized products, technology layout and ultra-high frequency (> 300 MHz) quartz crystal components to meet future product miniaturization trends, 5G advanced and AI-related needs; simultaneously and continuously develop higher-precision process technology to achieve the pre-layout of its own engineering technology to achieve high cost performance, low energy consumption, Product development with high seismic resistance and large bandwidth span.

ii. Development of automotive electronics products

The company has obtained IATF-16949 quality operating system certification and completed the ISO 9001/IATF 16949-2016 version conversion. Our products continue to move towards the highest quality and reliability of Grade 0 in terms of technology, safety, quality and other aspects. Currently, the products developed are: Miniature wide temperature range temperature compensated quartz oscillator (TCXO), miniaturized wide temperature range quartz oscillator (XO), miniaturized high frequency quartz oscillator (HF XO) are suitable for Grade 0 quartz crystal components, etc. to prepare for the future Growth momentum of automotive electronics products.

iii. Development of advanced crystal vibrator and oscillator and module products

With the promotion of emerging technologies such as AI, 5G Advanced, and 6G, quartz oscillators will play an important role in more fields. The company will continue to invest in the development of high-end oscillators to meet the following needs. In mobile communication applications, we continue to focus on the development of miniaturized, high-stability, and low-voltage temperature-compensated quartz oscillator (TCXO) products to meet the requirements of the new generation of millimeter wave/GNSS technology; in network communication equipment applications, the equipment in this field needs to be equipped with optical communication modules/NIC to meet the requirements of high-speed data transmission, so high-frequency, small and high-stability oscillators (XO) are also the focus of the company's development investment; in base stations and AI applications, low noise, high stability, high temperature resistance, vibration resistance, airtightness, miniaturization, Holdover performance and power saving requirements need to be met, and the corresponding product development such as miniaturized temperature-controlled oscillator module (OCXO), high-stability temperature-compensated quartz oscillator (S3-TCXO) and high-frequency oscillator (HF XO) AOM (Advanced Oscillator Module) will continue to invest in order to meet the development of next-generation communication technology applications.

iv. Development trend of future terminal application products

Seam=Seam seal Glass=Glass seal		2025	2026	2027
Product	MHz Crystal	<ul style="list-style-type: none"> <li>0806 Xtal 76.8MHz (Ultra Miniature)</li> <li>1008 Xtal 76.8MHz</li> <li>2016&amp;1210Crystal 80MHz</li> <li>1008Crystal 153.6&amp; 307.2MHz</li> </ul>		
	MHz Crystal Thermistor	<ul style="list-style-type: none"> <li>1612TSX 76.8MHz</li> <li>1210TSX 153.6MHz</li> <li>2016 XO 312.5MHz/625MHz</li> <li>1210 TSX 104MHz</li> <li>1008 TSX (153.6MHz)</li> </ul>		
	XO & VCXO	<ul style="list-style-type: none"> <li>2520 XO 312.5MHz/625MHz</li> <li>2520 XO 60~80M</li> <li>1210 XO 12M/24M</li> <li>609/1612 32.768k XO</li> <li>2016 PLL XO 1~170M for ACAP</li> <li>1612 26M TCXO (8P/8S)</li> <li>2016 XO 312.5MHz/625MHz</li> <li>1409 VCXO</li> </ul>		
	TCXO	<ul style="list-style-type: none"> <li>7050 S3-TCXO</li> <li>5032 S3 TCXO</li> <li>1609 TCXO 32kHz</li> <li>7050 S3-TCXO 20ppb</li> </ul>		
	OCXO	<ul style="list-style-type: none"> <li>7050 S3-TCXO 5T: 250 ppb (-40 ~ 85°C)</li> <li>7050 OCXO OT: -40 ~ 95°C</li> <li>5032 OCXO</li> <li>7050 OCXO OT: -40 ~ 105°C</li> <li>9775 OCXO OT: -40 ~ 85°C</li> <li>1409 OCXO OT: -40 ~ 85°C</li> <li>7050 OCXO OT: -40 ~ 85°C</li> <li>5032 OCXO Digital Control for PTP</li> </ul>		
	3Q	<ul style="list-style-type: none"> <li>0806 76.8MHz</li> <li>0806 153.6MHz</li> <li>1008 Ultra thin 307MHz</li> <li>0604 76.8MHz</li> </ul>		

## (II) Industry Overview

### (1). Current industry status and development

In response to the rapid development of the industry in the new era of 5G advanced, communication, in order to meet the design trend of mobile terminals and intelligent electronic products, the design trend is toward integration, high-function computing, and multi-processing. Short, small, precise and thin have become the development trend of the integration level of quartz crystal components. Due to the development and progress of production technology, microelectronics technology has laid a good technical foundation for the miniaturization of intelligent electronic products, mobile terminals and other products. In addition, the design and application of the micro-electromechanical system also provides technical reference and technical inspiration for the processing of quartz crystal raw materials, and accelerates the development of quartz crystal components to miniaturization and high precision.

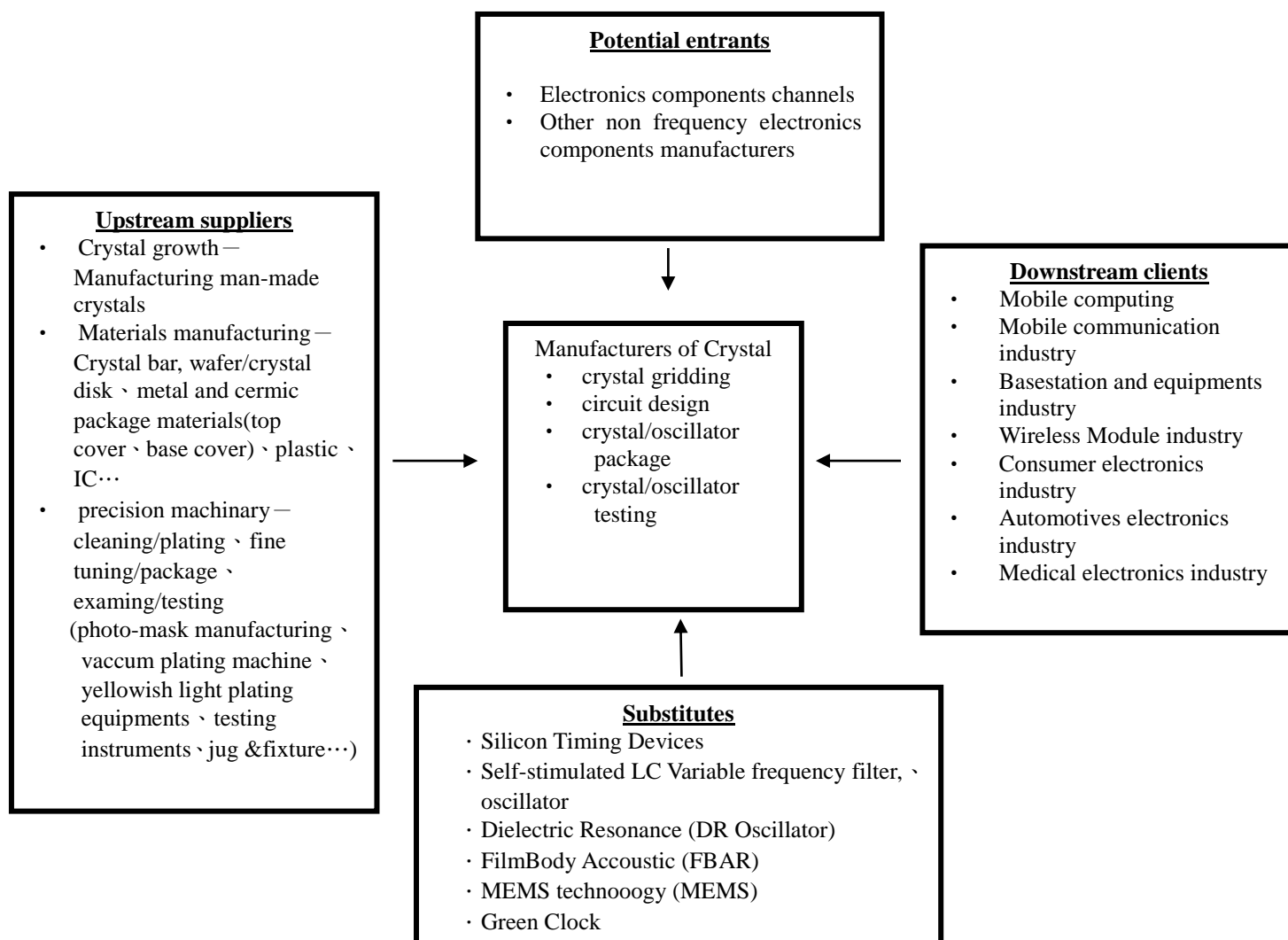
In the past, the production of high-end quartz crystal components and their raw materials was mainly concentrated in Japan, Europe, America and other places. However, the production enterprises of quartz crystal components in Taiwan and mainland China have developed rapidly in recent years. Through technological transformation, various enterprises have improved their technical level and production scale. Process technology and product quality have kept pace with Japanese, European and American companies or even advanced. The comparison of the regional competitive advantages of major quartz component suppliers is as follows:

Key element	European, USA manufactures	Japanese manufactures	Taiwanese manufactures	China manufactures
Frequency	Very high	Very high	Very high -Middle	Middle-Low
Precision	Very high	Very high	Very high -Middle	Middle-Low
Size	Middle-Low	Very high	Very high -Middle	Middle-Low
Capacity	Low	Very high-Middle	Very high -Middle	Middle-Low

For Taiwanese manufacturers, in the early days, they followed market development and directly purchased raw materials, equipment, and manufacturing processes to produce products in large quantities, and emphasized rapid listing. Recently, they have gradually internalized technology into their own capabilities and improved them through the improvement of equipment and manufacturing capabilities. At present, manufacturers with relatively large scale of production of quartz components in China are TXC Corporation, HARMONY ELECTRONICS CORP, SIWARD CRYSTAL TECHNOLOGY CO., LTD, TAITIEN ELECTRONICS CO., LTD., TAI-SAW TECHNOLOGY CO.,LTD., HOSONIC ELECTRONIC CO., LTD., AKER TECHNOLOGY CO ., LTD Each manufacturer focuses on different products and The market is differentiated, and the company's products have the widest application layout, the largest business scale, and the highest market share, and it occupies a leading position in the quartz crystal industry.

(2). Market relationship of up, middle, and down stream companies

Crystal components are our major product and it is also the basic electronics parts. Our upstream industries include crystal growth, material manufacturing, and precision machinery. The downstream applications include information technology, wire and wireless communications, consumer electronics, and network products etc. The relationship between the up, middle, and downstream manufacturers is given in the below diagram:



(3). Development Trend of Crystal Industry

Quartz component products are important components of electronic products. In order to match the vigorous development and trend of future terminal applications, its future product type, product precision and size will develop towards the following trends:

(a). Miniaturization, SMD trend

The goal of miniaturization will focus on the development of technologies such as single chip IC, chip design and manufacturing, packaging and testing; taking SMD type frequency

components as an example, the current length and width dimensions have been developed from  $3.2 \times 2.5\text{mm}$ ,  $2.5 \times 2.0\text{mm}$ ,  $2.0 \times 1.6\text{mm}$ , and then to  $1.6 \times 1.2\text{mm}$ ,  $1.2 \times 1.0\text{mm}$ ,  $1.0 \times 0.8\text{mm}$ , or even smaller  $0.8 \times 0.6\text{mm}$ ; the height of the components has also been from 1.2mm, 0.9mm, 0.8mm, 0.7mm, 0.5mm to 0.35mm, 0.30mm, 0.25mm improvement. In addition to the size reduction achieved by SMD packaging, it can also be connected with the industrial chain of downstream customers; including the technology development trend of front-end chipset, product design trend of brand customers and SMT production of related customers, etc., and all can achieve adaptation.

(b). High frequency low noise, high precision and high stability oscillator module

5G advanced wireless communication system is mainly composed of RRU or AAU, front-haul network, BBU or CU/DU, back-haul network, core network and access network.

High frequency and low noise: through the high frequency basic wave crystal matching etching technology autonomously developed by our company, we have completed the development of high frequency ( $> 200\text{MHz}$ ) and low noise crystal oscillator (XO) and voltage controlled crystal oscillator (VCXO) to meet the requirements of 5G+ communication optical module and RF system.

High precision: the TCXO with high precision ( $+/- 100\text{ppb}$ ) and high temperature ( $-40 \sim 105^\circ\text{C}$ ) is developed to meet the needs of 5G+ AAU requirements through the customized dual circuit temperature compensation circuit and low disturbance quartz crystal matching customized temperature compensation algorithm.

High stability: the first constant temperature crystal oscillator (OCXO) in the industry is completed through the innovative patented embedded ceramic heater packaging technology, surface mounted SC-cut crystal and customized temperature control circuit. This product has the advantages of miniaturization ( $9.7 \times 7.5\text{mm}$ ), and is especially suitable for providing the synchronous system of the basic frequency unit.

Based on the evolution of various high-speed transmission systems, the corresponding frequency components move towards the direction of high frequency, modularization, high precision and high stability. We have developed all kinds of oscillator modules through our own packaging, resonators and customized IC technologies, which is conducive to the simplification of customer circuit design to meet the performance requirements of 5G advanced applications.

(4). Competition Situation

Faced with the long-term competitive environment of the frequency component industry, with the application trend of 5G Advanced and AIoT high-frequency, high-stability, high-temperature, and ultra-miniaturized products, each manufacturer is limited by technical capabilities. The frequency component manufacturers with the capacity and ability to provide 5G Advanced and AIoT products are concentrated in the top five industries. Therefore, the frequency component industry is expected to accelerate the situation of the big getting bigger with the continuous development of 5G Advanced and AIoT industries, and 5G Advanced and AI will drive the transformation of the industrial ecosystem.

However, products with high stability, high temperature and ultra miniaturization are in urgent need of rigorous product design and stringent production conditions, including investment and preparation of special production equipment are a test of the R & D and



manufacturing capabilities of manufacturers, especially the ability to optimize cost structure. The marketing team of the company has linkws to reference designs of various front-end IDH manufacturers and grasped the trend of production materials, market supply and demand, long-term operation and cultivation of clients, which has made the prices return to a reasonable level, to promote the company to build a reasonable profit, and improve the health of the industrial chain.

### 3. Technology and Recent Research and Development

#### (1) Ratio of R&D expense of total revenue during recent years up to December 31, 2024

Units : NT\$ 1,000 ; %

Year	2023	2024
Net Revenue (Note)	10,827,498	12,658,408
R&D expense	950,460	1,080,925
R&D Expense/Net Revenue (%)	8.78	8.54

#### (2) Research and Development Results

Products development - Crystal Units	<ul style="list-style-type: none"> <li>1、SMD 3.2 x 2.5 mm Crystal for Networking, Infra, Automotive</li> <li>2、SMD 2.5 x 2.0 mm Crystal for Networking, Infra, Automotive</li> <li>3、SMD 2.0 x 1.6 mm Crystal for Mobile, Wearable, IoT, Networking, Infra, Automotive</li> <li>4、SMD 1.6 x 1.2 mm Crystal for Mobile, Wearable, IoT, Networking, Infra, Automotive</li> <li>5、SMD 1.2 x 1.0 mm Crystal for Mobile, Wearable, IoT, Networking</li> <li>6、SMD 1.0 x 0.8 mm Crystal for Mobile, Wearable, IoT, UWB</li> <li>7、SMD 2.5 x 2.0 mm TSX for Mobile, Automotive</li> <li>8、SMD 2.0 x 1.6 mm TSX for Mobile, Wearable, Automotive, UWB</li> <li>9、SMD 1.6 x 1.2 mm TSX for Mobile, Wearable, Automotive</li> <li>10、SMD 1.2 x 1.0 mm TSX for Mobile, Wearable</li> </ul>
Products development - Crystal Oscillators	<ul style="list-style-type: none"> <li>1、SMD Seam XO 2.0 x 1.6 mm 2~80 MHz</li> <li>2、SMD Seam XO 1.6 x 1.2 mm 2~80 MHz</li> <li>3、SMD 1.6 x 1.2 mm Oscillator for Automotive</li> <li>4、SMD 7.0 x 5.0 mm Oscillator for Differential Output Oscillator for Telecom</li> <li>5、SMD 5.0 x 3.2 mm Oscillator for Differential Output Oscillator for Telecom</li> <li>6、SMD 2.5 x 2.0 mm Oscillator for Differential Output Oscillator for Telecom</li> <li>7、SMD 2.5 x 2.0 mm Oscillator for Automotive</li> <li>8、SMD 2.0 x 1.6 mm Oscillator for Automotive</li> <li>9、SMD 7.0mm x 5.0mm High Frequency XO/VCXO (2.1GHz) for Base SMD 3.2 x 2.5 mm Crystal for Mobile, Station, Networking, Infrastructure</li> <li>10、SMD 5.0mm x 3.2mm High Frequency XO/VCXO (2.1GHz) for Base Station, Networking, Infrastructure</li> <li>11、SMD 3.2mm x 2.5mm High Frequency XO/VCXO (2.1GHz) for Base Station, Networking, Infrastructure</li> <li>12、SMD 5.0 x 3.2 mm Stratum-3 VC-TCXO for 5G AAU, Small-cell, Networking Infrastructure</li> <li>13、SMD 5.0 x 3.2 mm Stratum-3 VC-TCXO with high temperature and low phase noise for Base Station</li> <li>14、SMD 3.2 x 2.5 mm HFF VCXO for Base Station, Networking, Infrastructure</li> <li>15、SMD 3.2 x 2.5 mm TCXO for GPS and Mobile</li> <li>16、SMD 2.5 x 2.0 mm TCXO for GPS and Mobile</li> <li>17、SMD 2.0 x 1.6 mm TCXO for GPS and Mobile</li> <li>18、SMD 1.6 x 1.2 mm TCXO for GPS and Mobile</li> <li>19、SMD 1.6 x 1.2 mm Low Profile TCXO for GPS and Mobile SIP Module</li> </ul>

	20、SMD 3.2 x 2.5 mm TCXO for Automotive 21、SMD 2.5 x 2.0 mm TCXO for Automotive 22、SMD 2.0 x 1.6 mm TCXO for Automotive 23、SMD 7.0 x 5.0 mm Stratum-3 TCXO with high temperature and low phase noise for 5G AAU, Small-cell, Networking Infrastructure 24、SMD 7.0 x 5.0 mm Stratum-3 TCXO for Base Station, Small-cell, Networking Infrastructure 25、RTC 10.1 x 7.4 mm for smart utilities devices, electric meters, gas meters 26、SMD 1.6 x 1.2 mm 32k TCXO for wearable device 27、SMD7.0 x5.0mm Miniaturized Oven-Controlled Crystal Oscillator for 5G RRHs, Small Cells 28、SMD 9.7 x 7.5mm Miniaturized Oven-Controlled Crystal Oscillator for telecommunication, stratum-level and base-station 29、SMD 5 x 3.2 mm Miniaturized Oven-Controlled Crystal Oscillator for 5G RRU, Small Cells, and TSN 30、SMD 14 x 9 mm Miniaturized Oven-Controlled Crystal Oscillator for 5G BBU, DU, and CU 31、SMD 3.2 x 2.5 mm Oscillator for Automotive 32、SMD Seam XO 2.5 x 2.0 mm 1~160 MHz 33、SMD Seam XO 3.2 x 2.5 mm 1~160 MHz 34、SMD Seam XO 5.0 x 3.2 mm 1~160 MHz 35、SMD Seam XO 2.5 x 2.0 mm 60~80 MHz (Ultra Low Phase Noise) 36、SMD 2.0 x 1.6 mm Differential Output Oscillator 37、SMD 7.0 x 5.0 mm Stratum-3 TCXO (Anti-Air Flow) 38、SMD 14 x 9 mm Extended Holdover OCXO
Products development - Sensor	1、SMD 4.0 x 2.4mm Ambient Light Sensor and Proximity Sensor with Integrated IR LED for Mobile Phone 2、SMD 2.5 x 2.0mm Ambient Light Sensor and Proximity Sensor with Integrated IR LED for Mobile Phone 3、SMD 3 in 1 Light Sensor 2.5 x 2.0 mm for Smartphone, Tablet, DSLR, Smart wearable , Fitness devices 4、SMD 3 in 1 Light Sensor 4.5 x 0.9 mm for Smartphone, Tablet, Smart wearable , Fitness devices 5、1.6 x 1.6 mm 3-axis electronic compass for Sensor application
Products development - Blank	1、Inverted MESA BLK 1300um x 1030um 2、Inverted MESA BLK 1600um x 1140um 3、Inverted MESA BLK 2490um x 1830um 4、Inverted MESA BLK 763um x 670um 5、Photo Flat Die 500umx 700um 50~150MHz 6、Photo IM Die 1100umx 1400um 150~300MHz 7、Photo IM Die 1200umx 1600um 150MHz
Patents and Academic Publications	<b>【Patents】</b> 1、Method for making piezoelectric quartz oscillator chip 2、Quartz crystal oscillator 3、Crystal oscillator with layout structure for miniaturized size 4、Light-sensing chip packaging structure 5、Wafer-level packaging structure of through-hole vibrator device 6、Manufacturing method of wafer-level packaging structure of through-hole vibrator device 7、Wafer-level packaging structure and manufacturing method of through-hole vibrator device 8、Improved oscillator wafer-level packaging structure 9、Wafer-level packaging structure of vibrator device with enhanced airtightness 10、Partition parallel light sensing chip packaging structure 11、Miniature aerosol sensing device with self-cleaning function 12、Quartz oscillator board 13、OVEN CONTROLLED CRYSTAL OSCILLATOR CONSISTING OF HEATER-EMBEDDED CERAMIC PACKAGE 14、TEMPERATURE-CONTROLLED AND TEMPERATURE-COMPENSATED OSCILLATING DEVICE AND METHOD THEREOF 15、Miniature aerosol sensing element (thermophoresis type)

	16、Infrared sensor
	17、Wafer-level packaging structure of oscillator crystal
	18、Shock-absorbing crystal oscillator packaging structure
	19、Crystal oscillator package structure
	20、Oscillating device and method for temperature control and temperature compensation
	21、OSCILLATING DEVICE
	22、Oven-controlled crystal oscillator (OCXO) composed of built-in heating ceramic package
	23、Resonator package structure
	24、TEMPERATURE-CONTROLLED OSCILLATING DEVICE
	25、CRYSTAL OSCILLATOR AND METHOD FOR FABRICATING THE SAME
	26、Infrared heat sensor structure
	27、Array type infrared heat sensor structure
	28、WLP&FCB structure package
	29、QUARTZ OSCILLATING PLATE
	30、For the patents or possible patents of TXC, please refer to relative patent database.
	31、Resonator
	32、CRYSTAL OSCILLATOR AND OSCILLATING DEVICE
	33、Crystal oscillator and oscillation device
	34、Suspended resonator
	35、Resonator
	36、FREQUENCY GENERATING DEVICE AND OPERATION METHOD THEREOF
	37、Piezoelectric vibration element
	<b>【Papers】</b>
	1、Frequency Hysteresis Compensation of a Miniature OCXO Using Resonator Temperature Output for Extending Holdover Performance,2024
	2、Ultra Low Phase Noise High Frequency TCXO by Dual Filter Harmonics Extraction,2024
	3、The Effects of Structural Parameters of an Inverted-Mesa Type Quartz Crystal Resonators,2024
	4、Miniature Stratum 3 OCXO with Extended 24 Hours Holdover by Thermal Hysteresis Compensation,2024
	5、Numerical Study of the DLD Effect in Quartz Oscillators,2024
	6、Quartz Frequency Control Devices-General,2024
	7、Study on the influence of quartz cutting angle on the TC curve of the chip,2024
	8、Ultra Low Phase Noise VCXO with Crystal Filter Array (English),2023
	9、A Miniature Oven-Controlled Crystal Oscillator (OCXO) with ppt Stability Over Temperature Using High-Order Polynomial Temperature Control (English),2023
	10、Design of resonator with groove structure, 2023
	11、The World's Smallest Quartz-Based OCXO for 5G Synchronization Applications (English), 2021
	12、A Novel Miniature OCXO Using Hermetically Sealed Ceramic Package (English), 2020
	13、Highly Stable Miniaturized OCXO with Heater Embedded Ceramic Package (English), 2018
	14、Development of High-Stability Miniaturized Oven Controlled Crystal Oscillator (English), 2016
	15、Anchor loss reduction of quartz resonators utilizing phononic crystals. (English), 2015
	16、A Perspective for the Quartz Crystal Devices Industry and Technologies in Taiwan and China. (English), 2014
	17、A Study for the Relationship between Drive Level and the Activity Energy in Arrhenius Accelerated Aging Model for the Small Quartz Resonators. (English), 2014
	18、A Study on Raising the Fundamental TS-mode Resistance by Energy Trapping for 3rd Overtone. (English), 2014
	19、Laser Measurement and Identification of Vibration Modes of AT-cut Quartz Crystal Resonators. (English), 2013
	20、The Study of Aging Frequency Drift Mechanism for Quartz Crystal Resonators. (English), 2013
	21、Advanced TSV-Based Crystal Resonator Devices Using 3-D Integration Scheme With Hermetic Sealing. (English), 2013
	22、TSV-based quartz crystal resonator using 3D integration and Si Packaging technologies. (English), 2013
	23、A Brief View of the Current State of the Development and Aging Performance of Fixed Frequency

	<p>Surface Acoustic Wave (SAW) Oscillator (English), 2012</p> <p>24 、 Properties of Miniature X- and Z'-Elongated Rectangular AT-CUT Quartz Resonators of Different Sizes (English), 2012</p> <p>25 、 Vibration Mode Identification and Coupling Assessment with the Mindlin Plate Equations and Measurements is a Quartz Crystal Plate (English), 2012</p> <p>26 、 Aging Performance of Small Size MHz Quartz Crystal Under High Drive (English),2011</p> <p>27 、 Inharmonic Overtones in Partially Plated AT-cut Quartz Crystal Plates (English),2011</p> <p>28 、 The Study of Activation Energy (<math>E_a</math>) by Aging and High Temperature Storage for Quartz Resonators' Life Evaluation (English), 2011</p> <p>29 、 An Efficient AT-cut quartz Crystal Resonator Design Tool for Activity Dip in Working Temperature Range (English), 2011</p> <p>30 、 Quartz Crystal Industry of China at Crossroads (English), 2011</p> <p>For relative paper, please refer to the website of TXC: <a href="https://www.txccorp.com/">https://www.txccorp.com/</a></p>
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#### 4. Long and short term sales and marketing plan

##### (1). Short-term Development Plan

We integrate resources across Europe and the United States to promote the efficiency of 5G Advanced and AI business opportunities, and strengthen the implementation of new projects for Automotive Tier 1 customers and the development of new IDH projects in multiple areas of operation. The overall strategy focuses on the development of the full technology ecosystem layout of 3A1E (AOM advanced products, AI artificial intelligence, Automotive automotive electronics and Emerging Segment emerging markets) to increase the revenue share of key industries.

##### i. Marketing Strategy

- A. AOM high-end products: 5G Advanced Infrastructure new business opportunities, high-end product OCXO demand, and corresponding customer demand planning to support capacity expansion to meet new project needs.
- B. AI high-frequency products: Introducing Datacom, Optical Module new specifications, ultra-high frequency and low-latency Differential XO opportunity growth momentum.
- C. Automotive & EV car-grade products: Actively seize electric vehicle brands and automotive electronics ecosystem Tier 1 customer opportunities.
- D. AIoT ultra-miniaturized products: Meet the requirements of AIoT terminal devices to strive for ultra-miniaturization and high-frequency opportunities in response to high-speed computing and transmission protocols.
- E. Improve the customer structure of small-size products and the sales structure of special customer specification material numbers to disperse concentration risks.
- F. Continue to implement the CRM process intelligence blueprint in stages according to the company's intelligent projects to streamline processes and improve personnel utilization efficiency.
- G. Through the practice of intelligence, mobility and big data analysis in information systems (BI), assist business personnel in formulating and judging sales strategies.

##### ii. SMD Manufacturing Strategy

- A. Accelerate the improvement of mass production efficiency of new products: In order to meet the stringent requirements of 5G Advanced high-frequency products and ensure the efficiency, quality and yield of new products in the mass production process, quickly achieve the goals of Time to Volume and Time to Market, and expand the use of Photo Die wafers to improve the consistency of product characteristics. Combined with the Photo Die incoming material information, the MES Tray Tracing function is used to fully grasp the key parameters of input and output, achieve precise control, and ensure that the products meet high-quality specifications. At the same time, actively respond to the rapidly changing needs of the market and customers, integrate different specifications of shared wafers to further expand benefits, improve resource utilization efficiency, and effectively support the company's stable growth in revenue and gross profit margin.
- B. Build a healthy physique and pursue sustainable development: By strengthening the systematic thinking ability of the manufacturing system, combined with cross-departmental collaboration and resource integration, we can effectively reduce sluggishness, waste and ineffective costs, while optimizing energy efficiency. We will focus on implementing the strategy of "saving manpower, saving time, reducing costs and

fees", and actively reduce the cost of poor quality (COPQ). While promoting energy conservation and carbon reduction, we will gradually reduce the carbon footprint of products, take sustainable development as the core concept, and comprehensively promote ESG governance-related activities. In addition, in response to the needs of technological innovation and intelligent manufacturing, we will build a professional talent team and implement a systematic talent training plan, including professional technical training, cross-departmental collaboration capabilities and data analysis skills. Through a mechanism that combines internal rotation, skill certification and performance incentives, we will improve the technical level and career development potential of employees. At the same time, we will actively introduce external high-end talents to promote the integration of internal and external professional knowledge and create long-term advantages for enterprises in sustainable development and competitiveness.

- C. Improve the connection of digital system information: deeply integrate the fully upgraded MES system with the APS system, and combine it with artificial intelligence (AI) algorithms to comprehensively improve the accuracy, completeness and timeliness of data, while simplifying on-site operation processes. The collaborative operation of the MES and APS systems not only realizes the precise scheduling of production plans, but also optimizes resource allocation, greatly improving production efficiency and flexibility. In addition, the upgraded modular intelligent production information system is combined with the data analysis platform (Engineer Data Analysis System) to realize real-time monitoring and prediction of abnormal operations, and can identify potential variations in advance, thereby further improving operating efficiency and product yield. At the same time, through the graphical production information flow function of the Fine BI dashboard, real-time connection of data across factories is realized, and the real-time operation status is clearly presented, helping management to quickly grasp the current production status and improve decision-making efficiency and analysis quality.

### iii. MEMS Strategy

- A. Establish advanced wafer and chip intelligent manufacturing process technology: Dedicated to 4-inch wafer mass production and process optimization, precise control of wafer TTV and surface cleanliness, and use of quartz etching, yellow light development and other wafer-level chip process related technologies to produce miniaturized, high-frequency, high-stability, and demanding application environment chips.
- B. Shorten chip design and development schedule: With advanced wafer process capabilities and combined with chip simulation design, chip development capabilities such as Photo Die, Photo BLK (IM), and SC-cut are upgraded to a higher technical level and the development schedule is shortened to meet market demand.
- C. Improve digital system platform tools: Integrate MES, EAP, SECS/GEM, SPC/FDC, APC, EDA, BI, and other multi-system applications to continuously promote factory digitization, automation, and intelligence, improve real-time monitoring management, production efficiency analysis, and exception tracking, reduce production human resource investment, improve production efficiency, assist management decision-making, and quickly solve problems.
- D. Promote the application of AI technology and tools: Combine artificial intelligence technology with large language models, machine learning, defect detection and

classification, etc. to carry out factory management, process and measurement analysis, product improvement, production efficiency improvement and other applications.

iv. Quality Assurance Strategy

- A. Oriented to meet customer expectations and long-term trust, focusing on reducing operational risks, promoting risk management (Risk Management) and zero failure of product quality (Zero Defect) as the goal, and continuing to promote all members of the group to do the things right at first Time quality awareness and optimization of various operations.
- B. Expand quality culture building activities and issue group quality journals to promote quality awareness among all employees.
- C. Promote the third edition update of APQP (Advanced Product Quality Planning) and Reverse FMEA (Reverse Failure Mode and Effect Analysis) to align with the latest international standards for the automotive industry.
- D. Expand the application of big data in quality management and introduce AI through the MES system to enhance quality prediction, prevention, warning and real-time response capabilities.
- E. Promote the group's quality digital platform, digitalization of material supplier quality management and data docking, reduce the quality risk and failure cost of material input production, and optimize operations to improve efficiency through intelligent data analysis.
- F. Continue to cultivate and reserve quality management talents to support overseas expansion strategies and improve the efficiency of internal group operations.

v. Product R&D Strategy

- A. Quartz oscillator research and development: With the promotion of emerging technologies such as AI, 5G Advanced, and 6G, quartz oscillators will play a more critical and important role in many communication application fields. The future development of quartz oscillators will focus on improving accuracy, reducing power consumption, miniaturization, thinning, shock resistance, increasing frequency, and reducing phase noise, etc., as the main application demands; and in terms of technology, focus on and strengthen customized integrated circuits, advanced packaging, photolithography chips, and machine learning algorithm development technologies to meet the next generation of industrial applications and customer needs.
- B. Quartz crystal research and development: With the continuous evolution and improvement of sensing technology, network technology, communication technology, data processing technology, automatic control technology, etc., crystal products, as one of the important signal sources of all electronic products, need to have higher technical specifications to respond. To continue to develop miniaturization (0.8x0.6mm), develop higher frequencies (>300MHz), thinner and lighter products, more precise products, and more reliable products; to meet previous development needs, and simultaneously research and explore new material properties, new process technologies and parameters; to expand solutions to the old problems of production lines (normal temperature dispersion, temperature measurement dispersion).
- C. Forward-looking technology/product research and development: Accumulating the continuous investment in the research and development of quartz yellow light lithography semiconductor processes in the past, the forward-looking team has established various

high-end product designs and advanced packaging process design technologies, and has successively completed prototypes of next-generation products; continued breakthroughs in wafer packaging technology to facilitate product reliability verification and accelerate the arrival of various mass production resources; to meet the next-generation market application specifications and customer needs on schedule and with quality..

vi. Supply chain strategy

A. The Group's production capacity construction and activation planning:

- a. In response to geopolitical changes and issues arising from the Sino-US trade war, a third production base has been added in 2024. The Indonesian plant has been completed at the end of 2024. The equipment will be installed and trial production will begin in Q1 2025. The first phase target is 16KK/M, and the production target is expected to be achieved in 2025/Q2.
- b. Based on the consideration of reducing supply risks, the long-term development goal of the Indonesian plant will be to build a production capacity of 70KK/M and to produce multiple (full) products.
- c. With the market demand for 5G Advanced, AI, and automotive electronics Internet, customer demand is gradually developing towards miniaturized, high-precision, high-frequency, and high-stability products. The equipment capacity of each plant has been gradually transformed and upgraded according to changes in demand to respond to future product development trends.
- d. The advanced process photo die has also started mass production in 2024 as planned, and is expected to achieve an output of 8KK/M in Q2 of 2025 and 16KK/M in Q4.
- e. The Pingzhen plant has gradually realized the planning of the wafer factory, and more than 70% of the products have used photo dies produced by the wafer process. The products are gradually transformed into high value-added production items, realizing technology upgrades.

B. Production, sales and inventory management:

- a. In 2024, the automotive market will benefit from the demand for electric vehicles, and the demand for automotive products will increase by about 40% compared with the previous year. The initial capacity expansion plan has been realized in 2024 and the utilization rate will continue to increase.
- b. The terminal product application of 5G Advanced infrastructure and its related connection devices, orders for AI-related needs continue to be injected, and the corresponding product supply capacity also smoothly meets the delivery commitment to customers.
- c. Mature products are subject to fierce price competition from Chinese peers, and they tend to be cautious in terms of selling prices and stocking materials. However, each plant continues to improve its ability to undertake high value-added products, greatly reducing production and sales pressure.
- d. In 2024, the overall production and sales are balanced, and the group's inventory turnover rate will remain above 3.0. The subsequent introduction of intelligent production will continue to improve the inventory turnover rate.

C. Material supply guarantee plan:

- a. Most of the key main materials in 2024 have been approved and supplied by the second supplier. When the overall supply returns to normal, we will continue to



- promote cost optimization with suppliers.
  - b. Maintain 1~2 months of inventory for main materials, especially items with large demand fluctuations or long delivery periods, and maintain the control of production consumption for general items.
- D. Supply chain smart transformation promotion plan:
  - a. The construction of the delivery review automated APS system platform has been evaluated and completed in 2024. The system introduction will start in November 2024 and is expected to be completed in Q3 2025. It is expected that the overall operation efficiency will be improved by 15% and the inventory turnover rate will be increased by 10% through the introduction of the system.
  - b. FineBI has been completed in 2024, and the decision-making data of each department is provided through the dashboard and automatic report generation. The system is continuously optimized and improved.

## (2). Long-term Development Plan

- i. We are committed to developing high-frequency and high-precision frequency control component products for 5G Advanced Infrastructure including: AAU, DU/CU, BBU, CPE, Small Cell, Optical Module, Datacom, NIC, AI Server, and Switch.
- ii. Continue to develop miniaturized products to meet the trend of IoT modular applications, mobile communications, and consumer electronics.
- iii. Actively expand the automotive electronics customer base and deepen customer relationship, and continue to develop frequency control components used in automotive electronics, with the primary goal of meeting stringent quality and stability requirements.
- iv. The marketing bases continue to cultivate deeply and extensively, and strengthen the channel layout of sales markets in Southeast Asia, India, Vietnam, Israel, etc., so as to provide localized customer services that meet the customer groups in various regional markets; based on the Greater China market At the same time, continue to explore the needs of emerging markets in order to expand market share.
- v. Continue to introduce process automation and customer order requirements B2B (system docking) according to the goals of each stage, streamline processes and manpower, and ultimately improve the response speed of demand scheduling.
- vi. The two-pronged approach of the project-based leadership organization and the lean team will comprehensively improve operational efficiency and combat capabilities, and assist business personnel in formulating and judging sales strategies through the practice of intelligence, mobility, and big data analysis in the information system (BI).

## II. Marketing & Sales Situation

### (I) Market Analysis

#### (1) Market for our major products

The product trend is toward to small and light. The products that use the SMD crystal will have a higher percentage than others. In the future, Asia still is the major OEM center, and the products from Asia are still very high. TXC would still need to work hard on the market expansion in America, Europe and Japan.

Regional sales distribution of our major products in the past two years :

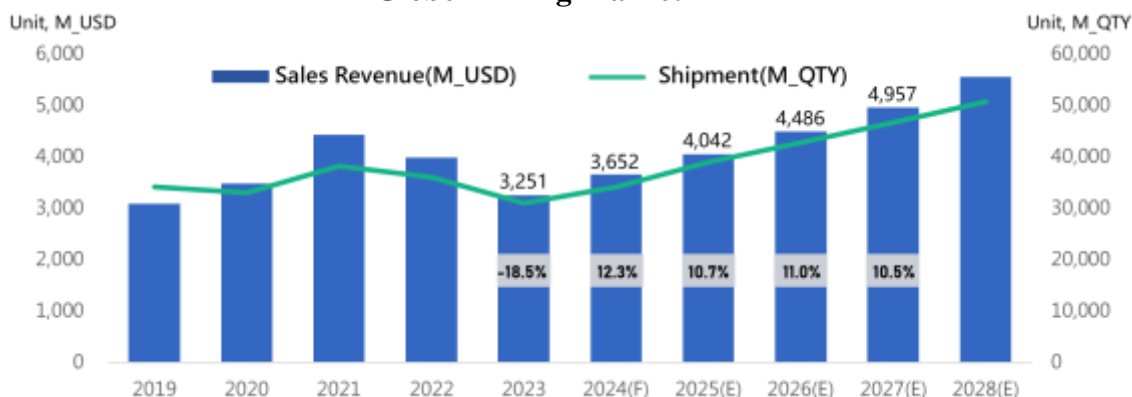
Unit: NT\$ 1,000

Rigion \Year	2023		2024	
	Amount	%	Amount	%
America	328,259	3.03	332,402	2.62
Europe	230,349	2.12	258,781	2.04
Asia	9,877,194	91.03	11,618,139	91.68
Taiwan	399,710	3.68	456,826	3.61
Others	14,890	0.14	6,110	0.05
Total	10,850,402	100.00	12,672,258	100.00

#### (2) Market growth momentum

Keep an eye on the global quartz component market. According to market research firm QYR, the overall sales amount in 2024 will grow by 12.3% YoY, and it is also estimated that the next few years will maintain double-digit growth. Therefore, the company is actively looking at the upgrading and innovation of ecological technology. At the same time, we continue to improve product technology and meet the value of emerging application needs to ensure that we maintain a leading position in the development trend of the industry. The company maintained a stable market share of 10%~12% from 2020 to 2024, demonstrating strong market competition and brand influence. The planned development in the next few years is expected to continue to optimize the supply chain, expand the market map and strengthen R&D capabilities to drive operating performance to continue to improve, laying a solid foundation for long-term development.

## Global Timing Market



Source: QYR Research, Jul 2024 & TXC Estimation

### (3) Key application deployment

With global shifts, economic and technological changes, the global industry, supply chain, and technology focus are being redistributed from traditional concentrated areas to more diversified and multipolar regions. However, no matter how the situation changes, technology will continue to innovate, and even connect the AI ecosystem to make it more complex. In the future, key technology industry sectors will develop strongly, including semiconductor-related technologies, AI-based basic network construction, satellite communications, and related emerging markets. The continuous evolution of these innovative technologies will drive the continuous innovation of terminal products and have more diverse demands.

#### Key technology industry sectors drive more diversified demands



In response to the upgrade of equipment and device functions in AI-related fields as data transmission speeds double, including the evolution and upgrade of autonomous driving levels in the automotive electronics field, which connects electrification and intelligence, the required processors, sensors and quartz components are also planned to be upgraded to higher specifications and in line with automotive regulations. In addition, global changes have formed a continuously changing technology ecosystem 2.0, which in turn promotes the upgrade and development of related technology focuses and emerging industry terminal devices and equipment, driving more demand for high-end quartz crystals and crystal oscillator products.

#### (4) Product development

In recent years, the company's market strategy will continue to move towards the comprehensive development of miniaturization, high-end parameters and automotive-grade product series. For key application development, the expected product size and various specifications will be planned according to the following new application scenario requirements.



#### (a) AIoT(Mobile Communication 、Computing & Networking)

As AI technology becomes more prevalent, high-performance frequency components are becoming increasingly important as they are used to support high-speed computing and data processing. Our company is committed to developing small, high-precision and high-stability frequency components to meet the high-performance needs of applications such as AI Phone, AI PC, and AIoT Device.

#### AIoT (Mobile Communication, Computing & Networking) new product planning



Size requirements: Crystal 1610/1210/1008/0806/0604 (unit: mm)

Frequency requirements: 32.768kHz, 76.8/80/96/153.6/307.2/320MHz

Specifications: Power, Stability, Drive Level, Slope, Aging, Operating Temp & Thickness

#### (b) Datacom(AI Server, Switch, Super NIC & Optical Module)

In order to meet the almost endless improvement in computing power, transmission bandwidth and speed, from GPU to DPU applications and Datacom big data high-speed

transmission Switch, Super NIC and Optical port high-speed transmission applications, new specifications of quartz components with high speed and low latency are needed. These developments are also the growth momentum of high-end products that the company will focus on in the next three years.

### Datacom (AI Server, Switch, Super NIC & Optical Module) New Product Planning



Size requirement: Differential XO, 2520/2016 (unit: mm)

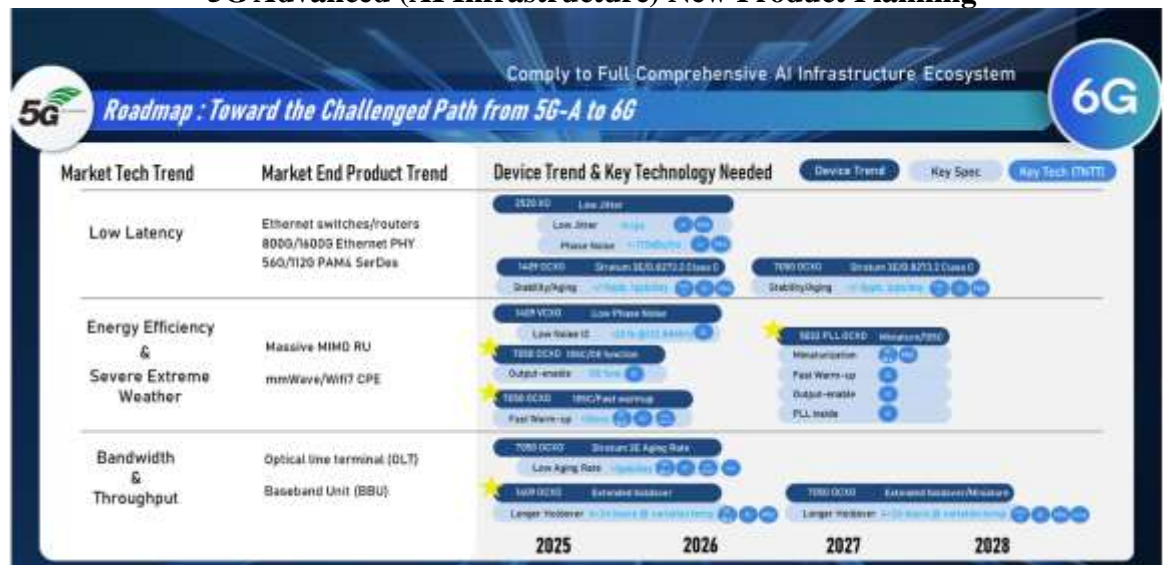
Frequency requirement: 156.25/312.5/625MHz

Specifications: Phase Noise & Jitter, Stability, Operating Temp & Power

### (c) 5G Advanced (AI Infrastructure)

In response to the goal-setting requirements of the 5G Advanced transmission protocol and the evolution of related technological development, we will continue to promote various performance indicators and cooperate with customers to develop chips for various applications to support high-end and new specifications of oscillators.

### 5G Advanced (AI Infrastructure) New Product Planning



Size requirements: Precise XO, 1409/9775/7050/5032 (unit: mm)

Frequency requirements: 10/12.8/20/25/38.88/48/156.25MHz

Specifications: Phase Noise & Jitter, Stability, Slope, Operating Temp & Holdover



- (5) Niches competition, the advantages/disadvantages of the future development, and the response strategies.

The frequency component industry is facing challenges due to unreasonable price competition, which makes it difficult for many companies to achieve profitability. However, under the trend of high-stability, high-temperature, and ultra-miniaturized products, some frequency component manufacturers with rich experience, high technical capabilities, and the ability to provide products that meet the needs of related products are actively seeking market opportunities. Especially in key application areas such as 5G Advanced, artificial intelligence (AI), big data transmission (Datacom), and automotive electronics (Automotive), the demand for high-order and high-reliability frequency components will continue to grow and is expected to remain high-priced and high-profit. These market opportunities will help expand the business of these frequency component manufacturers and improve their position in the market. Emerging application areas have higher requirements for high-stability, high-temperature, and ultra-miniaturized products, requiring strict product design, production conditions, and special equipment investment. This requires manufacturers to have excellent capabilities in R&D, manufacturing, and cost optimization.

Faced with high inflation and an unstable overall economic environment, frequency component manufacturers must respond proactively. Manufacturers need to comprehensively consider industry material trends, market supply and demand, actively manage customer relationships, and flexibly use supply and pricing strategies. This will help build brand value, expand application areas, and stably maintain reasonable product prices in an ever-changing market environment. In the face of various challenges, the company needs to remain flexible and robust to achieve reasonable profits and continuously improve its business physique to achieve long-term healthy development.

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. We will further develop the market and provide local services for the design and manufacturing of customers.</li> <li>2. Professional manufacturing team, stable quality and mass production cost advantage.</li> <li>3. High precision and miniaturized products continue to be developed and introduced into mass production, constantly narrowing the technical distance with Japanese manufacturers.</li> <li>4. Professional marketing and application engineering team to meet the needs of customers, and provide technical support for the design and mass production process of various products.</li> </ol>	<ol style="list-style-type: none"> <li>1. It is necessary to continue to improve the mass production yield of ultra-miniature products and improve the NPI process connection of new products.</li> <li>2. Optimize the multi-frequency development of the photo die front-end process and accelerate the mass production schedule of existing designs.</li> <li>3. The equipment and key raw materials have a long lead time in delivery, so it is difficult to meet the sudden demand of the market.</li> <li>4. The roadmap planning schedule for high-end quartz crystal oscillator products needs to be accelerated to meet higher-standard market demands.</li> </ol>

Opportunities	Threatness
<ol style="list-style-type: none"> <li>1. Deeply cultivate technology leaders in various industries in China, and the brand customer management strategy drives TXC's stable production capacity.</li> <li>2. Continue to pay attention to the continued fermentation of the trend of localization of China's supply chain, give full play to the competitive advantages of the same language and culture, and seize business opportunities at the first time.</li> <li>3. 5G Advanced , AI , Datacom applications drive miniaturization, high frequency, and wide-temperature applications, coupled with the increase in Oscillator usage, both increasing product average prices and profits.</li> <li>4. High-end, high-precision, high-stability products and market deployment have become more complete, and seeking niche markets and products continues to become a stable source of profit for the company.</li> <li>5. TXC increases opportunities for importing materials based on the advantages of deeply cultivating China.</li> </ol>	<ol style="list-style-type: none"> <li>1. Japanese manufacturers have a relative brand advantage, and they control raw material production and technical capabilities, and have a comparative advantage in cost structure.</li> <li>2. Alternative competitive products threaten some low-level applications and put pressure on the quotation of current products.</li> <li>3. The demand for miniaturized products is highly concentrated in a single customer and the proportion of consumer electronics sales in the Chinese market is higher than that of peers, exacerbating the impact of demand fluctuations on revenue and profits. It is necessary to actively accelerate the expansion of niche/emerging market industries.</li> <li>4. The competition between China and the United States has led to end customers gradually proposing third-country production (N+1), increasing the complexity of the overall supply chain and potential investment and operating costs.</li> <li>5. TXC's definition of localization of the Chinese supply chain creates uncertainty for its future operations in the Chinese market.</li> </ol>
Respond Strategies	
<ol style="list-style-type: none"> <li>1. In response to regional development, we will work with overseas marketing teams to actively develop Tier1 and IDH (IC Design House) customers, use regional channel platforms to cooperate, make good use of local resources, and expand cooperation with potential customers in various regions.</li> <li>2. We will provide three highs and one low (high frequency/high precision/high temperature/low phase noise and low jitter products) for key industry-related applications/customers (3A1E: AOM, AI Automotive, Emerging Segment) and continue to optimize product design specifications and process control to meet customer needs.</li> <li>3. In line with China's localization policy, we will actively complete the introduction of relevant domestic solutions to Design House, and closely monitor the trends of Chinese competitors.</li> <li>4. We will strengthen the development of new products, emerging markets (such as smart medical care, industrial control, etc.), and new customers, and adjust strategies and resources in real time.</li> <li>5. We will strengthen the engineering and technical capabilities of each factory and accelerate the promotion of intelligent production.</li> <li>6. We will continue to recruit domestic and foreign talents with R&amp;D expertise to strengthen the company's product R&amp;D capabilities, strengthen the connection of R&amp;D teams, focus on shortening the time to market for products, and give priority to introducing relevant customer needs.</li> <li>7. Actively explore strategic alliances and cooperation opportunities to create products with competitive advantages, while continuously improving cost structure to increase profitability.</li> <li>8. Actively plan appropriate production bases in response to customer N+1 needs.</li> </ol>	

## II Major products' important applications and their manufacturing process

### (1) Major products' important applications

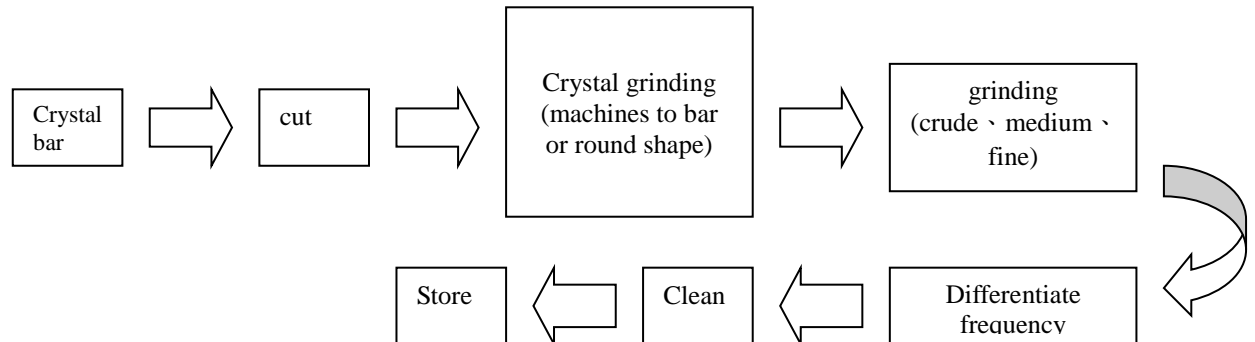
Product		Major Application
Crystal Units		Wired/Wireless, Module, Smart phone/Future phone, Bluetooth, Telephone terminal, Automotive,STB, NB/DT, Wearable, AR/VR, Game Console, Storage, Medical equipment, UWB, IoT
Crystal Oscillators	XO	Base station,Wired/Wireless, Fiber optics communication, Mining machine ,Telphony terminal equipments, NB/DT, Server, storage device, Game Console, Automotive
	VC-TCXO 、 TCXO	Smart phone/Future phone, Base Station, Satellite Communication, Wired/Wireless, Bluetooth, GPS/GNSS, Fiber optics communication, Automotive, Wearable, AI Server
	VCXO 、 VCXO	Base Station, Satellite Communication, Wired/Wireless, Fiber Optics Communication, Phony terminal equipment 、 Counter/Synthesizer
	OCXO	Base Station, Satellite Communication, GPS/GNSS, Wired/Wireless, Fiber Optics Communication
Tuning Fork		Smart phone/Future phone, Smart Home, Wireless Networking, NB/DT, Automotive, Wearable



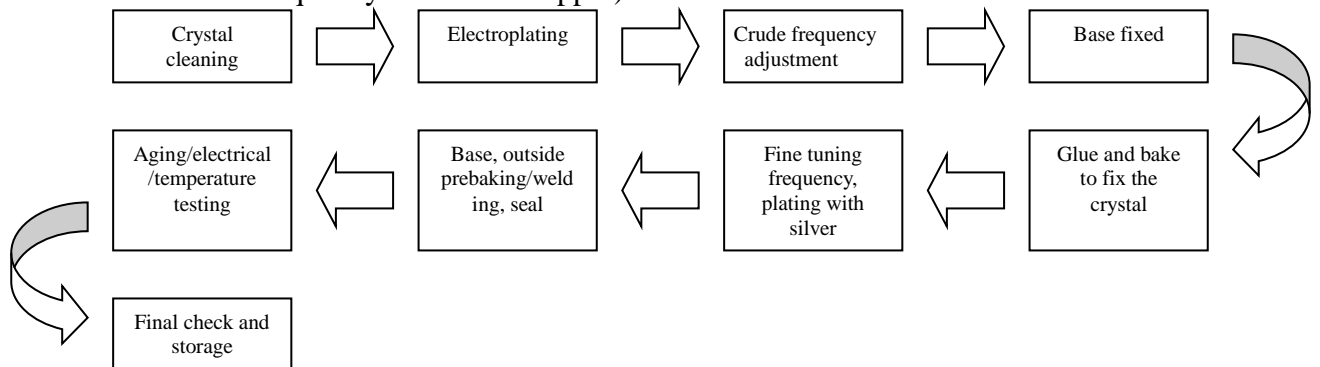
## (2) Manufacturing Process

Steps for crystal components manufacturing are: first we need to manufacture the quartz crystal needed for the electrical material. It involves the cutting, polish, cleaning of the wafer form. Then with the mechanical arms to place the wafer on the base and fixed with the silver based glue. Then package it under vacuum. For oscillators it is necessary to add one more unit of oscillating circuit IC with golden line conduction via amplified output of crystal chip oscillation. It requires more IC placement and wire bonding process compared to the quartz crystal.

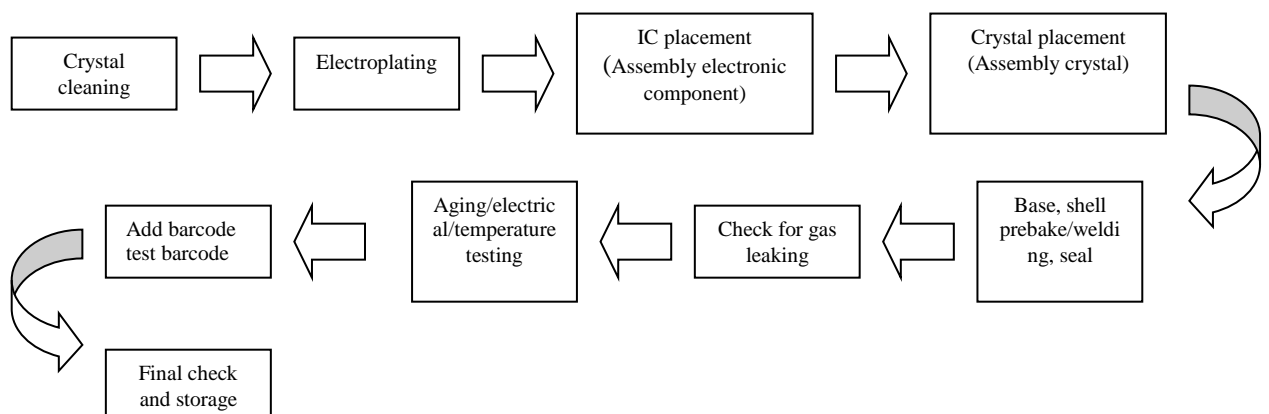
### i. Pre-manufacturing process – quartz crystal.



### ii. Post-manufacturing process – quartz crystal (use silver, gold, nickel for electroplating, and the process would reduce crystal frequency. Fine tuning the electroplating that would reduce frequency error to 3~10ppm)



### iii. Post manufacturing process – crystal oscillator (use silver, gold, nickel for electroplating, and the process would reduce crystal frequency.)



### **III. State of the major materials suppliers**

The major materials for crystal units and crystal oscillators include the base, wire bond, IC package, crystal slice and crystal bars.

- (1) All the materials come from the at least two suppliers, and this would minimize the risk of all materials coming from a single supplier. Our company's procurement depends on the buying terms, state of supply, and specifications; before the materials to be ordered. And, it also depends on some special conditions that we would adjust the ratio of buying materials and this approach would help us not too concentrated the ordering from a single supplier, or running the risks of the orders being interrupted.
- (2) All the suppliers have long term relationship with us. And, our friendship is good. With our company is growing strongly, these suppliers would also take highest priority to satisfy our company needs ° Annually, we also meet with our suppliers on regular or irregular base to review our purchasing terms and any room for the improvement. This also helps a stable and continuous relationship in the materials supply.
- (3) In considering the steady material supply, our company will provide the Rolling Forecast , to the suppliers and the production preparations. This can shorten the delivery time and an assurance of on time delivery. If there is any unusual situation, these suppliers will accommodate our needs to assure a stable supply.

#### IV. The suppliers and customers over than 10% of the past two years

##### (I) Main Suppliers

Unit : NT\$1,000

2023				2024			
Company	Amount	Percentage of annual procurement (%)	Relationship with TXC	Company	Amount	Percentage of annual procurement (%)	Relationship with TXC
K Company	955,877	25.25%	None	K Company	1,400,346	26.90%	None
R Company	512,980	13.55%	None	R Company	558,825	10.73%	None
T Company	399,143	10.55%	None				
Others	1,916,928	50.65%	None	Others	3,246,517	62.37%	None
Total	3,784,928	100.00%		Total	5,205,688	100.00%	

Note 1: The names of suppliers who account for more than 10% of the total purchase amount in the most recent two years and their purchase amount and ratio shall be listed. However, if the supplier's name cannot be disclosed due to contractual agreement or the transaction partner is an individual and not a related party, a code name may be used.

Note 2: As of the date of publication of the annual report, companies that are listed or whose stocks are traded on securities firms' business premises should disclose their most recent financial information that has been audited or reviewed by a certified public accountant.

##### (II) Main Customers

Unit : NT\$1,000

2023				2024			
Company	Amount	Percentage of annual sales (%)	Relationship with TXC	Company	Amount	Percentage of annual sales (%)	Relationship with TXC
F Group	2,101,830	19.37%	None	F Group	1,992,216	15.72%	None
Others	8,748,572	80.63%	None	Others	10,680,042	84.28%	None
Total	10,850,402	100.00%		Total	12,672,258	100.00%	

Note 1: List the names of customers who account for more than 10% of the total sales in the most recent two years, as well as their sales amounts and proportions. However, if the customer names cannot be disclosed due to contractual agreements or the transaction partners are individuals and not related parties, code names may be used.

Note 2: As of the date of publication of the annual report, companies that are listed or whose stocks are traded on securities firms' business premises should disclose their most recent financial information that has been audited or reviewed by a certified public accountant.

##### (III) Reasons for the increase or decrease

###### A. Purchase

The company's main products are quartz series products (crystal units, crystal oscillators). Its main procurement items in the last two years include IC, bases, wafers, covers, precious metals and other raw materials. Imported from abroad, due to the improvement of self-manufacturing ability and manufacturing process, in recent years, the chips have been gradually transferred to self-manufactured or supplied by mainland

factories; in addition, due to the continuous growth of market demand, most of the products sold are self-made from various production bases, and the insufficient quantity is supplied to foreign products. The company has been in contact with various suppliers for many years, and the relationship is good. The relevant guarantee clauses have been specified in the purchase contract for important raw materials, and the materials should be supplied by more than two suppliers as far as possible. There should be no supply interruption or excessive supply. Concentration risk, there is no significant change in substance.

#### B. Sales

The company's main products are quartz series products (quartz crystals, quartz oscillators) and other frequency component series products, and the sales targets are mainly downstream application manufacturers such as information, communications, network communications and consumer products. Due to changes in the industrial environment, 5G Advanced and automotive electronics have driven an increase in demand for terminal application products. With the injection of new products and capacity expansion, sales and revenue have increased. The company's main customers are all international manufacturers. In the future, it is expected to continue to grow driven by automotive electronics (Automotive), Internet of Things (IoT), communications and 5G Advanced, artificial intelligence (AI), big data transmission (Datacom), high-performance computing cards, medical, and various types of connection technology related application products, so there is no excessive sales concentration and risk.

### III Employees Profile

Number of employees, average service years, average age and educational background distribution ratio in the last two years

Year		2023	2024	As of 2025/03/10
Total Number Employees	Engineer	829	885	877
	Administrative	632	704	718
	Sale	142	136	137
	Technicians/Operators	1,821	1,946	1,996
	Total	3,424	3,671	3,728
Average Age		34.94	34.33	34.28
Average Years in Service		7.53	7.35	7.28
Distribution of Educational Background	Ph.D.	0.53%	0.48%	0.51%
	M.S.	5.78%	5.74%	5.73%
	B.S.	48.22%	51.64%	51.36%
	High School	24.53%	24.72%	25.05%
	Below High School	20.94%	17.43%	17.35%

## **IV Data on our environmental protection expense**

### **(I) Description of environmental punishment**

Pingzhen plant, Ningbo plant and Chongqing plant of the company have no relevant environmental penalty issues.

### **(II) Description of the application, payment or establishment of a pollution facility establishment permit or pollution discharge permit or a pollution prevention and control fee or a person of a special unit for environmental protection that is required by law**

- (1) Pingzhen factory is responsible for the production of chips and quartz components. According to the regulations, it has applied to the local competent authority for relevant license documents for waste, waste water and fixed pollution sources generated in the production process, and set up relevant environmental protection personnel to operate and maintain according to the requirements of the license documents, so as to maintain the effective operation of relevant treatment facilities. We continue to active follow-up Promote energy-saving work, conduct investigations and identification of energy use efficiency of large energy consumers such as lighting, ice water mainframes, motors, air compressors, and water pumps, so as to implement energy-saving improvement measures, and hope that we can continue to do another distraction to reduce environmental impact. The total amount of expenditure in 2024 was about NT\$ 15,000,000. The main purpose was the improvement of energy-saving measures, air pollution fees, environmental clean-up, work environment testing, operation and maintenance of pollution prevention equipment, and protective gear.
- (2) Ningbo plant continues to maintain the largest production capacity of quartz components in the world. In the process of production and operation, it pays special attention to environmental governance and social contribution, so as to actively respond to the requirements of the newly implemented "environmental protection law", strictly abide by the bottom line and meet and exceed the requirements of local environmental protection law enforcement. A total of approximately RMB 1,386,000 will be spent on environmental protection in 2024, which will be mainly used for upgrading the treatment capacity of wastewater stations, adding online monitoring equipment for pollutants, and maintaining the exhaust gas treatment system and replacing consumables. The digital upgrade of the wastewater station is to pursue 100% compliance with emission standards and to strengthen the process detection and early warning capabilities of the wastewater station in accordance with the principle of visual control and traceability of the entire process. The wastewater reuse transformation will complete the reuse of steam condensate and concentrated backwash water by December 2024, and the recycled water will be used as cooling tower water and raw water. The annual wastewater reuse project reduced the use of tap water by approximately 94,000 tons, and was rated as a water-saving enterprise in Zhejiang Province in 2024. In 2024, the Ningbo plant invested a total of approximately RMB 674,000 in legal disposal costs for hazardous waste.
- (3) Chongqing plant has smooth operation of environmental protection facilities, stable product quality, and good operation status of all equipment. In order to meet the "environmental protection law" and local environmental protection requirements, and ensure the hardware

requirements of operation, maintenance and management of environmental protection facilities, a total of RMB 919,000 was spent on environmental governance in 2024, to complete the optimization and maintenance of the prevention and treatment equipment of environmental protection facilities, including operation and maintenance of various wastewater and gas treatment facilities, detection and replacement of various environmental monitoring instruments and various inspections, replacement of waste exhaust Raschig rings and internal and external cleaning of strip washing towers, environmental testing, replacement of fillers in secondary sedimentation tanks of wastewater stations, and legal waste management Disposal, etc.; The canteen fume pipes were cleaned in time, and the monitoring points were optimized to meet the requirements of environmental monitoring standards. The annual environmental monitoring limits were within the regulatory standards, and 100% of the emissions were up to standard. The company reported to the Ecological Environment Bureau in a timely manner. The company actively promoted environmental credit evaluation and obtained the honorary title of Environmental Integrity Enterprise. The company actively promoted the dynamic management and supervision of national green factories, and successfully passed the review and supervision of experts, compiled a self-monitoring plan, and commissioned local cooperative manufacturers to conduct environmental monitoring, and registered and reviewed the national pollution discharge permit in accordance with the law. The company also obtained a pollution discharge permit and receipt. The company invested RMB 5,300,000 to build a gas-fired distributed energy station trigeneration project, achieving an annual carbon reduction of 895 tons and an independent peak-shaving capacity of 70%. The company actively and proactively developed feasible projects for energy conservation and carbon reduction, hoping to reduce the impact on the environment.

- (4) TETC CORP. NINGBO follows the Group's goal of attaching importance to environmental governance and meeting local environmental protection needs. It has applied for relevant permits from local authorities in accordance with regulations, and has set up relevant environmental protection personnel to operate and maintain in accordance with the requirements of the permit to maintain the effective operation of relevant treatment facilities. In 2014, it obtained the environmental impact assessment approval and sewage discharge permit from the Beilun District Environmental Protection Bureau. The investment in environmental protection facilities and construction systems in the new plant area is approximately RMB 2,900,000. In the initial stage of operation, it is planned to actively promote environmental credit evaluation to obtain the honorary title of good environmental protection enterprise; actively promote Ningbo municipal green factory evaluation; rely on self-monitoring and regular testing data from third parties to optimize the operation, maintenance and adjustment of each treatment facility to achieve 100% standard emission. It is hoped that the impact on the environment can be reduced.
- (5) During the construction of the Indonesian factory, environmental management and social contribution will be implemented in accordance with the regulations of the local government.

### **(III) The implementation of safety and health**

"Zero-job safety" is the company's long-term pursuit of the goal. The care of employees is also the responsibility of the company. In addition to complying with relevant domestic laws and regulations,

an ISO45001 occupational safety and health management system has been established in all factories and has passed certification. The specific measures are as follows:

(1) Strengthen personnel safety awareness

Continue to promote safety culture and use visual management to set up safety culture corridors and slogans in the factory area, and report cases of occupational accidents inside the factory, cases of major occupational accidents outside the factory and relevant laws and regulations through digital and physical bulletin boards. In this way, the information of occupational safety and health is continuously passed on to the employees. For occupational safety and health-related training, new recruits and personnel at all levels are also educated and trained in accordance with relevant laws and regulations, in order to improve employees' hazard awareness, abide by and implement standard operating procedures, and enhance personnel safety awareness.

(2) Construct a safe working environment

Before purchasing facilities, machines, and equipment, review safety-related designs in accordance with relevant laws and management regulations, and take possible hazards and human factors into consideration. After entering the factory, facilities, machines, and equipment must comply with safety regulations. It can be operated and used to ensure the safety of employees; for the job site, after hazard identification and risk assessment are carried out, the best feasible methods and technologies are used to carry out hazard prevention and risk control. And continue to simplify the operation process and screen high-hazard and high-risk hazard factors through electronic and hierarchical management methods, and implement source management to make the chemical and contractor management procedures more perfect.

(3) Implement emergency response system

In order to prevent disasters from having a major impact on operations, in addition to continuous script drills and personnel training, as well as the purchase of appropriate emergency supplies, we also regularly review the safety monitoring and abnormal alarm systems of the factory area, so as to establish the accident prevention ability and response of the factory personnel ability, to continuously strengthen the operation of the emergency organization in the factory area, so as to minimize disaster losses and casualties.

(4) Improve medical and preventive health care

Through professional nursing staff planning and handling employee health checks, flu vaccinations, physical fitness activities, muscle-building and fat-reducing activities, and providing lectures on promoting physical and mental health, we will continue to create a healthy workplace; for shifts, night work, For high-risk employees who may cause diseases due to abnormal workload such as long hours of work, on-site service doctors and health care personnel provide interview guidance and health management measures to prevent employees from suffering from cerebrovascular diseases due to overwork, and to achieve early detection, The purpose of early treatment is to ensure the physical and mental health of the relevant employees.

In response to infectious disease's impact on the health and safety of factory personnel, in addition to regular monitoring, evaluation and consultation by the occupational safety unit, employees are also continuously encouraged to get vaccinated to enhance their own

protection, and rapid screening is conducted for high-risk groups in a timely manner. Ensure the health and safety of all personnel in the factory.

(5) Continuous monitoring, auditing and improvement

In addition to regular measurement of the working environment in accordance with relevant laws and regulations, the safe operation of the factory area also conducts daily inspections, high-risk operation inspections, and supervisor inspections; for accidents that occur in the factory area, investigations, improvements, and reporting to the competent authority are also completed in accordance with relevant regulations. Issues and proposals related to occupational safety are reviewed and discussed through the Occupational Safety and Health Committee. In addition, it accepts relevant audits from domestic and foreign third-party verification units or customers from time to time, so as to continuously improve and enhance the operation of occupational safety and health in the factory area.

**(IV) Description of hazardous substance management system**

In order to move towards green products, TXC Corporation's products strictly prohibit the use of controlled substances in raw materials, materials, processes, equipment and other business activities, so that the product design, manufacturing and shipment can comply with the requirement standards of no use, no mixing, and no contamination., thereby reducing the impact of products and services on the environment, and actively taking relevant response measures as follows:

- (1) Comply with international and domestic hazardous substances laws and regulations, such as: EU RoHS 2.0 [Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive (EU) 2015/863], EU WEEE [Waste Electrical and Electronic Equipment Directive (2012/19/EU)] , EU REACH [Chemical Registration, Evaluation, Authorization and Restriction Directive (EC) No. 1907/2006], etc., ELV [Waste Vehicle Directive (2005/24/EC)], etc., as well as the green product requirements of key customers, including: Meet the halogen-free regulations, and follow the most stringent requirements in TXC EMS011 (HSM011) "Environmental Management Substance Management Specifications".
- (2) In addition to obtaining the IECQ QC 080000 Hazardous Substances Process Management System certification and maintaining the validity of the certificate, it also continues to pass the Green Partner certification of the international major manufacturer SONY.
- (3) In order to meet the design goals of green products, use green procurement as the basis for continuing to provide green products, and through publicity, training and communication, require the products provided by suppliers to comply with TXC EMS011 (HSM011) "Environmental Management Substance Management Specifications" , at the same time, suppliers are encouraged to introduce the IECQ QC 080000 hazardous substances process management system in addition to the basic ISO 9001 quality system to implement the implementation of green supply chain.
- (4) Based on the belief of protecting the earth and benefiting the next generation, as well as the corporate responsibility of jointly maintaining the overall ecological environment, the company shoulders the mission of contributing to society and comprehensively and actively promotes environmental management activities with a prudent attitude. TXC Corporation's no-hazardous substance policy and commitment are as follows:



TXC Corporation's No Hazardous Substance Policy and Commitment	
(1)	Be the best green product partner of customers according to the most stringent relevant regulations or customer requirements.
(2)	Confirm organizational operations and provide resources, promote environmental education, and strengthen the environmental awareness and goals of all employees and supply partners.
(3)	Design green products, paying attention to products and production processes without harmful substances.
(4)	Continuously improve through company-related activities to achieve the company's goal of sustainable operation.

- (5) Through the above procedures and policy requirements, the company has set the following hazardous substances management goals, and the achievement performance in 2024 will be 100%.

No.	Item	2024	
		Target	Results
1	Number of returned items due to non-compliance with GP requirements	0	0
2	The number of abnormal cases of hazardous substances in the factory	0	0
3	The number of finished products that do not comply with GP for hazardous substance testing	0	0

**(V) Other supplementary briefing**

In order to strengthen the fulfillment of corporate social responsibility, TXC Corporation's is regularly audited to ensure that the code of conduct and procedures in labor, health and safety, environment, ethics and management systems are consistent with the "RBA Responsible Business Alliance Code of Conduct". In addition, the 2024 "Greenhouse Gas Inventory Report" is based on the new version of ISO 14064-1: 2018 Greenhouse Gas Inventory Standard, and complete and reliable information will be disclosed in the sustainability report. Corporate social welfare activities in 2024 please refer to the company's website for details.

In the future, we will continue to promote various environmental, safety and health-related activities in the factory to ensure the safety and sanitation of the working environment and maximize the safety of colleagues. The company's detailed information on the promotion and tracking of environmental protection is posted on the company's website.

## V Labor Relations

### (I) Employee welfare measures

#### 1、Employee welfare

People-oriented, treating employees well, and creating a happy corporate culture: Taiwan Crystal Technology adheres to the principle of complying with labor laws and is committed to promoting labor rights, upholds an attitude of non-discrimination and respect for employees, and shares the company's achievements through a reasonable salary and reward welfare system and an improved talent cultivation mechanism. Establish the self-worth of colleagues, take into account the balance between work and life, and identify and work together towards the company's vision.

#### (1) Profit sharing, creating a win-win situation

TXC Corporation adheres to the concept of profit sharing with employees to attract outstanding talents, motivate and retain existing employees. Therefore, in terms of starting salary, salary classification, bonuses and employee remuneration, it not only follows the provisions of Taiwan's labor laws, but also observes the labor market and average salary levels. It is also higher than peers. Its evaluation mainly considers academic qualifications, work experience, professional skills, job responsibilities, and future development and work performance, without regard to race, class, language, religion, politics, nationality, gender, age, marriage or union status. and other factors, and there is any differential or discriminatory treatment, in addition to the basic monthly salary, we provide Spring Festival bonus, Autumn Festival bonus, employee remuneration, performance bonus, project bonus, patent bonus, outstanding contribution bonus, outstanding employee bonus... and other incentive programs . The company has also set up an "employee stock ownership trust" to provide relatively allocated bonuses to assist employees in long-term investment, financial management and retirement planning.

#### (2) Taking care of every important moment of employees

In addition to adding labor insurance and national health insurance to employees in accordance with the law, we also plan group comprehensive insurance to provide life insurance, critical illness insurance, accidental injury insurance, accidental medical treatment, hospitalization, and occupational disaster insurance, and safety insurance protection for overseas business trips. To take care of employees' families and lives, we have specially formulated the "Employee Child Care Subsidy Measures" to provide child care subsidies for children aged 0 to 5 years old. Those who meet the qualifications can receive a child care subsidy of at least NT\$180,000 per child to reduce the financial burden of employees' child care. , and responds to the government's countermeasure plan for the development of children. TXC\_Foundation provides scholarships for employees' children. The company also provides wedding bonuses, maternity gifts, hospitalization condolences, white condolence payments, and emergency subsidies to help those who are in emergencies or are unable to afford it due to work and business related issues. Colleagues, provide timely assistance and help them tide over the difficulties.

In line with the concept of a happy enterprise and caring for retired colleagues, the OB Association was established in 2013, with the hope that one day one can be a member of TXC Corporation and receive care and support from TXC Corporation after retirement. At least two events are held regularly every year to promote emotional exchanges and information sharing, so that retired colleagues can continue to retire, explore the talents of members, and combine the resources of TXC\_Foundation and volunteer clubs to invest in community senior activities and charity promotions; At the same time, we care about the lives and health of members, provide timely referral resource services and condolence payments, and practice social responsibility.

### (3) Flexible work and happy holidays

Various types of leave are granted in accordance with the Labor Standards Act. If employees need a longer leave due to childcare, military service, serious injuries, etc., they can apply for leave without pay, and then apply for reinstatement after the period expires. Promote make-up days without having to work, flexible commuting, paid typhoon leave, charity volunteer leave, exclusive birthday leave, and summer vacation, so that colleagues can fully rest, take into account family and life, and build employees' leisure life and interests.

### (4) Thoughtful environmental facilities

Through hardware facilities, employees can improve their care space and direct convenience to build a friendly working environment. The company has set up a fully healthy employee restaurant, which provides lunch and dinner subsidies for colleagues. It uses organic vegetables, domestic pork, olive oil and non-processed food to ensure the health of employees. It also has warm and comfortable staff dormitories, OK convenience stores, exclusive breastfeeding rooms for mothers, medical rooms, libraries, free coffee supply, free car/motorcycle parking lots, etc. to provide employees with the best experience. At the same time, employees are encouraged to establish exercise habits and provide complete sports and leisure spaces, including gyms, multi-functional sports halls, softball fields, billiard rooms, basketball courts, and badminton courts, so that employees can sweat to their heart's content.

### (5) Multiple health promotion

Committed to creating a physically and mentally healthy workplace environment, providing a variety of health information, lectures, and activities, promoting the importance of preventive health care, and improving workers' health awareness and self-health management skills; for example: setting up an independent medical office space to provide work-related injury prevention, Health consultation and injury treatment; equipped with on-site occupational specialists and full-time nurses to provide professional consultation, medical advice and health education guidance; set up open blood pressure machines and body fat meters for personnel to use at any time to effectively grasp self-health monitoring information ; Provide all-employee health examinations and special health examinations that are better than regulations, and implement health management and abnormal tracking; special protection and guardianship, maternal health management in the workplace, and set up warm milk collection rooms for personnel to use with peace of mind; preventive management of cardiovascular diseases Diseases, musculoskeletal and other emerging occupational diseases, actual visits to the site to assess the hazards, feedback of health information and improvement suggestions. We also attach great importance to promoting

corporate health implementation and performance, actively cooperate with and participate in workplace health promotion activities promoted by health agencies, and obtain the Healthy Workplace Certification Health Promotion Label from the National Health Service of the Ministry of Health and Welfare.

(6) Establish an employee welfare committee

The company has established an "Employee Welfare Committee" to plan and promote a variety of activities based on the concept of "work/life balance" to allow employees to relieve physical and mental stress, thereby improving work efficiency and creating a physically and mentally healthy workplace. Plan various employee activities, such as: annual party, parent-child family day, employee sports meeting and other large-scale fun activities; domestic and foreign employee travel subsidies to allow employees to recharge their batteries; holiday activities and gifts, special store discounts, and good health benefits There is no end to it, and we actively encourage employees to establish exercise habits, regularly organize various sports events, and provide diverse and rich club life such as baking club, softball club, basketball club, badminton club, essential Oil Club, table tennis club, volunteer club, etc. to encourage employees Through club activities, we combine enthusiasts with similar interests to help employees strike a balance between work and life.

## 2、Employee education and training

- i. The Company provides employees a multiple learning environment. Colleagues can continually challenge their growth limit through internal／external training, OJT, KM (knowledge management system), reading clubs, online／physical library, and supervisor／peer instruction. At the same time, through the new employees／professional technology／supervisor coaching／general knowledge course／self-development education and training system to bring maximum satisfaction for employees! On the other hand, through planning of job category／job level, work rotation, project allocation and overseas assignments to integrate their lives with their careers and enable them enjoy the happiness of growth in knowledge and skills and develop a bright future.
- ii. The Company has established “Education and Training Guidelines”, “Mandatory Occupational Course Guidelines”, and “Employee Promotion and Reassignment Guidelines” to plan related training courses in accordance with occupational and professional requirements in order to improve employee knowledge and skills, overall quality of employees and operation performance. Related education and training performance in 2024 is listed in the table below:

Factory	No. of Class	No. of Sessions	No of Trainees	No. of Hours	Expense(NT\$)
PCF	154	301	7,418	16,365	1,177,922
NGB	314	392	29,583	36,401	1,541,152
CKG	55	76	8,539	23,538	4,051,700
TETC	305	305	21,855	36,045	2,073,108
SUB	14	11	242	994	1,034,501
Total	842	1,085	67,637	113,343	9,878,383

## 3、Implementation of employee satisfaction survey

In order to understand the expectations and suggestions of colleagues for the company and provide a better working environment, the company conducts an employee opinion survey every year. The 2024 employee opinion survey was launched in September 2024. The survey subjects were all employees, and the questionnaire response rate was 81%. The content of this satisfaction survey covers ten aspects, including industry prospects, the company's overall working environment, supervisor management style and ability, employee job awareness and satisfaction, organizational communication and coordination, employee benefits, department performance evaluation, employee learning and development, company image and unit growth awareness.

Survey subjects	All employees
Questionnaire return rate	81%
Survey frequency	Once a year
Questionnaire items	The satisfaction survey includes ten aspects: industry prospects, overall company work environment, supervisor management style and ability, employee job awareness and satisfaction, organizational communication and coordination, employee benefits, department performance evaluation, employee learning and development, company image and unit growth awareness.
Survey results	Using a six-point scale, the company's average satisfaction results tend to be

	"satisfied".
Improvement plan	<p>The employee opinion survey results are reported at the management meeting, and communication is strengthened and improvement plans are launched:</p> <ol style="list-style-type: none"> <li>1. Continue to pay attention to employee feedback and implement improvements. Through monthly employee seminars, instant communication and effective response to employee suggestions.</li> <li>2. Add new communication channels and provide EAP resources to assist employees. This will be implemented from January 1, 2025.</li> <li>3. Revitalize the organization, optimize the work environment, and establish a transparent and open communication channel. In 2025, the "I have good suggestions" instant response QR-Code will be launched to improve the immediacy of employee suggestion feedback.</li> <li>4. Enhance the sense of belonging to the organization, strengthen organizational effectiveness and drive corporate growth through the above solutions.</li> </ol>

#### 4 、 Pension System Implementation

TXC's employee retirement measures are fixed according to labor standard laws; in accordance with period legal reminders, reaseave 9% of monthly salary for retirement preparatory funds are paid into the Bank of Taiwan, and an Occupational Retirement Preparatory Fund Supervisory Committee is then responsible for managing and using the retirement fund. Starting July 1<sup>st</sup>, 2005, in accordance with labor retirement fund regulations, reaseave 6% of monthly salary for monthly retirement payments are transferred into special individual retirement accounts established by the department of labor; a separate appointed agent retirement fund was established in January 2007, reaseave 8% of monthly salary for employee pension to ensure that retirement plans are managed professionally.

In 2024, we will launch a special project called "Early Collection of Old System Retirement Benefits", which will allow colleagues who choose the new system and retain their years of service under the old system to settle their years of service under the old system and collect their old system retirement benefits in advance, allowing them to flexibly carry out personal financial planning.

#### 5 、 Labor-management agreement and implementation status

TXC Corporation values the opinions and feelings of colleagues on organizational development or various operations, and fully provides smooth and diverse communication channels or complaint mechanisms. In addition to conducting labor-management meetings in accordance with the law, the company also conducts annual employee opinion surveys. In 2024, 922 employee opinion survey questionnaires were distributed, with a response rate of 81%; 12 employee seminars were held in 2024; 632 foreign conference participants in 2024; In addition, the company has set up employee suggestion boxes, WeCom, E-mail, telephone and other diverse communication channels, and is committed to providing smooth communication channels, so that the company's direction and employee opinions can be fully communicated, and as a basis for improving and providing a better working environment and conditions.

#### 6 、 Protection measures for the working environment and personal safety of employees

In order to protect the work safety of employees and protect the working environment and personal safety of employees, in addition to setting up an "Occupational Safety and Health Committee" and holding regular committee meetings to review the effectiveness of business development and occupational safety and health matters, various management measures have also been formulated. All colleagues are required to implement it thoroughly; in addition to purchasing group insurance every year, the company also regularly holds occupational safety and health lectures, sends people to participate in relevant occupational safety and health courses, and formulates the "TXC Emergency Response Plan" and "Environmental Safety and Health Management Manual" ", etc., in order to protect the life safety of our colleagues and calmly respond to emergencies. For relevant content, please refer to our company's website. In order to achieve the goal of zero disaster, the company regularly reviews and revise the annual emergency response plan and environmental, safety and health management manual, and then formulates detailed implementation operations based on the plan content, which are implemented by relevant units according to the plan schedule and content, and through The audit system identifies deficiencies in implementation, formulates emergency response plans and environmental, safety and health management manuals for the next year, and conducts review and corrections at any time based on the implementation process and audit operations to reduce the hazard risks of the business unit and achieve the goal of zero disasters.

#### Environmental, Safety and Health Policy

During the R&D, manufacturing, testing, and sales processes, TXC Corporation must comply with regulations and comply with other relevant requirements to prevent occupational disasters and continuously improve the operation of the management system to align with international standards. In line with our corporate responsibility to protect our employees and care for the earth, we promise to:

- Ensuring employee safety and health is the primary responsibility and obligation of managers at all levels of the company
  - Protect all plant personnel by preventing work-related injuries, ill-health, illness and accidents
  - Comply with laws and regulations, reduce the impact of environmental pollution, and develop standard operating procedures and methods
  - Communicate policies and provide necessary education and training to employees, suppliers, customers, contractors, and stakeholder groups to ensure that they have environmental safety and health awareness and correct behavior
  - Continuously improve management system operations and improve performance
  - Produce green products, promote waste reduction campaigns, and continue to organize and organize to create a safe and hygienic environment
  - The company promises to use the most advanced international and domestic environmental safety and health standards as the basis for self-improvement

**(II) The losses suffered in the recent years due to labor disputes, and the estimated current and future estimated amounts and corresponding measures:** The company's labor relations have been harmonious since its establishment. In the most recent year and as of the publication date of the annual report, there have been no losses due to labor disputes, and no major labor disputes have occurred since its establishment.

**(III) Either there is a defined employee behavior or ethical code**

The company has set a second edition of the "TXC Code of Conduct" in both Chinese and English to regulate the behavioral ethics of all subordinates of the company.

**(IV) Fulfillment of social responsibility**

There company's corporate social responsibility has always including three aspects: corporate philanthropy, corporate governance and environmental safety & health. In the future, related resources from external units that have been cooperating over a long period with our company will be fully integrated. This combined with the high level of enthusiasm and caring shown by our volunteer employees and the newly established charity and compassion foundation will show our commitment to displaying a spirit of 'giving back to society', making maximum use of limited resources and encouraging the joint participation of neighboring communities and companies. By making a greater impact with our philanthropic activities, TXC will set out a path for sustainable operations and expand the reach of our philanthropy. For the implementation of sustainable development, please refer to the company's website and sustainability report.

## **VI Information and Communication Security Management**

**(I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.**

**1. Information Security Management Organizational Structure**

The company has established an information security committee to promote information security management. The general manager serves as the chairman, the information security chief (and convener) is concurrently held by the top director of the management center, the deputy convener is concurrently held by the top director of the Netcom Information Office, and the convening committee is held by each center. The supervisor is concurrently held, and a review meeting is held at least once a year. In addition, depending on business needs or major changes, when there is a risk of affecting information security, a meeting may be held from time to time. In addition, in order to implement information security management, the Information Security Executive Team under the Information Security Committee is responsible for the implementation and control of various information security operations, as well as information security incident handling and emergency response. The information security audit team is responsible for conducting information security internal audit and tracking at least once a year according to the information security internal audit plan.



## 2. Information Security Policy

"In order to ensure the safe use of internal information, TXC Corporation avoids improper disclosure of information and enables the continuous operation of various business information operations, maintain the effectiveness of internal management systems, and strengthen the confidence and satisfaction of customers and suppliers etc. related parties."

## 3. Information Security Specific management plan

In order to maintain the confidentiality, integrity and availability of the company's information assets, through the joint efforts of all colleagues to achieve the following goals:

- (1) Protect information about the company's business activities from unauthorized access, modification and improper disclosure.
- (2) Protect the correctness of the company's important business information processing.
- (3) Maintain the high availability of the company's information operations.
- (4) Handle information security education and training, and communicate information security-related publicity in supervisory meetings to promote employees' awareness of information security and strengthen their awareness of related responsibilities.
- (5) Implement information security internal audit system to ensure the implementation of information security management

In order to ensure the achievement of information security goals and objectives, the effectiveness of the evaluation will be monitored at ordinary times. The situation should be notified and corrective measures should be taken when any suspected non-compliance event occurs, and the information security goal promotion situation should be reported to the information security management committee. Through information security education and training and promotion activities, and to convey information security-related publicity in the supervisor meeting, in order to promote employees' information security intentions and strengthen their awareness of related responsibilities.

## 4. Investment resources

- (1) Since the company introduced the ISO27001 information security management system in 2011, it has continued to pass regular third-party verification every year, and obtained the ISO/IEC 27001:2022 transition certification in September 2023, strengthening its effectiveness in information security management and control.
- (2) The company applies the Cyber-Defense Matrix architecture to plan the information security protection network, focusing on vulnerability scanning and analysis, anti-virus, IP management and network access control, email defense, and strengthening firewall construction and regional defense to avoid single points of failure. This caused the company-wide network failure. At the same time, in order to strengthen the internal network defense, introduce endpoint management and file encryption, and strengthen internal and external information security protection.
- (3) Through threat detection and response (MDR) and network detection and response (NDR), we continue to strengthen information security incident detection and analysis, strengthen weaknesses and the need for prevention. We also conduct social engineering drills to enhance employees' information security awareness and promote correct concepts.
- (4) In response to the requirements of the Financial Supervisory Committee, one information security manager and one person will be appointed to be responsible for information security governance and overall management of information security-related businesses. At the same time, information security awareness was enhanced through information security e-newsletters (12 times in total) and factory-wide

information security promotions (4 times in total).

**(II) List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.**

1. Information monitoring, audit and enforcement results from the fourth quarter of 2023 to the third quarter of 2024 were reported to the board of directors on November 4, 2024.
2. The company has not had any major cyber attacks or other related information security incidents that impacted the company's operations in 2024.

## VII Important Contracts

Company	Contractual Nature	Contract Party	Start Date-End Date	Main Content	Limitation Clause
TXC	Software licensing	ORACLE TAIWAN LLC, TAIWAN BRANCH (U.S.A.)	2002/09~ Permanent licensing	Oracle ERP R12.1.3	Licensing, transfer prohibited
	Software licensing	ORACLE TAIWAN LLC, TAIWAN BRANCH (U.S.A.)	2011/04~ Permanent licensing	Oracle Agile PLM	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2011/08~ Permanent licensing	GUI/VAT Product licensing	Licensing, transfer prohibited
	Software licensing	Intumit Inc.	2014/10~ Permanent licensing	(SmartKMS 8)Knowledge Management System	Licensing, transfer prohibited
	Software licensing	SUNNET Technology Co.	2015/03~ Permanent licensing	Training Master (CTMS)	Licensing, transfer prohibited
	Software licensing	SUNNET Technology Co.	2015/03~ Permanent licensing	Power Master (CSAS)	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2019/11~ Permanent licensing	CiMes Software product licensing	Licensing, transfer prohibited
	Software licensing	FACET TECHNOLOGY INC.	2020/01~ Permanent licensing	EAP SECS Development Tools - Runtime License RMS Site Limited License	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2021/05~ Permanent licensing	Recruitment management system authorization	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2021/05~ Permanent licensing	Area-PP (Privacy Guard) authorization	Licensing, transfer prohibited
	Software licensing	M-Power Information Co., Ltd.	2022/03~ Permanent licensing	Group Consolidated Reporting System (GCRS)	Licensing, transfer prohibited
	Software licensing	M-Power Information Co., Ltd.	2022/03~ Permanent licensing	Financial Note Disclosure System (FNDS)	Licensing, transfer prohibited
	Software licensing	M-Power Information Co., Ltd.	2022/08~ Permanent licensing	Make Your Own Financial Statements (EZPI)	Licensing, transfer prohibited
	Software licensing	Galaxy Software Services Corporation (GSS)	2022/08~ Permanent licensing	Vitals ESP knowledge management enterprise cloud system suite (product) software	Licensing, transfer prohibited
	Software licensing	FanRuan Software Co., Ltd.	2023/04~ Permanent licensing	FineBI 、FineReport software	Licensing, transfer prohibited
TXC (NGB)	Software licensing	Hangzhou Jinmai Software Co., Ltd.	2010/07~ Permanent licensing	CAD Internet version software licensing	No transfer without consent

	Software licensing	Hangzhou Yinyang Information Co., Ltd.	2017/05~ Permanent licensing	Office2016 and WinPro Licensing	Licensing, transfer prohibited
	Software licensing	Yanwei Trading (Shanghai) Co., Ltd.	2017/12~ Permanent licensing	SolidWorks standard 2017 package	Licensing, transfer prohibited
	Software licensing	Guangzhou Saiyi Information Technology Co., Ltd.	2018/06/28~ Permanent licensing	Smart factory	Licensing, transfer prohibited
	Software licensing	Shanghai Chuangsheng Information Technology Co., Ltd.	2018/10~ Permanent licensing	UG10000-WISD and NX11110	Licensing, transfer prohibited
	Software licensing	Fansoft Software Co., Ltd.	2020/04~ Permanent licensing	Electronic Data Analysis System	Licensing, transfer prohibited
	Software licensing	Shanghai Fanwei Network Technology Co., Ltd.	2020/04~ Permanent licensing	Pan Micro OA	Licensing, transfer prohibited
	Software licensing	Aijia Software (Suzhou) Co., Ltd.	2020/12~ Permanent licensing	HCP System	Licensing, transfer prohibited
	Software licensing	Shanghai Jinge Information Technology Co., Ltd.	2021/03~ Permanent licensing	RFID application software	Licensing, transfer prohibited
	Software licensing	Shanghai Jiuwu Internet Technology Co., Ltd.	2021/08~ Permanent licensing	Zenon software system	Licensing, transfer prohibited
	Software licensing	Shanghai Jiuwu Internet Technology Co., Ltd.	2021/08~ Permanent licensing	DataStation System Software	Licensing, transfer prohibited
	Software licensing	Suzhou Guantong Automation Technology Co., Ltd.	2021/12~ Permanent licensing	Power balance automatic control project	Licensing, transfer prohibited
	Software licensing	Suzhou Guangshidai Electromechanical Equipment Co., Ltd.	2022/01~ Permanent licensing	Equipment material synchronization management software	Licensing, transfer prohibited
	Software licensing	Ningbo Sijie Information Technology Co., Ltd.	2022/05~ Permanent licensing	Access Control/Consumption Card System	Licensing, transfer prohibited
TXC (CKG)	Software licensing	Shanghai Hupu Information Technology Co., Ltd.	2014/08~ Permanent licensing	Intranet security management software	Licensing, transfer prohibited
TXC (TETC)	Bank financing	AGRICULTURAL BANK OF CHINA (ABC)	2022/11/07-2027/11/01	Medium and long term loans	None
TXC (CKG)	Bank financing	China Trust Bank	2023/04/03~2025/04/02	Short-term loans	None

## Chapter 5    Review of Financial Conditions, Operating Results, and Risk Management

### I.    Financial Statement

Unit: NT\$1,000

Item \ Year	2024	2023	Difference	
			Amount	%
Current Assets	12,559,274	10,812,022	1,747,252	16.16
Non Current Assets	9,611,252	8,010,355	1,600,897	19.99
Total Assets	22,170,526	18,822,377	3,348,149	17.79
Current Liabilities	4,198,909	4,768,275	(569,366)	(11.94)
Non Current Liabilities	1,527,438	2,180,486	(653,048)	(29.95)
Total Liabilities	5,726,347	6,948,761	(1,222,414)	(17.59)
Share Capital	3,429,930	3,097,579	332,351	10.73
Capital Surplus	4,622,137	1,718,693	2,903,444	168.93
Retained Earnings	8,345,148	7,585,111	760,037	10.02
Other Equity	(72,860)	(527,767)	454,907	86.19
Non-Controlling Interests	119,824	0	119,824	100
Total Equity	16,444,179	11,873,616	4,570,563	38.49
<p>Explanation for the analysis on the changes during the past two years. (This analysis can be exempted if the change is less than 20%)Explanation:</p> <ol style="list-style-type: none"> <li>1. The decrease in non-current liabilities and the increase in capital reserve are mainly due to the conversion of corporate bonds and private placement.</li> <li>2. The increase in other equity is mainly due to the increase in exchange differences in the translation of financial statements of foreign operating institutions.</li> <li>3. The increase in non-controlling interests is due to the establishment of a subsidiary (PT TXC TECHNOLOGY INDONESIA) with a shareholding ratio of 81.22% in the Indonesian factory in 2024.</li> </ol>				

## II. Financial Performance

### (I) Comparative analysis table for the operating results

Unit: NT\$1,000

Year Items	2024	2023	Increase(Decrease) Amount	Change %
Sales	12,672,258	10,850,402	1,821,856	16.79
Cost of Goods Sold	8,185,113	6,990,395	1,194,718	17.09
Gross Profit	4,487,145	3,860,007	627,138	16.25
Operating Expenses	2,350,661	1,990,986	359,675	18.07
Profit from Operations	2,136,484	1,869,021	267,463	14.31
Non-Operating Income and Expenses	438,356	194,225	244,131	125.69
Profit before Income Tax	2,574,840	2,063,246	511,594	24.80
Income Tax Expense	438,301	349,544	88,757	25.39
Net Profit for The Year	2,136,539	1,713,702	422,837	24.67
Other Comprehensive Income (Loss)	471,440	(153,718)	625,158	406.69
Total Comprehensive income (Loss) for The Year	2,607,979	1,559,984	1,047,995	67.18

Explanation for the analysis on the changes during the past two years. (This analysis can be exempted if the change is less than 20%) Explanation:

1. The increase in non-operating income and expenses was mainly due to the increase in net foreign exchange gains.
2. The increase in net profit before tax, income tax expense and net profit for the current period was mainly due to the increase in revenue and net foreign exchange gains for the current period.
3. The increase in other comprehensive income and loss was mainly due to the increase in exchange differences in the translation of financial statements of foreign operating institutions.
4. The increase in total comprehensive income and loss for the current period was mainly due to the increase in net profit for the current period and the increase in exchange differences in the translation of financial statements of foreign operating institutions.

### (II) Expected sales quantity and its basis

In 2025, the company will maintain a prudent and conservative attitude. In addition to continuing to develop new products and new processes with the support of existing customer orders, and expanding production capacity and optimizing product processes, the company will accelerate the expansion of AI, HPC, automotive electronics and other niche/emerging market industries revenue share. The products have gradually obtained customer certification and recognition. It is expected that revenue will contribute to new products and production line expansion. In addition, it will continue to improve on miniaturized, high-frequency, and low-energy precision products. Under the conditions of effective management of customer relationships and product diversification, the total combined sales volume is expected to exceed 4.6 billion units, with a global market share of approximately 10~12%. The estimated target is to maintain the leading position in the global quartz industry.

### III. Cash Flow

Unit: NT\$1,000

Beginning Cash Balance	Net Cash Provided by (Used in) Operating Activities of the year	Net Cash Provided by (Used in) Investing Activities of the year	Net Cash Provided by (Used in) Financing Activities of the year	Cash Balance (including the amount affected by exchange rate)
4,204,269	2,591,493	(3,132,101)	80,609	3,906,374

**(I) Analysis on changes in cash flow of the year:**

- (1) Operating activities: The main changes are from the current net profit plus depreciation and the changes in working capital.
- (2) Investing activities: The main changes are from capital expenditures and changes in financial assets.
- (3) Financing activities: The main changes were due to cash capital increase, repayment of loans and corporate bonds, and payment of cash dividends.

**(II) Remedy for cash shortage and liquidity analysis:** None.

**(III) Cash liquidity analysis for the coming year:**

On the premise of maintaining a stable cash flow, the company will consider the financial market conditions based on the cash balance on the account and the cash flow of operating activities and investment activities, and prudently plan and control various cash expenditures related to investment and operations.

### IV. Impact of major annual capital expenditure on financial operations

The company's major capital expenditures in 2024 are to pay for the expansion of production line equipment and the upgrade of miniaturized product equipment to meet market customer demand and optimize the company's product portfolio and technical specifications. Based on the consolidated financial statements, the amount paid for the purchase of fixed assets in 2024 is NT\$2.479 billion, accounting for approximately 19.56% of net sales. The company will continue to expand production capacity and invest in new product development. It is expected that this will contribute to the company's long-term development plan. The growth momentum of operations will not have a significant impact on financial operations in the short term.

**V. The main reasons for the profit or loss resulted from joint venture policies in the most recent year, the improvement plan thereof and the investment plan for the coming year:**

Explanations Projects	Amount (NTD thousand)	Policies	Main reasons for the profit or loss	Improvement plan	Other future investment plan
TAIWAN CRYSTAL TECHNOLOGY INTERNATION AL LIMITED	NT\$ 1,230,706	Investing China subsidiaries, OBU	The main reason for profit this year is the increase in production capacity, yield rate and product quality.	Continue to maintain the company's operating performance	Other related expansion investment plans are under continuous evaluation.
TAIWAN CRYSTAL TECHNOLOGY (HK) LIMITED	NT\$ 3,700	Trading	The main reason for this year's profit is that operating activities have begun to expand	Continue to maintain the company's operating performance	None

**VI. Risks analysis and assessment**

**(I) Policies and organizational structure of risk management**

The Company's risk management policy is to establish a risk management mechanism for risk identification, measurement, supervision and control, and to configure an integrated risk management system. To conduct risk management, analysis and evaluation on the following issues: 1. Business / Law / Regulations / Standards; 2. Changes in political environment; 3. Changes in economic / financial environment; 4. Natural disasters (climate change); 5. Technology and information; 6. Competitive environment; 7. Facilities / equipment; 8. Business / market operations; 9. Related Supply chains; 10. Financial operations; 11. Community / Environmental Security and Hygiene; and 12. Personnel etc., total 12 items and 92 indicators, in order to develop mitigation strategies and operational continuity plans to eliminate, reduce, transfer, accept risks, and promote appropriate risk management-oriented business model, achieving operational goals to enhance shareholder value, and major risks such as marketing market, production operation, human resource planning, new product development progress, and financial accounting control faced by various business operations, except in addition to the original system norms and treatments, actively develop advanced and highly sensitive procedures and guidelines for supervision, evaluation, and risk management to balance safety and efficiency, and establish economically effective business operation models, such as strengthening the establishment of information systems, strengthen early warning and monitoring capabilities and promote the ISO22301 and ISO31000 risk management systems related to risk identification and management; and have completed the establishment and certification of ISO27001 Information Security Management Systems and AEO.



In 2014, the Company formulated the "Key Operational Risk Management Methods" for various identifiable risks, which were approved by the Board of Directors. On December 23, 2024, the "Operational Risk Management Methods" were re-formulated to formulate operational risk management policies and implementation procedures, which were approved by the Board of Directors. The Company's operational risk framework and criteria are provided to various departments for relevant risk identification and assessment, and response measures and supervision plans are formulated based on the results, so that the potential key operational risks identified can be minimized through daily supervision, management and control, so that the probability of various key operational risks can be minimized. The Company has a risk response organization, and the Chairman authorizes the General Manager to serve as the convener to establish an operational risk management committee to coordinate and direct the promotion and operation of the risk management plan.

The execution status of operational risk management in 2024 is as follows, and the execution status has been reported to the board of directors on November 4, 2024:

Risk Identification Issues	Risk Response	Risk Countermeasures
The US-China technology/trade war continues, and the uncertainty about the growth and changes of China's brand consumer/communications industry is still high	Reduce risk impact	<ol style="list-style-type: none"> <li>1. Continue to strengthen the four new projects</li> <li>2. Pay attention to the development of new products of related Chinese brand customers.</li> <li>3. Accelerate the progress of overseas investment and factory establishment</li> </ol>
Suppliers' supply risks increase with the intensification of climate change. Reduce risk impact	Reduce risk impact	<ol style="list-style-type: none"> <li>1. Pay attention to various changes and response plans in logistics operations</li> <li>2. Pay attention to possible changes in customers' supplier strategies</li> </ol>
Basic wage increases, labor insurance premiums, electricity prices and inflation, production costs will inevitably rise, which will affect costs and profits	Reduce risk impact	<p>Reduce risk impact Due to a series of impacts such as labor shortages, inflation and geopolitical conflicts, the global supply chain costs have risen, labor wages have risen, insurance premiums have risen, and production costs have risen. The company has taken the following controllable measures to ensure long-term competitiveness and the rights of stakeholders</p> <ol style="list-style-type: none"> <li>1. Continue to invest in advanced technology and new product development, enhance product advantages, improve manufacturing costs, adjust product portfolio and profit structure, and avoid the impact of rising costs of existing products on overall sales and erosion of profits</li> <li>2. Continue to promote digitalization and</li> </ol>

Risk Identification Issues	Risk Response	Risk Countermeasures
		<p>automation applications, use artificial intelligence and digital technology to improve per capita productivity, reduce inefficiency and waste, and thus reduce the impact of rising external costs</p> <p>3. Consider setting up and expanding production lines in countries and regions with lower production costs, thereby dispersing political risks in the supply chain and reducing overall production costs</p>
The newly announced three sub-laws of the carbon fee will affect production costs	Reduce risk impact	<p>According to the results of the company's greenhouse gas inventory, carbon dioxide emissions have not yet reached the level of carbon fees expected by the government. At present, the company has no immediate risk of being levied carbon fees. In 2023, the company signed a CPPA contract for the purchase of renewable energy with the power sales company and began to use electricity in 2024. In 2024, the company's annual renewable energy accounted for 10%, and the proportion will increase year by year. The company continues to promote relevant measures for energy conservation and carbon reduction every year, hoping to achieve the goal of net zero carbon emissions by 2050. In summary, the risks of climate change to the company are still low and controllable</p>
ESG promotion	Eliminate risks	<p>1. Increase ESG promotion related resource investment</p> <p>2. Strengthen ESG related information disclosure on the official website</p>
Development of the Israeli-Kazakh war	Reduce risk impact	Immediately conduct multiple logistics plan simulations and respond quickly according to current events
Rapid exchange rate changes	Reduce risk impact	<p>1. Match transaction conditions with material suppliers</p> <p>2. Financial risk avoidance should be more active</p>
Rapidly rising demand for automotive	Reduce risk impact	<p>1. Strengthen the control of customer medium- and long-term demand information</p> <p>2. Review the safety inventory plan</p> <p>3. The expansion progress of TETC New Plant must be accurate and meet customer certification according to schedule</p>
Frequent natural disasters	Reduce risk	1. Review the supplier safety inventory

Risk Identification Issues	Risk Response	Risk Countermeasures
	impact	agreement 2. Conduct multiple logistics plan simulations
Low-risk country production site Demand	Eliminate risk	Project to promote third production site to achieve quality and on schedule.

**(II) Impact of recent year interest rates changes, exchange rate fluctuation and inflation on the profit or loss of the Company and the future countermeasures therefor.**

- (1) Impact of recent year interest rates on the profit or loss of the Company and the future countermeasures therefor:
  - i Impact of interest rates on the profit or loss of the Company and the subsidiary  
In 2024, the net interest of the Company and its subsidiary was NT\$56,143,000 and the Company's interest expense will be increased by approximately NT\$3,483,000 for every 0.25% increment in the market interest rate.
  - ii Future countermeasures  
Since the Company and its subsidiary have sound financial structure together with the gradual expansion of the Company's business scale, it has close long-term cooperation with the banks. Through the bank's assistance, it has been able to obtain better interest rates and terms to improve its financial structure, enrich medium and long-term working capital and reduce the risks of interest rate changes. Its financing costs have been lower than the average market interest rate.
- (2) Impact of recent year exchange rate fluctuation on the profit or loss of the Company and the future countermeasures therefor:
  - i Impact of exchange rate fluctuation on the profit or loss of the Company and subsidiary  
Due to nature of the industry, the Company's foreign procurement of raw materials account for about 80% and export income accounted for more than 90%, therefore, exchange rate control is relatively important. In 2024, the sharp fluctuations in exchange rates has made hedging operations relatively difficult. However, the Company and subsidiary have established appropriate risk management mechanisms to avoid risks. In the future, the Company's gross margin will be affected by approximately 0.5%, for every 1% market exchange rate appreciation.
  - ii Future countermeasures  
As for the response to exchange rate changes, the Company and subsidiary have established a risk assessment team to adopt dynamic natural hedging. The remaining mainly undertakes hedging instruments such as spot exchange transactions and/or foreign exchange forward contract to reduce risks by maintaining a high hedging ratio.
- (3) Impact of the recent year inflation on the profit or loss of the Company and the future countermeasures therefor:
  - i Impact of inflation on the profit or loss of the Company and subsidiary  
The Company's expenses will be increased by approximately NT\$23,507,000 for every 1% increment in inflation.

ii Future countermeasures

In recent years, there has been little impact on the costs and prices due to stable inflation data. In the future, the Company will remain on the lookout for the inflation trend for the purpose of costs control and price quotation and make appropriate adjustments.

**(III) The main reasons for engaging in high risk and highly leveraged investments, capital lending to others, endorsement, the policies and profit (or loss) of derivative commodity transactions and the future countermeasures therefor:**

- (1) The Company and subsidiary did not engage in any high risk and highly leveraged investments in 2024.
- (2) The Company and subsidiary engaged in capital lending to others and endorsement according to the regulatory statute and performed regular auditing and filing pursuant to the relevant regulations of the competent authority and the Company. The details are as follows:
  - i Capital lending to others: none.
  - ii Endorsement: none.
  - iii The policies and profit (or loss) of derivative commodity transactions and the future countermeasures therefor:
    - (a) The Company and subsidiary engaged in derivative financial commodity transactions to avoid risks in foreign currency claims, debts and commitments arising from changes in exchange rate and/or interest rate. The hedging strategy is for the purpose of avoiding most of the market price risks.
    - (b) In 2024, the Company and its subsidiary recognized foreign exchange gain of NT\$259,956,000 due to large fluctuations in exchange rates.
    - (c) The Company and subsidiary use derivative financial commodity that are highly correlated with changes in the fair value of the hedged items as hedging instruments to avoid the risks arising from the Company's business operations and perform periodic assessments to control the risks thereof.

**(IV) Future R & D plan and estimated investment in R & D**

- (1) The Company has systematically managed the R&D plan and introduced the PLM (Product Lifecycle Management) system to track and grasp the progress of product R&D through the PLM system. In 2024, the company will set different R&D projects according to product and technology categories, and set goals, progress and schedule in line with market demand. In 2025, the R&D expenses are expected to invest another NT\$195 million.

No.	Name of the program	Current progress	Reinvestment in R & D	Estimated time of mass production	Primary factor of success
1	1210 TSX 52MH	85%	NT\$ 30M	to be completed by Mar. 2025	Master key technology
2	7050 OCXO	35%	NT\$ 85M	to be completed by Jun. 2025	Master key technology
3	Crystal 0806 76.8MHz development	40%	NT\$ 80M	to be completed by Jun. 2026	Master key technology

- (2) The new R & D projects in 2025 that has been launched are expected to be introduced into mass production phase within 12~18 months. The R & D expenditure for the entire year is estimated

to be NT\$255 million.

No.	Name of the program	Current progress	Reinvestment in R & D	Estimated time of mass production	Primary factor of success
1	1612 TCXO self-made Photo Die import	15%	NT\$ 70M	to be completed by Sep. 2025	Master key technology
2	2016 Differential XO Photo Die import	10%	NT\$ 50M	to be completed by Sep. 2025	Master key technology
3	1609 TF 32.768kHz XO	5%	NT\$ 40M	to be completed by Mar. 2026	Master key technology
4	OW768 Q on Q project	3%	NT\$ 95M	to be completed by Apr. 2026	Master key technology

- (3) Factors to R & D's success: The Company's competitive edge lies in continuous innovation, and the innovation is reflected on futuristic products. Therefore, in addition to considering the strength of market demand, the control and effective monitoring over the progress of R & D projects to shorten the R & D timeline and continued strengthening of R&D team by developing efficient training and upgrading the overall professional quality are the key factors that directly affects the success of R & D. In addition, whether the production process capability can increase the production yield to reduce the product cost while the product is advanced is another important factor that determines whether the new product can be successfully introduced into the market.

**(V) Impact on the Company's financial operations from the changes in important domestic and foreign policies and laws during the most recent years and the countermeasures therefor:**

- (1) From 2018 to 2023, the five-degree increase in basic salary is about 23.36%, it will increase by about 4.05% from 2024 onward, and the personnel cost has increased. The company actively expands the operation scale and increases the market share, and improves the cost competitiveness by improving the process capability and work efficiency.
- (2) From April 2024, the electricity price will be raised by about 17%, resulting in an increase in production costs. The company will actively promote various energy-saving and carbon-saving programs to increase production efficiency and reduce the impact.
- (3) The global epidemic, extreme weather events, and changing global political and economic situations continue to have a great impact on the sustainable operation of enterprises. In this ever-changing and challenging environment, the company actively implements ESG promotion and strengthens risks management, looking for new opportunities for future development.
- (4) The company has always paid close attention to and grasped the policies and laws that may affect the company's operations, and cooperated with the revision of relevant internal systems of the company. The legal changes in 2024 have been assessed to have no significant impact on the company's operations.

**(VI) Impact on the Company's financial operations from the changes in technologies and the industry during the most recent years and the countermeasures therefor:**

- (1) With the development of information technology and the extension of 5G Advanced related application fields, such as automotive electronics, wireless communications, home digital,

mobile video, digital mobile devices, medical health technology, Internet of Things (IoT), AI-related and other application products, the application of quartz components will have the benefits of integration and increase, and it is expected that the global information technology industry application will continue to increase. Overall, the demand for quartz components in the next few years will remain basically stable. In order to maintain stable profits and industrial competitiveness, the company will continue to develop new products, improve technology and processes to maintain cost advantages.

- (2) When oil prices, electricity prices and industrial water restrictions become the norm, the manufacturing industry will bear the brunt, and operating costs will increase significantly. The company will continue to promote energy-saving and carbon reduction programs to reduce energy consumption.
- (3) In response to the recent frequent cybersecurity attacks, the company has introduced the ISO27001 information security management system, continued to pass annual third-party verification, introduced the Cyber-Defense Matrix architecture to plan the security protection network, and strengthened the effectiveness of information security management through tools such as threat detection and response (MDR) and network detection and response (NDR). At the same time, it uses information security standards and frameworks to review key information facilities and their applications, and continues to build a complete information and communication environment, strengthen information and communication security protection and management mechanisms, and train information security talents to ensure the company's continued operation.
- (4) In addition to external influences, the company is also actively investing in exploring artificial intelligence (AI) application solutions, looking forward to making full use of artificial intelligence technology tools within the company to improve per capita productivity, reduce errors and waste, effectively improve operating costs, accelerate the development and launch of new products, and thus increase the company's overall profitability.
- (5) The company has formulated an artificial intelligence usage management policy, which details the relevant usage rules and restrictions. It is expected that colleagues will effectively use artificial intelligence technology to improve the company's competitiveness, while also protecting the intellectual property rights and business interests of the company, employees, customers, suppliers and all stakeholders.

**(VII) Impact on the corporate crisis management from the changes in corporate image during the most recent years and the countermeasures therefor:**

- (1) Based on the humanitarian beliefs of caring for disadvantaged groups, the company prepares a budget every year to give back to the society in many ways and fulfill its corporate social responsibilities. Since the establishment of the "TXC\_ Foundation" in 2017, the company has achieved "get it". The feedback concept of "Use in society and use in society" enables limited resources to produce greater synergy, which in turn encourages the surrounding communities and manufacturers to invest together and exert greater public welfare influence, so that the company can continue to operate and make public welfare It can be widely distributed. Aiming at school education, rooting education, senior (inheritance) education, encouraging innovation, improving research, and strengthening the operation of conference affairs for disadvantaged groups and basic education in remote areas, and combining the resources of the company's volunteer community to expand the effectiveness of services, The company's volunteer club was established in 2015. It continues to promote social welfare activities and caring for

disadvantaged groups. It has been recognized by the Taoyuan City Government and praised by excellent volunteers to implement the company's mission of caring for public welfare and fulfilling corporate responsibilities. For related foundation-sponsored activities, please visit the website of the TXC\_Foundation.

- (2) In line with the government's promotion of Corporate Governance 3.0 - Sustainable Development Blueprint, the company attaches great importance to the sustainable development of the environment and society. In 2021, the original "Corporate Social Responsibility Committee" was reorganized into the "Sustainable Development Committee (also known as the ESG Committee)" to implement the implementation plan of sustainable development. In addition to regularly updating the company's latest financial and business information on the company's website, the company also regularly holds corporate briefings to improve information disclosure transparency, publishes a sustainable report every year and obtains certification, and will continue to promote corporate governance-related matters in the future. The scope of disclosure of the 2024 Sustainable Report includes Pingzhen Plant, Ningbo Plant, and Chongqing Plant. ISO14064 greenhouse gas emissions, ISO14067 product carbon footprint assurance certification, ISO50001 energy management digital system online, CPPA renewable energy began to be used in accordance with the contract for power supply, and the proportion of renewable energy in 2024 was about 10%, and it will increase year by year. The company was once again awarded the "Sustainability Resilience Award" by the British Standards Institution (BSI), the "Top 100 Foreign Investment Selected Taiwan Companies" by the Taiwan Institute of Directors, the "Certification for Compliance with the Paris Agreement 1.5 °C Temperature Control Target" by CommonWealth Magazine, and a low-risk assessment by the internationally renowned ESG sustainability assessment organization Sustainalytics. The company's responsible attitude and efforts over the years have been highly recognized and acknowledged by the investment market.
- (3) In order to improve customer satisfaction, the company has strengthened its existing "customer relationship management system", which has been recognized by many manufacturers and affirmed by customers, and continues to strengthen the technology level of the company to meet the application needs of customers.
- (4) In order to implement the company's supply chain safety management and information confidentiality management to enhance trade competitiveness, we regularly and continuously maintain the certified quality management system (ISO9001), the automotive industry quality system certification (IATF 16949), and the environmental management system (ISO14001), Taiwan Occupational Safety and Health Management System (CNS15506), Information Security Management System (ISO/IEC27001), Hazardous Substance Process Management System (IECQ QC 080000:2017), Occupational Safety and Health Management System (ISO45001), Taiwan Intellectual Property Management Standard (TIPS) Certification of Class A, Healthy Workplace Certification - Health Promotion Mark, Safety Certification Quality Enterprise (AEO) certification issued by the Ministry of Health and Welfare.
- (5) In response to crisis events and external potential risks, if there is any impact on the company's operations and corporate reputation, the crisis management mechanism will be launched immediately, and the emergency response team will conduct risk assessment and take necessary actions.

**(VIII) Expected benefits, possible risks and countermeasures for merger: None.**

**(IX) Expected benefits, possible risks and countermeasures for plant and production line**

## **expansions**

Production expansion benefits:

The Company continues to expand production capacity of its Ping-Zhen Plant (Taiwan), Ning-Bo Plant, TETC and Chong-Qing Plant to expand its economic scale, reduce production costs and upgrade product specification. The production capacity is, according to the production capacity plan, expected to increase to meet market demand and increase market share

Possible risks:

Declined demand, low production capacity, increased production costs.

Countermeasures:

If the target market demand is not as expected and the product development progress is delayed, in order to avoid the imbalance between supply and demand, the product specifications will be flexibly adjusted to increase the utilization rate, and the product process capability will be accelerated, the yield rate and production efficiency will be improved, and the product sales mix will be optimized to enhance the group Overall profit

**(X) Risks involved in intensive purchase or sales and the countermeasures therefor:**

Each major raw material shall have purchase source of more than two suppliers to avoid risks from intensive purchase. The sales targets are mainly the prestigious domestic and foreign manufactures in communications, information and consumer products industries; except for a customer who accounts for more than 10% of the Company's total sales ratio due to its scale of operations, continued expansion and growth requirements, there are no risks from intensive sales.

**(XI) The impact and risk on the Company from massive transfer or replacement of equity by directors, supervisor or shareholder(s) holding more than 10% of the shares and the countermeasures therefor: None.**

**(XII) The impact and risk on the Company from changes in the right to operate and the countermeasures therefor: None.**

**(XIII) Litigation or non-litigation incidents: Major lawsuits, non-litigations or administrative disputes (determined or in-process) involving the Company and the Company's directors, supervisor, CEO, substantive directors, large shareholder(s) and subsidiary holding more than 10% of the Company's shares shall, if outcome of the lawsuit may have a material effect on shareholders' equity or the price of securities, be specified and disclosed of the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the main parties involved in the case, and status of the cases as of the publication date of the annual report: None.**

**(XIV) Other important risks and corresponding countermeasures: None.**

**VII. Other important matters: None.**



## Chapter 6 Special Disclosure

### I. Subsidiary

(I) Consolidated Business Report of Affiliated Companies: Please refer to the public information observation station for reporting information

[<https://mops.twse.com.tw> Single company> Electronic document download> Affiliate enterprise three-form area]

### II. The status of private placement of securities in the most recent year and up to the date of publication of the annual report:

#### 2024 Private Placement Status Report

Item	1st Private Placement of 2024 Issue Date: September 5, 2024
Type of private placement securities	Common Shares
Date and Amount approved by the shareholders' meeting	Date of shareholders' meeting: May 28, 2024 within the quota of no more than 25,000,000 shares, it will be conducted in batches (up to two batches) within one year from the date of resolution of the shareholders' meeting.
Pricing basis of private placement and its reasonableness	<p>(1) The price of the common share issued in this private placement cash capital increase is determined based on the calculation standard of the private placement reference price resolved by the Company's shareholders' meeting on May 28, 2024, and shall not be less than 80% of the higher of the following two benchmark prices of the Company on the pricing date:</p> <p>A. The simple arithmetic average of the closing prices of common shares calculated on one of 1, 3, and 5 business days before the pricing date, deducting the ex-rights of gratuitous allotment of shares and dividends, and adding back the stock price per share after adding back the right of ex-rights for capital reduction.</p> <p>B. The simple arithmetic average of the closing prices of common shares 30 business days before the pricing date, deducting the ex-rights and dividends of gratuitous share allotment, and adding back the stock price per share after adding back the anti-ex-rights of capital reduction.</p> <p>(2) Private placement common share price determination</p> <p>A. The actual pricing date and the actual issuance price shall be within the range of not less than the majority of the resolution of the shareholders' meeting, and the board of directors is authorized to decide based on the circumstances of the specific person and market conditions in the future. The basis for setting the aforementioned private placement price complies with the provisions of "Directions for Public Companies Conducting Private Placements of Securities "</p> <p>B. The price setting date is June 20, 2024. In accordance with the above-mentioned pricing principles, the simple arithmetic average of the closing prices of the common stocks in the previous three business days, minus the ex-rights and dividends of the free allotment, and the share price after adding back the ex-rights of the capital reduction is NT\$113.17, and the simple arithmetic average of the closing prices of the common stocks in the thirty business days before the pricing date, minus the ex-rights and dividends of the free allotment, and the share price after adding back the ex-rights of the capital reduction is NT\$109.73, and the higher of the two benchmark prices is used to set the reference price at NT\$113.17. The private placement price is proposed to be set at NT\$ 93.50, which is 82.62% of the reference price and is within the range of the resolution of the general meeting of shareholders on May 28, 2024. Therefore, the setting of the private placement price should be reasonable.</p>
Method for selecting specific investor	The targets of this issuance of common shares are limited to specific persons who comply with the provisions of Article 43-6 of the Securities and Exchange Act and other relevant laws and regulations and relevant letters and explanations from the competent authorities.
Reason and necessity of conducting private placement	In order to introduce strategic partners in response to the company's long-term development and to stabilize and strengthen the company's product market operation competitiveness, and considering that private placement targets, private placement methods are relatively quick and simple, such as issuing securities through raising, it may not be easy to obtain the required funds smoothly in the short term. It is planned to use private placement to increase cash capital and issue common stock to raise funds from

	specific people. By authorizing the board of directors to conduct private placement based on market conditions and in line with the company's actual needs, it will increase the company's flexibility and efficiency to raise capital. The restriction on the transfer of privately-placed securities within three years will further ensure the long-term cooperative relationship between the company and its strategic partners.				
Date of payment collection	July 2, 2024				
Information on Counterparties	Name of investor	Qualification	Subscription quantity (shares)	Relationship with the Company	Participation in the Company’s operation
	WALSIN TECHNOLOGY CORPORATION	Article 43-6 of the Securities and Exchange	20,800,000	None	None
	INPAQ TECHNOLOGY CO., LTD.		4,200,000	None	None
Actual subscription price	NT\$93.50 per share				
Difference between actual subscription price and reference price	The actual subscription price is NT\$93.50, which is 82.62% of the reference price of NT\$113.17.				
Impacts on shareholders’ equity	The privately placed common shares is 7.47% to capital shares, it is no significant impact on shareholders’ equity.				
Fund utilization and status of implementation	The fundraising was completed on July 2, 2024, and the funds raised were NT\$2,337,500,000, which were used to replenish working capital and repay bank loans. The full amount was completed in the third quarter of 2024.				
Private placement benefits	The private placement funds will be used to replenish working capital and repay bank loans, enhance the company's competitiveness, improve operational efficiency and strengthen the effectiveness of the financial structure, which will have a positive impact on shareholders' equity.				

### III. Other Necessary Supplement: None

### IV. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

## **TXC Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**


## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

A handwritten signature in black ink, appearing to read 'Peter Lin', is written over a horizontal line.

PETER LIN  
Chairman

March 10, 2025

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TXC Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of TXC Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

For the year ended December 31, 2024, the Group's revenue was approximately 17% more compared to its revenue for the year ended December 31, 2023. In comparison with 2023, the revenue derived from specific product applications increased; therefore, we considered the occurrence of revenue derived from specific product applications as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

1. We obtained an understanding of and tested the appropriateness of the design and the implementation of internal control system that is related to revenue recognition.
2. We selected samples from the revenue details of specific product applications, checked the sales orders, delivery notes, shipping documents and invoices of the relevant transactions and reconcile them with the recorded amounts to confirm the authenticity of the revenue.
3. Obtain the subsequent receipt details for specific product applications, verify the related supporting documents, and examine whether there are any anomalies between the sales counterparties and the payment counterparties to ensure the authenticity of revenue.

#### **Other Matter**

We have audited the accompanying parent company only financial statements of TXC Corporation as of December 31, 2024 and 2023 on which we have issued an unmodified 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yi-Hua Peng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2025

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*



# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,906,374	18	\$ 4,204,269	22
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	1,467,890	7	619,050	3
Financial assets at amortized cost - current (Notes 4 and 9)	104,092	-	99,349	1
Notes receivable (Notes 4 and 10)	190,906	1	87,571	-
Trade receivables (Notes 4 and 10)	3,560,547	16	3,159,403	17
Trade receivables from related parties (Notes 4, 10 and 30)	8,903	-	8,377	-
Finance lease receivables - current (Note 11)	4,640	-	4,052	-
Other receivables (Note 4)	70,868	-	32,041	-
Other receivables from related parties (Notes 4 and 30)	834	-	1,193	-
Current tax assets (Notes 4 and 25)	78,982	-	17,525	-
Inventories (Notes 4 and 12)	2,825,101	13	2,469,993	13
Other current assets	<u>340,137</u>	<u>2</u>	<u>109,199</u>	<u>1</u>
Total current assets	<u>12,559,274</u>	<u>57</u>	<u>10,812,022</u>	<u>57</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	400,903	2	375,757	2
Financial assets at amortized cost - non-current (Notes 4 and 9)	215,803	1	199,107	1
Investments accounted for using the equity method (Notes 4 and 14)	464,962	2	446,126	3
Property, plant and equipment (Notes 4 and 15)	6,984,104	31	5,770,331	31
Right-of-use assets (Notes 4 and 16)	208,109	1	196,240	1
Investment properties (Notes 4 and 17)	610,690	3	540,242	3
Other intangible assets (Note 4)	42,044	-	50,795	-
Deferred tax assets (Notes 4 and 25)	39,156	-	67,308	-
Finance lease receivables - non-current (Note 11)	2,444	-	6,741	-
Prepayment for equipment	628,193	3	348,019	2
Net defined benefit assets - non-current (Notes 4 and 21)	5,227	-	-	-
Other non-current assets	<u>9,617</u>	<u>-</u>	<u>9,689</u>	<u>-</u>
Total non-current assets	<u>9,611,252</u>	<u>43</u>	<u>8,010,355</u>	<u>43</u>
TOTAL	<u>\$ 22,170,526</u>	<u>100</u>	<u>\$ 18,822,377</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 206,126	1	\$ 241,618	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	-	-	18,323	-
Contract liabilities - current (Notes 12 and 23)	42	-	40	-
Trade payables	1,689,082	8	1,414,958	8
Trade payables to related parties (Note 30)	1,767	-	970	-
Other payables (Note 20)	1,311,297	6	1,101,594	6
Other payables to related parties (Note 30)	16,989	-	1,989	-
Current tax liabilities (Notes 4 and 25)	96,968	1	-	-
Lease liabilities - current (Notes 4 and 16)	8,400	-	5,958	-
Deferred revenue - current (Notes 20 and 27)	44,746	-	39,565	-
Current portion of long-term borrowings and bonds payable (Notes 18 and 19)	728,189	3	1,875,612	10
Other current liabilities	<u>95,303</u>	<u>-</u>	<u>67,648</u>	<u>-</u>
Total current liabilities	<u>4,198,909</u>	<u>19</u>	<u>4,768,275</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,187,027	5	1,882,765	10
Deferred tax liabilities (Notes 4 and 25)	139,428	1	111,792	1
Lease liabilities - non-current (Notes 4 and 16)	8,349	-	6,714	-
Deferred revenue - non-current (Notes 20 and 27)	62,028	-	79,319	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	20,105	-
Guarantee deposits received	<u>130,606</u>	<u>1</u>	<u>79,791</u>	<u>1</u>
Total non-current liabilities	<u>1,527,438</u>	<u>7</u>	<u>2,180,486</u>	<u>12</u>
Total liabilities	<u>5,726,347</u>	<u>26</u>	<u>6,948,761</u>	<u>37</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)				
Share capital				
Ordinary shares	3,429,930	15	3,097,570	17
Bond conversion entitlement certificates	-	-	9	-
Total share capital	<u>3,429,930</u>	<u>15</u>	<u>3,097,579</u>	<u>17</u>
Capital surplus	<u>4,622,137</u>	<u>21</u>	<u>1,718,693</u>	<u>9</u>
Retained earnings				
Legal reserve	2,437,715	11	2,243,247	12
Special reserve	527,767	3	143,071	1
Unappropriated earnings	<u>5,379,666</u>	<u>24</u>	<u>5,198,793</u>	<u>27</u>
Total retained earnings	<u>8,345,148</u>	<u>38</u>	<u>7,585,111</u>	<u>40</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(140,531)	-	(582,706)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	<u>67,671</u>	<u>-</u>	<u>54,939</u>	<u>-</u>
Total other equity	<u>(72,860)</u>	<u>-</u>	<u>(527,767)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	16,324,355	74	11,873,616	63
NON-CONTROLLING INTERESTS	<u>119,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>16,444,179</u>	<u>74</u>	<u>11,873,616</u>	<u>63</u>
TOTAL	<u>\$ 22,170,526</u>	<u>100</u>	<u>\$ 18,822,377</u>	<u>100</u>

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

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
SALES (Note 23)	\$ 12,672,258	100	\$ 10,850,402	100
COST OF GOODS SOLD (Note 24)	<u>(8,185,113)</u>	<u>(65)</u>	<u>(6,990,395)</u>	<u>(65)</u>
GROSS PROFIT	<u>4,487,145</u>	<u>35</u>	<u>3,860,007</u>	<u>35</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	534,537	4	446,702	4
General and administrative expenses	735,199	6	593,830	5
Research and development expenses	1,080,925	8	950,460	9
Expected credit gain	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
Total operating expenses	<u>2,350,661</u>	<u>18</u>	<u>1,990,986</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>2,136,484</u>	<u>17</u>	<u>1,869,021</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	72,417	1	77,204	1
Other income (Note 24)	137,373	1	163,029	2
Other gains and losses (Note 24)	268,509	2	7,038	-
Finance costs (Note 24)	(56,143)	(1)	(57,619)	(1)
Shares of profits of associates and joint ventures (Note 14)	<u>16,200</u>	<u>-</u>	<u>4,573</u>	<u>-</u>
Total non-operating income and expenses	<u>438,356</u>	<u>3</u>	<u>194,225</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,574,840	20	2,063,246	19
INCOME TAX EXPENSE (Note 25)	<u>(438,301)</u>	<u>(3)</u>	<u>(349,544)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>2,136,539</u>	<u>17</u>	<u>1,713,702</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	16,307	-	3,030	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	12,793	-	(24,632)	-
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	<u>165</u>	<u>-</u>	<u>67</u>	<u>-</u>
	<u>29,265</u>	<u>-</u>	<u>(21,535)</u>	<u>-</u>

(Continued)

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 424,239	4	\$ (127,850)	(2)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	<u>17,936</u>	<u>-</u>	<u>(4,333)</u>	<u>-</u>
	<u>442,175</u>	<u>4</u>	<u>(132,183)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>471,440</u>	<u>4</u>	<u>(153,718)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,607,979</u>	<u>21</u>	<u>\$ 1,559,984</u>	<u>14</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,137,415	17	\$ 1,713,702	16
Non-controlling interests	<u>(876)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,136,539</u>	<u>17</u>	<u>\$ 1,713,702</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,608,855	21	\$ 1,559,984	14
Non-controlling interests	<u>(876)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,607,979</u>	<u>21</u>	<u>\$ 1,559,984</u>	<u>14</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 6.55</u>		<u>\$ 5.53</u>	
Diluted	<u>\$ 6.39</u>		<u>\$ 5.33</u>	

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Shares (In Thousands)	Share Capital		Capital Surplus	Retained Earnings			Others		Total	Non-controlling Interests	Total Equity
		Ordinary Shares	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2023	309,757	\$ 3,097,570	\$ -	\$ 1,709,979	\$ 1,946,812	\$ -	\$ 5,861,917	\$ (450,523)	\$ 307,453	\$ 12,473,208	\$ -	\$ 12,473,208
Appropriation of 2022 earnings (Note 22)												
Legal reserve	-	-	-	-	296,435	-	(296,435)	-	-	-	-	-
Special reserve	-	-	-	-	-	143,071	(143,071)	-	-	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	-	(2,168,299)	-	-	(2,168,299)	-	(2,168,299)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	1,713,702	-	-	1,713,702	-	1,713,702
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	3,169	(132,183)	(24,704)	(153,718)	-	(153,718)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	1,716,871	(132,183)	(24,704)	1,559,984	-	1,559,984
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	227,810	-	(227,810)	-	-	-
Convertible bonds converted to ordinary shares	1	-	9	91	-	-	-	-	-	100	-	100
Donations from shareholders	-	-	-	269	-	-	-	-	-	269	-	269
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	8,354	-	-	-	-	-	8,354	-	8,354
BALANCE AT DECEMBER 31, 2023	309,758	3,097,570	9	1,718,693	2,243,247	143,071	5,198,793	(582,706)	54,939	11,873,616	-	11,873,616
Appropriation of 2023 earnings (Note 22)												
Legal reserve	-	-	-	-	194,468	-	(194,468)	-	-	-	-	-
Special reserve	-	-	-	-	-	384,696	(384,696)	-	-	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	-	(1,393,911)	-	-	(1,393,911)	-	(1,393,911)
Net profit for the year ended December 31, 2024	-	-	-	-	-	-	2,137,415	-	-	2,137,415	(876)	2,136,539
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	16,533	442,175	12,732	471,440	-	471,440
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	2,153,948	442,175	12,732	2,608,855	(876)	2,607,979
Convertible bonds converted to ordinary shares	8,235	82,360	(9)	816,091	-	-	-	-	-	898,442	-	898,442
Donations from shareholders	-	-	-	(147)	-	-	-	-	-	(147)	-	(147)
Issuance of ordinary shares for cash	25,000	250,000	-	2,087,500	-	-	-	-	-	2,337,500	-	2,337,500
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	120,700	120,700
BALANCE AT DECEMBER 31, 2024	342,993	\$ 3,429,930	\$ -	\$ 4,622,137	\$ 2,437,715	\$ 527,767	\$ 5,379,666	\$ (140,531)	\$ 67,671	\$ 16,324,355	\$ 119,824	\$ 16,444,179

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

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,574,840	\$ 2,063,246
Adjustments for:		
Depreciation expense	1,163,646	1,210,381
Amortization expense	17,946	17,790
Expected credit loss reversed on trade receivables	-	(6)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(31,998)	(1,729)
Finance costs	56,143	57,619
Interest income	(72,417)	(77,204)
Dividend income	(4,651)	(12,561)
Share of profit of associates and joint ventures	(16,200)	(4,573)
Loss (gain) on disposal of property, plant and equipment	332	(1,527)
Impairment losses (reversed) recognized on property, plant and equipment	(5,617)	3,234
Write-down of inventories	10,625	13,277
Gain on modifications of lease	-	(7)
Changes in operating assets and liabilities		
Notes receivable	(103,335)	(55,440)
Trade receivables	(401,317)	355,433
Trade receivables from related parties	(526)	1,474
Other receivables	(38,621)	33,728
Other receivables from related parties	359	(550)
Inventories	(432,526)	216,970
Other current assets	(230,938)	(11,194)
Trade payables	274,124	206,461
Trade payables to related parties	797	348
Other payables	209,776	(317,731)
Other payables to related parties	15,000	739
Other current liabilities	27,655	28,442
Net defined benefit liabilities	(4,948)	(11,310)
Deferred revenue	(12,110)	(32,077)
Cash generated from operations	2,996,039	3,683,233
Interest paid	(50,194)	(46,426)
Income tax paid	(354,352)	(583,324)
Net cash generated from operating activities	<u>2,591,493</u>	<u>3,053,483</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(787,253)	(204,378)
Purchase of financial assets at fair value through other comprehensive income	-	(40,435)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	299,306
Purchase of financial assets at amortized cost	(5,082)	-

(Continued)

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Proceeds from sale of financial assets at amortized cost	\$ -	\$ 38,095
Payments for property, plant and equipment	(2,198,588)	(709,616)
Proceeds from disposal of property, plant and equipment	53,795	39,386
Payments for intangible assets	(13,503)	(13,394)
Decrease in other non-current assets	72	1,245
Decrease in finance lease receivables	4,166	4,367
Increase in prepayment for equipment	(280,174)	(253,481)
Interest received	72,251	76,843
Dividends received	<u>22,215</u>	<u>32,686</u>
Net cash used in investing activities	<u>(3,132,101)</u>	<u>(729,376)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(46,754)	(255,733)
Repayment of bonds payable	(301,400)	-
Proceeds from long-term borrowings	3,757,731	1,704,099
Repayments of long-term borrowings	(4,435,716)	(1,548,006)
Proceeds from guarantee deposits received	50,815	8,264
Repayment of the principal portion of lease liabilities	(8,209)	(26,152)
Dividends paid to owners of the Company	(1,393,911)	(2,168,299)
Proceeds from issuance of ordinary shares	2,337,500	-
Changes in non-controlling interests	120,700	-
Other changes in capital surplus	<u>(147)</u>	<u>269</u>
Net cash generated from (used in) financing activities	<u>80,609</u>	<u>(2,285,558)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>162,104</u>	<u>(56,890)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(297,895)</u>	<u>(18,341)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,204,269</u>	<u>4,222,610</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 3,906,374</u>	<u>\$ 4,204,269</u>

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

(Concluded)

# **TXC CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. GENERAL INFORMATION**

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

TXC’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). For the “Corporate Governance Evaluation” jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent from 2018 to 2022. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest. Since 2009, the Company prepared Corporate Social Responsibility Report in accordance with GRI Standards every year, officially established ESG Committee in 2021. Meanwhile, The Company prepared ESG Report to acquire the third party (BSI) certification, initially introduced TCFD and SASB, implemented sustainable development based on scientific methods which met international mainstream, and implementation of human rights equality, gender-friendly workplace and fulfilled the responsibilities as a global citizen.

Moreover, the company actively addresses climate change by implementing renewable energy initiatives, pursuing a dual approach of procuring external renewable energy and independently establishing solar power systems. Committed to energy conservation and emissions reduction, the company has established the ISO 50001 energy management system, completed ISO 14067 product carbon footprint assessments, and conducted ISO 14064-1 organizational greenhouse gas inventories across the entire group. Additionally, an energy management and monitoring information platform has been introduced to systematically oversee energy data and proactively develop countermeasures. Through multiple efficient channels, the company continues to advance energy conservation and emissions reduction efforts, earning recognition with the prestigious "ESG Sustainability Leadership Award" from BSI in 2024.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on March 10, 2025.

### 3. APPLICATION OF NEW, AMEND AND REVISED STANDARDS, AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

#### 1) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.



- 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
    - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
    - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
  - b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
  - c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.
- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

##### **d. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

- Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the specific identification of cost on the balance sheet date.

- Properties for sale

Properties for sale is initially recorded at cost. The borrowing costs directly attributable to properties for sale are capitalized as part of the cost of the asset. When the property sales have been deemed as cost carried forward, cost is allocated by applying sales and building coverage ratios. Once selected, the same construction project cannot be changed in the preceding and following years.

The properties for sale are measured at the lower of cost and net realizable value. The net realizable value is the estimated selling prices of inventories less all estimated costs of completion and estimated costs necessary to make the sale.

g. Investments in associates

An associate is an entity over which the Group has a significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method.

If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any assets, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from inventories to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the inception of an operating lease.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## 1. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains and losses. The net gains or losses recognized in other gains and losses does not incorporate any dividends or interest earned on such financial assets. Fair value is determined in the manner described in Note 29.

##### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivables, trade receivables and other receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

### c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

## 2) Financial liabilities

### a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

- Financial liabilities at FVTPL

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

### b) Derecognition of financial liabilities

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

## 3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and exchange contracts, interest rate swaps and options.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of crystals frequency control devices and sensors. Sales of crystals frequency control devices and sensors are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs and other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefit expenses in the period in which they occur and when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 725	\$ 852
Checking accounts and demand deposits	2,760,490	3,503,417
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	1,045,159	-
Repurchase agreements collateralized by bonds	<u>100,000</u>	<u>700,000</u>
	<u>\$ 3,906,374</u>	<u>\$ 4,204,269</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Demand deposits	0.0001%-3.76%	0.001%-3.50%
Time deposits	1.50%-4.61%	1.25%-3.3%
Repurchase agreements collateralized by bonds	1.47%	1.16%-1.26%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (b)	\$ 1,415	\$ 1,490
Non-derivative financial assets		
Listed shares	43,000	-
Beneficiary certificate	308	288
Hybrid financial assets		
Structured deposits (a)	1,405,617	617,272
Convertible bonds	17,550	-
	<u>1,466,475</u>	<u>617,560</u>
	<u>\$ 1,467,890</u>	<u>\$ 619,050</u>

### Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL

Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (b)	\$ -	\$ 18,323

- a. The Group entered into structured time deposit contract with Bank during the years ended December 31, 2024 and 2023. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. At the end of the reporting period, outstanding foreign exchange forward contracts and exchange contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2024</u>			
Knock-out forward	USD/RMB	2025.01.13	USD4,000/RMB29,030
Exchange contracts	USD/NTD	2025.01.21-2025.02.04	USD7,000/NTD222,583
Foreign currency options	USD/NTD	2025.01.03-2025.02.05	USD7,000/NTD225,900

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2023</u>			
Knock-out forward	USD/RMB	2024.01.09-2024.02.19	USD6,000/RMB43,440
Exchange contracts	USD/NTD	2024.02.20-2024.05.02	USD31,000/NTD961,812
Exchange contracts	JPY/NTD	2024.01.10-2024.02.20	JPY400,000/NTD86,540
Sell	USD/RMB	2024.01.29	USD2,500/RMB18,124
			(Concluded)

The Group entered into foreign exchange forward contracts and exchange contracts during the years ended December 31, 2024 and 2023 to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Listed shares		
Win Win Precision Technology Co., Ltd.	\$ 40,678	\$ -
Emerging market shares		
Win Win Precision Technology Co., Ltd.	-	72,844
Unlisted shares	<u>49,292</u>	<u>68,056</u>
	<u>89,970</u>	<u>140,900</u>
Foreign investments		
Unlisted shares	<u>310,933</u>	<u>234,857</u>
	<u>\$ 400,903</u>	<u>\$ 375,757</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

On May 9, 2024 and January 16, 2023, Win Win Precision Technology Co., Ltd.'s shares were listed on the Taiwan Stock Exchange (TWSE) and Taipei Exchange (OTC), respectively. The transfer of fair value measurement level referred to Note 29.

In 2023, the Group sold its shares in UPI Semiconductor Corp. in order to manage credit concentration risk. The shares sold had a fair value of \$299,306 thousand and its related unrealized gain of \$227,810 thousand was transferred from other equity to retained earnings



## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Pledge deposits (a)	\$ 104,092	\$ 99,349
<u>Non-current</u>		
Domestic investment		
Time deposits with original maturity of more than one year (b)	\$ 215,803	\$ 199,107

- a. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.
- b. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.9%-4.26% and 2.9%-5.21% per annum as of December 31, 2024 and 2023, respectively.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 190,906	\$ 87,571
Less: Allowance for impairment loss	-	-
	<u>\$ 190,906</u>	<u>\$ 87,571</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,582,382	\$ 3,181,222
Less: Allowance for impairment loss	(12,932)	(13,442)
	<u>\$ 3,569,450</u>	<u>\$ 3,167,780</u>

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group recognizes 100% loss allowance for trade receivables of greater than 120 days past due and unsecured.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix:

December 31, 2024

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.36%	0.04%-0.6%	100%	100%	100%	
Gross carrying amount	\$ 3,560,024	\$ 213,264	\$ -	\$ -	\$ -	\$ 3,773,288
Loss allowance (Lifetime ECL)	<u>(12,831)</u>	<u>(101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,932)</u>
Amortized cost	<u>\$ 3,547,193</u>	<u>\$ 213,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,760,356</u>

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.43%	0.003%-0.27%	0.62%-0.92%	100%	100%	
Gross carrying amount	\$ 3,110,079	\$ 158,631	\$ 83	\$ -	\$ -	\$ 3,268,793
Loss allowance (Lifetime ECL)	<u>(13,436)</u>	<u>(5)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(13,442)</u>
Amortized cost	<u>\$ 3,096,643</u>	<u>\$ 158,626</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,255,351</u>

The movements of the loss allowance of trade receivables were as follows:

	2024	2023
Balance at January 1	\$ 13,442	\$ 13,503
Less: Impairment losses reversed	-	(6)
Less: Amounts written off	(682)	-
Foreign exchange gains and losses	<u>172</u>	<u>(55)</u>
Balance at December 31	<u>\$ 12,932</u>	<u>\$ 13,442</u>

## 11. FINANCE LEASE RECEIVABLES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Undiscounted lease payments		
Year 1	\$ 4,846	\$ 4,391
Year 2	2,486	4,611
Year 3	-	2,366
Year 4	-	-
Year 5	-	-
Year 5 onwards	-	-
	<u>7,332</u>	<u>11,368</u>
Less: Unearned finance income	<u>(248)</u>	<u>(575)</u>
Net investment in leases presented as finance lease receivable	<u>\$ 7,084</u>	<u>\$ 10,793</u>

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Finished goods	\$ 620,191	\$ 438,293
Work in process	703,672	525,589
Raw materials	672,994	643,939
Supplies and spare parts	142,292	145,700
Merchandise	507,971	482,495
Buildings and land held for sale	<u>177,981</u>	<u>233,977</u>
	<u>\$ 2,825,101</u>	<u>\$ 2,469,993</u>

The cost of crystal inventories recognized as cost of goods sold for 2024 and 2023 included \$8,185,113 thousand and \$6,977,345 thousand, respectively. The cost of goods sold for 2024 and 2023 included inventory write-downs of \$10,625 thousand and \$13,277 thousand, respectively.

The cost of real estate inventories recognized as cost of goods sold for 2024 and 2023 included \$0 thousand and \$13,050 thousand, respectively.

The details of the building and land held for sale are as follows:

	<b>December 31, 2024</b>	
<b>Area</b>	<b>Buildings and Land Held for Sale</b>	<b>Contract Liabilities - Current</b>
Jing Yuan	<u>\$ 177,981</u>	<u>\$ 42</u>
	<b>December 31, 2023</b>	
<b>Area</b>	<b>Buildings and Land Held for Sale</b>	<b>Contract Liabilities - Current</b>
Jing Yuan	<u>\$ 233,977</u>	<u>\$ 40</u>

### 13. SUBSIDIARIES

#### Subsidiaries Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31		Remark
			2024	2023	
TXC Corporation (TXC)	Taiwan Crystal Technology International Limited (TCTI)	Investment management	100	100	a
	TXC Technology, Inc.	Marketing activities	100	100	b
	TXC Japan Corporation	Marketing activities	100	100	c
	Taiwan Crystal Technology (HK) Limited (TCT-HK)	International trading	100	100	e
Taiwan Crystal Technology International Limited	TXC Europe GmbH	Marketing activities	100	100	j
	TXC (Ningbo) Corporation (TXC-Ningbo)	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	d
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation (TXC-Chongqing)	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	f
	Chongqing Zhongyang Properties Co., Ltd. (Chongqing Zhongyang)	Properties development	100	100	g
	Ningbo Beilun Jingyu Trading Corporation (Beilun Jingyu)	International trading	100	100	h
	Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited (Ding Kai Investment)	Investment management	100	100	i
	TETC CORP. NINGBO (TETC-NINGBO)	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	l
	PT TXC TECHNOLOGY INDONESIA (SUB)	Research and development, manufacture, and sale of quartz elements and related electronic products	81	-	n
	Chongqing Zhongyang Properties Co., Ltd.	Property management	100	100	k
TETC CORP. NINGBO	Shanghai JCH Co., Ltd (JCH)	Marketing activities and technical services	100	100	m

- a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.
- b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.
- c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.
- d. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.
- e. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.
- f. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.
- g. Chongqing Zhongyang Properties Co., Ltd. was incorporated on February 14, 2011 in Chongqing, China.
- h. Ningbo Beilun Jingyu Trading Corporation was incorporated on September 7, 2011 in Ningbo, China.

- i. Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited was incorporated on May 12, 2017 in Beilun District, Ningbo, China.
- j. TXC Europe GmbH was founded in Germany on August 17, 2018.
- k. ChongQing Dingsen Commercial Management Co., Ltd. was incorporated on February 21, 2019 in Chongqing, China.
- l. TETC CORP. NINGBO was incorporated on December 30, 2020 in Ningbo, China.
- m. Shanghai JCH Co., Ltd. was registered on October 13, 2022 in Shanghai, China.
- n. PT TXC Technology Indonesia was registered on March 6, 2024 in Surabaya, Indonesia.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Investments in associates and join ventures	<u>\$ 464,962</u>	<u>\$ 446,126</u>
a. Investment in associates		

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Associates that are not individually material	<u>\$ 428,728</u>	<u>\$ 397,952</u>

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
The Group's share of:		
Profit from continuing operations	\$ 30,280	\$ 20,756
Other comprehensive (loss) income	<u>18,101</u>	<u>(4,266)</u>
Total comprehensive income for the year	<u>\$ 48,381</u>	<u>\$ 16,490</u>

Refer to Table 4 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

- b. Investment joint venture

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Joint ventures that are not individually material	<u>\$ 36,234</u>	<u>\$ 48,174</u>



Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Land use right	\$ 196,807	\$ 191,831
Buildings	6,430	1,850
Transportation equipment	<u>4,872</u>	<u>2,559</u>
	<u>\$ 208,109</u>	<u>\$ 196,240</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 11,923</u>	<u>\$ 32,485</u>
Depreciation charge for right-of-use assets		
Land use right	\$ 4,685	\$ 4,615
Buildings	3,152	22,039
Transportation equipment	<u>1,894</u>	<u>619</u>
	<u>\$ 9,731</u>	<u>\$ 27,273</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (1,106)</u>	<u>\$ (1,089)</u>

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 31.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Current	\$ 8,400	\$ 5,958
Non-current	<u>8,349</u>	<u>6,714</u>
	<u>\$ 16,749</u>	<u>\$ 12,672</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Buildings	1.27%-3.85%	1.27%-3.85%
Transportation equipment	3%-3.14%	3%

c. Material lease-in activities and terms

The Group purchased the land use right for the construction of plants, offices and retail stores with use term of 50 years in mainland China and its payments was paid fully at the time of contract signed and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	\$ 366	\$ 249
Total cash outflow for leases	\$ (8,575)	\$ (26,401)

The Group leases certain buildings which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 637,330
Transfer to inventories	(418)
Effect of foreign currency exchange differences	<u>(9,632)</u>
Balance at December 31, 2023	<u>\$ 627,280</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (65,984)
Depreciation expenses	(22,204)
Effect of foreign currency exchange differences	<u>1,150</u>
Balance at December 31, 2023	<u>\$ (87,038)</u>
Carrying amounts at December 31, 2023	<u>\$ 540,242</u>
	(Continued)



**Completed  
Investment  
Properties**

Cost

Balance at January 1, 2024	\$ 627,280
Transfer from inventories	66,433
Effect of foreign currency exchange differences	<u>31,952</u>
Balance at December 31, 2024	<u>\$ 725,665</u>

Accumulated depreciation and impairment

Balance at January 1, 2024	\$ (87,038)
Depreciation expenses	(23,589)
Effect of foreign currency exchange differences	<u>(4,348)</u>

Balance at December 31, 2024	<u>\$ (114,975)</u>
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Carrying amounts at December 31, 2024	<u>\$ 610,690</u> (Concluded)
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The investment real estate held by the combined company is mainly located in Pingzhen District of Taoyuan City and Ningbo City, Mainland China, and some of the factories and offices are leased to collect rents. The other part of the investment real estate is located in Chongqing City, mainland China, and is mainly self-built shopping malls to collect rents.

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 3-60 years.

The fair value of the Group's investment properties as of December 31, 2024 and 2023 was \$1,209,444 thousand and \$1,077,690 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers; however, the management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were freehold properties. The investment properties pledged as collateral for bank borrowing are set out in Note 31.

## 18. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Unsecured borrowings</u>		
Bank loans	\$ 135,441	\$ 190,500
Letters of credit	<u>70,685</u>	<u>51,118</u>
Short-term borrowings	<u>\$ 206,126</u>	<u>\$ 241,618</u>

The interest rates on the bank loans and letters of credit were 2.2%-3.2% and 2.83%-3.5% per annum as of December 31, 2024 and 2023, respectively.

b. Long-term borrowings

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ 493,627	\$ 216,966
Less: Current portions	<u>(59,284)</u>	<u>(43,394)</u>
	<u>434,343</u>	<u>173,572</u>
<u>Unsecured borrowings</u>		
Bank loans	1,421,589	2,347,591
Less: Current portions	<u>(668,905)</u>	<u>(638,398)</u>
	<u>752,684</u>	<u>1,709,193</u>
Long-term borrowings	<u>\$ 1,187,027</u>	<u>\$ 1,882,765</u>
Detail of borrowings		
Interest rate	0.98%-3.85%	0.85%-6.47%
Maturity date	Due by October 2028	Due by October 2027

## 19. BONDS PAYABLE

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Unsecured domestic convertible bonds	\$ -	\$ 1,200,000
Less: Discount on bonds payable	<u>-</u>	<u>(6,080)</u>
	-	1,193,820
Less: Corporate bonds due within one year or one operating cycle	<u>-</u>	<u>(1,193,820)</u>
Unsecured domestic convertible bonds	<u>\$ -</u>	<u>\$ -</u>

On July 26, 2021, the Company issued the 5th domestic unsecured convertible bonds with an aggregate principal amount of \$1,200,000 thousand at 0% interest rate, and the issuance period is for three years from July 26, 2021 to July 26, 2024. The repayment will be made at face value in full by cash upon maturity. Bondholders are entitled to convert bonds into the Company's ordinary shares from October 27, 2021 to July 26, 2024. The conversion price was set initially at \$138 per share. According to the terms on this convertible of bonds, the conversion price should be adjusted to \$109.1 per share since June 28, 2024, i.e. the ex-dividend date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 0.8961% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,427 thousand)	\$ 1,194,573
Equity component (less transaction costs allocated to the equity component of \$129 thousand)	(28,431)
Assets component	<u>2,040</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,298 thousand)	<u>\$ 1,168,182</u>
Liability component at December 31, 2022	\$ 1,183,273
Interest charged at an effective interest rate	10,647
Convertible bonds converted into ordinary shares	<u>(100)</u>
Liability component at December 31, 2023	1,193,820
Less: Corporate bonds due within one year or one operating cycle	<u>(1,193,820)</u>
Unsecured domestic convertible bonds	\$ <u>-</u>
Liability component at December 31, 2023	\$ 1,193,820
Interest charged at an effective interest rate	6,022
Convertible bonds converted into ordinary shares	(898,442)
Redemption of convertible bonds	<u>(301,400)</u>
Liability component at December 31, 2024	<u>\$ -</u>

## 20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Other payables		
Payables for bonuses to employees and directors	\$ 281,492	\$ 276,024
Payables for commissions	20,655	17,840
Payables for salaries	185,907	151,979
Payables for bonuses	510,759	435,278
Payables for annual leave	48,950	43,692
Payables for purchases of equipment	95,250	51,080
Others	<u>168,284</u>	<u>125,701</u>
	<u>\$ 1,311,297</u>	<u>\$ 1,101,594</u>
Deferred revenue		
Arising from government grants (Note 27)	\$ 43,616	\$ 38,489
Others	<u>1,130</u>	<u>1,076</u>
	<u>\$ 44,746</u>	<u>\$ 39,565</u>

(Continued)

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Non-current</u>		
Deferred revenue		
Arising from government grants (Note 27)	\$ 61,369	\$ 77,616
Others	<u>659</u>	<u>1,703</u>
	<u>\$ 62,028</u>	<u>\$ 79,319</u>
		(Concluded)

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 73,551	\$ 176,155
Fair value of plan assets	<u>(78,778)</u>	<u>(156,050)</u>
Net defined benefit (assets) liabilities	<u>\$ (5,227)</u>	<u>\$ 20,105</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 182,628</u>	<u>\$ (147,425)</u>	<u>\$ 35,203</u>
Service cost			
Current service cost	945	-	945
Past service cost	465	-	465
Past service cost and loss (gain) on settlements	(340)	326	(14)
Net interest expense (income)	<u>2,739</u>	<u>(2,313)</u>	<u>426</u>
Recognized in profit or loss	<u>3,809</u>	<u>(1,987)</u>	<u>1,822</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (795)	\$ (795)
Actuarial (gain) loss - changes in financial assumptions	4,099	-	4,099
Actuarial (gain) loss - experience adjustments	<u>(7,091)</u>	<u>-</u>	<u>(7,091)</u>
Recognized in other comprehensive income	<u>(2,992)</u>	<u>(795)</u>	<u>(3,787)</u>
Contributions from the employer	-	(13,133)	(13,133)
Benefits paid	<u>(7,290)</u>	<u>7,290</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 176,155</u>	<u>\$ (156,050)</u>	<u>\$ 20,105</u>
Service cost			
Current service cost	\$ 791	\$ -	\$ 791
Past service cost	2,005	-	2,005
Past service cost and loss (gain) on settlements	(996)	700	(296)
Net interest expense (income)	<u>2,088</u>	<u>(2,077)</u>	<u>11</u>
Recognized in profit or loss	<u>3,888</u>	<u>(1,377)</u>	<u>2,511</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,908)	(12,908)
Actuarial (gain) loss - changes in financial assumptions	(6,261)	-	(6,261)
Actuarial (gain) loss - experience adjustments	<u>(1,214)</u>	<u>-</u>	<u>(1,214)</u>
Recognized in other comprehensive income	<u>(7,475)</u>	<u>(12,908)</u>	<u>(20,383)</u>
Contributions from the employer	-	(7,460)	(7,460)
Benefits paid	<u>(99,017)</u>	<u>99,017</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 73,551</u>	<u>\$ (78,778)</u>	<u>\$ 5,227</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cost of goods sold	\$ 1,344	\$ 960
Selling and marketing expenses	219	135
General and administrative expenses	355	272
Research and development expenses	<u>593</u>	<u>455</u>
	<u>\$ 2,511</u>	<u>\$ 1,822</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the (government/corporate) bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate(s)	1.50 %	1.25%
Expected rate(s) of salary increase	2.50 %	2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate(s)		
0.25% increase	<u>\$ (1,411)</u>	<u>\$ (4,090)</u>
0.25% decrease	<u>\$ 1,455</u>	<u>\$ 4,237</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,418</u>	<u>\$ 4,110</u>
0.25% decrease	<u>\$ (1,382)</u>	<u>\$ (3,989)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Expected contributions to the plan for the next year	<u>\$ 2,052</u>	<u>\$ 13,440</u>
Average duration of the defined benefit obligation	9.1 years	9.8 years

## 22. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>342,993</u>	<u>309,757</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 3,429,930</u>	<u>\$ 3,097,570</u>

In order to align with long-term operational development, the Company introduced strategic partners, strengthened operational capital, and enhanced its financial structure. Considering the cost of raising funds and the timeliness and convenience of the introduction, the shareholders' meeting held on May 28, 2024, approved a private placement of up to 25,000 thousand shares of common stock through a cash capital increase. On June 20, 2024, the Board of Directors approved the issuance of 25,000 thousand common shares through a cash capital increase, with all shares to be subscribed for in cash by specific individuals, at a premium price of \$93.5 per share. The total amount raised through the private placement was \$2,337,500 thousand. The capital increase was registered and completed with the effective date set as July 2, 2024.

#### Bond conversion entitlement certificates

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Shares converted but registration change has not been completed (in thousands of shares)	<u>-</u>	<u>1</u>
Shares converted but registration change has not been completed (in thousands of dollars)	<u>\$ -</u>	<u>\$ 9</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Issuance of ordinary shares	\$ 2,699,275	\$ 611,776
Conversion of bonds	1,814,500	977,121
Overdue options	80,518	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates or joint venture	23,981	23,981
Other	3,532	3,678
<u>May not be used for any purpose</u>		
Employee share options	-	28,429
	<u>\$ 4,622,137</u>	<u>\$ 1,718,693</u>

\* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 24(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.



When distributing the surplus, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other equity interests in accordance with legal provisions (e.g., exchange differences on the translation of financial statements of foreign operating institutions, accumulated balances of unrealized gains and losses on financial assets at fair value through other comprehensive income). If there is a subsequent decrease in the amount of deductions from other equity items, the decrease can be transferred back to unappropriated earnings from the special surplus reserve.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings on May 28, 2024 and May 30, 2023, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Fiscal Year 2023</b>	<b>For Fiscal Year 2022</b>	<b>For Fiscal Year 2023</b>	<b>For Fiscal Year 2022</b>
Legal reserve	\$ 194,468	\$ 296,435	\$ -	\$ -
Special reserve	384,696	143,071	-	-
Cash dividends	1,393,911	2,168,299	4.5	7.0

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 10, 2025, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 215,395	\$ -
Special reserve	(304,974)	-
Cash dividends	1,783,563	5.2

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on May 27, 2025.

d. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (582,706)	\$ (450,523)
Exchange differences on the translation of the financial statements of foreign operations	424,239	(127,850)
Share from associates accounted for using the equity method	<u>17,936</u>	<u>(4,333)</u>
Balance at December 31	<u>\$ (140,531)</u>	<u>\$ (582,706)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 54,939	\$ 307,453
Recognized for the year		
Unrealized gain (loss) - equity instruments	12,793	(24,632)
Share from associates accounted for using the equity method	<u>(61)</u>	<u>(72)</u>
Other comprehensive income (loss) recognized for the year	<u>12,732</u>	<u>(24,704)</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(227,810)</u>
Balance at December 31	<u>\$ 67,671</u>	<u>\$ 54,939</u>

3) Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ -	\$ -
Share in profit for the year	(876)	-
Acquisition of non-controlling interests in subsidiaries	<u>120,700</u>	<u>-</u>
Balance at December 31	<u>\$ 119,824</u>	<u>\$ -</u>

## 23. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 12,658,408	\$ 10,827,498
Construction contract revenue	<u>13,850</u>	<u>22,904</u>
	<u>\$ 12,672,258</u>	<u>\$ 10,850,402</u>

### Contract Balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Trade receivables (Note 10)	<u>\$ 3,569,450</u>	<u>\$ 3,167,780</u>	<u>\$ 3,524,632</u>
Contract liabilities - current			
Construction of properties	\$ 42	\$ 40	\$ 40
Sale of goods	<u>17,886</u>	<u>31,550</u>	<u>12,116</u>
	<u>\$ 17,928</u>	<u>\$ 31,590</u>	<u>\$ 12,156</u>

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

## 24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 50,268	\$ 55,738
Financial assets at amortized cost	7,143	8,931
Others	<u>15,006</u>	<u>12,535</u>
	<u>\$ 72,417</u>	<u>\$ 77,204</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Income from government grants	\$ 98,173	\$ 120,671
Dividends	4,651	12,561
Others	<u>34,549</u>	<u>29,797</u>
	<u>\$ 137,373</u>	<u>\$ 163,029</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
(Loss) gain on disposal of property, plant and equipment	\$ (332)	\$ 1,527
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	31,998	1,729
Net foreign exchange gains	259,956	68,611
Property, plant and equipment impairment losses (reversed) recognized	5,617	(3,234)
Depreciation of investment properties	(5,566)	(22,204)
Gain on modifications of lease	-	7
Others	<u>(23,164)</u>	<u>(39,398)</u>
	<u>\$ 268,509</u>	<u>\$ 7,038</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 49,617	\$ 46,325
Interest on convertible bonds	6,022	10,647
Interest on lease liabilities	<u>504</u>	<u>647</u>
	<u>\$ 56,143</u>	<u>\$ 57,619</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 1,130,326	\$ 1,160,904
Investment properties	23,589	22,204
Right-of-use assets	9,731	27,273
Intangible assets	<u>17,946</u>	<u>17,790</u>
	<u>\$ 1,181,592</u>	<u>\$ 1,228,171</u>
 An analysis of deprecation by function		
Operating costs	\$ 860,398	\$ 893,687
Operating expenses	297,682	294,490
Other gains and losses	<u>5,566</u>	<u>22,204</u>
	<u>\$ 1,163,646</u>	<u>\$ 1,210,381</u>
 An analysis of amortization by function		
Operating costs	\$ 143	\$ 141
Operating expenses	<u>17,803</u>	<u>17,649</u>
	<u>\$ 17,946</u>	<u>\$ 17,790</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 134,786	\$ 116,912
Defined benefit plans	<u>2,511</u>	<u>1,822</u>
	<u>137,297</u>	<u>118,734</u>
Other employee benefits		
Payroll expense	2,722,425	2,256,542
Labor and health insurance	146,564	140,040
Others	<u>117,073</u>	<u>94,760</u>
	<u>2,986,062</u>	<u>2,491,342</u>
	<u>\$ 3,123,359</u>	<u>\$ 2,610,076</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 1,827,338	\$ 1,516,960
Operating expenses	<u>1,296,021</u>	<u>1,093,116</u>
	<u>\$ 3,123,359</u>	<u>\$ 2,610,076</u>

g. Employees' compensation and remuneration of directors for 2024 and 2023

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023 which were approved by the Company's board of directors on March 10, 2025 and March 11, 2024, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	<u>For the Year Ended December 31</u>			
	<u>2024</u>		<u>2023</u>	
	<u>Cash</u>	<u>Share</u>	<u>Cash</u>	<u>Share</u>
Employees' compensation	\$ 241,279	\$ -	\$ 194,831	\$ -
Remuneration of directors	40,213	-	32,472	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 395,111	\$ 368,140
Income tax on unappropriated earnings	-	6,418
Adjustments for prior year	<u>(7,782)</u>	<u>(7,090)</u>
	<u>387,329</u>	<u>367,468</u>
Deferred tax		
In respect of the current year	50,972	(12,879)
Adjustments for prior years	<u>-</u>	<u>(5,045)</u>
	<u>50,972</u>	<u>(17,924)</u>
Income tax expense recognized in profit or loss	<u>\$ 438,301</u>	<u>\$ 349,544</u>

A reconciliation of accounting profit and current income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before tax from continuing operations	\$ <u>2,574,840</u>	\$ <u>2,063,246</u>
Income tax expense calculated at the statutory rate	\$ 514,968	\$ 412,649
Tax effect of adjusting items:		
Non-deductible expenses in determining taxable income	5,415	3,995
Tax-exempt income	(6,986)	(6,664)
Deferred tax effect of earnings of subsidiaries	101,531	81,051
Income tax on unappropriated earnings	-	6,418
Unrecognized temporary differences	(1,857)	907
Unrecognized loss carryforwards	5,858	4,655
Investment tax credit	(100,501)	(84,715)
Effect of different tax rate of group entities operating in other jurisdictions	(72,345)	(56,617)
Adjustment for prior years' tax	<u>(7,782)</u>	<u>(12,135)</u>
Income tax expense recognized in profit or loss	\$ <u>438,301</u>	\$ <u>349,544</u>
b. Income tax expense recognized in other comprehensive income		

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ <u>4,077</u>	\$ <u>757</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax assets		
Tax refund receivable	\$ <u>78,982</u>	\$ <u>17,525</u>
Current tax liabilities		
Income tax payable	\$ <u>96,968</u>	\$ <u>-</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Unrealized loss on inventories	\$ 8,748	\$ (705)	\$ -	\$ 54	\$ 8,097
Unrealized exchange loss	16,235	(16,235)	-	-	-
Payable for annual leave	7,594	676	-	85	8,355
Determine benefit obligation	6,384	(990)	(4,077)	-	1,317
Property, plant and equipment	3,114	(842)	-	141	2,413
Financial liabilities at fair value through profit or loss	4,950	(4,040)	-	-	910
Deferred revenue	12,373	(5,007)	-	519	7,885
Others	<u>7,910</u>	<u>2,175</u>	<u>-</u>	<u>94</u>	<u>10,179</u>
	<u>\$ 67,308</u>	<u>\$ (24,968)</u>	<u>\$ (4,077)</u>	<u>\$ 893</u>	<u>\$ 39,156</u>
<u>Deferred tax liabilities</u>					
Associates	\$ 77,494	\$ 20,963	\$ -	\$ -	\$ 98,457
Unrealized exchange gains	-	9,910	-	-	9,910
Financial assets at fair value through profit or loss	222	697	-	21	940
Property, plant and equipment	<u>34,076</u>	<u>(5,566)</u>	<u>-</u>	<u>1,611</u>	<u>30,121</u>
	<u>\$ 111,792</u>	<u>\$ 26,004</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ 139,428</u>

For the year ended December 31, 2023

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Unrealized loss on inventories	\$ 8,435	\$ 328	\$ -	\$ (15)	\$ 8,748
Unrealized exchange loss	11,336	4,899	-	-	16,235
Payable for annual leave	8,063	(444)	-	(25)	7,594
Determine benefit obligation	9,403	(2,262)	(757)	-	6,384
Property, plant and equipment	2,677	486	-	(49)	3,114
Financial liabilities at fair value through profit or loss	4,009	941	-	-	4,950
Deferred revenue	11,273	1,294	-	(194)	12,373
Others	<u>6,075</u>	<u>1,862</u>	<u>-</u>	<u>(27)</u>	<u>7,910</u>
	<u>\$ 61,271</u>	<u>\$ 7,104</u>	<u>\$ (757)</u>	<u>\$ (310)</u>	<u>\$ 67,308</u>
<u>Deferred tax liabilities</u>					
Associates	\$ 79,518	\$ (2,024)	\$ -	\$ -	\$ 77,494
Financial assets at fair value through profit or loss	549	(321)	-	(6)	222
Property, plant and equipment	<u>38,065</u>	<u>(3,430)</u>	<u>-</u>	<u>(559)</u>	<u>34,076</u>
	<u>\$ 118,132</u>	<u>\$ (5,775)</u>	<u>\$ -</u>	<u>\$ (565)</u>	<u>\$ 111,792</u>

e. Income tax assessments

The income tax returns through 2022 had been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit for the period attributable to owners of the Company	\$ 2,137,415	\$ 1,713,702
Interest on convertible bonds after tax	<u>4,817</u>	<u>8,517</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,142,232</u>	<u>\$ 1,722,219</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares in the computation of basic earnings per share	326,292	309,757
Effect of potentially dilutive ordinary shares:		
Convertible bonds	6,340	10,563
Employees' compensation	<u>2,764</u>	<u>2,634</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>335,396</u>	<u>322,954</u>

The Group may settle the compensation paid to employees by cash or shares; therefore, the Group presumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 27. GOVERNMENT GRANTS

In 2024, the Group received a government grant of \$23,860 thousand for its investment of equipment. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset.



## 28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 43,000	\$ -	\$ -	\$ 43,000
Foreign exchange forward contracts and exchange contracts	-	1,415	-	1,415
Beneficiary certificate	308	-	-	308
Structured deposits	-	1,405,617	-	1,405,617
Convertible bonds	<u>17,550</u>	<u>-</u>	<u>-</u>	<u>17,550</u>
	<u>\$ 60,858</u>	<u>\$ 1,407,032</u>	<u>\$ -</u>	<u>\$ 1,467,890</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 40,678	\$ -	\$ -	\$ 40,678
Domestic unlisted shares	-	-	49,292	49,292
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>310,933</u>	<u>310,933</u>
	<u>\$ 40,678</u>	<u>\$ -</u>	<u>\$ 360,225</u>	<u>\$ 400,903</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts and exchange contracts	\$ -	\$ 1,490	\$ -	\$ 1,490
Beneficiary certificate	288	-	-	288
Structured deposits	<u>-</u>	<u>617,272</u>	<u>-</u>	<u>617,272</u>
	<u>\$ 288</u>	<u>\$ 618,762</u>	<u>\$ -</u>	<u>\$ 619,050</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 18,323</u>	<u>\$ -</u>	<u>\$ 18,323</u>
Financial assets at FVTOCI				
Domestic emerging market shares	\$ 72,844	\$ -	\$ -	\$ 72,844
Domestic unlisted shares	-	-	68,056	68,056
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>234,857</u>	<u>234,857</u>
	<u>\$ 72,844</u>	<u>\$ -</u>	<u>\$ 302,913</u>	<u>\$ 375,757</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2024	\$ -	\$ 302,913
Recognized in other comprehensive income (including in unrealized gain on financial assets at FVTOCI)	-	44,959
Effect of foreign currency exchange differences	<u>-</u>	<u>12,353</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 360,225</u>

For the year ended December 31, 2023

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
<u>Financial assets</u>		
Balance at January 1, 2023	\$ -	\$ 400,411
Purchases	-	40,435
Transfers into Level 1	-	(190,879)
Recognized in other comprehensive income (including in unrealized gain on financial assets at FVTOCI)	-	56,220
Effect of foreign currency exchange differences	-	(3,274)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 302,913</u>

The fair value of these shares issued by Win Win Precision Technology Co., Ltd. was transferred from Level 3 to Level 1 since the shares were listed on the Taipei Exchange on January 16, 2023.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow.  Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in an increase in the fair value.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL (1)	\$ 1,467,890	\$ 619,050
Financial assets at amortized cost (2)	8,064,873	7,796,196
Financial assets at FVTOCI		
Equity instruments	400,903	375,757
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL (3)	-	18,323
Amortized cost (4)	5,271,083	6,599,297

- 1) The balances include beneficiary certificate, foreign exchange forward contracts and exchange contracts, structured deposits and investment of equity instruments.
- 2) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 3) The balances include foreign exchange forward contract and exchange contracts.
- 4) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade payables, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, notes receivables, trade receivables, other receivables, notes payables, trade payables, other payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

## 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

### a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 35.

#### Sensitivity analysis

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	<b>USD Impact (i)</b>		<b>JPY Impact (ii)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit or loss	\$ 30,607	\$ 29,011	\$ (1,136)	\$ (6,328)

i. The result was mainly attributable to the exposure on outstanding monetary items in USD that were not hedged at the end of the reporting period.

ii. The result was mainly attributable to the exposure on outstanding monetary items in JPY that were not hedged at the end of the reporting period.

### b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group deposit and borrow funds at floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 1,414,244	\$ 941,596
Financial liabilities	242,126	2,107,241
Cash flow interest rate risk		
Financial assets	2,811,300	3,560,277
Financial liabilities	1,879,216	1,892,754

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/(decreased) by \$2,330 thousand and \$4,169 thousand, respectively, which was mainly a result of its floating rate bank deposits and bank borrowings.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

#### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Group had available unutilized short-term bank loan facilities of \$9,135,693 thousand and \$8,529,625 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2024

	Weighted Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,690,849	\$ -	\$ -	\$ -	\$ 1,690,849
Other payables	-	1,328,286	-	-	-	1,328,286
Lease liabilities	1.27-3.85	8,400	8,349	-	-	16,749
Variable interest rate liabilities	0.98-3.85	692,189	1,071,323	115,704	-	1,879,216
Fixed interest rate liabilities	1.22-3.2	242,126	-	-	-	242,126

December 31, 2023

	Weighted Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,415,928	\$ -	\$ -	\$ -	\$ 1,415,928
Other payables	-	1,103,583	-	-	-	1,103,583
Lease liabilities	1.27-3.85	5,958	6,714	-	-	12,672
Variable interest rate liabilities	0.85-1.55	276,087	1,616,667	-	-	1,892,754
Fixed interest rate liabilities	2.83-6.47	1,841,143	222,708	43,390	-	2,107,241

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2024

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ 519	\$ 896	\$ -	\$ -	\$ -

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ 1,739	\$ (13,381)	\$ (5,191)	\$ -	\$ -

### 30. TRANSACTIONS WITH RELATED PARTY

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related Party Name and Category

<u>Related Party Name</u>	<u>Related Party Category</u>
Tai-shing Electronics Components Corp.	Associate
TSE Technology (Ningbo) Co., Ltd.	Associate
EcLife Co., Ltd.	Other associate
Ningbo Longying Semiconductor Co., Ltd.	Other associate
PETER LIN	Chairman of the Company

b. Sales of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ 28,609	\$ 30,284
Other associates	6,398	5,907
Chairman of the Company	-	5,148
	<u>\$ 35,007</u>	<u>\$ 41,339</u>

Selling prices and payment terms offered to related parties were similar with those offered to third parties.



c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Other associates	\$ 4,987	\$ 2,056
Associates	<u>290</u>	<u>-</u>
	<u>\$ 5,277</u>	<u>\$ 2,056</u>

Purchase prices and payment terms offered by related parties were similar with those offered by third parties.

d. Other income

Related Party Category	For the Year Ended December 31	
	2024	2023
Associates	<u>\$ 101</u>	<u>\$ 95</u>

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2024	2023
Other associates	<u>\$ 1,587</u>	<u>\$ 628</u>

f. Commission revenue

Related Party Category	For the Year Ended December 31	
	2024	2023
Associates	<u>\$ 1,515</u>	<u>\$ 1,493</u>

g. Rental revenue

Related Party	Location	Rent Collection	For the Year Ended December 31			
			2024	% to Total Account Balance	2023	% to Total Account Balance
TSE Technology (Ningbo) Co., Ltd.	Building P5, 1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	\$ 4,589	-	\$ 4,521	-
Ningbo Longying Semiconductor Co., Ltd.	Building D4, No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	382	-	176	-
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan	Based on contract, and paid on a monthly basis	<u>3,619</u>	-	<u>3,663</u>	-
			<u>\$ 8,590</u>		<u>\$ 8,330</u>	

There is no significant difference in transaction terms between related parties and unrelated parties.

h. Receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2024	2023
Associates	\$ 7,638	\$ 7,405
Other associates	1,333	1,040
Less: Allowance for impairment loss	<u>(68)</u>	<u>(68)</u>
	<u>\$ 8,903</u>	<u>\$ 8,377</u>

The outstanding trade receivables from related parties are unsecured.

i. Payables to related parties (excluding loans from related parties)

Related Party Category	December 31	
	2024	2023
Other associates	\$ 1,458	\$ 970
Associates	<u>309</u>	<u>-</u>
	<u>\$ 1,767</u>	<u>\$ 970</u>

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

j. Other receivables from related parties

Related Party Category	December 31	
	2024	2023
Associates	\$ 820	\$ 1,192
Other	<u>14</u>	<u>1</u>
	<u>\$ 834</u>	<u>\$ 1,193</u>

k. Other payables to related parties

Related Party Category	December 31	
	2024	2023
Other associates	\$ 16,817	\$ 1,825
Chairman of the Company	<u>172</u>	<u>164</u>
	<u>\$ 16,989</u>	<u>\$ 1,989</u>

l. Prepayments for equipment

Related Party Category	December 31	
	2024	2023
Other associates	<u>\$ 809</u>	<u>\$ 4,502</u>

m. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31	
	2024	2023
Other associates	\$ 38,114	\$ 968

n. Lease arrangements - Group is lessee

Related Party Categories	For the Year Ended December 31	
	2024	2023
<u>Acquisition of right-to-use assets</u>		
Chairman of the Company	\$ -	\$ 5,716

Line Item	Related Party Category	December 31	
		2024	2023
Lease liabilities - current	Chairman of the Company PETER LIN	\$ 1,735	\$ 1,592
Lease liabilities - non-current	Chairman of the Company PETER LIN	\$ 910	\$ 2,632

Related Party Category	For the Year Ended December 31	
	2024	2023
<u>Interest expense</u>		
Chairman of the Company	\$ 131	\$ 84
<u>Lease expense</u>		
Chairman of the Company	\$ 1,707	\$ 1,648

o. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 155,090	\$ 125,237
Post-employment benefits	3,057	3,638
	\$ 158,147	\$ 128,875

The remuneration of directors and key executives was determined by the remuneration committee, is based on the performance of individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2024	2023
Building and equipment, net	\$ 294,997	\$ 299,565
Investment properties	10,266	11,354
Pledged deposits	104,092	99,349
Right-of-use assets	<u>10,307</u>	<u>10,174</u>
	<u>\$ 419,662</u>	<u>\$ 420,442</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2024 were as follows:

- a. On November 8, 2021, the board of directors of the Company approved its subsidiary TETC CORP. NINGBO to construct a plant project, with an estimated investment of RMB145,000 thousand. On April 19, 2022, the Company signed a construction contract. On June 25, 2024, due to a modification of the project design, an additional amount append to RMB123,000 thousand was recorded. The total contract amount divided into paid and unpaid is as follows:

	Contract Amount (Tax Included)	Paid Amount (Tax Included)	Unpaid Amount (Tax Included)
Property, plant and equipment	<u>RMB 123,000</u>	<u>RMB 110,109</u>	<u>RMB 12,891</u>

- b. As of December 31, 2024, unrecognized commitments of the Group were as follows:

	Contract Amount (Tax Excluded)	Paid Amount (Tax Excluded)	Unpaid Amount (Tax Excluded)
Acquisition of machinery and equipment	<u>\$ 648,153</u>	<u>\$ 389,949</u>	<u>\$ 258,204</u>
Acquisition of machinery and equipment	<u>RMB 203,495</u>	<u>RMB 29,887</u>	<u>RMB 173,608</u>
Acquisition of machinery and equipment	<u>JPY 1,172,650</u>	<u>JPY 526,424</u>	<u>JPY 646,226</u>
Acquisition of machinery and equipment	<u>US\$ 3,171</u>	<u>US\$ 2,386</u>	<u>US\$ 785</u>
Acquisition of machinery and equipment	<u>IDR 39,612,760</u>	<u>IDR 28,616,395</u>	<u>IDR 10,996,365</u>

### 33. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

### 34. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate on October 21, 2024. The fee will be levied starting from January 1, 2025. Based on the emissions of the Group in 2023, the Group expects that it will not be the entity subject to carbon fees.

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

**Unit: In Thousands of Foreign Currencies and New Taiwan Dollars**

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 93,304	32.7810 (USD:NTD)	\$ 3,058,598
USD	10,218	7.1883 (USD:RMB)	334,956
JPY	1,409,219	0.2098 (JPY:NTD)	295,654
JPY	977,152	0.0460 (JPY:RMB)	205,006
JPY	635,293	0.0064 (JPY:USD)	133,284
<u>Financial liabilities</u>			
Monetary items			
USD	8,959	32.7810 (USD:NTD)	293,685
USD	1,196	7.1883 (USD:RMB)	39,206
JPY	1,340,041	0.2098 (JPY:NTD)	281,141
JPY	2,054,247	0.0460 (JPY:RMB)	430,981
JPY	168,827	0.0064 (JPY:USD)	35,420

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 91,758	30.7350 (USD:NTD)	\$ 2,820,182
USD	10,743	7.0827 (USD:RMB)	330,186
JPY	241,127	0.2173 (JPY:NTD)	52,397
JPY	39,564	0.0501 (JPY:RMB)	8,597
JPY	33,957	0.0071 (JPY:USD)	7,379

Financial liabilities

Monetary items			
USD	5,515	30.7350 (USD:NTD)	169,504
USD	2,596	7.0827 (USD:RMB)	79,788
JPY	1,541,190	0.2173 (JPY:NTD)	334,901
JPY	1,636,942	0.0501 (JPY:RMB)	355,707
JPY	48,361	0.0071 (JPY:USD)	10,509

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$259,956 thousand and \$68,611 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the group.

### 36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases or sales of goods or to related parties reaching least NT\$100 million or 20% of the paid-in capital. (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)

- 9) Trading in derivative instruments. (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 7)
- b. Information on investees. (Table 4)
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

### 37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

#### a. Crystal segment

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

- 1) The similar gross profit between the selling units.
- 2) The similar product's nature and manufacturing process.
- 3) The same product's delivery type.

b. Real estate development segment

The department and sales of real estate, along with mall space leasing in Chongqing is considered a separate operating segment by the chief operating decision maker (CODM).

Segment revenue and results

	<b>Segment Revenue</b>		<b>Segment Profit</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Crystal segment	\$ 12,658,408	\$ 10,827,498	\$ 2,158,283	\$ 1,882,543
Real estate development segment	13,850	22,904	(21,799)	(13,522)
Continuing operations	<u>\$ 12,672,258</u>	<u>\$ 10,850,402</u>	2,136,484	1,869,021
Interest income			72,417	77,204
Other income			137,373	163,029
Other gains and losses			268,509	7,038
Finance costs			(56,143)	(57,619)
Share of profit of associates and joint ventures for using the equity method			<u>16,200</u>	<u>4,573</u>
Profit before tax (continuing operations)			<u>\$ 2,574,840</u>	<u>\$ 2,063,246</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2024 and 2023.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

c. Revenue from major products and services

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Crystals	\$ 9,819,322	\$ 8,518,531
Oscillators	2,370,901	2,057,750
Construction contract revenue	13,850	22,904
Others	<u>468,185</u>	<u>251,217</u>
	<u>\$ 12,672,258</u>	<u>\$ 10,850,402</u>



d. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Taiwan	\$ 456,826	\$ 399,710	\$ 2,940,252	\$ 2,878,665
Asia	11,618,139	9,877,194	5,548,445	4,041,775
America	332,402	328,259	1,307	1,220
Europe	258,781	230,349	424	397
Others	<u>6,110</u>	<u>14,890</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,672,258</u>	<u>\$ 10,850,402</u>	<u>\$ 8,490,428</u>	<u>\$ 6,922,057</u>

Non-current assets exclude financial instruments and deferred tax assets.

e. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
F Group	<u>\$ 1,992,216</u>	<u>\$ 2,101,830</u>

**TABLE 1**

**TXC CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2024**  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Financial assets at fair value through other comprehensive income - non-current	800	\$ 3,201	4	\$ 3,201	
	RFIC Technology Corporation	TXC Corporation is a director of the Company	"	3,334	25,912	12	25,912	
	Gallopwave Inc.	"	"	6,250	20,179	8	20,179	
	<u>Stock - listed company</u> Taiwan Semiconductor Manufacturing Company Limited	None	Financial assets at fair value through profit or loss - current	40	43,000	-	43,000	
	Win Win Precision Technology Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	1,788	<u>40,678</u>	3	<u>40,678</u>	
					<u>\$ 132,970</u>		<u>\$ 132,970</u>	
	<u>Shares overseas - unlisted company</u> Stathera IP Holdings Inc.	None	Financial assets at fair value through other comprehensive income - non-current	65	<u>\$ 6,422</u>	1	<u>\$ 6,422</u>	
	<u>Convertible bonds</u> WPG Holdings Limited	None	Financial assets at fair value through profit or loss - current	75	\$ 7,620	-	\$ 7,620	
	TCC Group Holdings CO., LTD.	"	"	100	<u>9,930</u>	-	<u>9,930</u>	
					<u>\$ 17,550</u>		<u>\$ 17,550</u>	
TXC (Ningbo) Corporation	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	567	<u>\$ 171,805</u>	5	<u>\$ 171,805</u>	
	<u>Structured deposits</u> Agricultural Bank of China.	None	Financial assets at fair value through profit or loss - current	RMB 40,364	\$ 184,071	-	\$ 184,071	
	Bank of Ningbo	"	"	RMB 40,312	183,837	-	183,837	
	China Everbright Bank	"	"	RMB 15,150	69,088	-	69,088	
	China Guangfa Bank	"	"	RMB 10,136	<u>46,223</u>	-	<u>46,223</u>	
					<u>\$ 483,219</u>		<u>\$ 483,219</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC (Chongqing) Corporation	<u>Structured deposits</u> China Construction Bank	None	Financial assets at fair value through profit or loss - current	RMB 20,038	\$ 91,380	-	\$ 91,380	
	China Merchants Bank	"	"	RMB 10,059	45,873	-	45,873	
	China CITIC Bank	"	"	RMB 10,003	45,616	-	45,616	
	Bank of China	"	"	RMB 95,684	436,346	-	436,346	
					<u>\$ 619,215</u>		<u>\$ 619,215</u>	
Ningbo Beilun Jingyu Trading Corporation	<u>Beneficiary certificate</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 68	<u>\$ 308</u>	-	<u>\$ 308</u>	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,004	<u>\$ 132,706</u>	3	<u>\$ 132,706</u>	
Chongqing Zhongyang Properties Co., Ltd.	<u>Structured deposits</u> Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 9,191	\$ 41,913	-	\$ 41,913	
	China Construction Bank Corporation	"	"	RMB 6,039	27,539	-	27,539	
					<u>\$ 69,452</u>		<u>\$ 69,452</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	<u>Structured deposits</u> China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 803	<u>\$ 3,663</u>	-	<u>\$ 3,663</u>	
TETC Corp. Ningbo	<u>Structured deposits</u> Agricultural Bank of China.	None	Financial assets at fair value through profit or loss - current	RMB 30,273	\$ 138,053	-	\$ 138,053	
	Bank of Ningbo	None	"	RMB 20,177	92,015	-	92,015	
					<u>\$ 230,068</u>		<u>\$ 230,068</u>	

(Concluded)

**TABLE 2**

**TXC CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 2,491,061	35	No significant differences with the third parties.	Its trading price depends on its function within the Group	No significant differences with the third parties.	\$ (650,476)	(40)	
	TXC (Ningbo) Corporation	"	Sale	967,537	10	"	"	"	268,868	9	
	TXC (Chongqing) Corporation	"	Purchase	1,388,616	20	"	"	"	(331,936)	(20)	
	TETC CORP. NINGBO	"	Purchase	489,701	7	"	"	"	(114,567)	(7)	
	TETC CORP. NINGBO	"	Sale	153,510	2	"	"	"	66,620	2	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	"	Purchase	198,303	8	"	"	"	(55,324)	(7)	
	TETC CORP. NINGBO	"	Sale	173,719	4	"	"	"	102,466	9	

**TABLE 3**

**TXC CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	\$ 268,868	4.35	\$ -	-	\$ 125,973	\$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	650,476	4.62	-	-	413,234	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	331,936	3.18	-	-	200,719	-
TETC CORP. NINGBO	TXC Corporation	Parent entity	114,567	4.53	-	-	68,441	-
TXC (Ningbo) Corporation	TETC CORP. NINGBO	Subsidiary	102,466	3.02	-	-	59,088	-

TABLE 4

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2024	December 31, 2023	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 8,879,763	\$ 1,230,706	\$ 1,224,898	
	Taiwan Crystal Technology (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	209,731	3,700	3,700	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	31,865	839	839	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	24,078	(747)	(747)	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	373,432	373,432	8,802	33.34	428,728	90,816	30,280	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	13,142	1,834	1,834	
TXC (Ningbo) Corporation	PT TXC Technology Indonesia	Indonesia	Research and development, manufacture, and sale of quartz elements and related electronic products	517,840	-	1,600	81.22	518,372	(4,645)	(3,768)	

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2024 (In Thousand)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (In Thousand)	Net Income (Loss) of the Investee	Percentage of Ownership	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$	\$	\$ 1,427,630	\$ 1,230,707	100.00	\$ 1,230,707	\$ 8,956,700	\$ 1,752,692
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-				237,758	100.00	237,758	1,926,753	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	656,740	Other investment of the Corporation in mainland China	-				446,724	100.00	446,724	1,992,969	
Chongqing Zhongyang Properties Co., Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-				(18,876)	100.00	(18,876)	795,160	
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-				268	100.00	268	6,670	
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	246,257	Other investment of the Corporation in mainland China	-				(47,939)	29.37	(14,080)	36,234	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-				-	100.00	-	132,987	
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	4,390	Other investment of the Corporation in mainland China	-				2,557	100.00	2,557	1,342	
Shanghai JCH Co., Ltd	Marketing activities and Technical Services	2,238	Other investment of the Corporation in mainland China	-				8,390	100.00	8,390	19,923	

2. The limited amounts of the investment in mainland China

Accumulated Outward Remittance for Investments in mainland China as of December 31, 2024	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,427,630	\$ 2,350,052	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY,  
AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Accounts/Notes Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 2,491,061	35	Its trading price depends on its function within the Group	Similar with third parties	Its trading price depends on its function within the Group	\$ (650,476)	(40)	\$ 44,276	
	TXC (Ningbo) Corporation	Sale	967,537	10	"	"	"	268,868	9	8,335	
	TXC (Chongqing) Corporation	Purchase	1,388,616	20	"	"	"	(331,936)	(20)	18,625	
	TETC CORP. NINGBO	Purchase	489,701	7	"	"	"	(114,567)	(7)	4,289	
	TETC CORP. NINGBO	Sale	153,510	2	"	"	"	66,620	2	5,753	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.
4. Financing directly or indirectly provided to the investees: None.
5. Other transactions that significantly impacted the current year’s profit or loss or financial position: None.



**TABLE 7**

**TXC CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms (Notes 1 and 2)	Percentage of Total Sales or Assets (%)
0	TXC Corporation	TXC (Ningbo) Corporation	a	Sales	\$ 967,537	a	9
				Purchase	2,491,061	a	23
				Trade receivables	268,868	a	1
				Trade payables	650,476	a	3
		TXC (Chongqing) Corporation	a	Purchase	1,388,616	a	13
				Trade payables	331,936	a	2
		TETC CORP. NINGBO	a	Sales	153,510	a	1
				Purchase	489,701	a	5
				Trade receivables	66,620	a	-
				Trade payables	114,567	a	1
1	TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	c	Purchase	198,303	c	2
				Trade payables	55,324	c	-
		TETC CORP. NINGBO	c	Sales	173,719	c	2
				Trade receivables	102,466	c	1

Note 1: a. Represent the transactions from parent company to subsidiary.  
c. Represent the transactions between subsidiaries.

Note 2: In 2024, the selling price and purchasing price were not significantly different from those of third parties, except those for TXC (Ningbo) Corporation, TXC (Chongqing) Corporation, TETC CORP. NINGBO and Taiwan Crystal Technology (HK) Limited which is depending on its function within the Group.

Note 3: The Company may decide whether to list the material transactions in this table according to the principle of materiality.

**TABLE 8****TXC CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2024****(In Thousands of Shares)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	34,942,000	10.18

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

## **TXC Corporation**

**Parent Company Only Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TXC Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of TXC Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. 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.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2024 is stated as follows:

For the year ended December 31, 2024, the Company's revenue was approximately 12% more compared to its revenue for the year ended December 31, 2023. In comparison with 2023, the revenue derived from specific product applications increased; therefore, we considered the occurrence of revenue derived from specific product applications as a key audit matter.

The key audit procedures that we performed included the following:

1. We obtained an understanding of and tested the appropriateness of the design and the implementation of internal control system that is related to revenue recognition.
2. We selected samples from the revenue details of specific product applications, checked the sales orders, delivery notes, shipping documents and invoices of the relevant transactions and reconcile them with the recorded amounts to confirm the authenticity of the revenue.
3. Obtain the subsequent receipt details for specific product applications, verify the related supporting documents, and examine whether there are any anomalies between the sales counterparties and the payment counterparties to ensure the authenticity of revenue.

#### **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 such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yi-Hua Peng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2025

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# TXC CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,296,766	11	\$ 1,972,837	11
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	61,965	-	-	-
Financial assets at amortized cost - current (Notes 4 and 9)	78,674	-	75,342	1
Trade receivables (Notes 4 and 10)	2,703,385	14	2,548,323	14
Trade receivables from related parties (Notes 4, 10 and 27)	351,713	2	219,990	1
Other receivables (Notes 4 and 10)	60,308	-	26,341	-
Other receivables from related parties (Notes 4 and 27)	1,086	-	7,828	-
Current tax assets (Notes 4 and 23)	78,982	-	74,030	1
Inventories (Notes 4 and 11)	1,503,653	8	1,466,069	8
Other current assets	<u>129,062</u>	<u>1</u>	<u>14,911</u>	<u>-</u>
Total current assets	<u>7,265,594</u>	<u>36</u>	<u>6,405,671</u>	<u>36</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	96,392	1	171,335	1
Investments accounted for using the equity method (Notes 4 and 12)	9,587,307	48	8,221,696	46
Property, plant and equipment (Notes 4 and 13)	2,482,549	13	2,582,189	15
Right-of-use assets (Notes 4 and 14)	11,302	-	3,867	-
Investment properties (Notes 4 and 15)	15,966	-	17,225	-
Intangible assets (Note 4)	9,130	-	13,593	-
Deferred tax assets (Notes 4 and 23)	23,383	-	47,746	-
Prepayment for equipment	412,507	2	259,225	2
Refundable deposits	3,572	-	2,566	-
Net defined benefit assets - non-current (Note 4 and 19)	<u>5,227</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>12,647,335</u>	<u>64</u>	<u>11,319,442</u>	<u>64</u>
TOTAL	<u>\$ 19,912,929</u>	<u>100</u>	<u>\$ 17,725,113</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 26)	\$ -	-	\$ 18,323	-
Trade payables	545,977	3	506,797	3
Trade payables to related parties (Note 27)	1,100,132	6	1,074,959	6
Other payables (Note 18)	692,348	4	625,593	4
Other payables to related parties (Note 27)	16,852	-	1,869	-
Current tax liabilities (Notes 4 and 23)	49,629	-	-	-
Lease liabilities - current (Notes 4 and 14)	4,896	-	2,270	-
Current portion of long-term borrowings and bonds payable (Notes 16 and 17)	419,333	2	1,829,907	10
Other current liabilities	<u>71,630</u>	<u>-</u>	<u>30,333</u>	<u>-</u>
Total current liabilities	<u>2,900,797</u>	<u>15</u>	<u>4,090,051</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	533,333	3	1,652,667	9
Deferred tax liabilities (Notes 4 and 23)	108,649	-	77,493	1
Lease liabilities - non-current (Notes 4 and 14)	6,511	-	1,631	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	20,105	-
Guarantee deposits received	<u>39,284</u>	<u>-</u>	<u>9,550</u>	<u>-</u>
Total non-current liabilities	<u>687,777</u>	<u>3</u>	<u>1,761,446</u>	<u>10</u>
Total liabilities	<u>3,588,574</u>	<u>18</u>	<u>5,851,497</u>	<u>33</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	3,429,930	17	3,097,570	17
Bond conversion entitlement certificates	-	-	9	-
Total share capital	<u>3,429,930</u>	<u>17</u>	<u>3,097,579</u>	<u>17</u>
Capital surplus	<u>4,622,137</u>	<u>23</u>	<u>1,718,693</u>	<u>10</u>
Retained earnings				
Legal reserve	2,437,715	12	2,243,247	13
Special reserve	527,767	3	143,071	1
Unappropriated earnings	<u>5,379,666</u>	<u>27</u>	<u>5,198,793</u>	<u>29</u>
Total retained earnings	<u>8,345,148</u>	<u>42</u>	<u>7,585,111</u>	<u>43</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(140,531)	(1)	(582,706)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	<u>67,671</u>	<u>1</u>	<u>54,939</u>	<u>-</u>
Total other equity	<u>(72,860)</u>	<u>-</u>	<u>(527,767)</u>	<u>(3)</u>
Total equity	<u>16,324,355</u>	<u>82</u>	<u>11,873,616</u>	<u>67</u>
TOTAL	<u>\$ 19,912,929</u>	<u>100</u>	<u>\$ 17,725,113</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.



# TXC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
SALES (Note 21)	\$ 9,821,044	100	\$ 8,802,818	100
COST OF GOODS SOLD (Notes 11 and 22)	<u>7,672,257</u>	<u>78</u>	<u>6,791,972</u>	<u>77</u>
GROSS PROFIT	2,148,787	22	2,010,846	23
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES/AND JOINT VENTURES	(14,091)	-	(9,266)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES/AND JOINT VENTURES	<u>9,266</u>	<u>-</u>	<u>9,767</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,143,962</u>	<u>22</u>	<u>2,011,347</u>	<u>23</u>
OPERATING EXPENSES (Notes 4 and 22)				
Selling and marketing expenses	261,769	3	235,954	3
General and administrative expenses	247,924	2	218,275	3
Research and development expenses	723,146	7	642,718	7
Expected credit gain	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
Total operating expenses	<u>1,232,839</u>	<u>12</u>	<u>1,096,941</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>911,123</u>	<u>10</u>	<u>914,406</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	44,432	-	38,868	1
Other income (Notes 4 and 22)	26,943	-	26,055	-
Other gains and losses (Note 22)	194,291	2	11,296	-
Finance costs (Notes 4 and 22)	(38,206)	-	(37,349)	-
Shares of profits of associates and joint ventures (Note 12)	<u>1,260,804</u>	<u>13</u>	<u>984,206</u>	<u>11</u>
Total non-operating income and expenses	<u>1,488,264</u>	<u>15</u>	<u>1,023,076</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	2,399,387	25	1,937,482	22
INCOME TAX EXPENSE (Note 23)	<u>261,972</u>	<u>3</u>	<u>223,780</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,137,415</u>	<u>22</u>	<u>1,713,702</u>	<u>20</u>

(Continued)

# TXC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 16,307	-	\$ 3,030	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(74,943)	(1)	(45,086)	-
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	<u>87,901</u>	<u>1</u>	<u>20,521</u>	<u>-</u>
	<u>29,265</u>	<u>-</u>	<u>(21,535)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	424,239	5	(127,850)	(2)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	<u>17,936</u>	<u>-</u>	<u>(4,333)</u>	<u>-</u>
	<u>442,175</u>	<u>5</u>	<u>(132,183)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>471,440</u>	<u>5</u>	<u>(153,718)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,608,855</u>	<u>27</u>	<u>\$ 1,559,984</u>	<u>18</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 6.55</u>		<u>\$ 5.53</u>	
Diluted	<u>\$ 6.39</u>		<u>\$ 5.33</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

TXC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Others		Total Equity
	Shares (In Thousands)	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
		Ordinary Share	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2023	309,757	\$ 3,097,570	\$ -	\$ 1,709,979	\$ 1,946,812	\$ -	\$ 5,861,917	\$ (450,523)	\$ 307,453	\$ 12,473,208
Appropriation of 2022 earnings (Note 19)										
Legal reserve	-	-	-	-	296,435	-	(296,435)	-	-	-
Special reserve	-	-	-	-	-	143,071	(143,071)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,168,299)	-	-	(2,168,299)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	1,713,702	-	-	1,713,702
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	3,169	(132,183)	(24,704)	(153,718)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	1,716,871	(132,183)	(24,704)	1,559,984
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	227,810	-	(227,810)	-
Convertible bond converted to ordinary shares	1	-	9	91	-	-	-	-	-	100
Donations from shareholders	-	-	-	269	-	-	-	-	-	269
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	8,354	-	-	-	-	-	8,354
BALANCE AT DECEMBER 31, 2023	309,758	3,097,570	9	1,718,693	2,243,247	143,071	5,198,793	(582,706)	54,939	11,873,616
Appropriation of 2023 earnings (Note 19)										
Legal reserve	-	-	-	-	194,468	-	(194,468)	-	-	-
Special reserve	-	-	-	-	-	384,696	(384,696)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,393,911)	-	-	(1,393,911)
Net profit for the year ended December 31, 2024	-	-	-	-	-	-	2,137,415	-	-	2,137,415
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	16,533	442,175	12,732	471,440
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	2,153,948	442,175	12,732	2,608,855
Convertible bond converted to ordinary shares	8,235	82,360	(9)	816,091	-	-	-	-	-	898,442
Donations from shareholders	-	-	-	(147)	-	-	-	-	-	(147)
Issuance of ordinary shares for cash	25,000	250,000	-	2,087,500	-	-	-	-	-	2,337,500
BALANCE AT DECEMBER 31, 2024	342,993	\$ 3,429,930	\$ -	\$ 4,622,137	\$ 2,437,715	\$ 527,767	\$ 5,379,666	\$ (140,531)	\$ 67,671	\$ 16,324,355

The accompanying notes are an integral part of the parent company only financial statements.

# TXC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,399,387	\$ 1,937,482
Adjustments for:		
Depreciation expenses	510,508	504,459
Amortization expenses	10,821	12,386
Expected credit loss reversed on trade receivables	-	(6)
Net (profit) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(5,103)	11,779
Finance costs	38,206	37,349
Interest income	(44,432)	(38,868)
Dividend income	(4,651)	(12,561)
Share of profit of associates and joint ventures	(1,260,804)	(984,206)
Gain on disposal of property, plant and equipment	(2,200)	(1,091)
Write-down of inventories	8,644	13,573
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	14,091	9,266
Realized gain on the transactions with subsidiaries, associates and joint ventures	(9,266)	(9,767)
Gain on modifications of lease	-	(7)
Changes in operating assets and liabilities:		
Notes receivable	-	541
Trade receivables	(155,062)	428,658
Trade receivables from related parties	(131,723)	(5,990)
Other receivables	(33,761)	(7,801)
Other receivables from related parties	6,742	(7,458)
Inventories	(46,228)	(8,438)
Other current assets	(114,151)	(5,114)
Trade payables	39,180	76,082
Trade payables to related parties	25,173	143,381
Other payables	67,308	(239,169)
Other payables to related parties	14,983	505
Other current liabilities	41,297	9,669
Net defined benefit liabilities	(4,948)	(11,310)
Cash generated from operations	1,364,011	1,853,344
Interest paid	(32,737)	(26,101)
Income taxes paid	(165,853)	(541,295)
Net cash generated from operating activities	<u>1,165,421</u>	<u>1,285,948</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(75,185)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	13,274

(Continued)

# TXC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (40,435)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	299,306
Purchase of financial assets at amortized cost	-	(23,083)
Proceeds from sale of financial assets at amortized cost	1,372	-
Payments for property, plant and equipment	(409,048)	(197,244)
Proceeds from disposal of property, plant and equipment	6,128	4,393
Increase in refundable deposits	(1,006)	-
Payments for intangible assets	(6,358)	(8,184)
Increase in prepayment for equipment	(153,282)	(175,441)
Interest received	44,266	38,507
Dividend received from associates	402,840	390,150
Other dividends received	<u>22,215</u>	<u>32,686</u>
Net cash (used in) generated from investing activities	<u>(168,058)</u>	<u>333,929</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of bonds payable	(301,400)	-
Proceeds from long-term borrowings	3,000,000	1,500,000
Repayments of long-term borrowings	(4,336,088)	(1,350,753)
Proceeds from guarantee deposits received	29,734	-
Repayments of principle portion of lease liabilities	(4,418)	(3,243)
Dividends paid to owners of the company	(1,393,911)	(2,168,299)
Proceeds from issuance of ordinary shares	2,337,500	-
Other changes in capital surplus	<u>(147)</u>	<u>269</u>
Net cash used in financing activities	<u>(668,730)</u>	<u>(2,022,026)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(4,704)</u>	<u>(47)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	323,929	(402,196)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,972,837</u>	<u>2,375,033</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,296,766</u>	<u>\$ 1,972,837</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

# **TXC CORPORATION**

## **NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. ORGANIZATION AND OPERATIONS**

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

TXC’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). For the “Corporate Governance Evaluation” jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the Company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent from 2018 to 2022. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest. Since 2009, the Company prepared Corporate Social Responsibility Report in accordance with GRI Standards every year, officially established ESG Committee on 2021. Meanwhile, The Company prepared ESG Report to acquire the third party (BSI) certification, initially introduced TCFD and SASB, implemented sustainable development based on scientific methods which met international mainstream, and implementation of human rights equality, gender-friendly workplace and fulfilled the responsibilities as a global citizen.

Moreover, the Company actively addresses climate change by implementing renewable energy initiatives, pursuing a dual approach of procuring external renewable energy and independently establishing solar power systems. Committed to energy conservation and emissions reduction, the Company has established the ISO 50001 energy management system, completed ISO 14067 product carbon footprint assessments, and conducted ISO 14064-1 organizational greenhouse gas inventories across the entire group. Additionally, an energy management and monitoring information platform has been introduced to systematically oversee energy data and proactively develop countermeasures. Through multiple efficient channels, the Company continues to advance energy conservation and emissions reduction efforts, earning recognition with the prestigious “ESG Sustainability Leadership Award” from BSI in 2024.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The parent company only financial statements were approved by the Company’s board of directors on March 10, 2025.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025.

New, Amended Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

#### 1) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

- 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
    - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
    - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
  - b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
  - c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.
- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.



1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the specific identification of cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has a significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

#### h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## 1. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

##### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note and trade receivables at amortized cost, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.



c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contract and exchange contracts, interest rate swaps and options.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of crystals frequency control devices and sensors. Sales of crystals frequency control devices and sensors are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants related to income are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs and other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination and the acquisition of a subsidiary, the tax effect is included in the accounting for the business combination and investments in a subsidiary.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 479	\$ 640
Checking accounts and demand deposits	1,217,903	1,272,197
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	978,384	-
Repurchase agreements collateralized by bonds	<u>100,000</u>	<u>700,000</u>
	<u>\$ 2,296,766</u>	<u>\$ 1,972,837</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Demand deposits	0.001%-3.76%	0.001%-3.5%
Time deposits	1.5%-4.61%	-
Repurchase agreements collateralized by bonds	1.47%	1.16%-1.26%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (*)	\$ 1,415	\$ -
Non-derivative financial assets		
Domestic listed shares	43,000	-
Hybrid financial assets		
Convertible bonds	17,550	-
	<u>60,550</u>	<u>-</u>
	<u>\$ 61,965</u>	<u>\$ -</u>

### Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (*)	\$ -	\$ 18,323

\* At the end of the reporting period, outstanding foreign exchange forward contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2024</u>			
Knock-out forward	USD/RMB	2025.01.13	USD4,000/RMB29,030
Exchange contracts	USD/NTD	2025.01.21-2025.02.04	USD7,000/NTD222,583
Foreign exchange currency options	USD/NTD	2025.01.03-2025.02.05	USD7,000/NTD225,900
<u>December 31, 2023</u>			
Knock-out forward	USD/RMB	2024.01.09-2024.02.19	USD6,000/RMB43,440
Exchange contracts	USD/NTD	2024.02.20-2024.05.02	USD31,000/NTD961,812
Exchange contracts	JPY/NTD	2024.01.10-2024.02.20	JPY400,000/NTD86,540

The Company entered into foreign exchange forward contracts and exchange contracts during the years ended December 31, 2024 and 2023 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Listed shares		
Win Win Precision Technology Co., Ltd.	\$ 40,678	\$ -
Emerging market shares		
Win Win Precision Technology Co., Ltd.	-	72,844
Unlisted shares	49,292	68,056
Foreign investments		
Unlisted shares	<u>6,422</u>	<u>30,435</u>
	<u>\$ 96,392</u>	<u>\$ 171,335</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

On May 9, 2024 and January 16, 2023, Win Win Precision Technology Co., Ltd.'s shares were listed on the Taiwan Stock Exchange (TWSE) and Taipei Exchange (OTC), respectively. The transfer of fair value measurement level referred to Note 26.

In 2023, the Company sold its shares in UPI Semiconductor Corp. in order to manage credit concentration risk. The shares sold had a fair value of \$299,306 thousand and its related unrealized gain of \$227,810 thousand was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Pledge deposits	<u>\$ 78,674</u>	<u>\$ 75,342</u>

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,064,469	\$ 2,778,366
Less: Allowance for impairment loss	<u>(9,371)</u>	<u>(10,053)</u>
	<u>\$ 3,055,098</u>	<u>\$ 2,768,313</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 29,846	\$ 25,166
Others	<u>30,462</u>	<u>1,175</u>
	<u>\$ 60,308</u>	<u>\$ 26,341</u>

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The Company recognizes 100% loss allowance for trade receivables of greater than 120 days past due and unsecured.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

### December 31, 2024

	<b>Not Past Due</b>	<b>1 to 60 Days</b>	<b>61 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.32%	0.02%-0.66%	100%	100%	100%	
Gross carrying amount	\$ 2,893,421	\$ 171,048	\$ -	\$ -	\$ -	\$ 3,064,469
Loss allowance (Lifetime ECL)	<u>(9,324)</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,371)</u>
Amortized cost	<u>\$ 2,884,097</u>	<u>\$ 171,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,055,098</u>



## December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.38%	0.02%-0.06%	0.65%-0.98%	100%	100%	
Gross carrying amount	\$ 2,665,357	\$ 112,926	\$ 83	\$ -	\$ -	\$ 2,778,366
Loss allowance (Lifetime ECL)	<u>(10,030)</u>	<u>(22)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(10,053)</u>
Amortized cost	<u>\$ 2,655,327</u>	<u>\$ 112,904</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,768,313</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 10,053	\$ 10,059
Less: Impairment losses reversed	-	(6)
Less: Amounts written off	<u>(682)</u>	<u>-</u>
Balance at December 31	<u>\$ 9,371</u>	<u>\$ 10,053</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Finished goods	\$ 269,942	\$ 240,845
Work in process	391,022	272,310
Raw materials	324,394	337,617
Supplies and spare parts	112,410	118,584
Merchandise	394,739	475,460
Inventory in transit	<u>11,146</u>	<u>21,253</u>
	<u>\$ 1,503,653</u>	<u>\$ 1,466,069</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$7,672,257 thousand and \$6,791,972 thousand, respectively. The cost of goods sold for the 2024 and 2023 included inventory write-downs of \$8,644 thousand and \$13,573 thousand, respectively.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Investments in subsidiaries	\$ 9,158,579	\$ 7,823,744
Investments in associates	<u>428,728</u>	<u>397,952</u>
	<u>\$ 9,587,307</u>	<u>\$ 8,221,696</u>

## Investments in Subsidiaries

	December 31	
	2024	2023
Unlisted companies		
Taiwan Crystal Technology International Limited	\$ 8,879,763	\$ 7,563,696
TXC Technology Inc.	24,078	23,290
TXC Japan Corporation	31,865	32,358
Taiwan Crystal Technology (HK) Limited	209,731	193,100
TXC Europe GmbH	<u>13,142</u>	<u>11,300</u>
	<u>\$ 9,158,579</u>	<u>\$ 7,823,744</u>

The proportion of the Company's ownership was as follows:

	December 31	
	2024	2023
<u>Unlisted shares</u>		
Taiwan Crystal Technology International Ltd.	100	100
TXC Technology Inc.	100	100
TXC Japan Corporation	100	100
Taiwan Crystal Technology (HK) Limited	100	100
TXC Europe GmbH	100	100

## Investments in Associates

	December 31	
	2024	2023
Associate that is not individually material	<u>\$ 428,728</u>	<u>\$ 397,952</u>
	For the Year Ended December 31	
	2024	2023
The Company's share of:		
Profit from continuing operations	\$ 30,280	\$ 20,756
Other comprehensive income (loss)	<u>18,101</u>	<u>(4,266)</u>
Total comprehensive income for the year	<u>\$ 48,381</u>	<u>\$ 16,490</u>

Refer to Table 4 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 621,855	\$ 3,024	\$ 1,592,165	\$ 4,644,182	\$ 1,534	\$ 123,001	\$ 6,985,761
Additions	-	-	42,677	152,398	866	1,303	197,244
Disposals	-	-	(2,033)	(78,687)	(790)	(1,930)	(83,440)
Reclassified	-	-	-	(3,200)	-	-	(3,200)
Balance at December 31, 2023	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 1,632,809</u>	<u>\$ 4,714,693</u>	<u>\$ 1,610</u>	<u>\$ 122,374</u>	<u>\$ 7,096,365</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 1,582	\$ 742,923	\$ 3,258,095	\$ 1,459	\$ 90,397	\$ 4,094,456
Disposals	-	-	(2,033)	(75,385)	(790)	(1,930)	(80,138)
Depreciation expenses	-	317	65,420	421,916	89	12,116	499,858
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,899</u>	<u>\$ 806,310</u>	<u>\$ 3,604,626</u>	<u>\$ 758</u>	<u>\$ 100,583</u>	<u>\$ 4,514,176</u>
Carrying value at December 31, 2023	<u>\$ 621,855</u>	<u>\$ 1,125</u>	<u>\$ 826,499</u>	<u>\$ 1,110,067</u>	<u>\$ 852</u>	<u>\$ 21,791</u>	<u>\$ 2,582,189</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 621,855	\$ 3,024	\$ 1,632,809	\$ 4,714,693	\$ 1,610	\$ 122,374	\$ 7,096,365
Additions	-	-	117,545	253,235	-	38,268	409,048
Disposals	-	-	(3,684)	(156,138)	-	(4,114)	(163,936)
Balance at December 31, 2024	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 1,746,670</u>	<u>\$ 4,811,790</u>	<u>\$ 1,610</u>	<u>\$ 156,528</u>	<u>\$ 7,341,477</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ -	\$ 1,899	\$ 806,310	\$ 3,604,626	\$ 758	\$ 100,583	\$ 4,514,176
Disposals	-	-	(3,684)	(152,210)	-	(4,114)	(160,008)
Depreciation expenses	-	312	67,755	425,514	173	11,006	504,760
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 2,211</u>	<u>\$ 870,381</u>	<u>\$ 3,877,930</u>	<u>\$ 931</u>	<u>\$ 107,475</u>	<u>\$ 4,858,928</u>
Carrying value at December 31, 2024	<u>\$ 621,855</u>	<u>\$ 813</u>	<u>\$ 876,289</u>	<u>\$ 933,860</u>	<u>\$ 679</u>	<u>\$ 49,053</u>	<u>\$ 2,482,549</u>

There was no impairment assessment was performed for the years ended December 31, 2024 and 2023 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	5-7 years
Buildings	3-51 years
Equipment	
Major production equipments	2-15 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	5 years
Office equipments	2-8 years

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Buildings	\$ 6,430	\$ 1,309
Transportation equipment	<u>4,872</u>	<u>2,558</u>
	<u>\$ 11,302</u>	<u>\$ 3,867</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 11,923</u>	<u>\$ 2,878</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 2,595	\$ 2,618
Transportation equipment	<u>1,894</u>	<u>619</u>
	<u>\$ 4,489</u>	<u>\$ 3,237</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Current	\$ 4,896	\$ 2,270
Non-current	<u>6,511</u>	<u>1,631</u>
	<u>\$ 11,407</u>	<u>\$ 3,901</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Buildings	2.49%	1.27%
Transportation equipment	3.00%-3.14%	3.00%

### c. Material leasing activities and terms

The Company leases certain warehouses in economic zone with lease term of 3 years, and leases car for business use with lease term of 3 years. The Company does not have a bargain purchase option to acquire the leased warehouse at the expire of the lease period.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	\$ <u>366</u>	\$ <u>249</u>
Total cash outflow for leases	\$ <u>(4,784)</u>	\$ <u>(3,492)</u>

The Company's leases of certain building qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 15. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 28,577
Additions	-
Disposals	<u>-</u>
Balance at December 31, 2023	<u>\$ 28,577</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (9,988)
Disposals	-
Depreciation expenses	<u>(1,364)</u>
Balance at December 31, 2023	<u>\$ (11,352)</u>
Carrying amounts at December 31, 2023	<u>\$ 17,225</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 28,577
Additions	-
Disposals	<u>-</u>
Balance at December 31, 2024	<u>\$ 28,577</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2024	\$ (11,352)
Disposals	-
Depreciation expenses	<u>(1,259)</u>
Balance at December 31, 2024	<u>\$ (12,611)</u>
Carrying amounts at December 31, 2024	<u>\$ 15,966</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives of 3-51 years.

The fair value of the Company's investment properties as of December 31, 2024 and 2023 was \$88,212 thousand and \$57,577 thousand, respectively. The determination of fair value valuation had not been performed by independent qualified professional valuers; however, the management of the Company had used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment properties were freehold properties.

## 16. BORROWINGS

### Long-term Borrowings

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 952,666	\$ 2,288,754
Less: Current portions	<u>(419,333)</u>	<u>(636,087)</u>
Long-term borrowings	<u>\$ 533,333</u>	<u>\$ 1,652,667</u>
Detail of borrowings		
Annual interest rate	0.98%-1.79%	0.85%-1.55%
Maturity date	Due by August 2026	Due by August 2026

## 17. BONDS PAYABLE

	December 31	
	2024	2023
Unsecured domestic convertible bonds	\$ -	\$ 1,199,900
Less: Discount on bonds payable	<u>-</u>	<u>(6,080)</u>
	-	1,193,820
Less: Corporate bonds due within one year or one operating cycle	<u>-</u>	<u>(1,193,820)</u>
Unsecured domestic convertible bonds	<u>\$ -</u>	<u>\$ -</u>

On July 26, 2021, the Company issued the 5th domestic unsecured convertible bonds with an aggregate principal amount of \$1,200,000 thousand at 0% interest rate, and the issuance period is for three years from July 26, 2021 to July 26, 2024. The repayment will be made at face value in full by cash upon maturity. Bondholders are entitled to convert bonds into the Company's ordinary shares from October 27, 2021 to July 26, 2024. The conversion price was set initially at \$138 per share. According to the regulations on issuance and conversion of bonds, the conversion price should be adjusted to \$109.1 per share since June 28, 2024, i.e. the ex-dividend date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 0.8961% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,427 thousand)	\$ 1,194,573
Equity component (less transaction costs allocated to the equity component of \$129 thousand)	(28,431)
Assets component	<u>2,040</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,298 thousand)	<u>\$ 1,168,182</u>
Liability component at December 31, 2022	\$ 1,183,273
Interest charged at an effective interest rate	10,647
Convertible bonds converted into ordinary shares	<u>(100)</u>
Liability component at December 31, 2023	1,193,820
Less: Corporate bonds due within one year or one operating cycle	<u>(1,193,820)</u>
Unsecured domestic convertible bonds	<u>\$ -</u>
Liability component at December 31, 2023	\$ 1,193,820
Interest charged at an effective interest rate	6,022
Convertible bonds converted into ordinary shares	(898,442)
Redemption of convertible bonds	<u>(301,400)</u>
Liability component at December 31, 2024	<u>\$ -</u>

## 18. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Other payables		
Payables for bonuses to employees and directors	\$ 281,492	\$ 276,024
Payables for commissions	20,655	17,840
Payables for salaries	43,106	43,755
Payables for bonuses	190,227	154,912
Payables for annual leave	31,146	31,076
Payables for purchases of equipment	31,598	32,159
Others	<u>94,124</u>	<u>69,827</u>
	<u>\$ 692,348</u>	<u>\$ 625,593</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Company has set up appointed manager's pension fund and contributes monthly an amount of not less than 8% of the appointed manager's monthly salaries and wages to the Bank of Taiwan.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 73,551	\$ 176,155
Fair value of plan assets	<u>(78,778)</u>	<u>(156,050)</u>
Net defined benefit (assets) liabilities	<u>\$ (5,227)</u>	<u>\$ 20,105</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 182,628</u>	<u>\$ (147,425)</u>	<u>\$ 35,203</u>
Service cost			
Current service cost	945	-	945
Prior service cost	465	-	465
Past service cost and loss (gain) on settlement	(340)	326	(14)
Net interest expense (income)	<u>2,739</u>	<u>(2,313)</u>	<u>426</u>
Recognized in profit or loss	<u>3,809</u>	<u>(1,987)</u>	<u>1,822</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(795)	(795)
Actuarial (gain) loss - changes in financial assumptions	4,099	-	4,099
Actuarial (gain) loss - experience adjustments	<u>(7,091)</u>	<u>-</u>	<u>(7,091)</u>
Recognized in other comprehensive income	<u>(2,992)</u>	<u>(795)</u>	<u>(3,787)</u>
Contributions from the employer	-	(13,133)	(13,133)
Benefits paid	<u>(7,290)</u>	<u>7,290</u>	<u>-</u>
Balance at December 31, 2023	<u>176,155</u>	<u>(156,050)</u>	<u>20,105</u>

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Service cost			
Current service cost	\$ 791	\$ -	\$ 791
Past service cost	2,005	-	2,005
Past service cost and loss (gain) on settlements	(996)	700	(296)
Net interest expense (income)	<u>2,088</u>	<u>(2,077)</u>	<u>11</u>
Recognized in profit or loss	<u>3,888</u>	<u>(1,377)</u>	<u>2,511</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,908)	(12,908)
Actuarial (gain) loss - changes in financial assumptions	(6,261)	-	(6,261)
Actuarial (gain) loss - experience adjustments	<u>(1,214)</u>	<u>-</u>	<u>(1,214)</u>
Recognized in other comprehensive income	<u>(7,475)</u>	<u>(12,908)</u>	<u>(20,383)</u>
Contributions from the employer	-	(7,460)	(7,460)
Benefits paid	<u>(99,017)</u>	<u>99,017</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 73,551</u>	<u>\$ (78,778)</u>	<u>\$ (5,227)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cost of goods sold	\$ 1,344	\$ 960
Selling and marketing expenses	219	135
General and administrative expenses	355	272
Research and development expenses	<u>593</u>	<u>455</u>
	<u>\$ 2,511</u>	<u>\$ 1,822</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate(s)	1.50%	1.25%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate(s)		
0.25% increase	<u>\$ (1,411)</u>	<u>\$ (4,090)</u>
0.25% decrease	<u>\$ 1,455</u>	<u>\$ 4,237</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,418</u>	<u>\$ 4,110</u>
0.25% decrease	<u>\$ (1,382)</u>	<u>\$ (3,989)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Expected contributions to the plans for the next year	<u>\$ 2,052</u>	<u>\$ 13,440</u>
Average duration of the defined benefit obligation	9.1 years	9.8 years

## 20. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>342,993</u>	<u>309,757</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 3,429,930</u>	<u>\$ 3,097,570</u>

In order to align with long-term operational development, the Company introduced strategic partners, strengthened operational capital, and enhanced its financial structure. Considering the cost of raising funds and the timeliness and convenience of the introduction, the shareholders' meeting held on May 28, 2024, approved a private placement of up to 25,000 thousand shares of common stock through a cash capital increase. On June 20, 2024, the Board of Directors approved the issuance of 25,000 thousand common shares through a cash capital increase, with all shares to be subscribed for in cash by specific individuals, at a premium price of \$93.5 per share. The total amount raised through the private placement was \$2,337,500 thousand. The capital increase was registered and completed with the effective date set as July 2, 2024.

Bond conversion entitlement certificates

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Shares converted but the registration change has not been completed (in thousands of shares)	<u>-</u>	<u>1</u>
Shares converted but the registration change has not been completed (in thousands of dollars)	<u>\$ -</u>	<u>\$ 9</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	\$ 2,699,275	\$ 611,776
Conversion of bonds	1,814,500	977,121
Overdue options	80,518	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates or joint venture	23,981	23,981
Other	3,532	3,678
<u>May not be used for any purpose</u>		
Employee share options	<u>-</u>	<u>28,429</u>
	<u>\$ 4,622,137</u>	<u>\$ 1,718,693</u>

\* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 22(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When distributing the surplus, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other equity interests in accordance with legal provisions (e.g., exchange differences on the translation of financial statements of foreign operating institutions, accumulated balances of unrealized gains and losses on financial assets at fair value through other comprehensive income). If there is a subsequent decrease in the amount of deductions from other equity items, the decrease can be transferred back to unappropriated earnings from the special surplus reserve.

The appropriations of earnings for 2023 and 2022, which were approved by the shareholders' meetings on May 28, 2024 and May 30, 2023, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Fiscal Year 2023</b>	<b>For Fiscal Year 2022</b>	<b>For Fiscal Year 2023</b>	<b>For Fiscal Year 2022</b>
Legal reserve	\$ 194,468	\$ 296,435	\$ -	\$ -
Special reserve	384,696	143,071	-	-
Cash dividends	1,393,911	2,168,299	4.5	7

The appropriations of earnings for 2024, which were proposed by the board of directors on March 10, 2025, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 215,395	\$ -
Special reserve	(304,974)	-
Cash dividends	1,783,563	5.2

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on May 27, 2025.

d. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (582,706)	\$ (450,523)
Exchange differences on the translation of financial statements of foreign operations	424,239	(127,850)
Share from associates accounted for using the equity method	<u>17,936</u>	<u>(4,333)</u>
Balance at December 31	<u>\$ (140,531)</u>	<u>\$ (582,706)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 54,939	\$ 307,453
Recognized for the year		
Unrealized loss - equity instruments	(74,943)	(45,086)
Share from associates accounted for using the equity method	<u>87,675</u>	<u>20,382</u>
Other comprehensive income (loss) recognized for the year	<u>12,732</u>	<u>(24,704)</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(227,810)</u>
Balance at December 31	<u>\$ 67,671</u>	<u>\$ 54,939</u>

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 9,821,044</u>	<u>\$ 8,802,818</u>

### Contract Balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Trade receivables (Note 10)	<u>\$ 3,055,098</u>	<u>\$ 2,768,313</u>	<u>\$ 3,190,981</u>

## 22. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations attributable to:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 34,072	\$ 28,369
Financial assets at amortized cost	725	2,440
Others	<u>9,635</u>	<u>8,059</u>
	<u>\$ 44,432</u>	<u>\$ 38,868</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 6,079	\$ 6,145
Dividends	4,651	12,561
Income from government grants	10,944	3,256
Others	<u>5,269</u>	<u>4,093</u>
	<u>\$ 26,943</u>	<u>\$ 26,055</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Gain on disposal of property, plant and equipment	\$ 2,200	\$ 1,091
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	5,103	(11,779)
Net foreign exchange gains	188,689	28,760
Depreciation of investment properties	(1,259)	(1,364)
Gain on modifications of lease	-	7
Others	<u>(442)</u>	<u>(5,419)</u>
	<u>\$ 194,291</u>	<u>\$ 11,296</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 31,955	\$ 26,640
Interest on convertible bonds	6,022	10,647
Interest on lease liabilities	<u>229</u>	<u>62</u>
	<u>\$ 38,206</u>	<u>\$ 37,349</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 504,760	\$ 499,858
Investment properties	1,259	1,364
Right-of-use assets	4,489	3,237
Intangible assets	<u>10,821</u>	<u>12,386</u>
	<u>\$ 521,329</u>	<u>\$ 516,845</u>
An analysis of deprecation by function		
Operating costs	\$ 295,462	\$ 296,474
Operating expenses	213,787	206,621
Non-operating expenses	<u>1,259</u>	<u>1,364</u>
	<u>\$ 510,508</u>	<u>\$ 504,459</u>
An analysis of amortization by function		
Operating costs	\$ 47	\$ 47
Operating expenses	<u>10,774</u>	<u>12,339</u>
	<u>\$ 10,821</u>	<u>\$ 12,386</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits		
Defined contribution plans	\$ 29,753	\$ 31,464
Defined benefit plans (Note 19)	<u>2,511</u>	<u>1,822</u>
	<u>32,264</u>	<u>33,286</u>
Other employee benefits		
Payroll expense	1,097,808	971,280
Labor and health insurance	76,983	83,335
Others	<u>30,455</u>	<u>31,234</u>
	<u>1,205,246</u>	<u>1,085,849</u>
Total employee benefits expense	<u>\$ 1,237,510</u>	<u>\$ 1,119,135</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 658,529	\$ 621,691
Operating expenses	<u>578,981</u>	<u>497,444</u>
	<u>\$ 1,237,510</u>	<u>\$ 1,119,135</u>

g. Employees' compensation and remuneration of directors for 2024 and 2023

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023 which were approved by the Company's board of directors on March 10, 2025 and March 11, 2024, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Cash Bonus</b>	<b>Share Bonus</b>	<b>Cash Bonus</b>	<b>Share Bonus</b>
Employees' compensation	\$ 241,279	\$ -	\$ 194,831	\$ -
Remuneration of directors	40,213	-	32,472	-

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Current tax</u>		
In respect of the current year	\$ 225,552	\$ 229,394
Income tax on unappropriated earnings	-	6,418
Adjustments for prior year	<u>(15,022)</u>	<u>(4,356)</u>
	<u>210,530</u>	<u>231,456</u>
<u>Deferred tax</u>		
In respect of the current year	<u>51,442</u>	<u>(7,676)</u>
Income tax expense recognized in profit or loss	<u>\$ 261,972</u>	<u>\$ 223,780</u>



A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before tax from continuing operations	<u>\$ 2,399,387</u>	<u>\$ 1,937,482</u>
Income tax expense calculated at the statutory rate	\$ 479,877	\$ 387,496
Nondeductible expenses in determining taxable income	799	1,100
Income tax on unappropriated earnings	-	6,418
Tax-exempt income	(254,252)	(201,763)
Deferred tax effect on earnings of subsidiaries	101,530	76,005
Investment tax credits	(50,960)	(41,120)
Adjustment for prior years' tax	<u>(15,022)</u>	<u>(4,356)</u>
Income tax expense recognized in profit or loss	<u>\$ 261,972</u>	<u>\$ 223,780</u>

b. Income tax expense recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 4,077</u>	<u>\$ 757</u>

c. Current income tax assets and liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax assets		
Income tax refund receivable	<u>\$ 78,982</u>	<u>\$ 74,030</u>
Current tax liabilities		
Income tax payable	<u>\$ 49,629</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	<b>Opening Balance</b>	<b>Recognize in Profit or Loss</b>	<b>Recognize in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Unrealized loss on inventories	\$ 7,819	\$ (1,003)	\$ -	\$ 6,816
Unrealized exchange loss	16,235	(16,235)	-	-
Payable for annual leave	6,214	14	-	6,228
Determine benefit obligation	6,384	(990)	(4,077)	1,317
Financial liabilities at fair value through profit or loss	4,950	(4,040)	-	910
Others	<u>6,144</u>	<u>1,968</u>	<u>-</u>	<u>8,112</u>
	<u>\$ 47,746</u>	<u>\$ (20,286)</u>	<u>\$ (4,077)</u>	<u>\$ 23,383</u>
<u>Deferred tax liabilities</u>				
Associates	\$ 77,493	\$ 20,963	\$ -	\$ 98,456
Unrealized exchange profit	-	9,910	-	9,910
Financial liabilities at fair value through profit or loss	<u>-</u>	<u>283</u>	<u>-</u>	<u>283</u>
	<u>\$ 77,493</u>	<u>\$ 31,156</u>	<u>\$ -</u>	<u>\$ 108,649</u>

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognize in Profit or Loss</b>	<b>Recognize in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Unrealized loss on inventories	\$ 7,446	\$ 373	\$ -	\$ 7,819
Unrealized exchange loss	11,336	4,899	-	16,235
Payable for annual leave	6,189	25	-	6,214
Determine benefit obligation	9,403	(2,262)	(757)	6,384
Financial liabilities at fair value through profit or loss	4,009	941	-	4,950
Others	<u>4,469</u>	<u>1,675</u>	<u>-</u>	<u>6,144</u>
	<u>\$ 42,852</u>	<u>\$ 5,651</u>	<u>\$ (757)</u>	<u>\$ 47,746</u>
<u>Deferred tax liabilities</u>				
Associates	<u>\$ 79,518</u>	<u>\$ (2,025)</u>	<u>\$ -</u>	<u>\$ 77,493</u>

e. Income tax assessments

The income tax returns through 2022 had been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Earnings used in the computation of basic earnings per share	\$ 2,137,415	\$ 1,713,702
Interest on convertible bonds after tax	<u>4,817</u>	<u>8,517</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,142,232</u>	<u>\$ 1,722,219</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	326,292	309,757
Effect of potentially dilutive ordinary shares:		
Convertible bonds	6,340	10,563
Employees' compensation	<u>2,764</u>	<u>2,634</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>335,396</u>	<u>322,954</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 43,000	\$ -	\$ -	\$ 43,000
Foreign exchange forward contracts and exchange contracts	-	1,415	-	1,415
Convertible bonds	<u>17,550</u>	<u>-</u>	<u>-</u>	<u>17,550</u>
	<u>\$ 60,550</u>	<u>\$ 1,415</u>	<u>\$ -</u>	<u>\$ 61,965</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 40,678	\$ -	\$ -	\$ 40,678
Domestic unlisted shares	-	-	49,292	49,292
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>6,422</u>	<u>6,422</u>
	<u>\$ 40,678</u>	<u>\$ -</u>	<u>\$ 55,714</u>	<u>\$ 96,392</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 18,323</u>	<u>\$ -</u>	<u>\$ 18,323</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic emerging market shares	\$ 72,844	\$ -	\$ -	\$ 72,844
Domestic unlisted shares	-	-	68,056	68,056
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>30,435</u>	<u>30,435</u>
	<u>\$ 72,844</u>	<u>\$ -</u>	<u>\$ 98,491</u>	<u>\$ 171,335</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2024	\$ -	\$ 98,491
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	(42,777)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 55,714</u>

For the year ended December 31, 2023

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2023	\$ -	\$ 213,170
Purchases	-	40,435
Transfers into Level 1	-	(190,879)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	35,765
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 98,491</u>

The fair value of these shares issued by Win Win Precision Technology Co., Ltd. was transferred from Level 3 to Level 1 since the shares were listed on the Taipei Exchange on January 16, 2023.

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Redemption options on convertible bonds	Binomial tree valuation model.  Binomial tree valuation model was used to evaluate the observable closing price of the stocks, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily at FVTPL (1)	\$ 61,965	\$ -
Financial assets at amortized cost (2)	5,495,504	4,853,227
Financial assets at FVTOCI		
Equity instruments	96,392	171,335
<u>Financial liabilities</u>		
FVTPL		
Mandatorily as FVTPL (3)	-	18,323
Amortized cost (4)	3,347,259	5,701,342

- 1) The balances include foreign exchange forward contracts and exchange contracts, domestic listed shares, redemption options on convertible bonds and investment of equity instruments.
- 2) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables and refundable deposits.
- 3) The balances include foreign exchange forward contracts and exchange contracts.
- 4) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade payables, other payables, bonds payable, and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, notes receivable, trade receivables, other receivables, notes payable, trade payables, other payables and borrowings. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seek to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

#### 1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Company's foreign currency monetary.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

##### a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

##### Sensitivity analysis

The Company is mainly exposed to the USD, JPY and RMB.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity, and the balances below would be negative.

	<b>Profit or Loss</b>	
	<b>2024</b>	<b>2023</b>
USD impact (i)	\$ 23,306	\$ 23,029
JPY impact (ii)	(72)	(2,573)
RMB impact (iii)	(2,903)	(5,178)

- i. The result was mainly attributable to the exposure on outstanding monetary items in USD that were not hedged at the end of the year.
- ii. The result was mainly attributable to the exposure on outstanding monetary items in JPY that were not hedged at the end of the year.

iii. The result was mainly attributable to the exposure on outstanding monetary items in RMB that were not hedged at the end of the year.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company deposits and borrow funds at floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 1,117,721	\$ 729,240
Financial liabilities	36,000	1,589,820
Cash flow interest rate risk		
Financial assets	1,257,240	1,318,299
Financial liabilities	916,666	1,892,754

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would increased/(decreased) by \$851 thousand and \$(1,436) thousand, respectively, which was mainly a result of its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.



### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized short-term bank loan facilities of approximately \$6,747,333 thousand and \$4,411,246 thousand, respectively.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To extend that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

#### December 31, 2024

	Weighted Interest Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,646,109	\$ -	\$ -	\$ -	\$ 1,646,109
Other payables	-	709,200	-	-	-	709,200
Lease liabilities	2.49%-3.14%	4,896	6,511	-	-	11,407
Variable interest rate liabilities	0.98%-1.79%	383,333	533,333	-	-	916,666
Fixed interest rate liabilities	1.225%	36,000	-	-	-	36,000

#### December 31, 2023

	Weighted Interest Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,581,756	\$ -	\$ -	\$ -	\$ 1,581,756
Other payables	-	627,462	-	-	-	627,462
Lease liabilities	1.27%-3.00%	2,270	1,631	-	-	3,901
Variable interest rate liabilities	0.85%-1.55%	276,087	1,616,667	-	-	1,892,754
Fixed interest rate liabilities	1.10%	1,553,820	36,000	-	-	1,589,820

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ 519	\$ 896	\$ -	\$ -	\$ -

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ 249	\$ (13,381)	\$ (5,191)	\$ -	\$ -

## 27. TRANSACTIONS WITH RELATED PARTY

Details of transactions between the Company and related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Tai-Shing Electronics Components Corporation	Associate
EcLife Co., Ltd.	Other associate
Longying (Ningbo) Semiconductor Co., Ltd	Other associate
TXC (Ningbo) Corporation	Subsidiary
TXC (Chongqing) Corporation	Subsidiary
Ningbo Beilun Jingyu Trading Corporation	Subsidiary
TETC CORP. NINGBO	Subsidiary
Shanghai JCH Co., Ltd.	Subsidiary
TXC Technology, Inc.	Subsidiary
Taiwan Crystal Technology (HK) Limited	Subsidiary
TXC Japan Corporation	Subsidiary
TXC Europe GmbH	Subsidiary

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Sales	Subsidiaries	\$ 1,145,867	\$ 747,728
	Associates	28,560	30,284
	Other associates	<u>5,823</u>	<u>5,839</u>
		<u>\$ 1,180,250</u>	<u>\$ 783,851</u>

In 2024 and 2023, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, CKG, TETC, Ningbo Jingyu, TXC Technology, TCTH and TXC JP whose trading price depends on its function within the Company.

c. Purchases of goods

	Related Party Category	For the Year Ended December 31	
		2024	2023
Subsidiaries			
	TXC (Ningbo) Corporation	\$ 2,491,061	\$ 1,885,105
	TXC (Chongqing) Corporation	1,388,616	1,680,693
	Others	<u>526,938</u>	<u>410,384</u>
		4,406,615	3,976,182
Other associates		<u>417</u>	<u>299</u>
		<u>\$ 4,407,032</u>	<u>\$ 3,976,481</u>

In 2024 and 2023, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, CKG, TETC, Ningbo Jingyu, TXC Technology, TCTH and TXC JP whose trading price depends on its function within the Company.

d. Other income

	Related Party Category	For the Year Ended December 31	
		2024	2023
Associates		<u>\$ 101</u>	<u>\$ 95</u>

e. Operating expenses

	Related Party Category	For the Year Ended December 31	
		2024	2023
Subsidiaries			
	TXC Technology, Inc.	\$ 61,653	\$ 55,324
	TXC Japan Corporation	27,997	30,291
	TXC Europe GmbH	<u>12,852</u>	<u>12,336</u>
		102,502	97,951
Other associates		<u>1,587</u>	<u>628</u>
		<u>\$ 104,089</u>	<u>\$ 98,579</u>

The consulting fee above is due to the Company's part of business activities committed to the related parties.

f. Rental revenue

Related Party	Location	Rent Collection	For the Year Ended December 31			
			2024		2023	
			Amount	% to Total Account Balance	Amount	% to Total Account Balance
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan	Based on contract, and paid on a monthly basis	<u>\$ 3,619</u>	<u>-</u>	<u>\$ 3,568</u>	<u>-</u>

g. Receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2024	2023
Subsidiaries		
TXC (Ningbo) Corporation	\$ 268,868	\$ 175,833
TETC Corp. Ningbo	66,620	31,303
Others	<u>7,544</u>	<u>4,502</u>
	343,032	211,638
Associates	7,590	7,405
Other associates	1,159	1,015
Less: Allowance for impairment loss	<u>(68)</u>	<u>(68)</u>
	<u>\$ 351,713</u>	<u>\$ 219,990</u>

The outstanding accounts receivable from related parties are unsecured.

h. Payables to related parties (excluding loans from related parties)

Related Party Category	December 31	
	2024	2023
Subsidiaries		
TXC (Ningbo) Corporation	\$ 650,476	\$ 427,317
TXC (Chongqing) Corporation	331,936	540,231
TETC Corp. Ningbo	114,567	101,648
Others	<u>3,134</u>	<u>5,725</u>
	1,100,113	1,074,921
Other associates	<u>19</u>	<u>38</u>
	<u>\$ 1,100,132</u>	<u>\$ 1,074,959</u>

The outstanding trade payables to related parties are unsecured.

i. Other receivables from related parties

Related Party Category	December 31	
	2024	2023
Subsidiaries		
TXC (Ningbo) Corporation	\$ 1,072	\$ 3,074
Ningbo Beilun Jingyu Trading Corporation	<u>-</u>	<u>4,328</u>
	1,072	7,402
Associates	-	425
Other associates	<u>14</u>	<u>1</u>
	<u>\$ 1,086</u>	<u>\$ 7,828</u>

Other receivables resulted from purchasing machinery and equipment on behalf of subsidiaries.

j. Other payables to related parties

Related Party Category	December 31	
	2024	2023
Subsidiaries	\$ 35	\$ 44
Other associates	<u>16,817</u>	<u>1,825</u>
	<u>\$ 16,852</u>	<u>\$ 1,869</u>

The credit period of the transaction above is similar to those for the third parties.

k. Prepayments for equipment

Related Party Category	December 31	
	2024	2023
Other associates	<u>\$ 809</u>	<u>\$ 4,502</u>

l. Acquisitions for property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2024	2023
Other associates	<u>\$ 38,114</u>	<u>\$ 968</u>

m. Remuneration of key management personnel

Related Party Category	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 81,706	\$ 66,161
Post-employment benefits	<u>585</u>	<u>989</u>
	<u>\$ 82,291</u>	<u>\$ 67,150</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for foreign exchange forward contracts:

	December 31	
	2024	2023
Pledged deposits	<u>\$ 78,674</u>	<u>\$ 75,342</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2024 were as follows:

As of December 31, 2024, the Company unrecognized commitments are as follows:

### In Thousands of Foreign Currencies/New Taiwan Dollars

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of machinery and equipment	<u>\$ 648,153</u>	<u>\$ 389,949</u>	<u>\$ 258,204</u>
Acquisition of machinery and equipment	<u>RMB 1,890</u>	<u>RMB 756</u>	<u>RMB 1,134</u>
Acquisition of machinery and equipment	<u>USD 195</u>	<u>USD 180</u>	<u>USD 15</u>

## 30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

## 31. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate on October 21, 2024. The fee will be levied starting from January 1, 2025. Based on the emissions of the Group in 2023, the Group expects that it will not be the entity subject to carbon fees.

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

**Unit: In Thousands of Foreign Currencies and New Taiwan Dollars**

December 31, 2024

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 103,188	32.7810 (USD:NTD)	\$ 3,382,606
JPY	1,353,397	0.2098 (JPY:NTD)	283,943
RMB	9,393	4.5603 (RMB:NTD)	42,835
Non-monetary items			
Investments accounted for using the equity method			
USD	7,132	32.7810 (USD:NTD)	233,809
JPY	151,882	0.2098 (JPY:NTD)	31,865
RMB	1,947,188	4.5603 (RMB:NTD)	8,879,763
EUR	385	34.1316 (EUR:NTD)	13,142

Financial liabilities

Monetary items			
USD	32,093	32.7810 (USD:NTD)	1,052,041
JPY	1,387,877	0.2098 (JPY:NTD)	291,177
RMB	73,056	4.5603 (RMB:NTD)	333,157

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 97,184	30.7350 (USD:NTD)	\$ 2,986,950
JPY	449,288	0.2173 (JPY:NTD)	97,630
RMB	5,214	4.3394 (RMB:NTD)	22,626
Non-monetary items			
Investments accounted for using the equity method			
USD	7,041	30.7350 (USD:NTD)	216,390
JPY	148,908	0.2173 (JPY:NTD)	32,358
RMB	1,743,028	4.3394 (RMB:NTD)	7,563,696
EUR	332	34.0114 (EUR:NTD)	11,300

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 22,257	30.7350 (USD:NTD)	\$ 684,069
JPY	1,633,573	0.2173 (JPY:NTD)	354,975
RMB	124,531	4.3394 (RMB:NTD)	540,390
			(Concluded)

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains or losses were \$188,689 thousand and \$28,760 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

### 33. SEPARATELY DISCLOSED ITEMS

#### a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales or to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 9) Trading in derivative instruments. (Note 7)

#### b. Information on investees (Table 4)

#### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)



- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6)
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

**TABLE 1**

**TXC CORPORATION**  
**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Financial assets at fair value through other comprehensive income - non-current	800	\$ 3,201	4	\$ 3,201	
	RFIC Technology Corporation	TXC Corporation is a director of the Company	"	3,334	25,912	12	25,912	
	Gallopwave Inc.	"	"	6,250	20,179	8	20,179	
	<u>Stock - listed company</u> Taiwan Semiconductor Manufacturing Company, Ltd.	None	Financial assets at fair value through profit or loss - current	40	43,000	-	43,000	
	Win Win Precision Technology Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	1,788	<u>40,678</u>	3	<u>40,678</u>	
					<u>\$ 132,970</u>		<u>\$ 132,970</u>	
	<u>Shares overseas - unlisted company</u> Stathera IP Holdings Inc.	None	Financial assets at fair value through other comprehensive income - non-current	65	<u>\$ 6,422</u>	1	<u>\$ 6,422</u>	
	<u>Convertible bonds</u> WPG HOLDINGS LIMITED	None	Financial assets at fair value through profit or loss - current	75	\$ 7,620	-	\$ 7,620	
	TCC Group Holdings CO., LTD.	"	Financial assets at fair value through profit or loss - current	100	<u>9,930</u>	-	<u>9,930</u>	
					<u>\$ 17,550</u>		<u>\$ 17,550</u>	
TXC (Ningbo) Corporation	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	567	<u>\$ 171,805</u>	5	<u>\$ 171,805</u>	
	<u>Structured deposits</u> Agricultural Bank of China.	None	Financial assets at fair value through profit or loss - current	RMB 40,364	\$ 184,071	-	\$ 184,071	
	Bank of Ningbo	"	"	RMB 40,312	183,837	-	183,837	
	China Everbright Bank	"	"	RMB 15,150	69,088	-	69,088	
	China Guangfa Bank	"	"	RMB 10,136	<u>46,223</u>	-	<u>46,223</u>	
					<u>\$ 483,219</u>		<u>\$ 483,219</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC (Chongqing) Corporation	<u>Structured deposits</u> China Construction Bank	None	Financial assets at fair value through profit or loss - current	RMB 20,038	\$ 91,380	-	\$ 91,380	
	China Merchants Bank	"	"	RMB 10,059	45,873	-	45,873	
	China CITIC Bank	"	"	RMB 10,003	45,616	-	45,616	
	Bank of China	"	"	RMB 95,684	436,346	-	436,346	
					<u>\$ 619,215</u>		<u>\$ 619,215</u>	
Ningbo Beilun Jingyu Trading Corporation	<u>Beneficiary certificate</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 68	<u>\$ 308</u>	-	<u>\$ 308</u>	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,004	<u>\$ 132,706</u>	3	<u>\$ 132,706</u>	
Chongqing Zhongyang Properties Co., Ltd.	<u>Structured deposits</u> Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 9,191	\$ 41,913	-	\$ 41,913	
	China Construction Bank Corporation	"	"	RMB 6,039	27,539	-	27,539	
					<u>\$ 69,452</u>		<u>\$ 69,452</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	<u>Structured deposits</u> China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 803	<u>\$ 3,663</u>	-	<u>\$ 3,663</u>	
TETC Corp. Ningbo	<u>Structured deposits</u> Agricultural Bank of China	None	Financial assets at fair value through profit or loss - current	RMB 30,273	\$ 138,053	-	\$ 138,053	
	Bank of Ningbo	"	"	RMB 20,177	92,015	-	92,015	
					<u>\$ 230,068</u>		<u>\$ 230,068</u>	

(Concluded)

**TABLE 2**

**TXC CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 2,491,061	35	No significant differences with the third parties.	Its trading price depends on its function within the Group	No significant differences with the third parties.	\$ (650,476)	(40)	
	"	"	Sale	967,537	10	"	"	"	268,868	9	
	TXC (Chongqing) Corporation	"	Purchase	1,388,616	20	"	"	"	(331,936)	(20)	
	TETC CORP. NINGBO	"	Purchase	489,701	7	"	"	"	(114,567)	(7)	
	"	"	Sale	153,510	2	"	"	"	66,620	2	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	"	Purchase	198,303	8	"	"	"	(55,324)	(7)	
	TETC CORP. NINGBO	"	Sale	173,719	4	"	"	"	102,466	9	

**TABLE 3**

**TXC CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	\$ 268,868	4.35	\$ -	-	\$ 125,973	\$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	650,476	4.62	-	-	413,234	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	331,936	3.18	-	-	200,719	-
TETC CORP. NINGBO	TXC Corporation	Parent entity	114,567	4.53	-	-	68,441	-
TXC (Ningbo) Corporation	TETC CORP. NINGBO	Subsidiary	102,466	3.02	-	-	59,088	-

TABLE 4

TXC CORPORATION

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Losses) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Shares (In Thousands)	Percentage of Ownership	Carrying Amount			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 8,879,763	\$ 1,230,706	\$ 1,224,898	
	Taiwan Crystal Technology (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	209,731	3,700	3,700	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	31,865	839	839	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	24,078	(747)	(747)	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	373,432	373,432	8,802	33.34	428,728	90,816	30,280	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	13,142	1,834	1,834	
TXC (Ningbo) Corporation	PT TXC TECHNOLOGY INDONESIA	Indonesia	Research and development, manufacture, and sale of quartz elements and related electronic products	517,840	-	1,600	81.22	518,372	(4,645)	(3,768)	

TXC CORPORATION

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (In Thousand)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (In Thousand)	Net Income (Loss) of the Investee	Percentage of Ownership	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 1,230,707	100.00	\$ 1,230,707	\$ 8,956,700	\$ 1,752,692
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	237,758	100.00	237,758	1,926,753	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	656,740	Other investment of the Corporation in mainland China	-	-	-	-	446,724	100.00	446,724	1,992,969	-
Chongqing Zhongyang Properties Co., Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	(18,876)	100.00	(18,876)	795,160	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	268	100.00	268	6,670	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	246,257	Other investment of the Corporation in mainland China	-	-	-	-	(47,939)	29.37	(14,080)	36,234	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	-	100.00	-	132,987	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	4,390	Other investment of the Corporation in mainland China	-	-	-	-	2,557	100.00	2,557	1,342	-
Shanghai JCH Co., Ltd.	Marketing activities and Technical Services	2,238	Other investment of the Corporation in mainland China	-	-	-	-	8,390	100.00	8,390	19,923	-

2. The limited amounts of the investment in Mainland China

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,427,630	\$2,350,052	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TXC CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transactions	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 2,491,061	35	Its trading price depends on its function within the Group	Similar with third parties	Its trading price depends on its function within the Group	\$ (650,476)	(40)	\$ 44,276	
	TXC (Ningbo) Corporation	Sales	967,537	10	"	"	"	268,868	9	8,335	
	TXC (Chongqing) Corporation	Purchase	1,388,616	20	"	"	"	(331,936)	(20)	18,625	
	TETC CORP. NINGBO	Sales	153,510	2	"	"	"	66,620	2	5,753	
	TETC CORP. NINGBO	Purchase	489,701	7	"	"	"	(114,567)	(7)	4,289	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.
4. Financings directly or indirectly provided to the investees: None.
5. Other transactions that significantly impacted the current year’s profit or loss or financial position: None.



**TABLE 7****TXC CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	34,942,000	10.18

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

# TXC CORPORATION

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**TXC CORPORATION****CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, and Foreign Currencies)**

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<b>Item</b>		<b>Amount</b>
Cash		
Cash on hand	Including US\$3 thousand @32.781; JPY352 thousand @0.2098; HK\$2 thousand @4.2223; and RMB18 thousand @4.5603; SGD3 thousand @24.1241; EUR3 thousand @34.1316	\$ 479
Cash in banks		
Checking accounts and demand deposits		650,602
Foreign-currency deposits	Including US\$7,999 thousand @32.781; JPY1,252,879 thousand @0.2098; EUR55 thousand @34.1316; RMB8,835 thousand @4.5603; and HK\$2 thousand @4.2223	567,301
Time deposits	Including US\$1,000 thousand @32.781; and RMB10,000 thousand @4.5603	978,384
Cash equivalents		<u>100,000</u>
		<u>\$ 2,296,766</u>

**TXC CORPORATION****TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Explanation</b>	<b>Amount</b>
Related parties		
TXC (Ningbo) Corporation	For goods	\$ 268,868
TXC (Chongqing) Corporation	"	1,387
Tai-Shing Electronics Components Corporation	"	7,590
TETC CORP. NINGBO	"	66,620
TXC Japan Corporation	"	870
TXC Europe GmbH	"	5,278
TXC Technology, Inc.	"	9
EcLife Co., Ltd.	"	<u>1,159</u>
		351,781
Less: Allowance for impairment loss		<u>(68)</u>
		<u>\$ 351,713</u>
Third parties		
A Company	For goods	\$ 338,962
B Company	"	223,845
Others (Note)	"	<u>2,149,881</u>
		2,712,688
Less: Allowance for impairment loss		<u>(9,303)</u>
		<u>\$ 2,703,385</u>

Note: Each of the accounts was less than 5% of the total account balance.

**TXC CORPORATION****INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Cost</b>	<b>Market Value (Note)</b>
Raw materials	\$ 332,549	\$ 324,394
Supplies and spare parts	113,235	112,410
Work in process	393,289	391,022
Finished goods	290,072	269,942
Merchandise	397,438	394,739
Goods in transit	<u>11,146</u>	<u>11,146</u>
	1,537,729	<u>\$ 1,503,653</u>
Less: Allowance for loss	<u>(34,076)</u>	
	<u>\$ 1,503,653</u>	

Note: The market value is based on net realizable value.

TXC CORPORATION

CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars and Shares)

	Beginning Balance		Remeasure	Increase		Decrease		Ending Balance			Pledge or Security
	Shares	Amount		Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	
Listed shares											
Win Win Precision Technology Co., Ltd.	1,788	\$ 72,844	\$ (32,166)	-	\$ -	-	\$ -	1,788	3	\$ 40,678	None
Unlisted shares											
Godsmith Sensor Inc.	800	3,672	(471)	-	-	-	-	800	4	3,201	〃
Gallopwave Inc.	6,250	34,403	(14,224)	-	-	-	-	6,250	8	20,179	〃
RFIC Technology Corporation	3,334	29,981	(4,069)	-	-	-	-	3,334	12	25,912	〃
Stathera IP Holdings Inc.	65	30,435	(24,013)	-	-	-	-	65	1	6,422	〃
		98,491	(42,777)		-		-			55,714	
		\$ 171,335	\$ (74,943)		\$ -		\$ -			\$ 96,392	

TXC CORPORATION

CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars and Shares)

	Beginning Balance		Increase		Decrease		Equity in Investees Gain (Loss)	Ending Balance			Market Price or Net Asset Value		Valuation Method	Pledge or Security	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	% of Ownership	Amount	Unit Price	Amount			
Unlisted company															
Taiwan Crystal Technology International Ltd.	42,835	\$ 7,563,696	-	\$ -	-	\$ 402,840	\$ 1,718,907	42,835	100.00	\$ 8,879,763	-	\$ 8,879,763	Equity method	None	-
TXC Technology Inc.	300	23,290	-	-	-	-	788	300	100.00	24,078	-	24,078	Equity method	None	-
TXC Japan Corporation	2	32,358	-	-	-	-	(493)	2	100.00	31,865	-	31,865	Equity method	None	-
Taiwan Crystal Technology (HK) Limited	80	193,100	-	-	-	-	16,631	80	100.00	209,731	-	209,731	Equity method	None	-
Tai-Shing Electronics Components Corporation	8,802	397,952	-	-	-	17,605	48,381	8,802	33.34	428,728	47.80	428,728	Equity method	None	-
TXC Europe GmbH	50	<u>11,300</u>	-	<u>-</u>	-	<u>-</u>	<u>1,842</u>	50	100.00	<u>13,142</u>	-	<u>13,142</u>	Equity method	None	-
		<u>\$ 8,221,696</u>		<u>\$ -</u>		<u>\$ 420,445</u>	<u>\$ 1,786,056</u>			<u>\$ 9,587,307</u>		<u>\$ 9,587,307</u>			

Note: All the above are unlisted company which do not have market price to evaluated.

**TXC CORPORATION****ACCOUNTS PAYABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Explanation</b>	<b>Amount</b>
Related parties		
TXC (Ningbo) Corporation	Payment for goods	\$ 650,476
TXC (Chongqing) Corporation	"	331,936
Taiwan Crystal Technology (HK) Limited	"	3,104
EcLife Co., Ltd.	"	19
Ningbo Beilun Jingyu Trading Corporation	"	30
TETC CORP. NINGBO	"	<u>114,567</u>
		<u>1,100,132</u>
Third parties		
A Corporation	Payment for goods	92,656
B Corporation	"	82,681
C Corporation	"	74,283
D Corporation	"	51,792
E Corporation	"	48,543
F Corporation	"	42,620
G Corporation	"	32,071
Others (Note)	"	<u>121,331</u>
		<u>545,977</u>
		<u>\$ 1,646,109</u>

Note: Each of the accounts was less than 5% of the total account balance.



## TXC CORPORATION

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Bank Name	Description	Amount	Issuance Date	Interest Rate	Collateral
CTBC Financial Holding Co., Ltd	Credit loan	\$ 83,333	2021.08.17-2026.08.17	0.98%	-
DBS Bank Limited	Credit loan	300,000	2023.08.03-2025.08.03	1.55%	-
Cathay United Bank	Credit loan	536,000	2020.04.01-2026.04.30	1.225%-1.79%	-
E.SUN COMMERCIAL BANK, LTD	Credit loan	<u>33,333</u>	2020.04.15-2025.04.15	1.225%	-
		952,666			
Less: Current portions		<u>(419,333)</u>			
		<u>\$ 533,333</u>			

**TXC CORPORATION****OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Quartz crystal products	\$ 9,863,254
Less: Sales returns	24,723
Less: Sales allowances	<u>17,487</u>
	<u>\$ 9,821,044</u>

**TXC CORPORATION****COST OF GOODS SOLD****FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>
Direct materials	
Beginning materials	\$ 456,201
Add: Material purchase	1,095,860
Add: Unfavorable cost variance	118,488
Less: Expense	(161,331)
Less: Others	(8,606)
Ending materials	<u>(436,804)</u>
	1,063,808
Direct labor	322,150
Overhead	<u>901,074</u>
Manufacturing cost	2,287,032
Beginning work in process	272,310
Add: Purchases	469,242
Add: Others	7,754
Less: Expense	(48,993)
Less: Favorable cost variance	(64,663)
Ending work in process	<u>(391,022)</u>
Finished goods cost	2,531,660
Beginning finished goods	240,845
Add: Unfavorable cost variance	60,589
Less: Expense	(19,844)
Add: Others	46
Ending finished goods	<u>(269,942)</u>
Production cost	<u>2,543,354</u>
Beginning merchandise inventory	475,460
Add: Purchase	5,043,040
Add: Unfavorable cost variance	3,527
Less: Expense	(566)
Less: Others	(6,518)
Ending merchandise inventory	<u>(394,739)</u>
Purchase cost	<u>5,120,204</u>
Loss on physical inventory	<u>8,699</u>
	<u>\$ 7,672,257</u>

**TXC CORPORATION****OVERHEAD EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Explanation</b>	<b>Amount</b>
Indirect labor	Including salary and wages, pension, food stipend, employee benefits and insurance etc.	\$ 336,204
Indirect materials		105,756
Depreciation		295,462
Utilities		125,091
Others		<u>38,561</u>
		<u>\$ 901,074</u>

Note: Each of the accounts was less than 5% of the total account balance.

**TXC CORPORATION****OPERATING EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Explanation</b>	<b>Selling and Marketing</b>	<b>General and Administration</b>	<b>Research and Development</b>
Salary		\$ 61,766	\$ 153,384	\$ 318,117
Insurance		4,428	18,418	18,176
Depreciation		489	5,146	208,152
Research expense		-	-	101,605
Import and export expense		36,028	-	-
Others		<u>159,058</u>	<u>70,976</u>	<u>77,096</u>
		<u>\$ 261,769</u>	<u>\$ 247,924</u>	<u>\$ 723,146</u>

Note: Each of the accounts was less than 5% of the total account balance.

## TXC CORPORATION

**EMPLOYEE WELFARE, DEPRECIATION AND AMORTIZATION EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars)

Item	2024			2023		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Salaries	\$ 579,552	\$ 478,043	\$ 1,057,595	\$ 535,310	\$ 403,498	\$ 938,808
Insurance	42,444	34,539	76,983	46,984	36,351	83,335
Pension	17,253	15,011	32,264	18,448	14,838	33,286
Remuneration of directors	-	40,213	40,213	-	32,472	32,472
Other employee benefit	19,280	11,175	30,455	20,949	10,285	31,234
	<u>\$ 658,529</u>	<u>\$ 578,981</u>	<u>\$ 1,237,510</u>	<u>\$ 621,691</u>	<u>\$ 497,444</u>	<u>\$ 1,119,135</u>
Depreciation expenses	<u>\$ 295,462</u>	<u>\$ 213,787</u>	<u>\$ 509,249</u>	<u>\$ 296,474</u>	<u>\$ 206,621</u>	<u>\$ 503,095</u>
Amortization expenses	<u>\$ 47</u>	<u>\$ 10,774</u>	<u>\$ 10,821</u>	<u>\$ 47</u>	<u>\$ 12,339</u>	<u>\$ 12,386</u>

Note 1: As of December 31, 2024 and 2023, the number of employees was 989 and 1,072 people both with 8 directors not included in the employees.

Note 2: Information should be disclosed:

- a. The average of employee benefit is \$1,220 thousand in the current year.  
The average of employee benefit is \$1,021 thousand in the previous year.
- b. The average of salaries is \$1,078 thousand in the current year.  
The average of salaries is \$882 thousand in the previous year.
- c. Change in the average of salaries adjustment rates is 22.18%.

Note 3: The Company did not have the supervisors for the years ended December 31, 2024 and 2023. Therefore, the Company did not have the corresponding remuneration of supervisors.

Note 4: The Company and its subsidiaries set the salary scales according to the relative contribution of the employees' positions, in line with the Company's operation and development strategy, and based on their personal performance, future development potential and the Company's operation status as the basis for salary adjustment and bonus payment, so as to encourage the employees to make positive efforts and excellent performance and to achieve the "internal fairness" and "individual fairness" pursuant to the salary; and to encourage employees to deliver great performance at work, the Company allocates a certain proportion of profit-making earnings as the basis of employee dividends and shares the earnings results with colleagues, considers the benchmark enterprises of the industry, regularly checks the rationality of various salary and welfare systems by the "remuneration committee", maintains the Company's high level employee welfare, attracts outstanding talents to join and stay for a long time.

Note 5: The remuneration of directors is determined based on the Company's Articles of Incorporation. Fair remuneration is provided by considering the operation results and contributions towards company performance. President and vice presidents remuneration payment policy is based on the Company's Salary Management Rules and salary levels for that job position in the industry market, the scope of authority of that job position inside the Company and the degree of contribution toward operation targets. The procedure for setting remuneration follows evaluation and review procedures under the Company's Director and Manager Performance Evaluation Rules. In addition, the Company's overall operational performance, future industry risks and development trends, individual performance achievement rates and contribution towards company performance are also considered in order to provide a fair compensation. The fairness of related performance evaluations and remuneration are reviewed by the salary and compensation committee and board of directors. The remuneration system is discussed at appropriate time based on the actual operating conditions and with respect to related laws to achieve a balance between sustainable company operation and risk control.