



Stock Code: 3624

# Viking Tech Corporation

## 2023 Annual Report

Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw>

Company Website: <http://www.viking.com.tw>

Printed on April 30, 2024

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Accounting Firm: PwC Taiwan

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None.

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## I. Report to the Shareholders

### 1. 2023 Business Report

#### (1) Accomplishments in 2023

The 2023 operating income was equivalent to 82% of the plan under the original operating policy, an decrease of 19% from the previous period. The 5G, IOT, automotive, and various advanced technology industries were expected to become mature gradually with consumption increased; also, there remained room for growth in the global passive component market. The company was actively investing in expanding the production of high order components with the expectation of increasing operating income in the future, indicating that the company's current operating policy was in line with market demand.

The revenue under 2023 business plan is NTD3,100,000 thousand and net income before tax is NTD 537,770 thousand, and after actual execution, the revenue is NTD 2,553,243 thousand, and net income before tax is NTD 325,347 thousand.

#### (2) Budget implementation

Unit: NT\$1,000

Item	Budget	Balanced Budget	Achievement Rate (%)
Operating revenue	3,100,000	2,553,243	82%
Operating costs	(2,123,500)	(1,845,306)	87%
Gross profit	976,500	707,937	72%
Operating expenses	(418,500)	(399,343)	95%
Operating income	558,000	308,594	55%
Non-operating income	(20,230)	16,753	183%
Income before tax	537,770	325,347	60%

#### (3) Analysis of receipts, expenditures, and profitability

Item		2023
Financial structure	Debt to asset ratio (%)	14.53
	Long-term capital to property, plant and equipment (%)	261.42
Solvency	Current ratio (%)	515.63
	Quick ratio (%)	338.53
	Interest coverage ratio	173.32
Profitability	Return on assets (%)	6.64
	Return on equity (%)	7.90

	Ratio of income before tax to paid-in capital (%)	27.72
	Profit margin (%)	10.26
	Earnings per share (NT\$)	2.23

(4) Research and development work

1. Applied Frequency Elevated UP to 70 GHz of ARF Series (High Frequency Thin Film Resistors)
2. Mass Production for New Size of 0805 for ARHV Series (High Voltage Thin Film Resistors)
3. Development of New Size 0612 for Long-Side Thin Film Resistors: ARW0612
4. Development of Long-Side Alloy Low Ohm Resistors: CSMW Series
5. TCR Elevated Down to 10/15 ppm of ARHV Series (High Voltage Thin Film Resistors)
6. Expansion of Ohm Value Range Below 10mΩ of CSM Series (Alloy Low Ohm Resistors)
7. Development of High-Precision with Low TCR Thick Film Resistors: CRTS Series
8. Expansion of Ohm Value Range of LRP10 (Alloy Low Ohm Resistors)
9. Expansion of Ohm Value Range of LRP12 (Alloy Low Ohm Resistors)
10. Power Rating Elevated to 1W of 1210 Size of CR..A (Automotive Thick film Resistors)
11. Power Rating Elevated to 1.25W of 2010 Size of CR..A (Automotive Thick film Resistors)

## 2. Summary of 2024 Business Plan

(1) Business policy

Current Economy:

The global semiconductor industry entered the inventory adjustment period in the second half of 2022 with a healthy inventory level resumed and balanced chip supply and demand resumed. The semiconductor industry had not yet recovered from the downturn in the first half of 2023, but did slightly recover in the second half of the year; however, the specific recovery time was difficult to

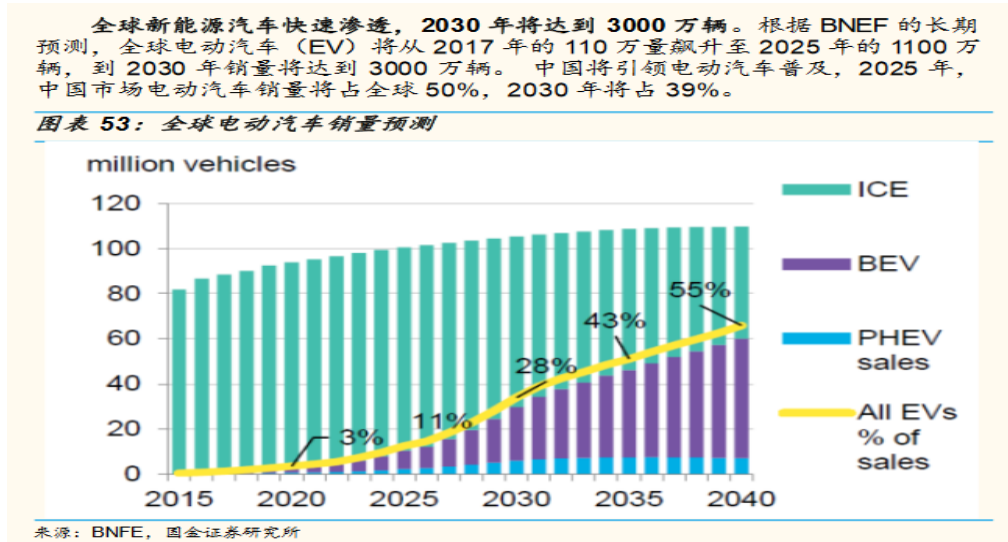
grasp. The demand for end-use electronic products dropped significantly due to the outbreak of the pandemic, and worsened by the impact of the Russian-Ukrainian war, the Israeli-Palestinian war, rising inflation, the Chinese economy, soaring price of raw material and transportation, and the overall declining consumption momentum. Various end-use product manufacturers striven to stimulate sales and increase demand by promoting price reduction and specification upgrades to consumers; also, effectively reduced inventory and risk by reducing the purchase of components as well as the oversupply of materials from the supply chain.

The World Economic Outlook Report predicts that global economic growth will reach 2.9% this year, which is lower than the 3.4% achieved in the last year. According to the economic prosperity of each region, the economic growth rate of the United States in 2024 is about 1%, and interest rates will continue to rise in the future; therefore, the US dollar is a strong currency; however, excessive appreciation of the currency will affect the competitiveness of enterprises. Secondly, in terms of technology, whether it is for communication technology, industrial R&D, or information technology, the United States remains the leading market for many technologies, which will inspire enterprises to increase their investments continuously. The economy of the European Union continues to shrink due to worsening inflation; therefore, enterprises and families cut back on spending in response to the surging inflation and increasing economic uncertainty recently. Germany, the largest economy in the European Union, after experiencing a mild recession last year will inevitably experience a sluggish economy in 2024. The economy in France will continue to stall. The European Commission predicts that the economy in Eurozone will grow by 0.8% this year; mainland China after the lift of lockdown in early 2023 is striving for a V-shaped economic recovery. International corporates believe that the annual GDP growth rate of mainland China will reach 5%. Taiwan's overall economic growth model this year is moderate internally and externally. Taiwan Institute of Economic Research expects the economic growth rate to reach 3.29% in 2024.

The company focuses on thin-film component technology and special fields. The company has the market strategy changed actively and successfully in recent years after experiencing rapid market changes for years by having the ratio of special and precision products increased, and the risk of chaos caused by drastic price fluctuations of major manufacturers in the market avoided in exchange for more stable profits and a high-quality customer base. The company focuses on the European and American markets for the products of automotive, IOT, medical, new energy, industrial control, and high-end consumer electronics.



The global market penetration of new energy vehicles is accelerating from the perspective of the automotive field. The growth curve of new energy vehicles is estimated as follows:



(Figure 53 Global electric vehicle sales forecast: The penetration of alternative fuel vehicles is accelerating worldwide and it will reach 30 million cars in 2030. According to BNEF long-term forecast, global electric vehicle (EV) sales will increase dramatically from 1.1 million cars in 2017 to 11 million cars in 2025, and then to 30 million cars in 2030. China will lead the popularization of electric vehicles and the sales of electric vehicles in China will take up 50% of the global market in 2025 and then 39% in 2030.)

Secondly, in the fields of industrial control, medical care, and high-end consumer electronics, the economic trend for international electronics industry has changed, in addition to automotive, electric vehicles, and 5G, the applications of these industries are important to Viking.

## (2) Market Outlook:

In prospect of 2024, in addition to facing the continuing challenges of global economic and geopolitical disturbance, there are also the crises of energy shortage, labor shortage, professional talents shortage, etc. It is a severe challenge for suppliers to ease the economic impact and to move forward continuously in a chaotic environment, of which, the GlobalSouth, including South Asia and South America, will play a key role in influencing the deployment of the supply chain.

The aforementioned global thin film resistors continue to advance in function and value due to the continuous development of electronic devices for consumption, industrial, medical, energy, automotive, and 5G applications,

resulting in the high demand for high-precision and high-stability thin film resistors gradually, that is, a potential annual growth of 4% to 5.5%. Satellite communications will play a key role in the 2024 6G communication plan. The 6G standardization plan has been launched in 2024-2025. In response to the 6G key technology breakthroughs, in addition to incorporating ultra-wideband receiver and transmitter technology, more innovative 6G and the application of new technologies will be introduced for terrestrial and non-terrestrial network integration, artificial intelligence, and machine learning.

AI applications require big computing power, which causes a significant increase in the demand for electronic components. The impact of AI application can be found in multiple fields, especially in automotive (23%) and computing (19%). In addition, AI needs to analyze big data through the Internet of Things, resulting in increasing demand for transducer/sensor products and edge computing devices. AI and other applications are ready to be used in various fields, including the field and end users of transducer/sensor.

The global power battery industry is entering the era of smart manufacturing currently, and the demand for safe and high-energy-density batteries is more prominent. However, the current mainstream power battery technology routes are approaching their limits, and the existing material system is insufficient in upgrading battery energy density and safety for the satisfaction of the market. The improvement is no longer enough to meet market demand. The battery-related technologies will soon have a breakthrough along with the accelerating investment and R&D of the major car manufacturers and battery manufacturers in the next-generation of battery technologies, of which, solid-state battery technology with higher energy density and safety has become the focus of major enterprise in research and development. The power battery industry will rapidly enter a new round of technology iteration in 2024, which will have a significant impact on the deployment of the power battery industry in the next decade.

The inventory levels of manufacturers, distributors, and customers in the passive component industry have all been low after several quarters of inventory adjustment made. As the market for standard products is recovering, and the growth trend of automotive electronics is clear, the Company continues to increase the sales of automotive products that are with higher gross profits in order to generate more profits. The sales in the first quarter of 2024 are expected to be relatively conservative while a breakthrough in sales is expected starting from the second quarter of 2024.

Thin film resistors are the main products of the Company and have been used mainly in precision instruments and equipment, medical, automotive electronics,

and advanced communication equipment, as well as in several international aerospace industries since the year of 2023. The growth of precision thin film resistors is continuing. The Company will focus on the development of thin film resistors and the development of demand with ultra-high reliability in the future in order to expand economic scale and international competitiveness continuously. The Company continues to improve the production technology of advanced and specific passive components to be used in various intermediate and advanced electronic markets, including thin-film precision resistors, current detection resistors, high-voltage, surge-resistant, anti-sulfation and MELF columnar precision resistors, new products TaN thin-film precision resistors, high-power resistors, high-frequency resistors, and high-frequency inductors. The Company's automotive, specific thick film resistors, and MELF resistors have benefited from the growing demand for advanced products. Large automotive and medical electronics manufacturers are promoting product testing and certification, which will help reinforce the Company's strength in sales. Automobile field: Due to the relatively low wages in Eastern Europe and the image of "Made in Europe," many manufacturers have factories set up in Eastern Europe in recent years. Many OEMs factories are setup in Central and South America/North Africa so to cooperate with international manufacturers to promote automotive parts businesses. Korean car manufacturers are placing purchase orders gradually; also, all well-known brands in mainland China are slowly expanding their electric vehicle business.

- 1、Automotive: The relative low wages in Eastern Europe and the Made-in-Europe image have attracted many manufacturers to set up new factories in Eastern Europe in recent years. Central and South America/North Africa are also important areas for the original equipment manufacturing (OEM) business. Cooperate with international manufacturers to promote the automotive parts business. The purchase orders from Korean automakers are continuing to grow. All renowned brands in China are gradually expanding their store-owner automobile business.
- 2、New energy field: The new energy manufacturers in the world have achieved the targets after years of hard work; also, the top second and third manufacturers have become the valuable customers of Viking for two years so far.
- 3、Medical and consumer electronics industry: The Company's qualified for ISO13485 certification has won the approval of the customers. In 2024 the substantial growth in the number of medical customers will continue into.

In the prospect of 2024, while infrastructure (5G/energy) and related IOT

industries, electric vehicles, and new energy peripheral industries will be the main driving forces in the market.

The Company will enhance profitability and stay ahead in technology and competition through the following strategies: (1) Actively advance the product specifications required by the new energy market, and expand the customer base, especially in the effort of soliciting industry leaders; (2) Continue to cultivate customers for high-end products in Europe and America, and close the product gap between Viking and well-known competitors; (3) develop customized and high margin product portfolios for existing high end customers; and (4) develop and promote micro, high-reliability precision components and high-end applications and introduce downstream key component module design. In addition to self-developed products, the Company will include the products of strategic partners in its portfolio. The Company expects to grow revenues in 2024 for the year of 2023, and will continue to improve profitability.

(3) Research and development plans for below products

1. Develop thin film high power resistor series.
2. Expand thin film 0201 resistor TCR10 specifications.
3. Upgrade thin film automotive resistor power (AR..A0402~1206).
4. Expand thin film automotive resistance (AR..A0402~1206).
5. Develop automotive high-temperature resistors.
6. Develop automotive high-power long-side resistors (0612-2W).
7. Develop automotive ultra-high power thick-film resistors (2512-3W, 1206-2W).

(4) Sales volume forecast

Category	Sales Volume
Precision resistor (in thousands)	5,568,000
High frequency inductor (in thousands)	437,000
General resistor (in thousands)	23,801,000
Others	477,000
Total	30,283,000

(5) Important production and sales policies

- A. Provide a full range of passive components and customer services.
- B. Promote non-3C products to manifest core technologies and market

segmentation.

C. Increase the proportion of high-end products and automotive grade deliveries to improve profitability.

D. Observe the development direction of 5G, electric vehicles and automotive electronics, home appliances, and IOT, and meet the market product demand.

### 3. Future Development Strategy and the Effect of External Competition, Legal Environment, and Overall Business Environment

#### (1) Future development strategies

A. Develop core technologies and improve process capabilities to provide customized services.

B. Develop and market applications of automotive electronics.

C. Develop and market high-end electronic components to tap into smart applications.

D. Improve customer satisfaction and supplier relationships.

#### (2) Effect of external competition and overall business environment

Although the COVID-19 pandemic affects the global economy and the China-US trade war also affects global development, and also the economy in Europe and the United States have slowed down, demand for high-end and automotive grade electronic components shows a significant increase. The development of 5G, smart home appliances, and smart phones, along with the stable supply from Southeast Asia, is conducive to electronic components. Most importantly, major international manufacturers, such as Murata and Vishay, prioritize the shipments of high-end components due to high demand for high-end products, causing other manufacturers to take over demand for general products. As the Company offers not only low-end, medium-end, also high-end products, the prospect of market is quite optimistic.

The passive component industry is regarded as a mature industry; however, in recent years, application to smart phones, 5G, netcom, automotive electronics and NFC successful drive demand for passive components due to industrial shocks, business transformation, and uniqueness. At present, major passive component manufacturers are mainly from Japan, Taiwan, South Korea and China. Manufacturers from Japan have high global presence, while manufacturers from other countries base their production centers on the local market or China due to large demand in China. Due to business opportunities driven by the increasing influence of Chinese smart phone and notebook brands in the global market, demand for passive components from Chinese electronics brands is expected to be substantial.

In addition to smart phones and tablets, smart watches and smart glasses are also popular. Therefore, the Company will continuously develop RF, high voltage, high capacitance, and micro passive components.

The Company's core technology is the semiconductor thin film process. When drawing circuit patterns or planning fine wiring, the Company adopts the accurate circuit design of semiconductor technology to achieve the nanometer size of electronic circuit design, which conforms to the development trend of electronic components and is suitable for high power and small-size passive components. The future is optimistic.

(3) Effect of legal environment

The Company reviews amendments to laws and regulators' requirements on a regular basis, collects related information as planned to be prepared, and declare and disclose related information based on the time limit stipulated by the law. The company website and a stock affairs e-mail are in place for investors to access and give feedback. The Company also implements the corporate governance system in line with the government policies and will keep abreast of and comply with the future formulation and amendments of laws.

Chairman: Tsai, Kao-Ming

## II. Company Profile

### 1. Date of Incorporation

October 1, 1997

### 2. Brief History of the Company

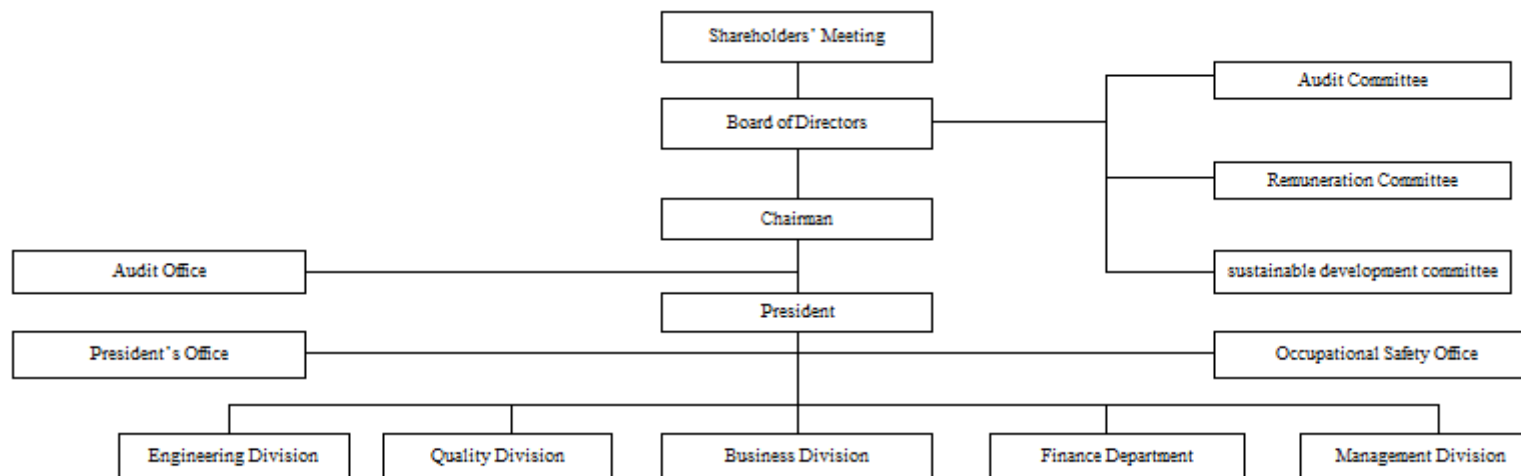
Date	Milestones
October 1997	Founded in Hsinchu Industrial Park.
May 2000	Hukou Branch Office founded in Hsinchu Industrial Park in Hukou Township.
October 2000	ISO-9001 system certified by Entela.
April 2002	Reduced capital by NT\$319 million and increased capital by NT\$200 million in cash.
February 2003	QS-9000 system certified by SGS.
August 2003	Changed the product strategy to mass production of thin film, RF components and disposed of original silicon electronics production equipment.
April 2004	Reduced capital by NT\$295 million and increased capital by NT\$99 million in cash, and introduced domestic institutional investors.
June 2005	Headquarters relocated to the Hsinchu Industrial Park in Hukou Township.
August 2005	Hit the break-even point and made a profit every month.
August 2006	Increased capital by NT\$100 million in cash, with the premium per share at NT\$18, and introduced foreign institutional investors.
March 2008	Public offering approved by the Financial Supervisory Commission (FSC).
May 2008	Listed on TPEX.
December 2008	Merged Tmtec Co., Ltd.
March 2009	TS16949 certified.
March 2011	Stocks traded on TPEX.
February 2014	Increased capital by NT\$300 million in cash and paid-in capital reached NT\$1,173,408,420.
June 2015	Reelected the Board of Directors and established the Audit Committee.
July 2016	Guangdong Fenghua Advanced Technology Holding Co., Ltd. publicly acquired 40% of the Company's shares and became the largest shareholder.
December 2017	Passed the ISO system transition (ISO 14001:2015).
March 2018	1. Passed the ISO system transition (IATF16949:2016). 2. Passed the ISO system transition (ISO 9001:2015).
July 2019	Pass the ISO13485:2016 certification.
December 2019	Pass the ISO/IEC 17025:2017 ; CNS 17025:2018 certification.
June 2022	Establish a sustainable development committee.
May 2023	Appointed a corporate governance manager.
August 2023	Established Viking Electronics (Nantong) Co., Ltd., the subsidiary in mainland China.
September 2023	Established VIKING TECH EUROPE S.R.L., a subsidiary in Europe.

### III. Corporate Governance Report

#### 1. Organizational System

##### (1) The Company's structure

Viking Tech Corporation





(2) Business operation of each office and department

Department	Tasks
President's Office	Make long-term business development plans,; adjust and compile annual business plans; analyze business environments and develop business strategies; collect and provide information on business management; develop overall business objectives (e.g. RBA/EICC/quality/environment policies and annual objectives); manage and implement business objectives; furnish business analysis reports; study the development of new products, price policies and selling prices; make overall construction plans for new plants; compile proposals for the Board of Directors and report their implementation; and handle other related business plans, project research plans and tasks.
Audit Office	Audit annual business plans and budgets; audit business operations of departments; audit sales, procurement, production, payroll, financing, fixed assets, investment, computers, and research and development works; provide recommendations for improvement in internal controls; and handle other internal audits ; handle non-litigation civil and criminal cases, contractual terms, and related legal affairsand tasks.
Occupational Safety Office	Develop occupational safety and health regulations and training plans; prevent damage to equipment, raw materials and materials; develop countermeasures for environmental monitoring results; make health management plans; and handle environment/health/safety tasks instructed by the senior management.
Management Division	Oversee administration, procurement, information and plant affairs; plan for logistics management; plan for invested business management; make and implement annual budgets; and handle other business management tasks. Responsible for overall management: The operation of the administrative units, information units, purchasing units, and factory units.
Finance Department	Compile, execute, and control budgets; raise and deploy funds; control credit and budgets; prepare financial statements; prepare, analyze, and interpret financial structures, income change, and accounting reports; handle annual closing and earnings distribution; manage cash and bank deposits; calculate and declare taxes and other charges; store and record securities, credit vouchers, and important deeds; treat fixed asset accounts; issue, transfer, and renew stocks and create and cancel pledges; distribute dividends and bonuses; manage shareholders' equity; conduct inventory checks; and handle other financial, accounting, treasury, and stock affairs.
Quality Assurance Department	Plan for, implement, analyze, and audit the quality inspections, incoming material inspections, product inspections, and process inspections; evaluate FQC process; plan for and implement instrument and gauge management; implement or cooperate to implement quality assurance experiment plans or reliability tests; handle customer services and quality information; apply for and maintain trademarks and patent rights; organize training on quality assurance and quality inspection; compile and implement annual budgets; and handle other tasks relating to quality assurance and quality inspection.
Engineering Division	Oversee the business operations of the Manufacturing Department, the Research and Development Department, the Material Department, and the Plant Affairs Department; plan for the research and development of passive components and other products, mass production technology, and quality improvement; and handle other tasks relating to production and technology. overall management: The operation of the manufacturing unit and the research and development unit.
Business Division	Oversee the business operations of the Business Department; plan for market surveys, sales and after-sales services, customers' new requirements; and handle tasks relating to sales and markets.

2. Information on Directors, President, Vice President, Assistant Vice President, and Heads of Divisions and Branch Offices

(1) Directors

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected (Appointed)	Term of Service	Commencement Date Elected for First Term	Shareholding upon Election		Current Shareholding		Current Shareholding by Spouse and Children of Minor Age		Shareholding Held in Name of Another Person		Principal Work Experience and Education	Position Held Concurrently in the Company and Any Other Companies	Any Other Managerial Officer, Director, or Supervisor Having Spousal or Second-degree Kinship			Note
							Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage			Title	Name	Relationship	
Chairman	Republic of China	Huajie Investment Limited Company Representative: Tsai, Kao-Ming	Male 71-80 years old	2022.06.27	3 years	2019.06.24	200,000	0.17	200,000	0.17	0	0.00	0	0.00	Bachelor of Accounting and Statistics, National Cheng Kung University President of China Bills Finance Corporation	Chairman of Eastern Realty Co., Ltd., Chairman of Eastern Enterprise Development Co., Ltd., Chairman of Eastern International Lease-Finance Co., Ltd., Chairman of Tungkai Lease Co., Ltd., Director of Eastern Media International Corporation,	None	None	None	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	People's Republic of China	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Hu, Chuan-Ping	Male 41-50 years old	2022.06.2	3 years	2016.08.23	46,936,337	40.00	46,936,337	40.00	0	0.00	0	0.00	Bachelor of Management, Xiamen University Deputy Director & Director & Deputy Director General of Strategic Development, Guangdong Fenghua Advanced Technology Holding Co., Ltd.	President of the Company Director of Viking Electronics (Wuxi) Co., Ltd. Director of Viking Electronics (Nantong) Co., Ltd. Director of VIKING TECH EUROPE S.R.L.	None	None	None	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	People's Republic of China	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Liang, Yao-Ming	Male 41-50 years old	2022.06.2	3 years	2019.06.24	46,936,337	40.00	46,936,337	40.00	0	0.00	0	0.00	Bachelor of Economics, Tianjin University of Commerce Executive of Audit, Guangdong Fenghua Advanced Technology Holding Co., Ltd. Finance Manager of Sun Power Electric Wire Co., Ltd.	Vice President of the Company Supervisor of Viking Electronics (Wuxi) Co., Ltd. Supervisor of Viking Electronics (Nantong) Co., Ltd.	None	None	None	
							0	0.00	0	0.00	0	0.00	0	0.00						

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected (Appointed)	Term of Service	Commencement Date Elected for First Term	Shareholding upon Election		Current Shareholding		Current Shareholding by Spouse and Children of Minor Age		Shareholding Held in Name of Another Person		Principal Work Experience and Education	Position Held Concurrently in the Company and Any Other Companies	Any Other Managerial Officer, Director, or Supervisor Having Spousal or Second-degree Kinship			Note
							Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage			Title	Name	Relationship	
Director	People's Republic of China	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Mo Xue-Qiong	female 41-50 years old	2022.06.27	3 years	2022.06.27	46,936,337	40.00	46,936,337	40.00	0	0.00	0	0.00	South China University of Technology, Master of Industrial Engineering East China Jiao Tong University (ECJTU), Bachelor of Electrical Automation Guangdong Fenghua Advanced Technology (Holding) Co., Ltd., Duanhua Branch – once held the technical supervisor, R&D supervisor, technical director, planning director, assistant to President, Vice President, President.	General Manager of Guanhua Branch of Guangdong Fenghua Hitech Co., Ltd.	None	None	None	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	Republic of China	Jetbond Technology Co., Ltd. Representative: Guo-Feng Wei	Male 41-50 years old	2022.06.27	3 years	2022.06.27	5,000	0.00	5,000	0.00	0	0.00	0	0.00	Mingsin University of Science and Technology, Electronic Engineering Department Sales Deputy Manager of Chunghwa Precision Test Tech. Co., Ltd. Sales Deputy Manager of Star Technologies, Inc. Sales Deputy Manager of JTT Test Solutions Partner Co., Ltd.	Chairman of Thye Ming Industrial Co., Ltd. Chairman of Tailin Investment Co., Ltd. Sales Junior VP of Jetbond Technology Co., Ltd.	None	None	None	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	Republic of China	Jetbond Technology	Male 61-70	2022.06.27	3 years	2022.06.27	5,000	0.00	5,000	0.00	0	0.00	0	0.00	National Cheng-Chi University	President of Rui Zhe Management Consultant Co.,	None	None	None	

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected (Appointed)	Term of Service	Commencement Date Elected for First Term	Shareholding upon Election		Current Shareholding		Current Shareholding by Spouse and Children of Minor Age		Shareholding Held in Name of Another Person		Principal Work Experience and Education	Position Held Concurrently in the Company and Any Other Companies	Any Other Managerial Officer, Director, or Supervisor Having Spousal or Second-degree Kinship			Note
							Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage			Title	Name	Relationship	
		Co., Ltd. Representative: Chang-Sean Zhou	years old				0	0.00	0	0.00	0	0.00	0	0.00	Independent Director of WW Holding Inc. Independent Director of Infotrend Technology, Inc. President of Zhuang Zhou Enterprise Management Consulting Co., Ltd. Human Resources Consultant of PwC Taiwan Human Resources Manager of PwC Taiwan Deputy Manager of Credit Department / Human Resources Department of Synnex Technology International Corporation Legal Specialist of Uni-President Enterprises Corporation Department of Law	Ltd. Chief Consultant of KeyStone Consulting (Shanghai) Company Chief Consultant of Reference Management Consulting Co., Ltd.				

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected (Appointed)	Term of Service	Commencement Date Elected for First Term	Shareholding upon Election		Current Shareholding		Current Shareholding by Spouse and Children of Minor Age		Shareholding Held in Name of Another Person		Principal Work Experience and Education	Position Held Concurrently in the Company and Any Other Companies	Any Other Managerial Officer, Director, or Supervisor Having Spousal or Second-degree Kinship			Note
							Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage			Title	Name	Relationship	
Independent Director	Republic of China	Li, Yi-Wen	Male 41-50 years old	2022.06.27	3 years	2016.08.23	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Law, National Chengchi University Chief Legal Officer of Eastern Home Shopping & Leisure Co., Ltd. Lawyer of Chengtai Law Firm Judge Assistant of Supreme Administrative Court	Attorney-in Charge of Yuanjing Law Firm	None	None	None	
Independent Director	Republic of China	Shen, Po-Ting	Male 51-60 years old	2022.06.27	3 years	2016.08.23	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Industrial Engineering and Management, National Chiao Tung University Master of Finance, National Chung Cheng University Assistant Manager of Capital Market, Barits Securities (Mega Securities) Assistant Manager of Cathay Venture Partner & President of Jianda CPA Firm	CPA of Chunyin CPA Firm President of C&E Consulting Independent Director of XTRUE Inc. Supervisor of Johnpro Biotech Inc. Supervisor of Provadis Bio Inc. Supervisor of Lead U Education	None	None	None	

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected (Appointed)	Term of Service	Commencement Date Elected for First Term	Shareholding upon Election		Current Shareholding		Current Shareholding by Spouse and Children of Minor Age		Shareholding Held in Name of Another Person		Principal Work Experience and Education	Position Held Concurrently in the Company and Any Other Companies	Any Other Managerial Officer, Director, or Supervisor Having Spousal or Second-degree Kinship			Note
							Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage			Title	Name	Relationship	
Independent Director	Republic of China	Huang, Shih-Pin	Male 51-60 years old	2019.06.24	3 years	2016.08.23	0	0.00	0	0.00	0	0.00	0	0.00	Master of Engineering Management, California State University Assistant Vice President, Delta Electronics, Inc. Public Relations Director of President's Office, AmTRAN Technology Business Director General of Flex PCB Division, Zhen Ding Technology Co., Ltd.	None	None	None	None	

The number of shares currently held refers to the number of shares held as of April 30, 2024.

A. Major shareholders of institutional shareholders

Institutional Shareholder	Major Shareholder	Shareholding Percentage (%)
Huajie Investment Limited Company	Lin, Yen-Chen	29.85
	Tsai, Yi-Chun	51.73
	Tsai, Yi-You	4.27
	Lin, Guei-Yu	14.15
Guangdong Fenghua Advanced Technology Holding Co., Ltd. (as of September 30, 2023)	Guangdong Rising Holdings Group	23.19
	State Development and Investment Group Co., Ltd. (SDIC) – Future Industry Investment Fund Phase II (Limited Partnership)	6.79
	Guangdong Hengkuo Investment Management Co., Ltd.	2.26
	Guangdong Hengjiahe Investment Partnership Enterprise (Limited Partnership)	2.26
	GF Fund Management - China Southern Power Grid, CSG - GF Fund Management No. 88 Single Asset Management Plan	1.87
	Guangdong Hengjuda Enterprise Management Partnership (Limited Partnership)	1.00
	Ping-An An-Ying Equity Pension Product – Bank of China Limited	0.82
	Guang Dong Fenghua Advanced Technology (Holding) Co., Ltd. repurchase of special securities account	0.82
	Hong Kong Stock Exchange	0.67
	Shenzhen Jiadexin Investment Co., Ltd.	0.63
Jetbond Technology Co., Ltd.	Chong-Tzi Hsu	25.00
	Yu-Yan Chang	75.00

B. Ultimate owners of major shareholders of institutional shareholders

Major Shareholder	Ultimate Owner	Shareholding Percentage (%)
Guangdong Rising Holdings Group	The People's Government of Guangdong Province	90.00
Guangdong Hengkuo Investment Management Co., Ltd.	Guangdong Hengjian Investment Holdings Co., Ltd.	100.00
Shenzhen Jiadexin Investment Co., Ltd.	Shenzhen Huaxinlian Investment Co., Ltd.	95.71

C. Director's expertise, Board diversity policy, and independence

(1) Information on professional qualifications of directors and independence of independent directors:

Criteria Name	Professional Qualification and Experience	Requirement for Independence	Number of public listed company that he/she serves as an Independent Director
Huajie Investment Limited Company Representative: Tsai, Kao-Ming	With more than five years of working experience needed for the company's business operation, former President of China Bills Finance Corporation, and incumbent Chairman of the company. None of the provisions of Article 30 of the Company Act had occurred.	NA	0
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Hu, Chuan-Ping	He has more than five years of work experience needed for the Company's business. He was the deputy director, director, and deputy director-general of the Strategic Development Department of Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Also, he is currently the President of the Company . None of the provisions of Article 30 of the Company Act had occurred.	NA	0
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Liang, Yao-Ming	He has more than five years of work experience needed for the Company's business. He was the Senior Director of Audit Department of Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. and Financial Officer of Shin-Bao-Hua Company. Also, he is currently the Vice President of the Company . None of the provisions of Article 30 of the Company Act had occurred.	NA	0
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Mo Xue-Qiong	With more than five years of working experience needed for the company's business operation and incumbent General Manager of Guanhua Branch of	NA	0



	Guangdong Fenghua Hitech Co., Ltd. None of the provisions of Article 30 of the Company Act had occurred.		
Jetbond Technology Co., Ltd. Representative: Guo-Feng Wei	With more than five years of working experience needed for the company's business operation and incumbent Junior VP of Sales of Jetbond Technology Co., Ltd. None of the provisions of Article 30 of the Company Act had occurred.	NA	0
Jetbond Technology Co., Ltd. Representative: Chang-Sean Zhou	With more than five years of working experience needed for the company's business operation and incumbent President of Ruizhe Management Consulting Co., Ltd. None of the provisions of Article 30 of the Company Act had occurred.	NA	0
Li, Yi-Wen	With a lawyer license . He is the Chief Attorney of Yuan-Jin Law Firm. None of the provisions of Article 30 of the Company Act had occurred.	(1) Not an employee of the Company or the Company's associates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in shareholding.	0
Shen, Po-Ting	With a CPA license . He is an active CPA at the H & H ACCOUNTANCY CORP. None of the provisions of Article 30 of the Company Act had occurred.	(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3).	0
Huang, Shih-Pin	He has more than five years of work experience needed for the Company's business. He was a Junior VP of Delta Electronics, Inc., Sales Director-General of Flexible PCB Department of Zhen Ding Tech. Group. None of the provisions of Article 30 of the Company Act had occurred.	(4) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (5) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. (6) Not a director (executive), supervisor (supervisor), or employee of another company or institution that is the same person or spouse as the chairman, President or equivalent of the Company (7)Not a director (executive), supervisor	0

		<p>(supervisor), managerial officer, or shareholder holding 5% or more of a specified company or institution that has a financial or business relationship with the Company</p> <p>(8) Not a professional individual who, or a proprietor, partner, director (executive), supervisor (supervisor), or managerial officer of a proprietary entity, partnership, company, or institution that, provides auditing services to the Company or the Company's associates, or that provides commercial, legal, financial, accounting or related services to the Company or the Company's associates for which the provider in the past 2 years has received compensation, or a spouse thereof;</p> <p>(9) Not a spouse or relatives within the second degree of kinship of other directors.</p> <p>(10) Not a government agency or a juristic person or its representative elected as stated in Article 27 of the Company Act.</p>	
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(2) Board diversity and independence:

Board diversity:

Board diversity policy, objective, and achievement: The diversity of the board directors should be considered; therefore, an appropriate diversity strategy based on the Company's operation, business model, and development needs should be formed. In addition to basic conditions of gender, age, nationality, culture, and value, the professional knowledge and skills shall also be considered, including professional background (such as, law, accounting, industry, finance, marketing, and technology), professional skills, and industrial experience. A diverse board of directors with a variety of perspectives and insights will help improve decision-making quality and benefit the Company's shareholders and stakeholders.

The Company values the importance of the diversified professional knowledge and skills of the directors. The current Board of Directors consists of 9 directors, including 3 independent directors who have professional background and experience in different fields and positions, such as, law, financial accounting, industry, and commerce.

Board director diversity objectives and achievements:

Diversity Policies	Specific Objectives	Achievements
Professional knowledge, skills, and experience	Should have a professional background (such as law, accounting, industry, finance, marketing, or technology),	The board directors are professionals in the fields of law, finance and accounting, business, and operation management. They have the professional ability and

	professional skills, and industry experience.	relevant experience complying that meet the objectives.
Gender	Increase the ratio of female directors.	There is one (11%) female director on board currently, which is an increase from the previous term.
Age	The average age of directors is not more than 65 years old.	The average age of directors is 54, which meets the objective.
Independence	The number of directors who concurrently serve as company managerial officers does not exceed one-third of the Board of Directors, and the number of independent directors is not less than one-third of the Board of Directors; also, the independent directors have not served for three consecutive terms.	There are only two directors serving as the company's managerial officers concurrently; independent directors account for three-ninth of the seats and they have not served for three consecutive terms, meeting the objective.

Diversity item Name of director	Basic terms							
	Nationality	Gender	Part-time company managerial officer	年齡				Served as an independent director
				Under 50 years old	51~60 years old	61~70 years old	Over 70 years old	
Tsai Kao-Ming	Republic of China	Male					V	
Hu Chuang-Bin	People's Republic of China	Male	V	V				
Liang Yao-Ming	People's Republic of China	Male	V	V				
Mo Xue-Qiong	People's Republic of China	female		V				
Guo-Feng Wei	Republic of China	Male		V				
Chang-Sean Zhou	Republic of China	Male				V		
Li Yi-Wen	Republic of China	Male		V				3
Shen Bo-Ting	Republic of China	Male			V			3
Huang Shi-Bing	Republic of China	Male			V			3
Name	Professional background		Professional knowledge and skills					

	Law	Finance & accounting	Industry	Marketing	Operation manager	Leadership & decision-making ability	Accounting and financial analysis ability	Risk and strategic planning	Industrial technology	International industry trend
Tsai Kao-Ming		V	V		V	V	V	V	V	V
Hu Chuang-Bin			V	V	V	V	V	V	V	V
Liang Yao-Ming		V	V		V	V	V	V	V	V
Mo Xue-Qiong			V		V	V	V	V	V	V
Guo-Feng Wei			V	V	V	V		V		V
Chang-Sean Zhou	V	V			V	V		V		V
Li Yi-Wen	V				V	V		V		
Shen Bo-Ting		V			V	V	V	V		
Huang Shi-Bing			V	V		V			V	V

Board independence:

There are nine directors on board currently, including three independent directors, accounted for 33%, and none of the independent directors has served for more than three consecutive terms. There is not a relative relationship among board directors as defined in Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act; therefore, the company's Board of Directors is independent.

(2) President, vice president, assistant vice president, and heads of divisions and branch offices

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shareholding by Spouse and Children of Minor Age		Shareholding Held in Name of Another Person		Principal Work Experience and Education	Position Held Concurrently in the Company and Any Other Companies	Any Managerial Officer Having Spousal or Second-degree Kinship		
					Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship
President	People's Republic of China	Hu, Chuan-Ping	Male	2016.08.05	0	0.00	0	0.00	0	0.00	Bachelor of Management, Xiamen University Deputy Director & Director & Deputy Director General of Strategic Development, Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Director of Viking Electronics (WUXI) Co.,Ltd . Director of Viking Electronics (Nantong) Co., Ltd. Director of VIKING TECH EUROPE S.R.L.	None	None	None
Vice President (Finance & Accounting Manager)	Republic of China	Li, Shun-He	Male	2004.01.09	620	0.00	240	0.00	0	0.00	Master of Management Sciences, Tamkang University Mater of Technology Management, National Tsinghua University Vice President of Cheng Feng Precision Ind., Co., Ltd. Executive Assistant of Chilisin Electronics Corporation	None	None	None	None
Vice President	Republic of China	Lu, Chi-You	Male	2008.12.30	0	0.00	0	0.00	0	0.00	Master of Electrical Engineering, National Sun Yat-sen University Assistant Manager of Walsin Technology Corporation Plant Director of Thye Ming Technology Co., Ltd.	None	None	None	None
Vice President	People's Republic of China	Liang, Yao-Ming	Male	2016.08.05	0	0.00	0	0.00	0	0.00	Bachelor of Economics, Tianjin University of Commerce Executive of Audit, Guangdong Fenghua Advanced Technology Holding Co., Ltd. Finance Manager of Sun Power Electric Wire Co., Ltd.	Supervisor of Viking Electronics (Wuxi) Co., Ltd. Supervisor of Viking Electronics (Nantong) Co., Ltd.	None	None	None
Corporate governance Manager	Republic of China	Yang, Chan-zhen	female	2023.5.12	0	0.00	0	0.00	0	0.00	Department of Accounting, YunTech Manager of Ernst & Young Tax Officer of Lextar Electronics Corp. Chief Auditor of FORMOSA EPITAXY INCORPORATION (transfer to "Epistar" after the merger) Chief Auditor of Gangu Tech Co., Ltd.	None	None	None	None

Finance & Accounting Manager	Republic of China	Cheng, Chia-Lien	female	2023.8.4	0	0.00	0	0.00	0	0.00	Master of the Department of Accounting, College of Business, Chung Yuan Christian University Manager of PwC Taiwan	None	None	None	None
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The number of shares currently held refers to the number of shares held as of April 30, 2024.

3. Remuneration paid to directors, supervisors, presidents and vice presidents in the most recent year

A. Remuneration paid to directors

Remuneration of Directors (including Independent Directors)

December 31, 2020; Unit: NT\$1,000

Title	Name	Remuneration of Directors								Ratio of the total amount of "A+B+C+D" to net income		Remuneration Paid to Concurrent Employees						Ratio of the total amount of "A+B+C+D+E+F+G" to net income		Compensation Paid to Directors from an Investee Company Other than the Company's Subsidiary or from Parent Company						
		Compensation (A)		Retirement Pension (B)		Director Remuneration (C)		Allowances (D)				Salary, Bonus, and Special Expenses (E)		Retirement Pension (F)		Employee Remuneration (G)										
		The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements							
Director	Huajie Investment Limited Company Representative: Tsai, Kao-Ming Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Hu, Chuan-Ping Representative: Liang, Yao-Ming Representative: Liao, Wei-Qian (Note 3) Representative: Mo Xue-Qiong (Note 4) Thai Wey Industrial Co., Ltd (Note 2) Representative: Chen, Li-Ming (Note 2) Representative: Li, Mao-Sheng (Note 2) Jetbond Technology Co., Ltd. (Note 4) Representative: Guo-Feng Wei (Note 4) Representative: Chang-Sean Zhou (Note 4)	7,794	11,214	0	0	14,749	14,749	407	407	22,950	26,370	8.77%	10.06%	0	0	0	0	0	0	0	0	22,950	26,370	8.77%	10.06%	None
Independent Director	Li, Yi-Wen Shen, Po-Ting Huang, Shih-Pin	1,420	1,420	0	0	3,238	3,238	110	110	4,768	4,768	1.82%	1.82%	0	0	0	0	0	0	0	0	4,768	4,768	1.82%	1.82%	None

1. Please describe the independent director remuneration policy, system, standard, and structure, and describe the correlation with the amount of remuneration based on the responsibilities, risks, invested time, and other factors:  
The company's director remuneration policy is mainly handled in accordance with the "Rules Governing Performance Evaluation of Board of Directors" and "Rules Governing Director Remuneration Distribution." According to the company's Articles of Incorporation, appropriate 5% of the annual earnings (that is, net income before tax and before the distribution of remuneration to employees, directors, and supervisors), if any, to pay remuneration to directors and supervisors. The Remuneration Committee will make the remuneration distribution proposal based on directors' participation in the company's operations and contribution value to the Board of Directors for deliberation and approval.

2. In addition to the disclosure made in the table above, the remuneration received by the Company's directors in the most recent year for providing services (such as, serving as a consultant without an employee status of the parent company / all companies included in the financial statements / invested enterprises, etc.): NT\$10,977 thousand

Note 1: The amount of director remuneration approved by the Board of Directors in the most recent year.

### Range of Remuneration Paid to Directors

Unit: NT\$

Range of Remuneration Paid to Each Director	Name of Director			
	(A+B+C+D)		(A+B+C+D+E+F+G)	
	The Company	All Companies in Financial Statements (H)	The Company	All Companies in Financial Statements (I)
Less than NT\$1 million	Tsai, Kao-Ming, , Hu, Chuan-Ping, Liang, Yao-Ming, Mo Xue-Qiong,, Guo-Feng Chang-Sean Zhou	Tsai, Kao-Ming, , Mo Xue-Qiong,, Guo-Feng Wei, Chang-Sean Zhou	Tsai, Kao-Ming, , Hu, Chuan-Ping, Liang, Yao-Ming, Mo Xue-Qiong,, Guo-Feng Wei, Chang-Sean Zhou	Tsai, Kao-Ming, , Mo Xue-Qiong,, Guo-Feng Wei, Chang-Sean Zhou
NT\$1 million (inclusive)~NT\$2 million (exclusive)	Shen, Po-Ting, Huang, Shih-Pin, Li, Yi-Wen,	Liang, Yao-Ming ,Shen, Po-Ting, Huang, Shih-Pin, Li, Yi-Wen	Shen, Po-Ting, Huang, Shih-Pin, Li, Yi-Wen,	Liang, Yao-Ming ,Shen, Po-Ting, Huang, Shih-Pin, Li, Yi-Wen
NT\$2 million (inclusive)~NT\$3.5 million (exclusive)				
NT\$3.5 million (inclusive)~NT\$5 million (exclusive)	Jetbond Technology Co., Ltd.	Jetbond Technology Co., Ltd.	Jetbond Technology Co., Ltd.	Jetbond Technology Co., Ltd.
NT\$5 million (inclusive)~NT\$10 million (exclusive)	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd
NT\$10 million (inclusive)~NT\$15 million (exclusive)	Huajie Investment Limited Company	Huajie Investment Limited Company	Huajie Investment Limited Company	Huajie Investment Limited Company
NT\$15 million (inclusive)~NT\$30 million (exclusive)				



NT\$30 million (inclusive)~NT\$50 million (exclusive)				
NT\$50 million (inclusive)~NT\$100 million (exclusive)				
More than NT\$100 million				
Total		12	12	12

B. Remuneration paid to supervisors: None.

C. Remuneration paid to presidents and vice presidents

December 31, 2020; Unit: NT\$1,000

Title	Name	Salary (A)		Retirement Pension (B) (Note 2)		Bonus and Special Expenses (C)		Employee Remuneration (D) (Note 1)				Ratio of Total Remuneration (A, B, C, and D) to Income after Tax (%)		Compensation Paid to Directors from an Investee Company Other than the Company's Subsidiary or from Parent Company
		The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company		All Companies in Financial Statement		The Company	All Companies in Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Hu, Chuan-Ping (Note 3)	4,750	4,750	108	108	9,521	9,521	3,598	0	3,598	0	17,977 6.87%	17,977 6.86%	None
Vice President	Li, Shun-He													
Vice President	Lu, Chi-You													
VicePresident	Liang, Yao-Ming (Note 3)													

Note 1: The 2023 earnings distribution is yet to be adopted in the 2024 annual shareholders' meeting.

Note 2: The retirement pension (B) refers to the amount appropriated, not paid.

Note 3: An employee of Guangdong Fenghua Advanced Technology Holding Co., Ltd. who came to Taiwan for investment management and received no remuneration from the Company.

Range of Remuneration Paid to Presidents and Vice Presidents

Unit: NT\$

Range of Remuneration Paid to Presidents and Vice Presidents	Name of President and Vice President	
	The Company	All Companies in Consolidated Financial Statements (E)
Less than NT\$1 million	Hu, Chuan-Ping, Liang, Yao-Ming	Hu, Chuan-Ping, Liang, Yao-Ming
NT\$1million (inclusive)~NT\$2 million (exclusive)		
NT\$2 million (inclusive)~NT\$3.5 million (exclusive)		

NT\$3.5million (inclusive)~NT\$5 million (exclusive)		
NT\$5 million (inclusive)~NT\$10 million (exclusive)	Li, Shun-He. Lu, Chi-You	Li, Shun-He. Lu, Chi-You
NT\$10 million (inclusive)~NT\$15 million (exclusive)		
NT\$15 million (inclusive)~NT\$30 million (exclusive)		
NT\$30 million (inclusive)~NT\$50 million (exclusive)		
NT\$50 million (inclusive)~NT\$100 million (exclusive)		
More than NT\$100 million		
Total	4	4

#### D. Employee remuneration paid to managerial officers

Unit: NT\$1,000

	Title	Name	Stock Dividends	Cash Dividends (Note 1)	Total	Ratio of Total Amount to Income after Tax (%)
Managerial officers	Vice President	Li, Shun-He	0	4,087	4,087	1.56%
	Vice President	Lu, Chi-You				
	Corporate governance manager	Yang, Chan-Chen (Note2)				
	Finance & Accounting Manager	Cheng, Chia-Lien(Note3)				

Note1: The 2023 earnings distribution is yet to be adopted in the shareholders' meeting. The amount shown in the table is an estimate.

Note2: The Company's board of directors resolved to have the corporate governance officer appointed on May 12, 2023.

Note3: The Company's board of directors resolved the replacement of the financial officer and accounting officer on August 4, 2023.

D. Compare and explain the analysis of the total remuneration paid to the Company's directors, supervisors, President, and Vice President in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of the net income in the standalone or parent-only financial reports; also, explain the remuneration policy, standard and portfolio, procedures for determining remuneration, and correlation with operating performance and future risks.

1. The total remuneration paid to the directors, supervisors, President, and Vice President in the most recent two years as a percentage of the net income:

Unit: NT\$1,000

Item  Title	Ratio of Total Amount to Income after Tax (%)			
	2023		2022	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements

Directors	10.59%	11.88%	8.74%	9.28%
Presidents and Vice Presidents	6.87%	6.86%	3.61%	3.59%

## 2. The remuneration policy, standard and portfolio, procedures for determining remuneration, and correlation with operating performance and future risks:

### (1) The remuneration policy, standard and portfolio

Directors' remuneration includes both travel allowance and remuneration payment. The travel allowance is paid according to the directors' attending the board meeting; the directors' remuneration is for an amount equivalent to 5% of the current operating profit (net income before tax deducting the remuneration paid to employees, directors, and supervisors) as stipulated in Article 24 of the Company's Articles of Incorporation; also, taking into account the performance evaluation of the Board of Directors and their participation in the Company's operation management and corporate governance, which will then be formulated and recommended by the Remuneration Committee for the resolution of the Board of Directors and the shareholders' meeting.

Managerial officers' remuneration includes salary, bonus, and employee remuneration. Their salary is determined by referring to the general practice of the industry for the equivalent job position, as well as the scope of responsibilities, management ability, planning and execution ability, and their contribution to the Company's operating achievements. Employee remuneration is determined according to the annual profit generated and the distribution ratio stated in the Company's Articles of Incorporation, which will then be formulated and recommended by the Remuneration Committee for the resolution of the Board of Directors and the shareholders' meeting.

### (2) Procedures for determining remuneration:

The Company has established a Remuneration Committee to regularly evaluate the remuneration of directors and managerial officers. A reasonable remuneration is distributed by referring to the salary level of the industry and the Company's overall business performance, as well as the personal performance, achievement rate, and contribution to the Company's performance. The relevant performance evaluation and the reasonableness of remuneration are both reviewed by the Remuneration Committee and approved by the Board of Directors; also, the remuneration system will be reviewed in a timely manner based on the actual operating conditions and relevant laws and regulations.

### (3) Correlation with operating performance and future risks:

The salary of the Company's management team is determined by referring to the salary level of the industry, and considering the personal responsibility, the achievement of the goal, the job performance, the salary and remuneration paid to the staff holding the same position in recent years; also, evaluating the rationality of the correlation between personal performance and company operating performance and future risks according to the Company's achieving short-term and long-term business goals and the Company's financial status.

#### 4. State of Implementation of Corporate Governance

##### (1) State of operations of the Board of Directors

A. total of seven meetings(A) of the Board of Directors were held in the most recent year (six in 23 and one in 2024). The attendance of directors is as follows:

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Chairman	Huajie Investment Limited Company Representative: Tsai, Kao-Ming	7	0	100	
Director	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Hu, Chuan-Ping	7	0	100	
Director	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Liang, Yao-Ming	7	0	100	
Director	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. Representative: Mo Xue-Qiong	7	0	100	
Director	Jetbond Technology Co., Ltd. Representative: Guo-Feng Wei	7	0	100	
Director	Jetbond Technology Co., Ltd. Representative: Chang-Sean Zhou	7	0	100	
Independent Director	Li, Yi-Wen	7	0	100	
Independent Director	Shen, Po-Ting	7	0	100	
Independent Director	Huang, Shih-Pin	7	0	100	

Other items to be recorded:

1. If any of the following applies to the operations of the Board of Directors, the date and session of the Board meeting, the content of the proposal, opinions of all independent directors and the Company's actions in response to the opinions of independent directors shall be stated:

(1) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable to the Company.

(2) In addition to the aforementioned items, other resolutions of the Board of Directors that have been objected or reserved by the independent directors and are documented or stated in writing: None.

2. With regard to the recusal of directors from voting due to conflict of interests, the name of the directors, the content of the proposal, reasons for abstention, and the results of voting counts shall be stated: None

3. Evaluation of the Board performance:

Cycle	Period	Scope	Method	Result
Implemented	January 1,	Board of	Respective	Board of Directors

once a year	2023~December 31, 2023	Directors, individual Board members, and functional committees	self-evaluations of the Board of Directors, individual Board members, and functional committees	(Functional Committee) evaluation items: (1) Participation in the operation of the Company (2) Improvement of the quality of the Board' decision making (3) Composition and structure of the Board (4) Election and continuing education of the Directors (5) Internal control Board Directors' self-evaluation items: (1) Alignment of the goals and missions of the Company (2) Awareness of the duties of a director (3) Participation in the operation of the Company (4) Management of internal relationship and communication (5) The Director's professionalism and continuing education (6) Internal control
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4. Targets for strengthening the functions of the Board of Directors in the current year and the most recent year (e.g., establishing an Audit Committee and enhancing information transparency) and evaluation thereof:

The Board of Directors met six times in 2023, which met the requirements under the "Rules of Procedure for Board of Directors Meetings" for the Board to meet at least once a quarter. To improve information transparency, important proposals have been announced in accordance with the law on the Market Observation Post System ; The Company has made the minutes of the Board meetings and internal policies public on the company website. For internal policies pertaining to corporate governance, refer to the Company's website at <http://www.viking.com.tw>.

To strengthen the knowledge of business operations and related laws and regulations, the Company arranges on-site training on securities laws and regulations for directors and managerial officers from time to time.

The Company has set up a sound Board governance system with enhanced supervision and management mechanisms in accordance with the "Rules of Procedure for Board of Directors Meetings." According to the "Regulations Governing the Evaluation of the Board of Directors," the result of the Board evaluation in 2023, which was graded Good (4), was reported to the 12th meeting of the 10th-term Board of Directors on March 8, 2024.

(2) The Audit Committee or State of operations of supervisors

State of operations of the Audit Committee:

In the shareholders' meeting on June 25, 2015, the Company established the Audit Committee in place of supervisors. The 4nd Audit Committee was established on June 27, 2022 and composed of three independent directors; Independent Director

Shen, Po-Ting was elected as the convener of the Audit Committee. The Audit Committee shall meet at least once every quarter to supervise the following matters: (1) fair presentation of the financial statements; (2) engagement (and dismissal), independence, and performance of CPAs; (3) effective implementation of the internal control system; (4) compliance with related laws and regulations; and (5) management of the existing or potential risks. The powers of the Audit Committee are as follows:

- A. Adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- B. Assessment of the effectiveness of the internal control system.
- C. Adoption of or amendment to the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives transactions, lending of funds to others, and endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives transactions of a material nature.
- F. Lending of funds or provision of endorsements or guarantees of a material nature.
- G. Offering, issuance, or private placement of equity-type securities.
- H. Engagement or dismissal of CPAs or their compensation.
- I. Appointment or dismissal of financial, accounting or internal audit officers.
- J. Annual and semi-annual financial statements.
- K. Other material matters as may be required by the Company or authorities in charge.

A total of seven meetings(A)of the Audit Committee were held in the most recent year (six in 2023 and one in 2024). The attendance of independent directors is as follows:

Title	Name	Times of Attendance in Person(B)	Times of Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director	Li, Yi-Wen	7	0	100	
Independent Director	Shen, Po-Ting	7	0	100	
Independent Director	Huang, Shih-Pin	7	0	100	

1. Other items to be recorded:

If the operation of the Audit Committee is under any of the following circumstances, the date, term, proposal content, all independent directors' dissented opinions, qualified opinion, or material suggestion content, the resolution of the Audit Committee, and the Company's handling their opinions should be described:

- (1) Items listed in Article 14-5 of the Securities and Exchange Act: Refer to Pages 66~67 for the major resolutions of the Board of Directors.
- (2) In addition to the aforementioned items, other resolutions passed by two-thirds of all directors but yet to be approved by the Audit Committee: None.
2. With regard to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the content of the proposal, reasons for abstention, and the results of voting counts shall be stated: None.
3. Communication between independent directors and internal audit manager, and CPAs (It should include major matters, methods and results of communication on the Company's financial and business conditions):
  - (I) The internal audit officer and independent directors communicate with one another through the board meetings, Audit Committee meetings, and seminars. The internal audit officer reports the company's internal audit performance to the independent directors at least once every quarter. Independent directors and the internal audit officer have a direct communication channel with each other, including e-mail, telephone, or meeting as needed.
  - (II) The independent auditor reports the company's financial status and internal control audit implementation to the independent directors; also, fully communicates whether there are major adjustments made to the accounting entries or legal amendments that have a significant impact on the company. The independent auditor also communicates with the Audit Committee regarding the audit plan, the plan implementation, and implementation results before and after the financial

statement audit period. Also, invites the independent auditor to present at the time of reviewing the financial report. The independent directors discuss the relevant financial and business issues in the financial report with the independent auditor and have their important opinions recorded in the meeting minutes.

(III) Communication between independent directors, internal audit officer, and CPA in 2023 has already been disclosed on the Company's website.

Communication between independent directors, internal audit officer, and CPA is summarized as follows:

Date	way of communication	communication object	Communication Matters	Communication results
2023.2.17	Audit Committee Board of Directors	CPA	1. Description of the communication on the 2022 Financial Report 2. Statute update	Good
2023.2.17	Board of Directors	Internal Audit Officer	Report on the implementation of the audit plan from December 2022	Noticed
2023.5.12	Audit Committee Board of Directors	CPA	Description of the communication on the 2023Q1 Financial Report	Good
2023.5.12	Board of Directors	Internal Audit Officer	Report on the implementation of the audit plan from January 2023 to March 2023	Noticed
2023.6.27	Board of Directors	Internal Audit Officer	Report on the implementation of the audit plan from April 2023 to May 2023	Noticed
2023.8.4	Audit Committee Board of Directors	CPA	Description of the communication on the 2023Q2 Financial Report	Good
2023.8.4	Board of Directors	Internal Audit Officer	Report on the implementation of the audit plan from June 2023	Noticed
2023.11.10	Audit Committee Board of Directors	CPA	Description of the communication on the 2023Q3 Financial Report	Good
2023.11.10	Board of Directors	Internal Audit Officer	Report on the implementation of the audit plan from July 2023 to September 2023	Noticed
2023.12.22	Board of Directors	Internal Audit Officer	Report on the implementation of the audit plan from October 2023 to November 2023	Noticed

(3) State of implementation of corporate governance, any departure from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for such departure

Item for Evaluation	State of Implementation (Note 1)			Departure from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Summary	
1. Does the Company follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to establish and disclose its corporate governance best practice principles?	✓		The Company has established the Corporate Governance Guidelines in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The Corporate Governance Guidelines have been implemented upon adoption of the Board of Directors by resolution on December 25, 2012 and disclosed on the company website at <a href="http://www.viking.com.tw">http://www.viking.com.tw</a> .	None
2. Shareholding structure & shareholders' rights (1) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? Are such matters handled according to the internal operating procedures? (2) Does the Company maintain a register of major shareholders with controlling power and a register of persons exercising ultimate control over those major shareholders? (3) Does the Company establish and enforce risk control and firewall systems with its affiliated companies? (4) Does the Company establish internal rules to prohibit insiders from trading in securities using information not disclosed to the market?	✓  ✓  ✓  ✓		(1) The Company has established the Regulations Governing the Handling of Stock Affairs and appointed the spokesperson and acting spokesperson to handle shareholders' suggestions, concerns, disputes and litigation matters in accordance with the aforesaid regulations.  (2) The Company has maintained a close relationship with major shareholders with a register of major shareholders with controlling power and a register of persons exercising ultimate control over those major shareholders.  (3) The Company has established the Regulations Governing the Transactions with Specific Companies and Related Parties and the Regulations Governing the Supervision and Management of Subsidiaries to build appropriate risk control and firewall systems.  (4) The Company has established the Regulations Governing the Handling of Material Inside Information, which specify the procedures for disclosing material information, to build a sound mechanism for handling material inside information and avoid improper leaks of inside information.	None
3. Composition and responsibility of the Board of Directors (1) Does the Board of Directors formulate diversified policies and specific management objectives, and have it implemented accordingly?	✓		(1) The Company has formulated the "Procedures for Election of Directors" to regulate the conditions required for the board directors to perform their duties and implement the diversity policy. The Company values the importance of the diversified professional knowledge and skills of the board directors. The current Board of Directors consists of 9 directors, including 3 independent directors who have professional background and experience in different fields and positions, such as,	None



Item for Evaluation	State of Implementation (Note 1)			Departure from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason
	Yes	No	Summary	
<p>(2) Does the Company set up other functional committees voluntarily in addition to the Remuneration Committee and the Audit Committee that had been established as required by the law?</p> <p>(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually and report the results of evaluation to the Board of Directors and refer to the said results when determining each director's compensation and reelection?</p>	<p>✓</p> <p>✓</p>		<p>(2) law, financial accounting, industry, and commerce. The company has set up a Remuneration Committee and an Audit Committee, and Sustainable Development Committee in June 2022 to promote sustainable operations, including environmental sustainability, corporate social responsibility, corporate governance, ethical corporate management, and risk management. The company strives to advocate the concept of sustainable management, to achieve full participation of employees taking as a whole, and to achieve implementation results.</p> <p>(3) The Company formulated the "Regulations Governing the Evaluation of the Board of Directors" in the 21th meeting of the 9th-term Board of Directors and reported the result of the Board evaluation in 2023, which was graded Good (4), to the 12th meeting of the 10th-term Board of Directors. The criteria for evaluating the performance of the Board include the following five aspects:  (1).Participation in the operation of the Company  (2).Improvement of the quality of the Board' decision making  (3).Composition and structure of the Board  (4).Election and continuing education of the Directors  (5).Internal control  The criteria for evaluating the performance of the Board members include the following six aspects:  (1).Alignment of the goals and missions of the Company  (2). Awareness of the duties of a director  (3).Participation in the operation of the Company  (4).Management of internal relationship and communication  (5).The Director's professionalism and continuing education  (6).Internal control  The criteria for evaluating the performance of functional committees include the following five aspects:  (1).Participation in the operation of the Company  (2).Awareness of the duties of the functional committee  (3).Improvement of quality of decisions made by the functional committee  (4).Makeup of the functional committee and election of its members  (5).Internal control</p>	

Item for Evaluation	State of Implementation (Note 1)			Departure from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason
	Yes	No	Summary	
(4) Does the Company evaluate the independence of CPAs on a regular basis?	✓		<p>The indexes of the Board performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the Company.</p> <p>2.Period: January 1, 2023~December 31, 2023.</p> <p>3 Evaluation results: The overall operation of the Board of Directors was good throughout the evaluation period. The board directors and functional committees were aware of their responsibilities, committed to participate in the company's operations, exercised due diligence in guiding and supervising the company's strategies, and effectively enhanced the functions of the Board of Directors and safeguarded shareholders' rights and interests. The company will base on this performance evaluation result to refine the duty performance of directors continuously in order to improve the effectiveness of corporate governance.</p> <p>(4) The Company engages CPAs of a domestic large accounting firm to independently audit the Company's financial position in accordance with related laws and regulations. The Company has established the Regulations Governing the Evaluation of Certified Public Accountants, which specify that the Finance Department shall evaluate the independence of CPAs engaged by the Company at the end of every year and report to the Board of Directors.</p> <p>For the evaluation form for the independence of CPAs, refer to Page 46.</p>	
4. Does the Company set up adequate personnel and a corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, helping directors and supervisors comply with laws and regulations, handling matters relating to Board meetings and shareholders meetings according to laws, and producing minutes of Board meetings and shareholders' meetings)?	✓		The board of directors of the Company approved the appointment of a corporate governance officer in May 2023. The appointed Corporate Governance Officer will be responsible for corporate governance-related matters, including handling matters related to the meetings of the Board of Directors and Shareholders in accordance with the law; assisting directors to take office and continue their education; providing information to directors for business operation; assisting directors in complying with laws and regulations, etc.	None
5. Does the Company set up channels of communication with stakeholders (including but not limited to its	✓		The Company has disclosed the spokesperson's contact information, including telephone number and E-mail, and a stakeholder section on the company website.	None

Item for Evaluation	State of Implementation (Note 1)			Departure from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason
	Yes	No	Summary	
shareholders, employees, clients, and suppliers), designate a stakeholders section on its website, and properly reply to any major issues which stakeholders are concerned about regarding the corporate social responsibility?				
6. Does the Company entrust a professional stock transfer agent to manage shareholders' meetings and other relevant affairs?	✓		The Company has entrusted Horizon Securities Co. Ltd. to handle affairs relating to shareholders' meetings.	None
7. Information disclosure (1) Does the Company establish a company website to disclose information on its finances, business, and corporate governance? (2) Does the Company use other channels of information disclosure (e.g. maintaining an English website, designating persons to handling information collection and disclosure, appointing a spokesperson, and webcasting investor conferences)? (3) Does the Company announce and register the annual financial statements within two months after the close of each fiscal year and the quarterly financial statements and the monthly operating status within the given time limits?	✓ ✓ ✓		(1) The Company has established its company website at <a href="http://www.viking.com.tw">http://www.viking.com.tw</a> to disclose and update information on its finances, business, and corporate governance.  (2) The Company has a person designated to be responsible for information collection and disclosure, which should be announced on the Market Observation Post System on time; also, the spokesperson system should be implemented in accordance with the regulations.  (3) In order to facilitate investors to obtain sufficient and correct information in a timely manner. The financial report of each quarter of 2023 and the operating conditions of each month were announced and reported before deadline. The annual financial report has not yet been announced and filed within two months after the end of the fiscal year..	None
8. Does the Company have other important information that can facilitate the understanding of the implementation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relationships, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of	✓		Upholding the business philosophy of sustainable development, the Company takes a responsible attitude toward employees, customers, and society and adopts the following strategies for human rights, employee rights, and environmental protection; (1) Employee rights and interests and employee care: The Company has established the Employee Welfare Committee elected through employees to be in charge of providing employee benefits and appropriating and contributing pensions according to the Labor Standards Act and the Labor Pension Act. The Company has taken measures for labor relations in accordance with related laws and regulations pertaining and maintained a good relationship with employees. Any establishment or amendment to the measures for labor relations has been finalized upon full communication	None

Item for Evaluation	State of Implementation (Note 1)			Departure from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason
	Yes	No	Summary	
liability insurance for directors and supervisors)?			<p>between the Company and employees.</p> <p>(2) Investor relations: The Company holds a shareholders' meeting every year according to the Company Act and related laws and regulations and provides shareholders an opportunity to ask questions and propose. The Company has a spokesperson to handle shareholders' suggestions, concerns, disputes and litigation matters; in addition, the Company timely discloses and declares information that may affect investors' decisions in accordance with the regulations of authorities in charge.</p> <p>(3) Supplier relationships: The Company has maintained a close and reliable relationship with suppliers. The Company communicates with suppliers by phone, meeting or E-mail about its product and quality policies to achieve the sustainable development and green operations together with suppliers.</p> <p>(4) Rights of stakeholders: There is a special section on the Company's website designated for the information of stakeholders so to provide a communication channel to safeguard the rights and interests of both parties.</p> <p>(5) Continuing education of directors and supervisors: Please refer to Page 46~47.</p> <p>(6) Implementation of risk management policies and risk measurement standards: The Company has established the Regulations Governing the Acquisition or Disposal of Assets, the Regulations Governing the Making of Endorsements/Guarantees, and the Regulations Governing the Lending of Funds to Others for the responsible departments and Audit Office to follow in the process of risk management and risk measurement.</p> <p>(7) Implementation of customer policies: The quality policy of the Company focuses on customer satisfaction. To provide a full range of customer service and protection, the Company fully communicates with customers and responds to their complaints immediately in order to meet their needs and improve interaction; in addition, the Company reviews customer complaints in internal meetings on a regular basis and proposes specific improvement plans and corrective and preventive measures.</p> <p>(8) The liability insurance acquired by the Company for directors: The Company has acquired liability insurance for directors with the important information such as the insurance amount, insurance coverage, insurance premium, etc. reported to the board of directors and disclosed in the Market Observation Post System.</p> <p>(9) The Company has purchase liability insurance for directors and managerial officers.</p> <p>(10) Other significant information that provides better understanding of the state of implementation of corporate governance:  A. The Company has established the Guidelines for Ethical Corporate Management for directors, managerial officers, and all employees to follow. For related information, refer to the company website at</p>	

Item for Evaluation	State of Implementation (Note 1)			Departure from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason
	Yes	No	Summary	
			<p><a href="http://www.viking.com.tw">www.viking.com.tw</a> (investor relations/company profile and corporate governance/internal policies/Guidelines for Ethical Corporate Management).</p> <p>B. The Company has established the Regulations Governing the Handling of Material Inside Information, which specify the mechanism for handling and disclosing material information of the Company. For related information, refer to the company website at <a href="http://www.viking.com.tw">www.viking.com.tw</a> (investor relations/company profile and corporate governance/internal policies/Regulations Governing the Handling of Material Inside Information).</p>	
<p>9. State of improvements based on the result of the latest Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporation and priorities for improvement (exempt if the Company is not included in the evaluation):</p> <p>(1) According to the results of the 10th Corporate Governance Evaluation, the Company was ranked top 21%~35%.</p> <p>(2) In 2023, all directors completed training hours regulated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.</p> <p>(3) Meetings of the Board of Directors are arranged in advance. If directors are unable to attend, they may review proposals in advance and express their opinions by proxy. If a meeting of the Board of Directors is rescheduled at the last moment, the Company will manage to arrange the meeting at directors' convenience to increase the attendance rate of directors.</p> <p>(4) The Company has been strengthening the transparency of information on the company website.</p>				

Evaluation criteria for the independence of CPAs:

Item for Evaluation	Result of Evaluation	Compliance with Independence Criteria
1. Having a direct or material indirect financial interest in the Company	No	Yes
2. Having a loan or guarantee of loan with the Company or its director or supervisor	No	Yes
3. Being concerned about the possibility of losing the Company	No	Yes
4. Having a significant close business relationship with the Company	No	Yes
5. A member of the assurance team being, or having been a director, or supervisor of the Company, or employed by the Company in a position to exert significant influence over the subject matter of the engagement within the past two years	No	Yes
6. Entering into a potential employment negotiation with the Company	No	Yes
7. Entering into a contingent fee arrangement relating to an audit engagement with the Company	No	Yes
8. Having been engaged by the Company for consecutive seven years	No	Yes

Continuing education of directors:

Title	Name	Date of Training	Training Institution	Course Name	Training Hour
Chairman	Tsai, Kao-Ming	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H
Director	Hu, Chuan-Ping	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H
Director	Liang, Yao-Ming	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H
Director	Mo, Xue-Qiong	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H
Director	Wei, Guo-Feng	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate	Formulation of the ESG sustainable governance strategy under risk	3H

Title	Name	Date of Training	Training Institution	Course Name	Training Hour
			Governance Association	management	
Director	Zhou, Chang-Sean	2023.03.10	Taiwan Corporate Governance Association	The strange global economic situation in 2023	1H
		2023.03.29		Seminar on Analysis of Climate Change Response Laws and Corporate Response Strategies	2H
		2023.05.25		Enhance the drive for ESG by the board of directors - case sharing on the connection between executive remuneration and ESG performance	1H
		2023.08.30		The impact of ChatGPT on the industry and the corresponding response	1H
		2023.10.11	Accounting Research and Development Foundation	Practice of audit compliance in response to the appointment of “corporate governance personnel” requested by the competent authorities	6H
		2023.10.12	Taiwan Corporate Governance Association	Sustainable Governance Seminar empowered by the Board of Directors	3H
		2023.11.24		Unveiling the mystery of corporate governance: The operational practices of corporate governance personnel	3H
		2023.12.12		The 19th (2023) International Summit Forum on Corporate Governance – Breaking ground of governance and improving corporate value	3H
Independent Director	Li, Yi-Wen	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H
Independent Director	Shen, Po-Ting	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H
Independent Director	Huang, Shih-Pin	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
		2023.06.27	Taiwan Corporate Governance Association	Formulation of the ESG sustainable governance strategy under risk management	3H

(4) Composition, duties, and state of operations of the Remuneration Committee

The Board of Directors has passed the Remuneration Committee Charters and established the Remuneration Committee according to the laws and regulations.

The main function of the Remuneration Committee is to assist the Board of Directors in implementing and evaluating the remuneration policy, system, standards, and structure for directors, supervisors and managerial officers and to submit its recommendations for remuneration for directors, supervisors and managerial officers for deliberation by the Board of Directors according to the Remuneration Committee Charters.

A. Information on members of the Remuneration Committee

April 30, 2024

Identity	Name	Criteria	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director (Convener)	Huang, Shih-Pin	Possesses the work experience in legal affair, finance, accounting, and company business needed by the Company; also, is free of any matters as stated in Article 30 of the Company Act.	Possesses the work experience in legal affair, finance, accounting, and company business needed by the Company; also, is a certified public accountant and free of any matters as stated in Article 30 of the Company Act.	1.The principal and the principal’s spouse or relatives within the second degree do not serve as directors, supervisors, or employees of the Company or the Company’s associate; 2.The principal and the principal’s spouse or relatives within the second degree do not hold more than 1% of the Company’s shares or are not ranked as the top-10 natural person shareholders. 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (in compliance with the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”). 4. Did not provide commerce, law, finance, and accounting services to the Company or the Company’s associates with remuneration received in the last 2 years.	None
Independent Director	Shen, Po-Ting	Possesses the work experience in legal affair, finance, accounting, and company business needed by the Company; also, is a certified public accountant and free of any matters as stated in Article 30 of the Company Act.			None
Independent Director	Li, Yi-Wen	Possesses the work experience in legal affair, finance, accounting, and company business needed by the Company; also, is a licensed attorney and free of any matters as stated in Article 30 of the Company Act.			None

B. State of operations of the Remuneration Committee

- a. The Remuneration Committee consists of three independent directors.
- b. Term of the incumbent members: June 27, 2022~June 26, 2025. A total of four meetings(A) of the Remuneration Committee were held in the most recent year (three in 2023 and one in 2024). The qualifications for the members of the Remuneration Committee and their attendance are as follows

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Attendance Rate (%) (Note) (B/A)	Remark



Convener	Huang, Shih-Pin	4	0	100	
Member	Li, Yi-Wen	4	0	100	
Member	Shen, Po-Ting	4	0	100	
Other items to be recorded:					
<p>1. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, the date and session of the Board meeting, contents of the proposal, and resolution of the Board of Directors as well as the Company's actions in response to the opinions of the Remuneration Committee (if remuneration approved by the Board is better than that proposed by the Remuneration Committee, for example) shall be stated: None.</p> <p>2. Regarding resolutions of the meeting of the Remuneration Committee, if there is any written record or statement pertaining to members' objections or reservations, the date and session of the Remuneration Committee meeting, contents of the proposal, the opinion of the said member, and the actions in response to the said opinion shall be stated: None.</p>					

c. Important Resolutions of the Remuneration Committee:

Remuneration Committee meeting dates	Proposal content	Resolutions of Remuneration Committee and the Company's Handling of Committee Members' Opinions
2.17.2023 The 6 <sup>th</sup> term – 2 <sup>nd</sup> meeting	The 2022 employee remuneration and director remuneration distribution proposal	Approved by all the members present; also, approved by all the board directors present.
6.27.2023 The 6 <sup>th</sup> term – 3 <sup>rd</sup> meeting	The proposal of corporate Governance Officer Remuneration The 2022 managerial officers' remuneration proposal	Approved by all the members present; also, approved by all the board directors present.
8.4.2023 The 6 <sup>th</sup> term – 4 <sup>nd</sup> meeting	The proposal of Financial Officer and Accounting Officer remuneration	Approved by all the members present; also, approved by all the board directors present.
3.8.2024 The 6 <sup>th</sup> term – 5 <sup>nd</sup> meeting	The 2023 employee remuneration and director remuneration distribution proposal	Approved by all the members present; also, approved by all the board directors present.

C. Formulation, responsibilities, and operation of the Nomination Committee: The Company does not have a Nomination Committee setup.

(5) The promotion and operation of the sustainable development and its differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
1. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized and supervised by the Board of Directors?	✓		<p>The company established the Sustainable Development Committee in June 2022 for enhancing corporate governance and achieving the concept of sustainable corporate management. The sustainable development policies were formulated with the approval of the Board of Directors; also, relevant policies and strategic directions were formulated with an aim at four main responsibilities, including “Operation Governance,” “Sustainable Environment,” “Sustainable Supply Chain,” and “Employee Care and Social Participation.” Moreover, a corporate sustainable management team was setup under the committee to assist in the implementation and handling of the committee’s resolutions and instructions and follow-up on the implementation effectiveness regularly.</p> <p>The Sustainable Development Committee is authorized and supervised by the company’s Board of Directors with at least two meetings held every year and regularly reporting to the Board of Directors. The Sustainable Development Committee assigns the management representatives and responsible colleagues to form a corporate sustainable management team with the aim to achieve the concept of sustainable management from the four major aspects that include operation governance, sustainable environment, sustainable supply chain, and employee care and social participation. The corporate sustainable management team holds regular meetings to report the operation to the management representative who will then report it to the Board of Directors. The Board of Directors will supervise the strategies, objectives, and implementation results proposed by the Sustainable Development Committee in order to promote the company’s sustainable growth continuously.</p> <p>(The 2023 implementation result had been reported to the Board of Directors on December 22, 2023)</p>	None

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
2. Does the Company conduct risk assessments on environmental, social, or corporate governance issues related to the Company's operations in accordance with the principle of materiality and formulate relevant risk management policies or strategies?	✓		<p>The Company has a dedicated unit in charge of environmental management, which is responsible to guide relevant departments to obtain required licenses in accordance with laws and regulations. The Company has also introduced the ISO 14001 Environmental Management System to increase relevant departments' environmental awareness.</p> <p>The Company has introduced the ISO9001 Quality Management System, ISO 13485 Medical Devices Quality Management System, and ISO14001 Environmental Management System to control and immediately respond to operational risks in terms of the environment, customers, and suppliers.</p> <p>In recent years, business activities have been increasingly dependent on information. To implement information security management, the Company has formulated the “Regulations Governing Information Systems,” which stipulate how the internal information security policy should be executed and followed, along with internal/external information security protections. The Company also conducts the disaster recovery drills every year to protect business operations from external factors.</p>	None
3. Environmental issues (1) Does the Company establish a suitable environmental management system based on its industrial characteristics?	✓		<p>(1) The Company has obtained the ISO14001 environmental management system certification, which proves that stationary pollution sources, wastewater or sewage, and industrial waste generated from production of the Company have been managed and disposed of in accordance with the environmental laws and regulations.</p> <p>The Company will require the suppliers to provide a test report or a declaration of conformity for restricted and hazardous substances at the time of recognizing materials and suppliers in order to comply with international environmental protection regulations and customer requirements; also, to effectively ensure that the raw materials and substances used by the Company are in compliance with international hazardous substances environmental laws and regulations.</p>	None

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
(2) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		(2) The Company has entrusted qualified vendors to recycle waste. To save energy, employees are required to use electronic files in place of hard copy and energy-saving lighting as many as possible; in addition, the Company uses eco-friendly raw materials in hopes of achieve profits and environmental sustainability at the same time.	
(3) Does the company evaluate the impact of climate change on the current and future potential risks and opportunities with countermeasures adopted in response to the climate-related issues?	✓		(3) The Management Division and Occupational Safety Office are responsible for environmental management. The Company has conducted the greenhouse gas inventory, taken energy conservation measures, and controlled the consumption of electricity on a regular basis to ensure the effective implementation of related policies. (4) The Company organizes labor-management meetings on a regular basis to convey policies and learn employees’ opinions through open, two-way communication in hopes of maintaining harmonious labor relations.	
(4) Has the company counted statistically the greenhouse gas emissions, water consumption, and total weight of waste of the last two years, and formulated policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management policies?	✓		(4) Measures taken by the Company are as follows: GHG emissions: The Company does not fall within the industries required by the Environmental Protection Administration to conduct GHG inventories; however, the Company has conducted preliminary GHG inventories to control the source of GHG. Please refer to next page for details. The achievements and specific measures in energy saving, carbon reduction, and water conservation are detailed on the following page. Waste management: The Company sets the KPI for waste management every year and reviews progress in the quarterly KPI meeting.	

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
<p>4.Social issues</p> <p>(1)Does the Company formulate relevant management policies and procedures in accordance with related laws and regulations and international human rights conventions?</p> <p>(2)Does the Company establish and offer proper employee benefits (including compensation, leave, and other benefits) and reflect the business performance or results in employee compensation appropriately?</p> <p>(3) Does the Company provide a safe and healthy work environment for employees and regularly organize health and safety training for employees?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established the Human Resources Management Policy and Work Rules in accordance with the Labor Standards Act and related laws and regulations and provided labor insurance, national health insurance, and pension for employees according to related laws and regulations. In addition, the Company has formulated the “Sexual Harassment Prevention Measures, Grievance, and Disciplinary Act” in accordance with the Sexual Harassment Prevention Act and the Gender Equality in Employment Act so to provide employees with a work and service environment free from sexual harassment.</p> <p>(2) The Company has various employee benefits and a retirement policy in line with the laws and regulations; a sound performance evaluation system as a standard for salary adjustment and bonus distribution; and employee stock options and employee bonus to strengthen cohesion among employees. With these employee benefits in place, employees are prompted to participate in business operations actively and share business results with the Company. For employees choosing to apply the new pension system, we allocate 6% of employees’ monthly salaries to their personal accounts at the Bureau of Labor Insurance in accordance with the laws and regulations.</p> <p>(3) The Company has conducted supervision and management in accordance with relevant occupational safety and health laws and regulations, and has formulated procedures such as “Responsibility for Occupational Safety and Health Management,” “Operational procedures for emergency response,” “Labor safety and health education and training,” etc. so to construct a risk-prevented, safe, and friendly working environment. There was one work-related injury that occurred in 2023, indicating a disability injury frequency (FR) of 12.5. According to the investigation conducted, it was a minor physical injury (a burn incident); therefore, personnel education and training were enhanced subsequently and insulation gloves must be worn in order to reduce the risk of hazards.</p>	None

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
<p>(4) Does the Company establish an effective career development training program for employees?</p> <p>(5) Does the company follow relevant laws regulations, and international standards, and formulate relevant policies and complaint procedures for the protection of consumers’ or customers’ rights and interests regarding issues related to customer health and safety, customer privacy, marketing, and labelling of products and services?</p> <p>(6) Does the Company establish the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervise their compliance?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>Occupational safety and health training courses (such as labeling of hazardous chemicals and general rules, ionizing radiation protection law, etc.) were provided to 1,087 participants/times for a total 2,802 hours. A total of 9 female pregnant employees received maternal health protection in 2023. Medical staff had completed hazard identifications, risk evaluation, and work content confirmations with 6 persons/times by phone calls or face-to-face interviews with special identification armbands provided to pregnant employees in order to reduce related risks. There had no fire incident occurred as of the publication date of the 2023 annual report.</p> <p>(4) The Company has established the Employee Training Regulations to improve the quality and competitiveness of employees and further achieve sustainable development. Supervisors and employees may participate in training and courses organized by external training institutions as needed to improve the expertise and core competitiveness of employees and strengthen the sound training system of the Company.</p> <p>(5) To ensure our customers’ health and safety and quality of customer service, we regularly convene the Quality Management Committee meetings, sales and production meetings, and business meetings. The Company has the “Stakeholders” session in place on the website, where contact information including telephone number, mail address, and e-mail address, is available for consumers to contact us in case of any complaints.</p> <p>(6) The Company has formulated relevant supplier evaluation and management regulations, requesting suppliers to cooperate closely and sign the Supplier Corporate Social Responsibility Survey (covering labor rights, health and safety, and environmental laws and regulations). We also conduct supplier evaluations on a regular basis.</p>	
<p>5. Does the company refer to the internationally accepted reporting standards or guidelines to prepare the sustainability reports that disclose non-financial information of the company? Has the aforementioned report received a confirmation or guarantee opinion from a third-party</p>	<p>✓</p>		<p>The Company has the report prepared by referring to the GRI Universal Standards 2021 of the Global Reporting Initiative (GRI), the structure of the “Task Force on Climate-related Financial Disclosures (TCFD),” and the structure of “Sustainability Accounting Standards Board (SASB).”</p>	<p>None</p>

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
verification unit?			The financial data in this report were audited and confirmed by PwC Taiwan and denominated in New Taiwan Dollars. The British Standards Institute (BSI) was also contracted to initiate external verification in accordance with the GRI (GRI Universal Standards 2021) with a statement of independent verification opinion issued. PwC Taiwan was contracted to perform assurance on the key performance information in accordance with ISAE 3000. The statement of independent verification opinion and assurance report are attached to the appendix of this report. The performance of social responsibilities is disclosed on the Company’s website, prospectus, and annual shareholder meeting report (corporate social responsibility of the Company’s website and ESG report).	
<p>6. If a company has its own “Sustainable Development Best Practice Principles” formulated in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the operation and its difference from the “Sustainable Development Best Practice Principles” formulated:</p> <p>No difference.</p> <p>The Company established the Sustainable Development Committee in June 2022, and it had operated in compliance with the Company’s “Sustainable Development Committee Charter” in 2023. The members of the Committee and functional groups had the Company’s sustainability development task promoted effectively and implemented smoothly in accordance with the requirements of the Charter in order to ensure that the Committee operated in consistent with the Company’s sustainability goals and policies.</p>				
<p>7. Other important information that is helpful for understanding the promotion and operation of sustainable development:</p> <p>The Company can evaluate the implementation of sustainable development more comprehensively by gaining understanding on the following information with the directions of correction and continuous improvement formed:</p> <ol style="list-style-type: none"> <li>1. Environmental policies and goals: An enterprise’s environmental policies and goals reflect its commitment to and appreciation of the environment, including the goals of reducing carbon footprint, saving energy, reducing waste, etc.</li> <li>2. Supply chain management: The cooperative relationship between enterprises and suppliers is crucial to the promotion of sustainable development. The information on understanding how enterprises monitor and support suppliers to practice sustainable management, and how to cooperate with suppliers to achieve common sustainability goals is valuable.</li> <li>3. Social responsibility and employee care: Corporate social responsibility and employee care are also important in promoting sustainable development, including employee training and development, participation in social welfare activities, etc.</li> <li>4. Reporting and transparency: An enterprise’s reporting and transparency level is also an important indicator in measuring its promoting sustainable development, including whether reliable sustainability reports have been published and relevant information have been announced to stakeholders regularly.</li> <li>5. Innovation and technological development: An enterprise’s innovation and technological development can also reflect its efforts in promoting sustainable</li> </ol>				

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons																
	Yes	No	Summary																	
			development, including developing products and technologies that meet environmental requirements. The Company also enhances understanding on and responding to the challenges of sustainable development, and improves sustainable development capabilities by regularly receiving external training on relevant issues and accepting the support and operation of the Sustainable Development Committee.																	
			6. Relevant measures for energy saving and carbon reduction, water resources, and waste reduction: (1) Energy conservation and carbon reduction Currently, the Company is not part of the industries designated by the Environmental Protection Administration to conduct the greenhouse gas inventory. To fulfill its corporate social responsibility, however, the Company takes the initiative to conduct the greenhouse gas inventory to control the contribution of its energy consumption to the environment and further evaluate the feasible energy conservation and carbon reduction initiatives. The 2023 greenhouse gas emission equivalent is as follows:																	
			<table border="1"> <thead> <tr> <th>Type of emission</th> <th>Emission equivalent (Metric tons CO2e/year)</th> </tr> </thead> <tbody> <tr> <td>Category (I) emission equivalent</td> <td>468.1244</td> </tr> <tr> <td>Category (II) emission equivalent</td> <td>14,470.7760</td> </tr> <tr> <td>Total</td> <td>14,938.900</td> </tr> </tbody> </table>	Type of emission	Emission equivalent (Metric tons CO2e/year)	Category (I) emission equivalent	468.1244	Category (II) emission equivalent	14,470.7760	Total	14,938.900									
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			Note: The scope of disclosure is Hsinchu head office and Kaohsiung branch.																	
			The statistics on the effectiveness of power saving measures in the last three years is as follows with the power consumption disclosed:																	
			<table border="1"> <thead> <tr> <th>Year</th> <th>Total energy consumption (GJ)</th> <th>Total revenue (NT\$ thousands)</th> <th>Energy intensity</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>108,346</td> <td>3,106,485</td> <td>0.035</td> </tr> <tr> <td>2022</td> <td>104,440</td> <td>3,161,885</td> <td>0.033</td> </tr> <tr> <td>2023</td> <td>105,408</td> <td>2,553,243</td> <td>0.041</td> </tr> </tbody> </table>	Year	Total energy consumption (GJ)	Total revenue (NT\$ thousands)	Energy intensity	2021	108,346	3,106,485	0.035	2022	104,440	3,161,885	0.033	2023	105,408	2,553,243	0.041	
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			To control energy efficiency effectively and achieve the goal of energy conservation and carbon reduction, the Company has taken the following improvement plans:																	
			<table border="1"> <thead> <tr> <th>No.</th> <th>Improvement Plan</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Replace T5 lamps with T8LED lamps for</td> <td>Annual electricity saving of 330,438 kWh</td> </tr> </tbody> </table>	No.	Improvement Plan	Results	1	Replace T5 lamps with T8LED lamps for	Annual electricity saving of 330,438 kWh											
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Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
		a total of 1,059 units		
2		Replace constant frequency 150HP air compressor with variable frequency 150HP air compressor		
3		Replace 40HP Ice Water Pump with (IE3) 40HP Ice Water Pump		
4		Replace 40HP cooling water pump with (IE3) 40HP water pump	Annual electricity saving of 3,418 kWh	
5		Improvement of energy saving of air compressor system	Annual electricity saving of 174,000 kWh	
6		Improvement of energy saving of air conditioning ice water system	Annual electricity saving of 464,000 kWh	
7		Improvement of energy saving of cooling water tower	Annual electricity saving of 6,000 kWh	

Note: The scope of disclosure is Hsinchu head office and Kaohsiung branch.

(2) Water resources

The Company sources water from tap water and groundwater. In addition to installing water-saving facilities, the Company equips production lines with water flow meters to record water consumption and reduce waste; in addition, the Company follows the industrial park’s water conservation policy by regularly reporting the water balance plan and water consumption record to the industrial park service center for review to control the use of water resources.

The annual water consumption of the plant increases and decreases along with the production capacity. In response to the water shortage problem nationwide, the company aims to reduce the water consumption per production unit. The R&D is designated to evaluate the electroplating wastewater that takes up the highest water consumption continuously and update the production process with less water consumption.

The statistics on the effectiveness of water conservation measures in the last three years and the water consumption unit are as follows:

Water consumption	2021	2022	2023
Kea unit water consumption (tons)	0.034	0.031	0.038

Note: The scope of disclosure is Hsinchu head office and Kaohsiung branch.

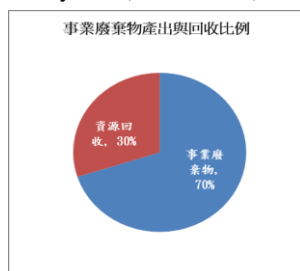
The specific water saving measures and energy saving performance are summarized in the table below:

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	

No.	Specific water saving measures	Specific energy saving performance
1	There is about 30% waste water generated during the water purification process. The said waste water can be recycled and reused for toilet flushing water, cooling water tower replenishment, and washing tower replenishment water so to reduce the consumption of tap water.	It helps save about 15,000 tons of water resources a year.
2	The water basins in the rest room are equipped with water-saving devices to reduce toilet water pressure and save water consumption in daily life by about 9.7%.	It helps save about 327 tons of water resources a year
3	ROR equipment recycling and RO wastewater recycling for reuse	A total of 6,193 tons of RO wastewater was recycled and purified for reuse in 2023.

(3) Waste management

Viking is committed to the recycling and reuse of industrial waste. According to the statistics of the average output and recycling of the industrial waste in the last three years (2021~2023), the recycled resource accounted for 30% of the total industrial waste, about one third (1/3).



The statistical analysis of industrial waste outputs and recycles, including 30% resources recycle and 70% industrial waste recycle.

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
Statistics items	2021	2022	2023	
Resource recycling output (tons)	99.1	106.5	80.1	
Resource recycling output (%)	35%	31%	21%	
Non-hazardous waste output (tons)	46.7	50.1	49.3	
Non-hazardous waste output (%)	16%	14%	13%	
Hazardous waste output (tons)	137.4	189.9	252.9	
Hazardous waste output (%)	49%	55%	66%	
<p>Note: The scope of disclosure is Hsinchu head office and Kaohsiung branch.</p> <p>The specific measures adopted to reduce industrial waste are described as follows:</p> <p>(1) Waste recycling</p> <p>Foam whiteboard erasers: After our employees’ brainstorming, foam was reused to make whiteboard erasers that have a better effect than that of whiteboard erasers sold on the market.</p> <p>(2) Paperless operations</p> <p>a. E-invoice:</p> <p>Since December 2017, invoices have been replaced with electronic invoices, saving 2,300 pieces of paper (23 boxes) per year.</p> <p>b. E-file archives :</p> <p>To retain evidence of business tax exemption for exports for the revenue service office’s audit, a written report containing 100 pages has been replaced with an e-file since May 2019 to save about 30,000 pieces of paper (6 boxes) per year.</p> <p>c. Waste paper recycling:</p> <p>Single-sided waste print paper is reused. The Company’s Document Guide also stipulates that the blank side of print paper whose invalid side is crossed out (“X”) are deemed an official record.</p> <p>7. The achievement in promoting environmental safety and health and good deeds:</p> <p>(1) The 6S activity within the plant – General mobilization</p> <p>Viking has actively promoted the 6S activity within the plant, encouraged the general mobilization of the employees, and reviewed and improved the 6S inspection tour in the plant every month.</p> <p>The department of the quarter is awarded a trophy and bonus according to the cumulative evaluation score. The 6S activity helps Viking employ positive employees, secure efficient productions, and construct a safe working environment.</p> <p>(2) Environmental safety and health education and training - supervisors at all levels</p> <p>In order to establish an “Occupational Safety and Health Culture” for all employees, the company has arranged the “Occupational Safety and Health – Supervisor on-job education and training” regularly; also, invited occupational safety and health technicians or experts to educate the supervisors at all levels</p>				

Item for Evaluation	Operations (Note 1)			Difference from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
<p>through activities in order to enhance their safety and health knowledge, professionalism, and management.</p> <p>(3) Value the importance of employees’ health</p> <p>a. Health checkups: The company provides free health checkup service to employees with 1-year seniority every year that is superior to the statutory requirement. A special annual health checkup is provided to employees who are responsible for special operations lawfully. Also, introduce a health management software to efficiently screen colleagues with high-risk of health and track and care about their health.</p> <p>b. Health promotion activities: The weight loss and power walk activity “Let’s exercise to lose fat and be healthy together” has attracted a total of 85 colleagues to participate enthusiastically and with a total 260 kilograms lost and accumulated 122,224,542 steps walked, which is equivalent to 97,780 kilometers in distance and a carbon emission of 21,267 kilograms reduced.</p> <p>c. Handling AED/CPR education and training: Arrange AED/CPR education and training in the factory. All departments and stations are required to send personnel for training in order to realize the “All for One and One for All with CPR” in the factory. A total of 26 employees received trainings in 2023.</p> <p>d. On-site physician services: Contract occupational physicians from National Taiwan University Hospital to station at the factory to provide employees with free health consultations and convenient and professional health services. A total of 113 persons received health consultation services in 2023.</p> <p>(4) Certified friendly breastfeeding room at the workplace</p>				

(6) State of performance of ethical corporate management, any departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for such departure

Item for Evaluation	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reason for Such Departure
	Yes	No	Summary	

Item for Evaluation	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reason for Such Departure
	Yes	No	Summary	
<p>1. Establishing ethical corporate management policies and measures</p> <p>(1) Does the Company establish the ethical corporate management policies approved by the Board of Directors, and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of dishonesty,regularly analyzes and evaluates business activities with a hight risk of dishonesty in the business scope,and accordingly formulates a plan to prevent dishonesty, and a least cover the preventive measures for the conduct of the second paragraph of Article 7 of the “Code of Integrity Management of Listed OTC Companies”</p> <p>(3) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) Integrity has always been the most important core value of the Company. The Company has been committed to engaging in business activities with integrity. The Company has also established the Code of Ethical Conduct and the Rules for the Enforcement of the Code of Ethics, which strictly require every employee to fulfill ethical corporate management. The implementation of the ethical corporate management policy and the Board of Directors and management’s commitment have been disclosed in the annual report.</p> <p>(2) The Company has formulated the “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” stipulating the prevention measures, punishments for violations, reporting and grievance systems for unethical conduct. An effective “internal control system” is also in place to review the above measures at any time to ensure the sound ethical corporate management.</p> <p>(3) The Company has established the Rules for the Enforcement of the Code of Ethics, which specify restricted conduct; in addition, the Company has established management policies relating to</p>	None

Item for Evaluation	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reason for Such Departure
	Yes	No	Summary	
			different fields of compliance and an internal control system for all employees to follow in hopes of reducing business activities that are at a higher risk of involving unethical conduct.	
<p>2. Implementing ethical corporate management</p> <p>(1) Does the Company evaluate the ethical records of transaction partners, and stipulate the clauses of ethical conduct in the contracts signed with the transaction partners?</p> <p>(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(3) Does the Company adopt policies to prevent conflict of interest and provide a proper appeal system and implement them thoroughly?</p> <p>(4) Company establish effective systems for both accounting and internal control to facilitate ethical corporate management and have its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrust a CPA to conduct the audit?</p> <p>(5) Does the Company organize internal and external training on ethical corporate management on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company requires suppliers which it has business dealings with to abide by its ethical standards and sign a commitment to avoid any unethical conduct.</p> <p>(2) The President's Office is responsible to formulate the policies and preventive programs for ethical corporate management and supervise the implementation of ethical corporate management. If finding any unethical conduct, the President's Office will report to the Board of Directors according to related laws and operating procedures.</p> <p>(3) The Company has established an E-mail on the Intranet and an E-mail of the Audit Committee on the company website for employees and people concerned to report any illegal practices. The Company also appoints the senior management to handle such reports in person. Once such reports are verified to be unethical, the Company will take the most severe disciplinary action in response.</p> <p>(4) The Company always attaches great importance to</p>	None

Item for Evaluation	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reason for Such Departure
	Yes	No	Summary	
			<p>the correctness and completeness of its financial reporting procedures and controls. The Company has designed related internal control systems for operations that are at a higher risk of involving unethical conduct. Internal auditors also make and implement an annual audit plan based on the results of risk assessments and submits an audit report to the Board of Directors.</p> <p>(5) The Company organizes internal and external training on ethical corporate management on a regular basis to strengthen all employees' commitment to ethical corporate management.</p>	
<p>3. Implementing the whistle-blowing system</p> <p>(1) Does the Company formulate a concrete whistle-blowing and reward system, build convenient grievance channels, and assign the appropriate personnel to investigate the reported parties?</p> <p>(2) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?</p> <p>(3) Does the Company take measures to protect whistle-blowers from inappropriate disciplinary actions?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established the Rules for the Enforcement of the Code of Ethics, which specify the appeal and reward systems. The Company also appoints senior managers of the Administration Department to form an investigation team to be in charge of handling reported cases.</p> <p>(2) The standard operating procedures for the investigation and related confidentiality mechanisms for reported misconduct are specified in the Rules for the Enforcement of the Code of Ethics.</p> <p>(3) The Company keeps the information of whistle-blowers strictly confidential. If anyone leaks the information of whistle-blowers, which</p>	None

Item for Evaluation	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reason for Such Departure
	Yes	No	Summary	
			leads to the harassment or retaliation against the whistle-blowers, the Company will take severe disciplinary action against the leaker.	
4. Enhancing disclosure of information Does the Company disclose the content and performance of the Guidelines for Ethical Corporate Management on its website and MOPS?	✓		The Company has disclosed the regulations and information relating to ethical corporate management on the Intranet for employees' review. To disclose related information on ethical corporate management thoroughly, the regulations relating to ethical corporate management and the annual report have also been made public on the company website at <a href="http://www.viking.com.tw">http://www.viking.com.tw</a> (the annual report is also available on the MOPS).	None
5. If the Company has formulated its ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, the differences between the implementation of ethical corporate management and the principles shall be disclosed: None.				
6. Other significant information that helps to understand the implementation of ethical corporate management (e.g. amendments to the ethical corporate management principles): None.				

(7) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: The Company has established the Guidelines for Corporate Governance, the Guidelines for Ethical Corporate Management, and the Code of Ethical Conduct and disclosed these regulations on the MOPS at <http://mops.twse.com.tw> and the company website at <http://www.viking.com.tw> (investor relations/company profile and corporate governance) for investors' reference; in addition, the Company has a spokesperson to disclose related company information.



(8) Other significant information that provides better understanding of the state of implementation of corporate governance

A. Continuing education of managerial officers (presidents, vice presidents, and accounting, finance, and internal audit managers)

Title	Name	Date of Training (yyyy/mm/dd)	Training Institution	Course Name	Training Hour
Vice President	Li, Shun-He	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
				Formulation of the ESG sustainable governance strategy under risk management	3H
President	Hu, Chuan-Pin	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
				Formulation of the ESG sustainable governance strategy under risk management	3H
Vice President	Liang, Yao-Ming	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
				Formulation of the ESG sustainable governance strategy under risk management	3H
Vice President	Lu, Chi-You	2023.06.27	Taiwan Corporate Governance Association	The 2023 key tax, and securities regulatory issues	3H
				Formulation of the ESG sustainable governance strategy under risk management	3H
corporate governance Manager	Yang, Chan-Chen	2023.10.16	The Institute of Internal Auditors - Chinese	Business contract management and audit service	6H
		2023.10.18		Business secrets and non-compete case analysis (including economic espionage crimes as defined in the newly revised National Security Act)	6H
		2023.12.04		Prevention of sexual harassment and unlawful damage (bullying) in the Workplace	6H
Internal Audit Officer (Note)	Yu, Shi-min	2023.06.30	The Institute of Internal Auditors - Chinese	Regulations and practical analysis on loaning of funds, making of endorsements/guarantees, and acquisition and disposal of assets	6H
		2023.07.03		How to adjust internal control systems in response to new ESG standards	6H

B. Certificates obtained by persons in charge of financial information transparency according to the request of authorities in charge: None.

C. The Company has established the Regulations Governing the Handling of Material Inside Information; any amendments have been passed by the Board of Directors by resolution. The Company has disclosed the Regulations Governing the Handling of Material Inside Information on the company website at <http://www.viking.com.tw> (investor relations/company profile and corporate governance) for all employees to follow and to avoid any insider trading.

(9) **State of implementation of the internal control system**

A. Statement on Internal Control (refer to Page 68)

B. CPA's audit report on internal control system: None.

(10) **In the most recent year and as of the annual report publication date, if the company and internal personnel have been punished by law or the internal personnel have been disciplined by the company for violating the internal control system that may have a significant impact on shareholders' equity or securities prices, the content of the penalty, major nonconformities, and corrective action should be detailed: None.**

(11) **Major resolutions of the shareholders' meeting or board meetings in the most recent year up to the date of publication of the Annual Report**

A. Resolutions of the annual shareholders' meeting on June 27, 2023 and state of implementation

Date	Major Resolutions and Implementation
Annual shareholder's meeting on June 27, 2023	1. Proposal for the 2022 business report and financial statements. Implementation: Voted by ballot and passed. 2. Proposal for the 2022 earnings distribution. Implementation: Voted by ballot and passed. The 2022 earnings were distributed on August 8, 2023.

B. Resolutions of the Board of Directors in the most recent year up to the date of publication of the Annual Report

Term and Section and Date of Meeting	Major Resolutions	Items Listed in Article 14-5 or the Securities and Exchange Act	Action in Response to Opinions of Independent Directors	Resolution of the Board of Directors or Audit Committee
6th meeting of the 10th term February 17, 2023	1. The distribution of the 2022 employee remuneration and director remuneration.		None	Reviewed and passed by the Remuneration Committee; passed by all directors attending the Board meeting
	2. The 2022 financial statements and business report.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	3. The 2022 earnings distribution.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	4. Statement of Internal Control for 2022.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	5. The company's 2023 regular shareholders meeting related matters		None	Passed by all directors attending the Board meeting
	6. Formulate the company's (including the subsidiaries in the consolidated financial statements) greenhouse gas inventory and verification schedule.		None	Passed by all directors attending the Board meeting
	7. The appointment of 2023 attesting CPAs	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
7th meeting of the 10th term May 12, 2023	1. The company's 2023Q1 financial report	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	2. Established a subsidiary in Europe.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	3. Appointed a corporate governance officer		None	Passed by all directors attending the Board meeting
	4. The application for the renewal of bank loans.		None	Passed by all directors attending the Board meeting
8th meeting of the 10th term June 27, 2023	1. The setting of the record date for cash dividends distribution.		None	Passed by all directors attending the Board meeting
	2. The salary and remuneration of the Company's corporate governance officer		None	Reviewed and passed by the Remuneration Committee; passed by all directors attending the Board meeting
	3. The distribution of the 2022 employee remuneration paid to managerial officers		None	Reviewed and passed by the Remuneration Committee; passed by all directors attending the Board meeting
	4. Additional indirect investment in Viking Electronics Limited (Wuxi), the subsidiary in mainland China	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	5. Engaged in hedging derivatives transactions	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	6. The Company's 2022 sustainability report		None	Passed by all directors attending the Board meeting
9th meeting of the 10th term	1. The company's 2023Q2 financial report	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting

Term and Section and Date of Meeting	Major Resolutions	Items Listed in Article 14-5 or the Securities and Exchange Act	Action in Response to Opinions of Independent Directors	Resolution of the Board of Directors or Audit Committee
August 4, 2023	2. The placement of the Company's financial officer and accounting officer and their salary and remuneration	V	None	Reviewed and passed by the Remuneration Committee and Audit Committee; passed by all directors attending the Board meeting
10th meeting of the 10th term November 10, 2023	1.The company's 2023Q3 financial repor	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	2. The application for the renewal of bank loans.		None	Passed by all directors attending the Board meeting
11th meeting of the 10th term December 22, 2023	1.The 2024 business plan and budget.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	2.The 2024 audit plan.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	3. The application for the renewal of bank loans.		None	Passed by all directors attending the Board meeting
12th meeting of the 10th term March 8, 2024	1.The distribution of the 2023 employee remuneration and director remuneration.		None	Reviewed and passed by the Remuneration Committee; passed by all directors attending the Board meeting
	2.The 2023 financial statements and business report.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	3.The 2023 earnings distribution.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	4.The appointment of 2024 attesting CPAs	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	5.Statement of Internal Control for 2023.	V	None	Reviewed and passed by the Audit Committee; passed by all directors attending the Board meeting
	6.Amendment to the "Rules of Procedure for Board of Directors Meetings"		None	Passed by all directors attending the Board meeting
	7.The company's 2024 regular shareholders meeting related matters		None	Passed by all directors attending the Board meeting

(12) **Principal contents of dissenting opinions, recorded or prepared in writing, on major resolutions passed by the Board of Directors expressed by directors or supervisors in the most recent year up to the date of publication of the Annual Report**  
None.

(13) **Summary of resignations and dismissals, in the most recent year up to the date of publication of the Annual Report, of the Company's chairman, president, accounting manager, internal audit manager, and research and development manager**

Job title	Name	Appointment date	Dismissal date	Reason for resignation or dismissal
Accounting Manager	Li, Shun-He	2011.11.4	2023.8.4	Adjustment of job assignment

Viking Tech Corporation  
Statement on Internal Control

Date: March 8, 2024

The 2023 internal control performance of the Company, based on the results of the self-assessment, is stated as follows:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance in achieving the objectives of effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), delivery of timely and reliable financial reporting, and compliance with applicable laws and regulations.
2. Any internal control system has its inherent limitations. However perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may be affected by changes in environment or circumstances. Nevertheless, a self-monitoring mechanism has been built within the Company's internal control system. Therefore, whenever a deficiency or defect is identified, the Company will immediately take initiatives and action to correct it.
3. Based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (the Regulations), the Company judges the design and operating effectiveness of its internal control system. The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring of processes. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023, its internal control system (including its supervision and management of its subsidiaries) is effectively designed and operated. The internal control system also reasonably assures the achievement of objectives, which include knowledge of the degree of achievement of operational effectiveness and efficiency objectives; reliability, timing, and transparency of financial reporting; as well as compliance with applicable laws and regulations.
6. This statement will become a major part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been passed by the meeting of the Board of Directors of the Company held on March 8, 2024 where none of the nine attending directors expressed dissenting opinions, and all attending directors affirmed the content of this statement.

Viking Tech Corporation

Chairman: Tsai, Kao-Ming

President: Hu, Chuan-Ping

## 5. CPA's audit fee

Accounting Firm	Name of CPA	Period of Audit (yyyy/mm/dd)	Audit Fees	Non-audit Fees	Total	Remark
PwC Taiwan	Bai,Shu-Chan , Liu,Chan-Yu , etc.	2023.01.01~ 2023.12.31	3,200	980(註 1)	4,180	

Note 1: The non-audit fees include tax attestation (including review of transfer pricing report) for NT\$460 thousand, tax reduction and exemption consulting service fees under the Statute for Industrial Innovation and transfer pricing service fees for NT\$280 thousand, and sustainability report assurance for NT\$240 thousand.

- (1) Amount of Audit fees before and after the change (if the Company changes its accounting firm and audit fees paid for the year of change are lower than those for the previous year) and the reason: None.
- (2) Amount of audit fees before and after the change (if audit fees paid for the current year are lower than those for the previous year by 10% or more) and the reason: None.

## 6. Information on Replacement of CPA:

### (1) Former independent auditors

Date of replacement	Resolutions of the Board of Directors on 2/17/2023
Reason for and description of the replacement	The independent auditors are replaced due to the internal work rotation and arrangement of PwC Taiwan. CPA Ya-Hua Cheng and CPA Chen-Yu Lin, the predecessor, are replaced by Shu-Chian Bai and CPA Chen-Yu Lin, the successor.
Please state whether the appointment is terminated or declined by the client or the independent auditor	NA
The audit reports with an opinion other than unqualified opinion issued in the last two years and the reasons	NA
Is there a disagreement with the opinion of the issuer	NA
Additional disclosure	NA

### (2) Current independent auditors

CPA Firm	PwC Taiwan
CPAs	CPA Shu-Chian Bai and CPA Chien-Yu Liu
Appointment date	Starting from the 2023Q1 financial report (resolved by the Board of Directors on February 17, 2023)
Inquires on accounting treatment	None

methods or accounting principles for specific transactions and possible opinions on financial reports before the appointment, and the results	
Written opinions of the successor accountants that are different from the opinions issued by the predecessor accountants	None

(3) The written replies of the former independent auditor regarding the matters stated in Article 10, Paragraph 6, Subparagraph 1 and Subparagraph 2, Item 3 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies:” None

7. Chairman, President, or Managerial Officer in Charge of Finance or Accounting Matters Having Held a Position at the Accounting Firm of Its CPA or at an Affiliated Company of Such Accounting Firm in the Most Recent Year:

None.

8. Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%

(1) Transfer of equity interests by directors, supervisors, managerial officers or shareholders with a stake of more than 10%

Title	Name	2023		As of April 30, 2024	
		Increase/Decrease in Number of Shares Held	Increase/Decrease in Number of Shares Pledged	Increase/Decrease in Number of Shares Held	Increase/Decrease in Number of Shares Pledged
Director	Huajie Investment Limited Company	0	0	0	0
	Representative: Tsai, Kao-Ming	0	0	0	0
Director	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	0	0	0	0
	Representative: Hu, Chuan-Ping	0	0	0	0
	Representative: Liang, Yao-Ming	0	0	0	0
	Representative: Mo, Xue-Qiong	0	0	0	0
Director	Jetbond Technology Co., Ltd.	0	0	0	0
	Representative: Guo-Feng Wei	0	0	0	0
	Representative: Chang-Sean Zhou	0	0	0	0
Independent Director	Li, Yi-Wen	0	0	0	0
Independent Director	Shen, Po-Ting	0	0	0	0
Independent Director	Huang, Shih-Pin	0	0	0	0
President	Hu, Chuan-Ping	0	0	0	0
Vice President	Li, Shun-He	0	0	0	0
Vice President	Lu, Chi-You	0	0	0	0

Vice President	Liang, Yao-Ming	0	0	0	0
corporate governance Manager	Yang, Chan-Chen(Note 1)	0	0	0	0
Finance & Accounting Manager	Cheng, Chia-Lien(Note 2)	0	0	0	0
Major shareholder	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	0	0	0	0

Note 1: The Company's board of directors resolved to have the corporate governance officer appointed on May 12, 2023.

Note 2: The Company's board of directors resolved the replacement of the financial officer and accounting officer on August 4, 2023.

(2) Transfer of equity interests

Information on relationship if a director, supervisor, managerial officer, or shareholder with a stake of more than 10% transfers equity interests to a person who is a related party: None.

(3) Pledge of equity interests

Information on relationship if a director, supervisor, managerial officer, or shareholder with a stake of more than 10% pledges equity interests to a person who is a related party: None.

9. Information on Relationship if among Top 10 Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another

Relationship between Top 10 Shareholders

Name	Number of Shares Held in Person		Number of Shares Held by Spouse and Children of Minor Age		Number of Shares Held in Name of Another Person		Information on Relationship if among Top 10 Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Name	Relationship	
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	46,936,337	40.00%	0	0%	0	0%	None	None	None
Guangdong Fenghua Advanced Technology Holding Co., Ltd. Representative: Cheng Li	0	0.00%	0	0%	0	0%	None	None	None
Taiwan-Asia Semiconductor Corporation	2,873,994	2.45%	0	0%	0	0%	None	None	None
Taiwan-Asia Semiconductor Corporation Representative: Hong-Dong Wang	0	0.00%	0	0%	0	0%	None	None	None
Shin-Shin Huang	1,997,000	1.70%	0	0%	0	0%	None	None	None
Taiwan Life Insurance Co., Ltd.	1,990,000	1.70%	0	0%	0	0%	None	None	None
Taiwan Life Insurance Co., Ltd. Representative: Tai-Ker Zheng	0	0.00%	0	0%	0	0%	None	None	None
Taiwan Business Bank insured Capital Securities Corp. OTC Securities Investment Trust Fund	1,400,000	1.19%	0	0%	0	0%	None	None	None
King's Town Securities Co.Ltd	530,000	0.45%	0	0%	0	0%	None	None	None
King's Town Securities Co.Ltd Representative: Zhi-cheng You	0	0.00%	0	0%	0	0%	None	None	None
Ying-long Lu	497,000	0.42%	0	0%	0	0%	None	None	None
Ling-zhu DuChen	400,000	0.34%	0	0%	0	0%	None	None	None
Yu-feng Lin	386,000	0.33%	0	0%	0	0%	None	None	None
Mei-zhen Tu	374,000	0.32%	0	0%	0	0%	None	None	None



10. Total Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers, and Businesses either Directly or Indirectly Controlled by the Company as a Result of Investment, and the Ratio of Consolidated Shares Held

Ratio of Consolidated Shares Held

Unit: Share; %

Invested Company	Investment of the Company		Investment of Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Businesses		Total Ownership	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
VIKING TECH EUROPE S.R.L.	0	100%	0	0%	0	100%
Viking Global Tech Co., Ltd.	7,000	100%	0	0%	7,000	100%
Viking Tech Electronics Limited	58,496,500	100%	0	0%	58,496,500	100%
Grand Barry International Limited	31,400	100%	0	0%	31,400	100%
Lead Brand Co., Ltd.	1,000,000	100%	0	0%	1,000,000	100%
Viking Tech America Corporation	750,000	76%	0	0%	750,000	76%
Viking Electronics (Wuxi) Co., Ltd.	0	100%	0	0%	0	100%
Viking Electronics (Nantong) Co., Ltd.	0	100%	0	0%	0	100%

**IV.** Note : This is an investment under the equity method made by the Company.

## IV. Capital Raising Activities

### 1. Capital and Shares

#### (1) Sources of Capital

Unit: thousand shares; NT\$1,000

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Capital and Shares	Contribution by Property Other than Cash	Others
1997/10	10	50,000	500,000	16,300	163,000	Incorporation	0	Note 1
1997/11	10	50,000	500,000	35,600	356,000	Issuance of 19,300 thousand shares for cash	0	Note 2
1998/10	10	50,000	500,000	50,000	500,000	Issuance of 14,400 thousand shares for cash	0	Note 3
2000/07	10	76,000	760,000	60,000	600,000	Issuance of 10,000 thousand shares for cash	0	Note 4
2000/12	10	76,000	760,000	67,400	674,000	Issuance of 7,400 thousand shares for cash	0	Note 5
2001/06	10	76,000	760,000	76,000	760,000	Issuance of 8,600 thousand shares for cash	0	Note 6
2002/04	10	76,000	760,000	64,080	640,800	Repurchase of 31,920 thousand shares (420 shares per 1000 shares) in cash Issuance of 20,000 thousand shares for cash	0	Note 7
2004/08	10	76,000	760,000	44,500	445,000	Repurchase of 29,477 thousand shares (420 shares per 1000 shares) in cash Issuance of 9,897 thousand shares for cash	0	Note 8
2006/08	18	76,000	760,000	54,500	545,000	Issuance of 10,000 thousand shares for cash	0	Note 9
2007/12	10	76,000	760,000	59,080	590,800	Employee share subscription to 4,580 thousand shares	0	Note 10
2007/05	11.2	150,000	1,500,000	61,205	612,050	Employee share subscription to 2,125 thousand shares	0	Note 11
2008/01	10	150,000	1,500,000	62,075	620,750	Employee share subscription to 870 thousand shares	0	Note 12
2009/03	10	150,000	1,500,000	72,847	728,468	Issuance of 10,772 thousand shares through merger	0	Note 13
2011/02	10	150,000	1,500,000	76,755	767,548	Employee share subscription to 3,908 thousand shares	0	Note 14
2011/03	10	150,000	1,500,000	86,989	869,888	Issuance of 10,234 thousand shares for cash	0	Note 15
2011/09	15.2	150,000	1,500,000	87,604	876,038	Employee share subscription to 615 thousand shares	0	Note 16
2012/01	10	150,000	1,500,000	86,692	866,918	Cancellation of 912 thousand treasury shares	0	Note 17
2013/11	10	150,000	1,500,000	87,341	873,408	Conversion of employee share subscription warrants	0	Note 18
2014/02	10	150,000	1,500,000	117,341	1,173,408	Issuance of 30,000 thousand shares for cash	0	Note 19

Note 1: (86) Yuan-Tou-Zi No. 019612 dated October 1, 1997.

Note 2: (86) Yuan-Shang-Zi No. 024621 dated November 27, 1997.

Note 3: (87) Yuan-Shang-Zi No. 026492 dated November 7, 1998.

Note 4: (89) Yuan-Shang-Zi No. 015502 dated July 15, 2000.

Note 5: (90) Yuan-Shang-Zi No. 001672 dated January 17, 2001.

Note 6: (90) Yuan-Shang-Zi No. 017333 dated July 10, 2001.

Note 7: (91) Yuan-Shang-Zi No. 012381 dated May 21, 2002.

Note 8: (93) Yuan-Shang-Zi No. 0930022891 dated August 20, 2004.

Note 9: (95) Jing-Shou-Shang-Zi No. 09501223200 dated October 4, 2006.

Note 10: (96) Jing-Shou-Shang-Zi No. 09601019730 dated January 24, 2007.

Note 11: (96) Jing-Shou-Shang-Zi No. 09601116900 dated May 28, 2007.

Note 12: (97) Jing-Shou-Shang-Zi No. 09701034420 dated February 13, 2008.

Note 13: (98) Jing-Shou-Shang-Zi No. 09801047350 dated March 12, 2009.

Note 14: (100) Jing-Shou-Shang-Zi No. 10001023180 dated February 9, 2011.

Note 15: (100) Jing-Shou-Shang-Zi No. 10001060790 dated March 31, 2011.

Note 16: (100) Jing-Shou-Shang-Zi No. 10001221790 dated September 23, 2011.

Note 17: (101) Jing-Shou-Shang-Zi No. 10101000770 dated January 3, 2012.

Note 18: (102) Jing-Shou-Shang-Zi No. 10201239060 dated November 26, 2013.

Note 19: (103) Jing-Shou-Shang-Zi No. 10301043670 dated March 12, 2014.

Unit: Share

Type of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common shares	117,340,842	32,659,158	150,000,000	TPEX listed

Note: As of the date of publication of the Annual Report.

(2)Information on the shelf registration system: Not applicable

## 2. Shareholder Structure

April 27, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Individuals	Total
Number of people	2	12	144	22,619	51	22,828
Number of shares held	80,400	4,195,525	3,786,909	61,067,453	48,210,555	117,340,842
Shareholding percentage	0.07	3.57	3.23	52.04	41.09	100.00

Note: A total of 40% shareholding held by Chinese investors as of the annual report publication date.

## 3. Diffusion of Ownership

April 27, 2024

Scale of Shareholding	Number of Shareholders	Number of Shares Held	Shareholding Percentage (%)
1 ~ 999	9,468	383,126	0.33
1,000 ~ 5,000	11,209	21,887,423	18.65
5,001 ~ 10,000	1,231	9,659,152	8.23
10,001 ~ 15,000	342	4,431,317	3.78
15,001 ~ 20,000	202	3,757,956	3.20
20,001 ~ 30,000	152	3,915,972	3.34
30,001 ~ 40,000	67	2,417,364	2.06
40,001 ~ 50,000	38	1,742,243	1.48
50,001 ~ 100,000	71	5,202,604	4.43
100,001 ~ 200,000	28	3,810,128	3.25
200,001 ~ 400,000	13	3,909,226	3.33
400,001 ~ 600,000	2	1,027,000	0.88
600,001 ~ 800,000	-	-	-
800,001 ~ 1,000,000	-	-	-
1,000,001 or more	5	55,197,331	47.04
Total	22,828	117,340,842	100.00

#### 4. List of Major Shareholders

##### Shareholders with a Stake of 5% or More or Top 10 Shareholders

April 27, 2024

Major Shareholder	Share	Number of Shares Held	Shareholding Percentage
Guangdong Fenghua Advanced Technology Holding Co., Ltd.		46,936,337	40.00%
Taiwan-Asia Semiconductor Corporation		2,873,994	2.45%
Shin-Shin Huang		1,997,000	1.70%
Taiwan Life Insurance Co., Ltd.		1,990,000	1.70%
Taiwan Business Bank insured Capital Securities Corp. OTC Securities Investment Trust Fund		1,400,000	1.19%
King's Town Securities Co.Ltd		530,000	0.45%
Ying-long Lu		497,000	0.42%
Ling-zhu DuChen		400,000	0.34%
Yu-feng Lin		386,000	0.33%
Mei-zhen Tu		374,000	0.32%

#### 5. Market Price, Net Worth, Earnings, and Dividends per Share and Related Information for the Most Recent Two Years

Unit: NT\$

Item	Year		2022	2023	As of March 31, 2024
100.00 36.75 63.03	Highest			80.90	56.20
	Lowest			38.80	49.15
	Average			57.79	52.44
28.32	Before distribution			27.90	(Note 5)
	After distribution		25.72	26.70(Note 1)	(Note 5)
Earnings per share	Weighted average number of shares (in thousand)		117,341	117,341	(Note 5)
	Earnings per share		4.99	2.23	(Note 5)
Dividend per share	Cash dividends		2.6	1.2 (Note 1)	None
	Stock dividends	Surplus earnings	None	None	None
		Capital reserve	None	None	None
	Unpaid dividends (Note 4)		None	None	None
Return on investment	Price-to-earnings ratio (Note 2)		12.63	25.91	None
	Price-to-dividend ratio (Note 3)		24.24	48.16(Note 1)	None
	Dividend yield (Note 4)		0.04	0.02(Note 1)	None

Note 1: The 2023 earnings distribution proposal was resolved by the Board of Directors, but not yet resolved by the 2024 regular shareholders' meeting.

Note 2: Price-to-earnings ratio = Average closing price per share / Earnings per share.

Note 3: Price-to-dividend ratio = Average closing price per share / Cash dividends per share.

Note 4: Dividend yield = Cash dividends per share / Average closing price per share.

Note 5: As of the date of publication of the Annual Report, the financial statements for the first quarter of 2024 have not been prepared. It is not applicable at the moment.

## 6.Dividend Policy and Its Implementation

### (1)Dividend policy:

The company shall appropriate 10% of the net income, if any, as remuneration to employees and 5% as remuneration to directors and supervisors. The distribution of remuneration to employees and directors shall be resolved in the board meeting with the attendance of more than 2/3 of the board directors and the approval of the majority of the directors present; also, the resolution should be reported to the shareholders meeting. However, the company shall make up for the cumulative losses, if any.

The net income, if any, of the company should be applied to make up for the cumulative losses and to have legal reserve appropriated lawfully. However, the appropriation of the legal reserve shall be ceased when the amount of legal reserve equals the total capital stock, and the special reserve should be appropriated or reversed as needed. The balance amount, if any, together with the unappropriated earnings of the previous years, shall be distributed according to the proposal of the board of directors and the resolutions of the shareholders meeting.

The company's dividend distribution policy is with the shareholders' interests taken into account, and refers to factors such as the company's current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, as well as shareholders' interests and the company's long-term financial planning. The principle for the distribution of current earnings, if any, is appropriating an amount not less than 50% of the net income and distributes cash dividend for an amount not less than 20% of the total dividend distributed. The Board of Directors shall formulate dividend distribution plan lawfully every year and have it submitted to the shareholders meeting for discussion and resolution.

### (2)Dividend distribution proposed in the current shareholders' meeting:

The Board of Directors resolved on March 8, 2024 to distribute cash dividends for an amount of NT\$140,809,010 to shareholders with the earnings of 2023, that is, NT\$1.2 per share. The earnings distribution proposal was resolved and approved by the majority directors present in the board meeting attended by more than two-thirds of the directors. The resolution of the Board of Directors was reported to the regular shareholders meeting lawfully.

## 7. Effect of Any Stock Dividends Distribution Proposed in the Shareholders' Meeting on Business Performance and Earnings per Share:N/A

## 8. Remuneration to employees and directors

### (1) The percentage or range of remuneration to employees and directors stated in the Company's Articles of Incorporation:

Percentage or range of remuneration paid to employees and directors and supervisors as set forth in the Company's Articles of Incorporation:

According to Article 24-2 of the Articles of Incorporation, the Company shall distribute 10% of the profit made in a year to employees and 5% to directors and supervisors as remuneration on the premise that accumulated losses shall be made up first.

Employee remuneration may be paid in stock or cash. The employees of subordinate

companies who meet certain conditions are also entitled to receive stock or cash dividends. The so-called “profit status of the current year” in the preceding paragraph refers to the net income before tax before deducting the distribution of remuneration to employees, directors, and supervisors.

The proposal for the distribution of remuneration to employee, directors, and supervisors shall be implemented by the Board of Directors with the consent of a majority of the directors present at the meeting that is attended by more than two-thirds of the board directors.

- (2) The basis for the estimated remuneration of employees and directors in the current period, the basis for the calculation of stock dividend distributed, and the accounting treatment for the difference, if any, between the actual amount distributed and the estimated amount: Remuneration paid to employees and remuneration paid to directors and supervisors are recognized as expenses and liabilities when they are legal or constructive obligations and the amount can be reasonably estimated. If there is any discrepancy between the actual amount of distribution determined in the annual shareholders’ meeting and the estimated figure, it shall be treated as a change in accounting estimates.
- (3) The distribution of remuneration approved by the Board of Directors:
- 1.If there is difference between the amount of remuneration to employees and directors distributed in cash or stock and the estimated amount in the year of expense recognized, the amount of difference, reasons, and handling process shall be disclosed:  
The Company’ s Board of Directors discussed and approved the distribution of NT\$35,974,151 and NT\$17,987,050 as remuneration to employees and directors, respectively, on March 8, 2024. There is no difference between the aforementioned distribution amount and the booked amount.
  - 2.The amount of remuneration paid to employees with stock shares and the ratio of the said amount to the total amount of net income and total employees’ remuneration in the current standalone or parent-only financial report: (4) Distribution of employee bonuses and remuneration paid to directors and supervisors from the previous year’s surplus earnings: N/A
- (4) The actual distribution of remuneration to employees and directors in the prior year:

Unit: NT\$

	Amount resolved by the Board of Directors	Actual amount paid	Discrepancy	Amount resolved by the Board of Directors
Directors’ and Supervisors’ Remuneration	42,294,022	42,294,022	0	
Employee Bonuses	84,588,044	84,588,044	0	

9. Repurchase of the Company's Shares:  
None.
10. Issuance of Corporate Bonds:  
None.
11. Preferred Shares:  
None.
12. Global Depository Receipts:  
None.
13. Employee Share Subscription Warrants:  
None.
14. New Restricted Employee Shares:  
None.
15. Issuance of New Shares in Connection with Mergers or Acquisitions or Acquisitions of Shares of Other Companies:  
None.
16. Implementation of Capital Allocation Plans:  
None.

## V. Overview of Business Operations

### 1. Description of Business

#### (1) Scope of business

##### A. Major lines of business

The Company mainly engages in the research and development, manufacture, and sale of the following products:

- a. Thin Film Precision Resistor
- b. Thick film Resistor Array
- c. Functional/Anti-sulfur
- D. RF Inductors, Power Inductor
- E. Thick Film/Metal Foil Current Sensing
- F. High power Resistor
- G. MELF precision Resistor
- H. ARF thin film , CSRF MELF RF resistor
- I. Automotive various Resistor
- J. Medical various Resistor

##### B. Weight of main products

Unit: NT\$1,000

Main Product	2023 Year Revenue	Percentage (%)
Precision Resistors	1,374,236	53.83
RF Resistors	151,993	5.95
General Resistors	979,017	38.34
Others	47,997	1.88
Total	2,553,243	100.00

##### C. Current products and services

- a. Thin film precision resistors
- b. Thin film precision RF inductors
- c. Thin film precision ultra-low ohmic resistors
- d. Thin film precision resistor arrays
- e. Automotive thin film and thick film various resistors
- f. Ultra-high and high power thin film precision resistors
- g. Thick film chip resistors and resistor arrays
- h. Thick film current sensing chip resistors
- i. Thick film anti-sulfur various resistors
- j. Thick film chip high voltage, surge withstanding resistors
- k. Metal foil high-power ultra-low resistance resistors
- l. Cylindrical high power precision resistors
- m. High power thick film TO220/247/263 resistors



- n. RF wire wound ceramic inductors
- o. High power wire wound inductors
- p. High-end TaN thin film precision resistors
- q. Thin film precision RF resistors and MELF resistors
- r. Medical various Resistors
- s. Multilayer Ceramic Capacitor (MLCC)

#### D. New products planned for development

The Company focuses on expanding transactions with the existing customer base and increasing market share with improved products and specifications; in addition, the Company aims to research and develop components with special niches based on the integrated needs of emerging design industries.

The new products planned for development in the short term are as follows:

- a. High resistivity targets
- b. High humidity resistors
- c. Microwave thin film resistors (70 GHZ)
- d. CSM0402~1206 high power, low ohmic metal alloy resistors (below 10mR)
- e. Low temperature coefficient precision thick film resistor
- f. LRP 0805 low temperature coefficient metal foil resistor
- g. Development of 0805-high power alloy resistor (LRP05)
- h. Development of thick film low temperature coefficient resistor products (CRTC)
- i. Development of high-power shock-resistant thick-film resistors (PWR03/10)
- j. LRP12 resistance expansion (R001~2M50)
- k. Development of thick film ultra-low resistance chip resistor
- l. Development of CRW62 high power (2W)
- m. Development of thick film ultra-high power 2512-3W&2010-2W
- n. Development of thick film high temperature resistance (175 degrees)
- o. Development of nickel-copper products for automobiles (CSN&CSW)

## (2) Overview of the industry

### A. Current status and development of the industry

Passive components play an important role in the field of electrification. Electronic components/devices are the main elements of electronic circuits and are the most rapidly developed and widely used technological products in the 20<sup>th</sup> century. Electronic components/devices are usually divided into two categories: active components and passive components. The main feature of active components is that they consume electricity and require an external power supply to work properly, for example, generally used for signal amplification, conversion, etc. The main feature of passive components is that they can work without external power supply and are

generally used for signal transmission. Active components include integrated circuits, discrete devices, etc. In terms of electrification, active components have functions like electrical control, current amplification, etc.; also, the common components include triode, MOSFETs, IGBTs, amplifiers, logic gates, etc. Passive components include two categories: RCL components and radio frequency components. RCL components include capacitors, inductors, and resistors, which are essential electronic components for electronic circuits and account for approximately 90% of the total output value of passive components, of which, capacitors are for filtering and decoupling in the circuit, inductors are for stabilizing current in the circuit, and resistors are widely used current-limiting components.

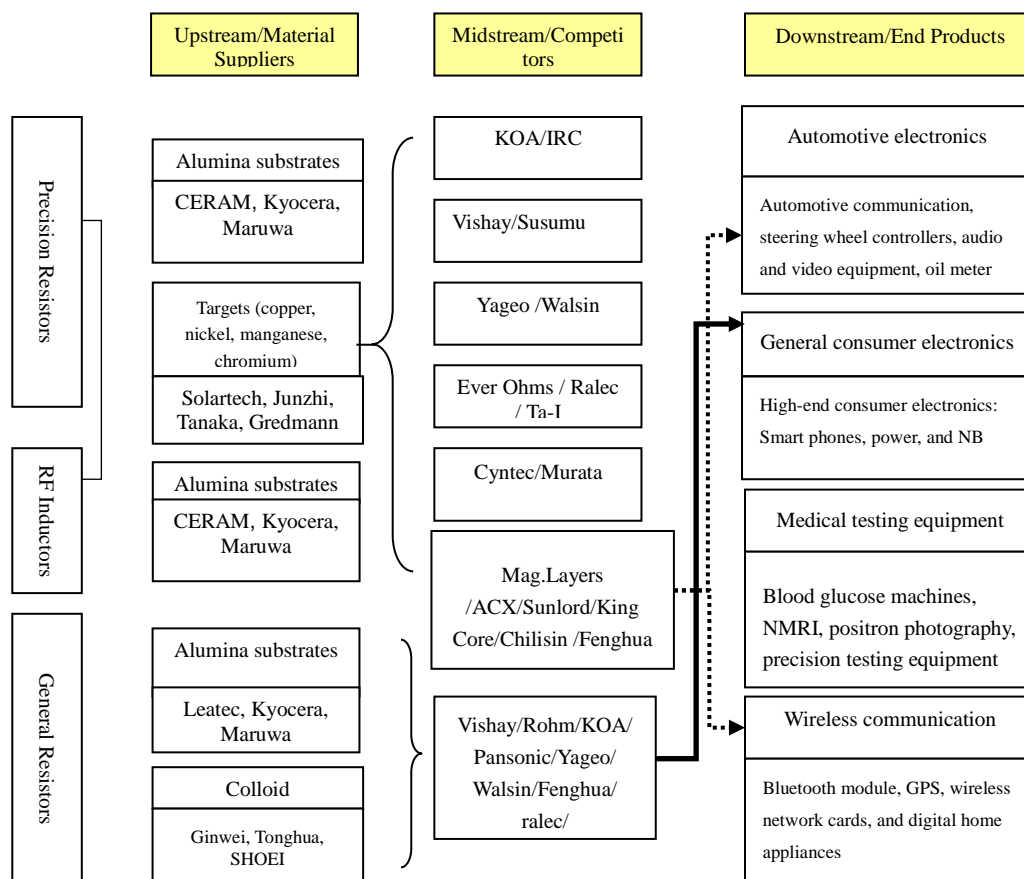
In general, the semiconductor industry has not yet recovered in the first half of 2023. The market did recover slightly in the second half of the year, and the European market was booming; however, the specific recovery time of the overall electronics market remained difficult to grasp. The market, in general, is expected to turn upward in the second half of 2024, and may be to reach the peak in 2025. The demand for end-use electronic products declined significantly previously, added with the impact of international wars, inflation and rising interest rates, economic instability in mainland China, etc., resulted in poor logistics, soaring raw material prices, and a rapid decline in overall consumption momentum. Various end-use product manufacturers strive to stimulate sales by promoting price reduction and specification upgrades to consumers; also, effectively reduce inventory by reducing the purchase of components as well as oversupply materials from the supply chain. The Company dares not to prepare too much inventory and makes purchases urgently to fulfill the orders of customers.

The communication market is the largest market for passive components. As the hardware construction of 5G technology is gradually matured, high-speed and low-latency communication quality will help connect more IoT devices. The use of 5G affects the supply of many application products and services, and realizes innovative applications other than mobile communications. The demand for advanced passive components is increasing relatively along with the increasing use of 5G. Secondly, in the fields of industrial control, medical, and advanced consumer electronics, the prosperity of international electronics industry has changed. In addition to communications, the Company mainly focuses on the fields of special new energy, industrial control, and automotive industries, grasps the movement of advanced markets, including the growth of the auto market, the demand for electric vehicles, industrial controls, and related green energy products. The functions and values of such applications have been improved constantly, resulting in the high demand for high-precision and high-stability thin film resistors gradually, that is, a potential annual growth of 4% to 5.5%.

## B. Links between the upstream, midstream, and downstream segments of the industry

The company provides thin film technology for the industry. The advantage of the thin film process is the precise circuit design of semiconductor technology. When drawing circuit patterns or planning fine wiring, the Company adopts the accurate circuit design of semiconductor technology to achieve the nanometer size of electronic circuit design. By breaking through the industry's current bottleneck in the thick film process, the Company is able to develop more applications in terms of product precision and design integration. As thin film technology makes product specifications more flexible compared with thick film technology, its applications extend from general consumer electronics to wireless communications, automotive electronics, precision measuring instruments, precision medical equipment, and high-end electronic systems. The company has based on the core technology of semiconductor thin film manufacturing process and new material development, microcircuit design, and manufacturing process integration technology to engage in the production of various thin film precision components, thin film high frequency components, thick film and metal foil products. Currently, the upstream segment of the industry consists of material suppliers, including ceramic substrate, colloid, and target suppliers. These materials are widely applied to electronic components or other products as base materials. Therefore, there are also a large number of suppliers at home and abroad, so the shortage or oligopoly does not exist. In the downstream segment of the industry, precision resistors and RF inductors are widely applied to various electronic products. Given the habit of buying consumer electronics, consumers are susceptible to new preferences and trends, so the total value of products should be low. Materials that are easy to obtain, quality, and low-cost are the best choice.

The links between the upstream, midstream, and downstream segments of the industry are shown as follows:



### C. Development trends of products

Precision components and high-frequency components are key electronic components and parts; also, the demand for the said product is activated by the 4C industry, 5G development, and electric vehicles, wearable equipment, smart home appliances, and medical equipment. The domestic manufacturers have also managed to expand productions for the industry of mobile phones, notebook computers, game consoles, camera lenses, LCD TVs, touch panels, digital boxes, base stations, power supplies, smart grids, servers, LED lights, digital meters, etc. The domestic electronic component industry is not only the strongest supplier, but the production center of passive components in Asia and even the world. With the growing capacity, the domestic electronic component industry has gradually secured its international status and visibility against the quality competition globally. With the rise of the high value-added, high-growth high-tech industry, domestic manufacturers have become more capable of manufacturing key components. From PC to optoelectronic communication, the competitiveness of the domestic electronics industry has gradually extended from assembly to capacity of key components. As mobile phones have embraced 5G, the Company boasts its RF thin film technology that is not easy to replace; it is also an important element of medium-end and high-end electronic products. When key components are integrated, the relative volume will be reduced

and the accuracy will be improved. Therefore, effective electronic components are of great significance.

As various digital wearables, portable health management products, and digital electric meters emerge, there is constant demand for precision and micro components, which is in line with the Company's development strategy.

In terms of the automotive electronics market, driven by the concepts of safety, comfort, environmental protection and energy conservation, artificial intelligence, and self-driving; also, consumer's demand for enjoyment and higher functions, the prevailing of electronic controls, such as a user-friendly control interface, a multi-functional car audio-visual communication platform, more safety airbags, driver support systems, steering headlights, and cruise driving, is expected. In addition, regarding the development of medical electronic products, the aging society has caused the demand for medical care and healthcare to go up. Therefore, it is expected to activate the rapid growth of the medical electronics market. Also, the user-friendly operation interface design is the direction, including easy carrying, wireless, combined with smart home appliances, etc. The future development of the electronic components industry is focusing on circuit components that meet the requirements of humanity high-tech and high precision equipped with multiple functions, and high-frequency and broadband in order to enjoy the characteristics of wireless and networking. Viking adopts thin film manufacturing processes to produce precise resistors and high-frequency inductors with the component characteristics that can compete with major international manufacturers; it also, continues to develop more diversified and unique products. Although domestic manufacturers are inevitably moving towards high-end products development for higher profits, many manufacturers have found that thin films technology is one of the best solutions to breakthrough product bottlenecks; also, it is becoming an important trend in technological development and industrial development to adopt thin film technology for the production of precision and high-frequency components. Viking is the leader in the market.

#### D. Competition

Precision resistors: The main competitors in this field are Vishay and KOA. In anticipation of future market conflicts and demands of the multi-polar market in the future, Viking will focus on the European and American markets with its Taiwan factory, while the Nantong factory will primarily target the Chinese mainland and Southeast Asian markets. Viking continues expanding the functionality and high specifications of products with the leading technologies and fulfills customers' needs for the development of special products, such as high-power, high-precision, high-voltage, high-frequency, high-temperature, and other special products to meet customer needs.

High-frequency resistors: Viking has developed chip-type thin-film high-frequency resistors and MELF columnar high-frequency resistors in response to the requirements for more applications and new market demands as the arrival of 5G generation.

High-frequency inductors: Murata is the main supplier in the thin-film ceramic inductor market. Viking is constantly updating technology in order to keep up with high-current high-Q products. In addition, the miniaturized size 01005 is also undergoing mass production in order to seize market opportunities. There are many suppliers in the coil ceramic inductor market, namely Coilcraft and Murata. Viking meets the market demand with high yield and low cost.

MELF Precision Resistor: Vishay is the largest supplier in the market with precision various resistors and professional resistors offered at a very competitive price and delivery lead time. However, along with the substantial market growth, Viking R&D and innovation is catching up with Vishay's various specifications; also, is developing professional automotive materials in order to become the alternative supplier of Vishay with the company's high quality, low cost, and fast delivery lead time offered. Therefore, the company is enjoying fast growth in sales with the production capacity expanded rapidly.

### (3) Overview of technologies and research and development works

#### A. Technologies

The Company's core technology is the semiconductor thin film process. With a focus on thin film technology, the Company manufactures high-precision, low-temperature coefficient, and high-power precision resistors and high-precision, flat, and high-power RF inductors. The Company has strived to develop thin film and thick film technology and use silicon chips and high-density ceramic substrates to integrate thin film and thick film processes, so as to meet the requirements of high-end electronic components, including miniaturization, RF, high power density, high precision, and low temperature coefficient. Main technologies are described as follows:

a. Wire simulation: In the early stage of development, electrical simulation software is used as aid in the structure electrical simulation. With many years of experience in product development, the Company is able to shorten the time for development and narrow the difference.

#### b. Lithography

Circuits are formed on the substrate. For circuits with higher complexity, deeper integration, and more functional requirements, lithography is used in the manufacturing process; in addition, laser direct imaging technology is introduced to reduce the cost of masks and increase the flexibility, capacity, and quality of production.

c. Material research and development

As a professional resistor manufacturer, the Company is familiar with the materials used. The material analyzers and developers take advantage their expertise to source and constantly test materials and develop usable key components of resistors in collaboration with material suppliers.

The new electronic products are constantly launched (the market demand for electric vehicles, 5G hardware, precision meters, etc. is increasing annually) along with the constant development of science and technology and the fast function upgrade of electronic products. The emerging market is growing, and the components developed with thin film processes or thick film processes alone can no longer meet the customer's needs for special applications. As Taiwan's first passive component manufacturer to have thin film technology, thick film, technology and automated precision wire wound technology, the Company has integrated the mature thin film and thick film processes into the development of feature-oriented high-end products in order to keep up with international major manufacturers, including Vishay, KOA, and Murata and become one of the few suppliers that are capable of offering high-end products in Taiwan.

B. Research and development works

The research and development team of the Company fully controls the characteristics of metal thin film conductors and the cost advantage of thick film technology and prepares key materials and processes and substrate applications to develop products with different characteristics and diversified design services. With three core capacities, namely material engineering, thin film process, and thick film process, the Company has strived to develop products with special niches and become the leader in Taiwan's high-end passive component market. Currently, the Research and Development Department engages in product development through division of labor.

Based on the advanced product quality planning (APQP) under IATF 16949, the Company has built the same communication platform to simplify the complexity and channels of communication in quality planning. Currently, the research and development cycle of new products is 6~8 months. To shorten the research and development cycle, the Company will acquire professional technologies and engage external consultants or participate in industry-academia programs.

C. Research and development expenditures in the most recent year up to the date of publication of the Annual Report

Unit: NT\$1,000

Year	Amount
2023	68,833
As of March 31, 2024	N/A

Note: The 2024Q1 financial information audited by the independent auditor was not available as of the annual report publication date.

D. Technologies or products successfully developed in the most recent year up to the date of publication of the Annual Report

Year	Specific Results of Research and Development
2023	Successfully developed ARW0612 long-side thin-film resistor Successfully developed CSMW long-side foil resistor Successfully developed ARHV TCR10/15 specification expansion Successfully developed CSM foil products with below 10mΩ resistance expansion Successfully developed CRTC high-precision Low-TCR thick-film resistors
2024	Successfully developed AR general product AEC Q200 reliability specification expansion Successfully developed AR..A automotive power/resistance specifications upgrade Successfully developed CSM foil products automotive expansion Successfully developed CRTC high-precision Low-TCR thick-film resistors

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

A. Short-term business development plans

- a. Support local sales with in-depth operations, and respond to the increasing demand of emerging markets and new applications, especially for high-end automotive, medical, and industrial a
- b. Introduce other products to existing customers and other units
- c. Promote products with higher gross profits and improve the safety level
- d. Continue to develop high-end products with smaller micro components, high-power and low-impedance metallization, high-precision, anti-sulfurization, and high-reliability features to maintain a competitive advantage in the niche market
- e. Participate in important exhibitions and advertising media in Taiwan and abroad actively to expand the business, enhance e-marketing, and actively visit customers after the pandemic period.
- f. Enhance e-marketing and use of suggested materials in order to become one of the global top ten manufacturers being searched online, and guide customers to select materials correctly and enhance information flow.
- g. Expand the capacity of thin film products with higher gross profits based on the market need to increase sales

B. Long-term business development plans

- a. Develop key component module design based on the existing brand image
- b. Reduce costs and improve product specifications to improve competitiveness
- c. Develop multiple core technologies to shorten the research and development cycle and reduce the risk of life cycle
- d. Conduct market research and develop products that meet the market need with customers
- e. Introduce the design of Viking Tech America Corporation and agents in Europe and Asia to major brands to lay the foundation for long-term sustainable development
- f. Increase exposure of the Company's brand image via the Internet and media
- g. Continue to focus on the market of automotive, medical, and special industrial



applications in order to become irreplaceable and generate high profits.

## 2. Analysis of Market and Production and Marketing Situation

### (1) Market analysis

#### A. Geographic areas of main products

Unit: NT\$1,000

Year		2022		2023	
		Sales	%	Sales	%
Domestic Sales		496,791	15.71	390,225	15.28
Export	USA	295,082	9.33	209,955	8.22
	Hong Kong	541,685	17.13	298,911	11.71
	China	1,000,097	31.63	823,775	32.26
	South Korea	115,942	3.67	187,584	7.35
	Germany	179,550	5.68	209,132	8.19
	Others	532,738	16.85	433,661	16.99
Total		3,161,885	100.00	2,553,243	100.00

Source: Consolidated financial statements audited by the CPAs.

The company's main products include three categories, that are, precision resistors, high-frequency inductors, and general resistors. Domestic sales and export sales account for about 20% and 80% of the overall operating income, respectively. The company's sales to the Chinese market continues to grow significantly by 30-40% due to the rapid emerging of the Chinese market and the gradual transfer of electronic OEM business from European and American to mainland China. The company will continue to expand the Chinese market in the future, grow the European market, and develop new markets in order to realize the objective of balanced regional development.

#### B. Market share

Major manufacturers of high-end passive components are mainly foreign manufacturers such as Vishay, KOA, and Murata that all have been in business for decades. The company has started the production of high-end passive components since the year of 2002. Viking's operating income has grown year by year, and the market demand is climbing constantly. However, there remains room for the production of high-end passive components to grow along with the rapid changes in technology. The thin-film precision resistors take up about 12% market share with the biggest competitor, Vishay, to compete with.

#### C. Future supply and demand conditions and market's growth potential

The overall market demand is expected to grow continuously in 2024 due to the increasing demand for medical care, energy storage, 5G, electric vehicles, and industrial control. The market movement direction will remain on the course. The demand for electronics in global digital economy, electric vehicles, energy, and other markets remains positive. The passive components needed for automotive

applications are optimistic as long as the IC supply is maintained smoothly. Since the market situation remains optimistic, the continuing effort in developing high-end products in the future will help significantly increase the demand for passive components in the fields of medical care, energy storage, 5G, electric vehicles, industrial control, and renewable energy, boosting the market again. In addition, the Company's products have successfully entered the advanced application field of aerospace and have received purchase orders from many aerospace customers with the expectation of generating more sales.

#### D. Competitive niches

##### a. Core technology

The Company boasts its thin film technology. With years of experience in research and development and a research and development team specializing in materials, chemicals, machinery, electronics and electric machinery, the Company is capable of developing key materials and processes and applications based on the needs of customers and providing diversified professional services.

##### b. High-end products, not susceptible to industry conditions

The Company manufactures high-end passive components that are applied to consumer electronics, medical electronics, measuring instruments, and automotive electronics. Due to the high-end nature and wide applications, the high-end passive components are not susceptible to fluctuations in a single industry.

##### c. Flexible delivery and stable quality

The delivery lead time of passive components is prolonging. Viking has a more efficient production capacity and a more flexible production strategy than major international manufacturers. The company provides the best support to long-term important customers with production expanded. The company is able to provide thin film products much faster than other suppliers. The company has also upheld the spirit of high quality requirements and customer service to strictly control product quality, and take advantage of short delivery lead time and excellent quality to help customers cope with the fast industry changes and to jointly create market opportunities.

##### d. Good customer relationships and a sound sales network

Since its foundation, the Company has strived to maintain a good customer relationship in addition to investing in research and development. After years of hard work, the Company has built a solid customer base. The Company is able to provide a diversity of products and technical support for customers immediately, which strengthens the long-term cooperation with customers; moreover, the Company has expanded the market in China through overseas subsidiaries and built a sound sales network with local distributors to increase

the Company's visibility and market share.

e. Professional management

The Company's management has served in the industry for many years. With a wealth of industry knowledge and experience in business management, the management can control the market trends quickly and provide professional services for customers immediately, which considerably benefits the marketing of existing products, development of new products, and sustainable development of the Company.

E. Positive and negative factors for future development and response measures

a. Positive factors

i. Rapid growth of demand in China

Due to the rapid economic development of the Chinese market in recent years, the emergence of 5G, and the red supply chain policy, the demand for various high-end products and the digitization of various electric meters introduced through the government's vigorous promotion and financial support is increasing rapidly compared with other regions. In addition, the auto market has become an eye-catching global market; also, it is a major driving force for the growth of the global consumer electronics and related components industries. The company has been deeply involved in the Chinese market for years with a solid cooperative relationship established with local customers..

In addition, the Company has started to receive results of market expansion in East Europe, Russia, South Korea, and South America on a large scale. The global visibility has also increased significantly. The balanced development and growth of demand in each region around the world will be one of the positive factors for the future development of the Company.

ii. Wide applications of products

The company's special products can be easily promoted to the supply chain of automotive electronics, medical equipment, electronic testing instruments, smart home appliances, industrial computers and smart machine tools, digital electric meters, etc. without being easily affected by the depression, and with risks dispersed relatively.

iii. Increasing demand for other high-end passive components

The Company develops high-end resistors and high power resistors at the same time and increases the percentage of automotive grade products. To provide full support for customers, the Company also provides other passive components that Fenghua, the parent company of the Company, manufactures.

iv. Development of Viking-branded products

After years of hard work, the Company has built its own brand and stood out in the high-end passive component market. With production technology, the Company provides services for customers as an OEM. To meet the customers' needs and expand the market, the Company aims to provide both Viking-branded products and OEM products and technical support for customers.

v. Stable quality and good customer services

The production of the company's main product, precision resistors, is based on the company's unique thin-film process technology, the same quality level as international state-of-art brands. The company bases on the company's efficient production capacity and flexible production strategy is able to shorten the lead time for the delivery of thin-film products. The company has won the recognition of customers with stable quality and good service.

b. Negative factors and response measures

- i. The company's products are mainly high-end electronic components, which are high-margin products. Therefore, other companies in the industry strive to enter this market for competition.

Response measures:

The Company continued to improve the quality and functionality of products, develop new products and expand production lines based on the customers' needs, and shorten the research and development cycle to increase the barriers to entry and secure its leadership in the market.

- ii. The supply of key raw materials (such as substrates) is concentrated in a few foreign manufacturers.

Response measures:

The company maintains a good cooperative relationship with the suppliers, and is actively searching for alternative sources of materials. Also, the company tests and develops raw materials in-house to avoid increasing the risk of operation due to the concentration of purchases from exclusive manufacturer.

- iii. The company's brand is not yet well known worldwide. Although the company has successively cooperated with well-known domestic and foreign manufacturers, there remains room for improvement.

Response measures:

In addition to actively participating in the exhibition to make the company's name known, the company will continue to expand product sales channels starting with the IC design to attract other manufacturers with

high-quality, high-efficiency, and word-of-mouth in order to achieve the objectives of building up the company's name and expanding sales performance.

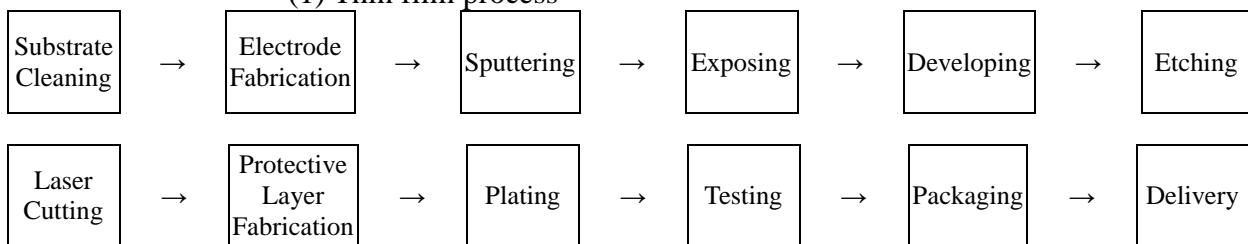
(2) Usage and manufacturing processes of main products

A. Usage of main products

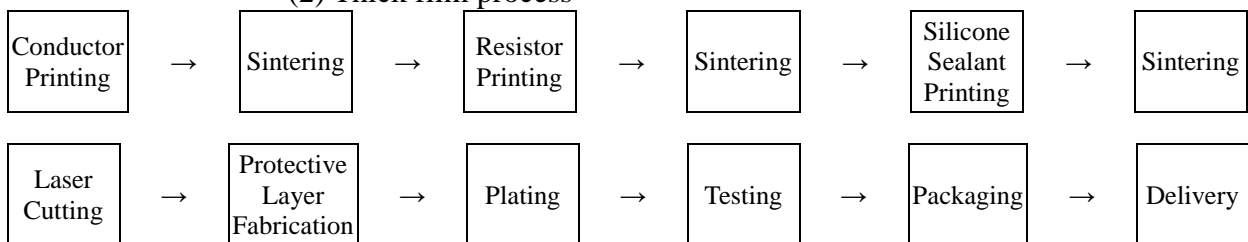
Main Product	Features/Usage
Precision resistors	Medical equipment, measuring instruments, automotive control panels, computer control panels, and power converters.
Power resistors	Power equipment, such as medical power supply, electronic deceleration systems, uninterruptible power systems, RF amplifiers, and fuel cells.
MELF metal film cylindrical resistors	Medical equipment, measuring instruments, automotive and industrial control panels.
High voltage resistors	Precision instruments, measuring instruments, wired and wireless communication network equipment.
General resistors	3C products or low-end electronics.
Current sensing resistors	Notebook computers, motherboards, charger control panels, and power supply.
RF resistors	Information, communication and consumer electronics, such as mobile phones, Bluetooth modules, wireless network cards, GPS and other RF wireless communication products.
Power inductors	Notebook computers, LCD screens, power supply, and electrical and electronic control panels.
Chip/array/high voltage/high power resistors	Information, communication and consumer electronics, such as mobile phones, notebook computers, LCD screens and other electronics.
Anti-sulfur resistors	Automotive and industrial equipment.

B. Manufacturing processes of main products

(1) Thin film process



(2) Thick film process



(3) Supply situation of main raw materials

The main raw materials for the production of passive components are substrates, ceramic rods, iron caps, conductive adhesives, resistive adhesives, inks, and alloy materials. Most of the raw materials are imported from Europe, America, and Japan. The company has increased the purchase of raw materials from domestic manufacturers recently for the sake of cost control, stable delivery lead time, and enhancing the supply chain.

(4) Any suppliers and customers accounting for 10% or more of the Company's total procurement (sales) amount in the most recent two years, the amount, and the percentage of total procurement (sales)

A. Any suppliers accounting for 10% or more of the Company's total procurement amount in the most recent two years and reasons for changes:

Unit: NT\$1,000

Item	2022				2023				As of the last quarter before 2024			
	Supplier	Amount	Percentage of Total Procurement (%)	Relationship with Issuer	Supplier	Amount	Percentage of Total Procurement (%)	Relationship with Issuer	Supplier	Amount	Percentage of Total Procurement (%)	Relationship with Issuer
1	Lizhi Electronic Co., Ltd.	98,807	9.72	None	A.	96,680	11.75	None	N/A			
2	A	77,094	7.58	None	Lizhi Electronic Co., Ltd	84,025	10.21	None				
	Others	840,524	82.70	None	Others	641,873	78.04	None				
	Net purchase	1,016,425	100.00		Net purchase	822,578	100.00					

Note: The 2024Q1 financial information audited by the independent auditor was not available as of the annual report publication date.

B. Any customers accounting for 10% or more of the Company's total sales amount in the most recent two years and reasons for changes:

Unit: NT\$1,000

I	2022				2023				As of the last quarter before 2024			
	Customer	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Customer	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Customer	Amount	Percentage of Net Sales (%)	Relationship with Issuer
1	Others	3,161,885	100.00	None	Others	2,553,243	100.00	None	N/A			
	Net sales	3,161,885	100.00	None	Net sales	2,553,243	100.00	None				

Note: The 2024Q1 financial information audited by the independent auditor was not available as of the annual report publication date.

## (5) Production volume and value for the most recent years

Unit: NT\$1,000; 1,000 units

Year Production Volume/Value Main Product	2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value
Precision resistors	6,460,000	5,730,340	967,203	6,460,000	4,799,602	896,719
RF inductors	412,500	76,117	34,180	412,500	122,329	44,691
General resistors	25,820,000	16,319,769	641,342	25,820,000	18,428,389	615,453
Total	32,692,500	22,126,226	1,642,725	32,692,500	23,350,320	1,556,863

## (6) Sales volume and value for the most recent years

Unit: NT\$1,000; 1,000 units

Year Sales Volume and Value Main Product	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Precision resistors	796,365	338,964	5,288,563	1,373,896	650,186	300,460	4,176,552	1,073,776
RF inductors	41,397	15,203	420,321	175,587	64,299	19,844	341,305	132,149
General resistors	918,767	133,159	19,377,372	1,065,219	572,184	66,959	20,430,427	912,058
Others	56,869	9,465	379,357	50,392	13,630	2,962	428,001	45,035
Total	1,813,398	496,791	25,465,613	2,665,094	1,300,299	390,225	25,376,285	2,163,018

3. Number of Employees Employed for the Most Recent Two Years, and During the Current Year up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Year		2022	2023	As of March 31, 2024
Number of employees	Managerial officers	34	35	35
	General employees	342	349	335
	Director labor	508	531	523
	Total	884	915	893
Average Age(Age)		37.45	37.94	38.11

Year	2022	2023	As of March 31, 2024	
Average Years of Service(Year)	5.88	6.40	6.65	
Education (%)	Ph.D.	0	0.11	0
	Master's degree	4.19	5.14	4.37
	Bachelor's degree	50.56	50.70	50.95
	Senior high school	39.59	38.69	39.53
	Below senior high school	5.66	5.36	5.15

#### 4. Disbursements for Environmental Protection

Total losses (including damage awards) and fines for environmental pollution for the most recent years up to the date of publication of the Annual Report, response measures (including corrective measures), and possible disbursements in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt response measures): None.

#### 5. Labor Relations

(1) Any employee benefit plans, continuing education and training, retirement systems, and their implementation, labor-management agreements, and measures for preserving employees' rights and interests:

##### A. Employee benefit plans

From the on-boarding date, employees are eligible to labor insurance and national health insurance. The Company also purchases group insurance, covering regular life insurance, illness insurance, injury insurance, aviation accident insurance, medical insurance, inpatient insurance, and cancer insurance, to protect the rights and interests of employees; in addition, the performance evaluation method is in place as the standard for salary adjustments and bonuses.

The Company also provides employee share subscription warrants and employee compensation to encourage employees to contribute to and share the business operations of the Company. Other benefits are listed as follows:

- 1.The Company created a friendly working environment by providing care and encouragement for the disabled and female employees and establishing an online micro library.
- 2.Group insurance for employees' children was subsidized by the Company in full.  
A total of 245 households benefited in 2023.
- 3.Our breastfeeding rooms were certified as user-friendly. We will continue to optimize the workplace.
- 4.In order to satisfy the healthy living of employees and invest in the health of employees, the company provided a subsidy program for employees to participate in sports to lead employees to resist stress, relieve stress, and improve personal health management.
- 5.Viking in the effort of fulfilling corporate social responsibilities purchased gifts from charity groups for celebrating the "Good Year of the Rabbit, Mercy and Charity," "Dragon Boat Festival Sharing Delicious Rice Dumplings with Disable Individuals



for Support,” “Share love and warmth; reunion in the Mid-Autumn Festival to share love,” “Pay Forward Sharing Christmas Spirit” that warmed the hearts of colleagues, extended “pay forward” with colleagues, and carried out charity act together.

6. Awarded with the “Gold Medal” for technology research and development in the “2023 Happy Enterprise Voting” of 1111 Happy Enterprises.
7. Arranged activities such as “Let’s Pay Forward on Mother’s Day” and “Dragon Boat Festival Standing Eggs Good Fortune” to invigorate employee relations and experience the festive atmosphere.

#### B. Continuing education and training

The Company has established the training regulations to improve the quality and competitiveness of employees and achieve the corporate sustainable development. Supervisors and employees may participate in training and courses organized by external training institutions as needed to improve the expertise and core competitiveness of employees and strengthen the sound training system of the Company.

In 2023, the results of training are as follows:

Training Item	Number of Courses	Number of Trainees	Training Hours
Internal training-general education	28	453	1193
Internal training-professional training	6	152	304
Internal training-skill training	231	3,505	3839.5
External general education	14	16	116.5
External training-management	3	14	140
External training-professional training	3	20	213
External training-skill training	10	13	178
Law and regulation training	54	635	4021.5
Competence examination	191	3,386	4563
Total	540	8,194	14568.5

#### C. Retirement systems

The government-led defined contribution plans apply to the Labor Pension Act. The Company contributes 6% of every employee’s monthly salary to the employee’s personal account at the Bureau of Labor Insurance. Regarding the years of service before 2005, the Company has paid employees a pension of two months a year in advance based on the Labor Standards Act.

#### D. Labor-management agreements and measures for preserving employees' rights and interests

Labor relations have always been the top priority of the Company. The Company organizes labor-management meetings on a regular basis to convey internal policies and understand employees’ opinions through two-way open communication. The

Company has also established the Employee Welfare Committee to distribute bonuses and allowances, including three Chinese festival bonuses and allowances for weddings, funerals, illness, and childbirth, to take care of employees' life. Since 2005, the Company has organized domestic or overseas trips to strengthen interaction and cohesion among employees and their family members.

The Company has maintained harmonious labor relations by organizing labor-management meetings on a regular basis to convey internal policies and work environment issues with employees. The Company has also established the Employee Welfare Committee to be in charge of handling employee benefits and organizing activities from time to time to strengthen interaction and cohesion among employees. The Company always values employee benefits and maintains harmonious labor relations.

The Company has maintained labor relations through people-oriented management and two-way communication and established related systems according to the Labor Standards Act to ensure the rights and interests of employees. Therefore, the labor relations are harmonious. There has been no labor dispute.

E. Promotion of social responsibility

The Company has implemented its social responsibility and engaged employees in the following CSR activities:

a. Blood donation :

The Company has encouraged employees to donate blood. There were 14 people-time blood donations made in 2023 and with a total of 102 people-time accumulated.

b. Computer donation :

Respond to the "Recycled Computer • Hope Project" held by ASUS Foundation in 2023 with a total of 39 computers and laptops donated to help disadvantaged children in order to provide them with digital learning opportunities and to help them improve digital capabilities.

c. Support the 2023 National High School Games

The "National High School Games" is the highest-level national comprehensive sports tournament of national junior high school and secondary school students in Taiwan. The 2023 National High School Games was a great event held in Hsinchu County. The Company had participated in the event to support local activities and to help promote sports, and we spare no effort in providing sponsorship, jointly improving the quality of the event, and creating a win-win situation with local residents.

d. Donation of firefighting equipment:

We regularly sponsor local Shin-Gong Fire Station every year to provide the strongest support to firefighters. We hope to do our best to help improve disaster prevention resources and to protect the safety of local communities jointly.

The company, for commemorating the courageous act of the fire brigade, donated NT\$20,000 for the purchase of various instruments and equipment that benefited 60 individuals in 2023.

e. Good Year of the Rabbit, with Mercy and Charity

Good Year of the Rabbit, Mercy and Charity, distribute the handicrafts of charity groups as a token to share the warmest New Year blessings.

Beneficiary groups this time:

- Chensenmei Social Welfare Foundation (Taoyuan City)

- Children Are Us Foundation
  - Kaohsiung City Epilepsy Association
- f. Remote health promotion philanthropic projects for the healthcare of the elderly in rural areas jointly
- Cooperated with the Digital Humanitarian Association in 2023 to promote charity and care for elderly in rural areas, and to sponsor the remote health promotion philanthropic projects for the elderly in the rural areas with a total of 5,787 persons/times served in the senior communities of Miaoli Swasiq and Kaohsiung Taoyuan Fuxing UAASIK.
- Services include:
1. Conduct health surveys to understand the health status of the senior citizens in the community.
  2. Arrange personalized remote online theme courses in the community.
  3. Provide one-on-one expert consultation for the needs of the senior citizens.
- The mission is to provide the elderly in the rural area with long-term care and healthcare through this project, and provide them with the correct health knowledge and exercise opportunities in order to enhance their health functions and health awareness, and to achieve the purpose of disease prevention.
- g. Dragon Boat Festival Sharing Delicious Rice Dumplings with Disable Individuals for Support
- All factories of the Company purchased gifts from charity groups to celebrate the Dragon Boat Festival in 2023. Various gifts were selected to increase the variety of gifts for the occasion. Created job opportunities for people with disabilities through joint effort, and gave full blessings and wishes to all colleagues in the factory to celebrate a wonderful holiday.
- Beneficiary groups this time:
- Down Syndrome Foundation R.O.C.
  - Children Are Us Foundation
  - Taiwan Foundation for the Blind
  - Taichung City Welfare for The Disabled Association
- h. Awarded with the 2023 Green Enterprise Label
- Viking was awarded with the “2023 Green Enterprise Label” by the Organic Living Environment Education and Promotion Association of the Republic of China and will continue to promote environmental protection education and contribute to environmental protection.
- i. Charity donation
- Viking has been making charitable donations to less privileged groups continuously for the promotion of public welfare and society stability.
- Make donations to Huashan Social Welfare Foundation for the care and service of the less privileged elders, which is a joint effort with Huashan Social Welfare Foundation.
- Make donations to the Home so to provide a Holistic Health Care (physical, emotional, social, intellectual, and spiritual well-being) to the residents. Viking is second to none in paying forward and in providing a friendly Home environment for the elders.
- j. Share love and warmth; reunion in the Mid-Autumn Festival to share love

Selected charity merchandise with care for celebrating the Dragon Boat Festival and Mid-Autumn Festival in 2023. The rich gift combination is how Viking sharing love with those who are in need and how Viking is committed to supporting the handicapped people.

Beneficiary groups this time:

- JOYWELL CAKE STORE CO., LTD.
- Social Affairs Bureau of Kaohsiung City Government
- Kaohsiung City Epilepsy Association
- Taiwan Foundation for the Blind
- Down Syndrome Foundation R.O.C.

k. Pay Forward Sharing Christmas Spirit

The Company purchased gift boxes from charity groups on the Christmas Eve specially to celebrate the holidays. In addition to thanking colleagues for the hard work throughout the year, the Company also shared fullhearted love and happiness in the holiday seasons.

Beneficiary groups this time:

- Syin-Lu Social Welfare Foundation
- Taiwan Foundation for the Blind

F. Protective measures for the work environment and personal safety

- a. The Company has monitored and managed occupational safety and health in accordance with the occupational safety and health regulations and distributed safety and health guidelines to employees to ask for their compliance.
- b. The Company has established a safety and health management unit (Occupational Safety Office) and assigned the safety and health managers and nurses in the headquarters and Kaohsiung Branch to be in charge of planning, implementing, and supervising occupational safety and health according to the laws. The Company has also established the Occupational Safety and Health Committee. The Occupational Safety Office is responsible to convene the Occupational Safety and Health Committee every quarter to deliberate, coordinate, and comment on safety and health related matters and document the said matters.

The Company has conducted the safety and health inspections and engaged specialists in occupational diseases to evaluate and review the employees' health examination reports on-site and give advice or health education as appropriate.

- c. Facility safety
  - i. Production equipment is posted with warnings and equipped with safety protection facilities, such as emergency stop devices and alarms. The Company makes the automatic inspection plan every year according to the laws and regulations, and the automatic inspection is conducted by each responsible department. The inspection should cover inspection items and cycles, and related records should be retained for 3 years.
  - ii. The chemical warehouse is equipped with gas detectors to prevent leakage.
  - iii. Hazardous machines (such as lifts) are maintained every month and inspected every year on a regular basis.

- iv. When entering into construction contracts with contractors, the Company always notifies contractors of instructions on safety and environmental protection in writing.
- d. Work environment monitoring
  - i. Local exhaust facilities are installed in the workplace where process waste gas is generated, and the hazard factors are discharged to air pollution control equipment.
  - ii. The Company engages qualified monitoring institutions to conduct the environment monitoring on a regular basis (every year for lead and every six months for other substances), including organic solvents, specific chemicals, noise, and carbon dioxide as well as items required by the laws and regulations.
  - iii. The Company engages vendors to maintain drinking water every month and engages qualified laboratories to test the quality of drinking water every quarter to ensure the health of drinking water.
- e. Fire safety

According to the fire laws and regulations, the Company has installed a complete fire system, including alarm devices, fire hydrants, fire extinguishers and escape systems. The Company inspects fire devices every month and engages qualified fire inspection institutions to report the inspection every year and to conduct the fire drill at least once every half a year to keep the fire facilities in optimum conditions at any time.
- f. Training

The Company organizes general safety and health training for new or existing employees, and the training items and hours comply with the laws and regulations.

License training: According to the laws and regulations, the Company engages qualified external training institutions to organize license training and retraining for operators, such as radiant machine operator, first aid personnel, forklift operators, and operations supervisors.
- g. Right to know

In addition to posting warnings and posters in work environment, the Occupational Safety Office conveys the Occupational Safety and Health Act and occupational injury cases to employees from time to time.

In the orientation training, the Company highlights the hazardous substance prevention and instructions to reduce occupational incidents.
- h. Health examination

Before reporting in for duty, new employees are required to take the physical examination at any qualified hospital and submit the health examination report. The Company organizes the health examination for employees every year; in addition, the Company organizes the special health examination for existing employees working in special operations every year according to the laws and regulations.

For existing employees having served for a year, the Company has managed to organize a regular health examination every year.
- i. Personal protective equipment

According to the laws and regulations, the Company has provided personal protective equipment required in the operations and posted related signs at each

workplace for employees to follow.

j. Incident investigation, analysis, and handling

In case of occupational incidents, the Company investigates into them according to the incident investigation procedures. The Occupational Safety Office is responsible to work with labor representatives and related responsible departments to investigate into the occupational incidents. The responsible departments should fill in the reasons for the occupational incidents, propose corrective measures, and report to the monthly occupational incident system. In case of major occupational incidents stipulated by laws, the responsible departments should notify the labor inspection agencies within 8 hours.

k. Hazardous chemicals

The Company has established the hazard education plan according to laws and regulations and organized safety and health training to improve employees' understanding of chemicals and hazard prevention, including the list of chemicals, safety data sheets, and hazard labels.

l. Group insurance

The Company includes each employee in group insurance. In case of occupational injuries, employees are eligible to apply for labor insurance and group insurance claims.

- (2) Any loss sustained as a result of labor disputes in the most recent year up to the date of publication of the Annual Report, an estimate of losses incurred to date or in the future, and response measures: None.

6. Information security management

1. Describe information security risk management framework, information security policy, specific management plans, resources invested in information security management, etc.:

(1) Information security risk management framework

The Company's Information Department is responsible for coordinating and implementing information security policies, regularly advocating information security to enhance employees' awareness of information security, and maintain the effectiveness of information security system products or procedures.

(2) Information security policy

The Company has established the information system management procedures and formulated the information security policies to substantiate information security management, and to ensure the correctness, comprehensiveness, confidentiality, and effectiveness of the information system.

(3) Specific management plans

- (a) Comply with the management methods of the information system management procedures and establish a reliable and safe information system.
- (b) It is necessary to have the backups of the important information systems prepared and disaster recovery plan rehearsed in order to maintain their availability for use.
- (c) The Company's external network must be equipped with an information security system to enhance information security protection.
- (d) The computers used by employees must be equipped with proper information security protection and control.
- (e) The employees' computer accounts must be equipped with appropriate control

mechanisms.

- (f) It is necessary to improve the awareness of the personnel responsible for infrastructure IT interruption & information security with education and training arranged for them every year.
  - (g) A list of the software used by the Company must be prepared for management; also, employees are strictly prohibited from using unauthorized or pirated software.
  - (h) Establish the Information Security Committee to review information security policies and report to the management regarding the information security implementation regularly.
  - (i) The Company has budgets appropriated for the information security system every year, a system upgrade or improvement plan implemented, and information security protection reinforced.
- (4). Invest resources in information security management
- (1) Replace the file server so to achieve fast data copy and backup in remote locations in order to prevent data loss.
  - (2) Replace network firewall and network switch equipment to enhance information security protection.
  - (3) Replace mail system and host to improve the security and availability of the mail system.
  - (4) Replace ERP-related system hosts to improve system stability and availability.
  - (5) Establish an Information Security Committee to review information security policies and enhance information security management.
  - (6) Arrange information security education & training and propaganda to enhance employees' information security knowledge.
  - (7) Prepare an information security budget every year to gradually improve the information security protection system.

2. If the losses, possible impacts, and countermeasures of major information security incidents cannot be reasonably estimated in the most recent year and as of the annual report publication date, such fact should be explained in details: None

## 7. Important Contracts

Nature of Contract	Contracting Party	Commencement/Expiration Date (yyyy/mm/dd)	Main Content	Restrictive Clause
Loan contract	Land Bank of Taiwan	2013/09/27~2027/01/19	Long-term secured loan	Note
Loan contract	Chang Hwa Bank	2017/10/25~2027/10/25	Long-term secured loan	Note
Loan contract	Chang Hwa Bank	2018/02/07~2027/10/25	Long-term secured loan	Note

Note : According to the loan contract, the Company should pledge the property as security for Land Bank of Taiwan and Chang Hwa Bank.

## VI. Overview of Financial Status

### 1. Condensed Financial Information for the Most Recent Five Years

#### (1) Condensed consolidated balance sheets and statements of comprehensive income - IFRS

#### Condensed Consolidated Balance Sheet

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent Five Years(Note 1)						
	2019	2020	2021	2022	2023	Financial data as of March 31, 2024 (Note 3)	
Current assets	1,708,085	1,954,395	2,666,679	2,692,271	2,497,360	N/A	
Property, plant and equipment	1,238,377	1,128,166	1,135,559	1,272,350	1,278,070		
Intangible assets	4,786	5,699	3,304	3,708	7,278		
Other assets(Note 2)	140,058	118,665	180,005	113,882	67,677		
Total assets	3,091,306	3,206,925	3,985,547	4,082,211	3,850,385		
Current liabilities	Before distribution	395,661	452,439	873,021	654,272		484,325
	After distribution	477,800	546,312	1,131,170	959,358		Note2
Non-current liabilities	167,805	135,729	110,476	88,248	75,331		
Total liabilities	Before distribution	563,466	588,168	983,497	742,520		559,656
	After distribution	645,605	682,041	1,241,646	1,047,606		Note2
Attributable to owners of parent company	2,522,520	2,611,271	2,989,772	3,323,261	3,273,925		
Share capital	1,173,408	1,173,408	1,173,408	1,173,408	1,173,408		
Capital reserve	730,121	730,121	730,121	730,121	730,121		
Retained earnings	Before distribution	631,256	718,113	1,098,757	1,426,060		1,382,787
	After distribution	549,117	624,240	840,608	1,120,974		Note2
Other equity	(12,265)	(10,371)	(12,514)	(6,328)	(12,391)		
Treasury shares	-	-	-	-	-		
Non-controlling interests	5,320	7,486	12,278	16,430	16,804		
Total equity	Before distribution	2,527,840	2,618,757	3,002,050	3,339,691		3,290,729
	After distribution	2,445,701	2,524,884	2,743,901	3,034,605		Note2

Note 1: The financial data of the most recent five years had been audited by the independent auditors.

Note 2: The proposal for 2023 earnings distribution is yet to be determined in the shareholders' meeting.

Note 3: The 2024Q1 financial information audited by the independent auditor was not available as of the annual report publication date.



Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent Five Years(Note 1)					Financial data as of March 31, 2024(Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	2,144,527	2,126,186	3,106,485	3,161,885	2,553,243	N/A
Gross profit	512,996	513,609	1,010,808	1,078,354	707,937	
Operating income	177,322	201,559	611,122	638,840	308,594	
Non-operating revenue and expenses	2,578	(9,409)	(18,224)	100,063	16,753	
Income before tax	179,900	192,150	592,898	738,903	325,347	
Income from continuing operations	144,372	171,519	479,579	588,177	262,196	
Loss from discontinued operations	-	-	-	-	-	
Net income (loss)	144,372	171,519	479,579	588,177	262,196	
Other comprehensive income (net after tax)	(4,876)	1,537	(2,413)	7,613	(6,072)	
Total comprehensive income	139,496	173,056	477,166	595,790	256,124	
Net income attributable to owners of parent company	143,714	168,996	474,517	585,452	261,813	
Net income attributable to non-controlling interests	658	2,523	5,062	2,725	383	
Total comprehensive income attributable to owners of parent company	138,973	170,890	472,374	591,638	255,750	
Total comprehensive income attributable to non-controlling interests	523	2,166	4,792	4,152	374	
Earnings per share	1.22	1.44	4.04	4.99	2.23	

Note 1: The financial data of the most recent five years had been audited by the independent auditors.

Note 2: The 2024Q1 financial information audited by the independent auditor was not available as of the annual report publication date.

## (2) Condensed standalone balance sheets and statements of comprehensive income - IFRS

## Condensed Standalone Balance Sheet

Unit: NT\$1,000

Year Item		Financial Information for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,467,312	1,670,372	2,336,775	2,337,567	2,095,288
Property, plant and equipment		1,199,472	1,091,188	1,086,411	1,231,805	1,246,125
Intangible assets		4,691	5,625	3,252	3,678	5,955
Other assets		326,792	333,556	423,365	418,547	424,296
Total assets		2,998,267	3,110,741	3,849,803	3,991,597	3,771,664
Current liabilities	Before distribution	322,993	370,054	763,000	591,077	430,553
	After distribution	405,132	463,927	1,021,149	896,163	Note 2
Non-current liabilities		152,754	119,416	97,031	77,259	67,186
Total liabilities	Before distribution	475,747	489,470	860,031	668,336	497,739
	After distribution	557,886	583,343	1,118,180	973,422	Note 2
Attributable to owners of parent company		2,522,520	2,611,271	2,989,772	3,323,261	3,273,925
Share capital		1,173,408	1,173,408	1,173,408	1,173,408	1,173,408
Capital reserve		730,121	730,121	730,121	730,121	730,121
Retained earnings	Before distribution	631,256	718,113	1,098,757	1,426,060	1,382,787
	After distribution	549,117	624,240	840,608	1,120,974	Note 2
Other equity		(12,265)	(10,371)	(12,514)	(6,328)	(12,391)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	2,522,520	2,611,271	2,989,772	3,323,261	3,273,925
	After distribution	2,440,381	2,517,398	2,731,623	3,018,175	Note 2

Note 1: The financial data of the most recent five years had been audited by the independent auditors.

Note 2: The proposal for 2023 earnings distribution is yet to be determined in the shareholders' meeting.

Condensed Standalone Statement of Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent Five Years(Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,750,018	1,763,731	2,681,223	2,777,475	2,262,790
Gross profit	401,696	426,843	908,117	949,798	607,375
Operating income	144,133	155,114	542,187	587,830	286,394
Non-operating revenue and expenses	31,663	24,252	32,247	131,168	19,386
Income before tax	175,796	177,366	574,434	718,998	305,780
Income from continuing operations	143,714	168,996	474,517	585,452	261,813
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	143,714	168,996	474,517	585,452	261,813
Other comprehensive income (net after tax)	(4,741)	1,894	(2,143)	6,186	(6,063)
Total comprehensive income	138,973	170,890	472,374	591,638	255,750
Net income attributable to owners of parent company	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	1.22	1.44	4.04	4.99	2.23

Note 1: The financial data of the most recent five years had been audited by the independent auditors.

(3) Name and opinion of CPAs for the most recent five years

Year	CPA	Reasons for CPAs replacement	Opinion
2019	Lin, Yu-Kuan Cheng, Ya-Hui		Unqualified opinion
2020	Cheng, Ya-Hui Lin, Yu-Kuan		Unqualified opinion
2021	Cheng, Ya-Hui Liu Chien-Yu	Internal operation adjustment of the CPA Firm	Unqualified opinion
2022	Cheng, Ya-Hui Liu Chien-Yu		Unqualified opinion
2023	Bai Shu-Chian Liu Chien-Yu	Internal operation adjustment of the CPA Firm	Unqualified opinion

2. Financial Analysis for the Most Recent Five Years

(1) Financial analysis – IFRS (consolidated)

Item for Analysis	Year	Financial Analysis for the Most Recent Five Years					Financial data as of March 31, 2024(Note 1)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	18.23	18.34	24.67	18.18	14.53	N/A
	Ratio of long-term capital to property, plant and equipment	215.3	241.9	272.19	267.96	261.42	
Solvency (%)	Current ratio	431.7	431.96	305.45	411.49	515.63	
	Quick ratio	292.65	292.7	192.31	276.87	338.53	
	Interest coverage ratio	55.81	79.46	251.06	342.76	173.32	
Operating ability	Receivables turnover rate (times)	4.06	4.53	4.98	4.88	4.72	
	Average collection days	90	81	74	75	78	
	Inventory turnover rate (times)	2.58	2.48	2.40	2.11	1.99	
	Payables turnover rate (times)	6.72	8.47	7.84	8.47	9.72	
	Average days for sale	142	147	152	173	183	
	Property, plant and equipment turnover rate (times)	1.8	1.79	2.74	2.62	2.00	
	Total asset turnover rate (times)	0.66	0.67	0.86	0.78	0.64	
Profitability	Return on assets (%)	4.56	5.51	13.38	14.62	6.64	
	Return on equity (%)	5.71	6.66	17.06	18.54	7.90	
	Ratio of income before tax to paid-in capital (%)	15.33	16.37	50.52	62.97	27.72	
	Profit margin (%)	6.73	8.06	15.43	18.60	10.26	
	Earnings per share (NT\$)	1.22	1.44	4.04	4.99	2.23	
Cash flow	Cash flow ratio (%)	53.37	45.14	73.77	92.27	110.90	
	Cash flow adequacy ratio (%)	75.09	69.55	82.38	86.97	93.37	
	Cash reinvestment ratio (%)	1.99	3.31	13.71	7.84	5.29	
Leverage	Operating leverage	2.75	2.49	1.55	1.55	2.20	
	Financial leverage	1.02	1.01	1.00	1.00	1.00	

Changes in financial ratios over the past two years:

1. Liabilities to assets ratio: Mainly due to the decrease in other payables and current income tax liabilities in 2023, resulting a decrease in the liabilities to assets ratio.
2. Current ratio and quick ratio: Mainly due to the decrease in current liabilities arising from other payables and current income tax liabilities in 2023, resulting an increase in the current ratio and quick ratio.
3. Interest coverage ratio: Mainly due to the decrease in net income before income tax and interest expenses in 2023, resulting a decrease in the interest coverage ratio.
4. Property, plant and equipment turnover rate: Mainly due to the decrease in net sales, resulting a decrease in the property, plant and equipment turnover rate.
5. Return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit rate, and earnings per share: Mainly due to the decrease in 2023 net income, resulting a decrease in the return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit rate, and earnings per share.
6. Cash flow ratio: Mainly due to the decrease in current liabilities arising from the decrease in other payables and current income tax liabilities in 2023, resulting an increase in the cash flow ratio.
7. Cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities and the increase in cash dividends in 2023, resulting a decrease in the cash reinvestment ratio.
8. Operating leverage: Mainly due to the decrease in operating profits in 2023, resulting an increase in the operating leverage.

Note 1: The 2024Q1 financial information audited by the independent auditor was not available as of the annual report publication date.

(2) Financial analysis – IFRS (standalone)

Item for Analysis		Financial Analysis for the Most Recent Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	15.86	16.05	22.33	16.74	13.19
	Ratio of long-term capital to property, plant and equipment	221.84	249.41	283.37	275.44	266.78
Solvency (%)	Current ratio	454.28	451.38	306.26	395.47	486.65
	Quick ratio	313.01	308.77	198.26	264.73	309.12
	Interest coverage ratio	60.43	84.11	271.32	370.09	180.02
Operating ability	Receivables turnover rate (times)	3.43	3.75	3.9	3.80	3.75
	Average collection days	107	98	94	97	98
	Inventory turnover rate (times)	2.52	2.47	2.40	2.11	2.01
	Payables turnover rate (times)	8.68	11.06	9.31	9.53	10.68
	Average days for sale	145	148	153	173	182
	Property, plant and equipment turnover rate (times)	1.51	1.54	2.46	2.39	1.82
	Total asset turnover rate (times)	0.55	0.57	0.77	0.7	0.58
Profitability	Return on assets (%)	4.66	5.59	13.68	14.97	6.78
	Return on equity (%)	5.69	6.58	16.94	18.54	7.93
	Ratio of income before tax to paid-in capital (%)	14.98	15.28	48.95	61.27	26.05
	Profit margin (%)	8.21	9.58	17.69	21.07	11.57
	Earnings per share (NT\$)	1.22	1.44	4.04	4.99	2.23
Cash flow	Cash flow ratio (%)	56.96	38.99	70.41	96.06	112.75
	Cash flow adequacy ratio (%)	70.48	61.16	74.47	79.27	85.25
	Cash reinvestment ratio (%)	1.23	1.69	11.17	7.12	4.17
Leverage	Operating leverage	2.87	2.87	1.62	1.54	2.16
	Financial leverage	1.02	1.01	1.00	1.00	1.01

Changes in financial ratios over the past two years:

1. Liabilities to assets ratio: Mainly due to the decrease in other payables and current income tax liabilities in 2023, resulting a decrease in the liabilities to assets ratio.
2. Current ratio: Mainly due to the decrease in current liabilities arising from other payables and current income tax liabilities in 2023, resulting an increase in the current ratio.
3. Interest coverage ratio: Mainly due to the decrease in net income before income tax and interest expenses in 2023, resulting a decrease in the interest coverage ratio.
4. Property, plant and equipment turnover rate: Mainly due to the decrease in net sales, resulting a decrease in the property, plant and equipment turnover rate.
5. Return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit rate, and earnings per share: Mainly due to the decrease in 2023 net income, resulting a decrease in the return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit rate, and earnings per share.
6. Cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities and the increase in cash dividends in 2023, resulting a decrease in the cash reinvestment ratio.
7. Operating leverage: Mainly due to the decrease in operating profits in 2023, resulting an increase in the operating leverage.

A. Financial structure

(A) Debt to asset ratio = Total liabilities / Total assets.

(B) The ratio of long-term funds to property, plant and equipment = (Total equity + noncurrent liabilities) / net property, plant and equipment.

B. Solvency

(A) Current ratio = Current assets / Current liabilities.

(B) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.

(C) Interest coverage ratio = Income before tax and interest expenses / Current interest expenses.

C. Operating ability

(A) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = Net sales / Average receivables (including accounts receivable and notes receivable arising from business operations) for each period.

(B) Average collection days = 365 / Receivables turnover rate.

(C) Inventory turnover rate = Cost of sales / Average inventory.

(D) Payables (including accounts payable and notes payable arising from business operations) turnover rate = Cost of sales / Average payables (including accounts payable and notes payable arising from business operations) for each period.

(E) Average days for sale = 365 / Inventory turnover rate.

(F) Property, plant and equipment turnover = Net sales / average net property, plant and equipment.

(G) Total asset turnover rate = Net sales / Average total assets.

D. Profitability

(A) Return on assets = [Income after tax + Interest expenses (1 - Tax rate)] / Average total assets.

(B) Return on equity = Net income (loss) / Total average equity.

(C) Profit margin = Income after tax / Net sales.

(D) Earnings per share = (Profit or loss attributable to the shareholders of the parent company - Dividends on preferred shares) / Weighted average number of issued shares.

E. Cash flow

(A) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(B) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increase + Cash dividends).

(C) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (property, plant and equipment + long-term investment + other noncurrent assets + working capital).

F. Leverage

(A) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.

(B) Financial leverage = Operating income / (Operating income / Interest expenses).

3. Audit Committee's Review Report for the Most Recent Year's Financial Statements

Refer to Appendix 1 (Page 123).

4. Financial Statements for the Most Recent Year (Consolidated)

Refer to Appendix 2 (Pages 124~190).

5. Standalone Financial Statements for the Most Recent Year, Audited by CPAs

Refer to Appendix 3 (Pages 191~265).

6. Up to the Printing Date of this Annual Report, has the Company or Related Companies Experienced Financial Turnover Difficulties:

None

## VII. Review and Analysis of Financial Position and Financial Performance

### 1. Financial Position

The main reasons for the major changes in assets, liabilities, and shareholders' equity in the last two years and the impacts:

Unit: NT\$1,000

Item \ Year	2023	2022	Increase (Decrease)	
			Amount	%
Current assets	2,497,360	2,692,271	(194,911)	(7.24)
Property, plant and equipment	1,278,070	1,272,350	5,720	0.45
Intangible assets	7,278	3,708	3,570	96.28
Other assets	67,677	113,882	(46,205)	(40.57)
Total assets	3,850,385	4,082,211	(231,826)	(5.68)
Current liabilities	484,325	654,272	(169,947)	(25.97)
Non-current liabilities	75,331	88,248	(12,917)	(14.64)
Total liabilities	559,656	742,520	(182,864)	(24.63)
Share capital	1,173,408	1,173,408	0	0.00
Capital reserve	730,121	730,121	0	0.00
Retained earnings	1,382,787	1,426,060	(43,273)	(3.03)
Other equity	(12,391)	(6,328)	(6,063)	95.81
Non-controlling interests	16,804	16,430	374	2.28
Total equity	3,290,729	3,339,691	(48,962)	(1.47)

Describe the major changes (the changes between two periods exceed 20% and an amount more than NT\$10 million) in the company's assets, liabilities, and shareholders' equity in the last two years:

1. Decrease in other assets: Mainly due to the reclassification of prepaid equipment that has gradually become available for use to property, plant and equipment.
2. Decrease in current liabilities and total liabilities: Mainly due to the decrease in profits and losses arising from the decline in market demand in 2023, resulting a decrease in other payables and current income tax liabilities.

## 2. Financial Performance

The main reason for the major changes in operating income, net operating profit, and net income before tax in the last two years:

### (1) Analysis of financial performance:

Unit: NT\$1,000

Item \ Year	2023	2022	Amount of Increase (Decrease)	Increase (Decrease) (%)
Operating revenue	2,553,243	3,161,885	(608,642)	(19.25)
Operating costs	1,845,306	2,083,531	(238,225)	(11.43)
Gross profit	707,937	1,078,354	(370,417)	(34.35)
Operating expenses	399,343	439,514	(40,171)	(9.14)
Operating income	308,594	638,840	(330,246)	(51.69)
Non-operating revenue and expenses	16,753	100,063	(83,310)	(83.26)
Income before tax	325,347	738,903	(413,556)	(55.97)
Income tax expenses (income)	63,151	150,726	(87,575)	(58.10)
Net income	262,196	588,177	(325,981)	(55.42)

Main reasons for changes by 20% or more or NT\$10 million and the effect:

1. Decrease in operating gross profit, operating profit, net income before tax, and net income: Mainly due to the decrease in market demand in 2023, resulting a decrease in the operating gross profit, operating profit, net income before tax, and net income.
2. Decrease in non-operating income and expenses: Mainly due to the fluctuations in the USD exchange rate, resulting a decrease in foreign exchange gains and losses.
3. Decrease in income tax expenses (profits): Mainly due to the decrease in the net income before tax

### (2) Expected sales volume and its basis, possible impact on the Company's future financial operation, and the responsive plans:

Focusing on the high-end market, the Company's products are highly standardized and equipped with special functions. In recent years, the Company's own brand, Viking, has been marketed in China and Asia successfully and widely adopted by electronics manufacturers in China, leading to high performance growth in China. The Company has been developing and producing new products on a mass scale in line with the industry trends. The sales volume in the coming year is estimated to be 30,283,000 thousand pieces.



### 3. Cash Flow

#### (1) Cash flow analysis:

Item	Year	2023	2022	Increase (Decrease) (%)
	Cash flow ratio (%)		110.90	92.27
Cash flow adequacy ratio (%)		93.37	86.97	7.36
Cash reinvestment ratio (%)		5.29	7.84	(32.49)

Analysis of changes by 20% or more:

1. Cash flow ratio: Mainly due to the decrease in current liabilities arising from other payables and current income tax liabilities in 2023, resulting an increase in the cash flow ratio.
2. Cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities and the increase in cash dividends in 2023, resulting a decrease in the cash reinvestment ratio.

#### (2) Liquidity analysis for the coming year:

Unit: NT\$1,000

Cash, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Used (3)	Cash, End of Year (1)+(2)-(3)	Corrective Measures for Cash Inadequacy	
				Investment Plans	Financing Plans
792,389	795,256	(875,544)	712,101	-	-

Analysis of changes in the cash flow in the coming year:

1. Cash flow from operating activities: The company's products are intended for high-precision and special-function applications with a focus on high-end market opportunities. The company has successfully entered the Chinese market and European and American markets with its own brand "Viking" in recent years with a stable growth in sales achieved. Therefore, there is net cash inflow generated from operating activities.
2. Investing activities: There is a net cash outflow from investing activities mainly due to the increase in capital expenditure of NT\$715,168 thousand for the expansion of production capacity,
3. Financing activities: There is a cash outflow from financing activities mainly due to the distribution of cash dividends and repayment of bank loans.

#### 4. Effect of Major Capital Expenditures on Financial Operations for the Most Recent Year

In 2023, capital expenditures amounted to NT\$200,425 thousand, which could be covered by the cash flow generated from operating activities. Therefore, there was no material effect on the Company's financial operations.

## 5. Reinvestment Analysis

Reinvestment Policy for the Most Recent Year, Main Reasons for Profit or Loss Generated Thereby, Improvement Plan, and Investment Plan for the Coming Year:

The Company's investment under the equity method is mainly implemented in line with the Company's business strategy to invest in the companies in the related fields of the industry; also, most of the invested companies are included in the consolidated financial statements. The Company's reinvestment income under the equity method amounted to NT\$10,648 thousand in 2023, a decrease of NT\$29,658 thousand compared with the previous year. It was mainly due to the decrease in income of the invested companies affected by the recession. The Company will follow the established business strategy to control costs and carefully evaluate investment plans in the next year.

## 6. Risk Analysis

- (1) Effect of interest and exchange rate fluctuations and inflation on the Company's profit or loss, and response measures:

A. Impact on the Company's profit and loss:

Unit: NT\$1,000

Item	2023	
	Net interest income (expense)	Net exchange gains (losses)
Amount	7,518	(1,347)
Ratio of revenue (%)	0.29%	(0.05%)
Ratio of net income before tax (%)	2.31%	(0.41%)

(A) Interest rate fluctuations:

The Company's net interest income was NT\$7,518 thousand in 2023, accounted for 0.29% and 2.31% of the operating income and net income before tax of the year, respectively. The impact of interest income and expenses on the Company's revenue and profits was low; however, deposits were greatly affected by changes in interest rates. The Finance Department was to select bond funds with better performance to respond to the situation.

(B) Exchange rate fluctuations:

In addition to adopting a natural hedge strategy for foreign exchange transactions, the Company pays attention to exchange rate fluctuations at any time and adjusts foreign currency assets and liabilities in a timely manner to reduce the

effect of exchange rate fluctuations on the Company's profit or loss. As the Company's sales model focuses on export, foreign currency assets are relatively high. In 2023, USD and RMB fluctuated significantly, the effect of exchange rate fluctuations was noticeable. Considering the focus on the major line of business, the Company did not engage in foreign exchange transactions for hedge purpose. In the future, the Company will continuously pay attention to the market conditions and exchange rate fluctuations at any time and review and control foreign currency assets to avoid any exchange rate risk.

- B. Inflation: The Company pays close attention to the supply and demand of raw materials and the changes in raw material prices to adjust inventory in a timely manner. In the future, the Company will collect information on inflation and the government's price index policy from time to time to purchase raw materials appropriately.
- (2) Internal policies on high-risk investments, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivatives transactions, main reasons for the Company's profit or loss generated thereby, and response measures:
- A. The Company did not engage in any high-risk investments or highly leveraged investments.
  - B. The Company always adopts a conservative strategy for derivatives transactions and follows the established Regulations Governing the Handling of Derivatives Transactions. As of the date of publication of the Annual Report, the Company did not engage in any derivatives transactions.
  - C. The Company has established the Regulations Governing the Making of Endorsements/Guarantees according to related laws. As of the date of publication of the Annual Report, the Company did not make any endorsements/guarantees.
  - D. The Company has established the Regulations Governing the Lending of Funds to Others according to related laws. As of the date of publication of the Annual Report, the Company did not loan to others.

- (3) Research and development plans in the future and their expected expenditures:

The requirements on passive components have become more significant along with the miniaturization of parts. The Company will continue to develop competitive and specific anti-sulfation, anti-surge, high voltage, and high-power resistors by taking advantage of the excellent thick/thin film process technology. The Company's estimated R&D expenses in 2024 are approximately NT\$71,300 thousand, which will be invested in product research and development and refinement as well as enhancing existing technology and market competitiveness.

Main influential factors to the future success of research and development:

- 1、Grasp market demand and product development trends, define clear R&D strategies,

and effectively manage and control product development schedules.

- 2、Assess resources effectively, and plan and allocate resources (human resources & material resources) needed throughout the process of development.
- 3、Cultivate personnel actively and establish relevant product quality awareness and passing on of development experience in order to enhance product development capabilities.
- 4、Properly control cost and yield rate throughout the production process.

- (4) Effect of important policies and changes in the legal environment at home and abroad on the Company's financial operations, and response measures:

The Company follows the government's policies and laws and regulations. The management is able to control and comply with important policies and legal changes, and timely adjust the Company's business activities and governance in accordance with changes in policies and regulations to maintain the smooth business operations.

- (5) The impact of technological changes (including information security risks) and industrial changes on the Company's financial business and the countermeasures:

To ensure the autonomy and legitimacy of technologies, the Company not only develops new technologies through the internal research and development team, but also research on emerging technologies in collaboration with domestic research institutes to secure its technology leadership; in addition, upon completion of new technology development, the Company will apply for patents in Europe, the U.S., Japan, and China to prevent the newly developed technology from being preempted by other peers. Through application for patents, the Company can maintain the results of research and development and commercial interests and reduce overall business risks.

The Company has formulated information security policies to regulate the implementation and compliance of internal information security policies, and the auditors are to audit the information security inspections performed occasionally every year. At the same time, both internal and external information security protection systems are constructed, and internal and external information security risks and preventions are reviewed and identified every year in order to reduce the threat or impact on the Company's operating system.

- (6) Effect of changes in the corporate image on the Company's crisis management, and response measures:

The Company requires all employees to strictly follow the code of conduct and ethics and provides customers quality products and services in line with the government's policies and laws and regulations; the Company has also established and amended internal policies

and systems to maintain the corporate image. In the most recent year up to the date of publication of the Annual Report, no event has had an impact on the Company's corporate image.

- (7) Expected benefits and possible risks associated with any mergers and acquisitions, and response measures:

In the most recent year up to the date of publication of the Annual Report, the Company has not planned any mergers or acquisitions. If there is a need of merger or acquisition in the future, the Company will evaluate the merger or acquisition with prudence as to whether it will bring the specific synergy to protect the shareholders' rights and interest.

- (8) Expected benefits and possible risks associated with any plant expansion, and response measures:

As the Company leads in process technology and is able to flexibly adjust the capacity in response to the need of electronic components, plant expansion allows the Company to increase the capacity and receive more orders, thereby increasing revenue and profitability. After the capacity reaches the economic scale, production costs can be significantly reduced.

The Company has carefully planned for capital expenditures on the production expansion to meet customers' needs while optimizing the utilization of capital.

- (9) Risks associated with any consolidation of sales or purchasing operations, and response measures:

1. The single supplier with the highest proportion of the purchases only accounted for 11.75% of the Company's purchases. There was no risk of consolidation of purchasing operations.
2. The largest customer accounted for 5.91% of the Company's sales. There was no risk of consolidation of sales operations.

- (10) Effect on and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder with a stake of more than 10% has been transferred or has otherwise changed hands, and response measures:

Since the incorporation of the Company, the Company's directors, supervisors, or shareholders with a stake of more than 10% have held shares for the purpose of sustainable management. The Company has reported changes in shareholding of the aforesaid personnel on schedule according to the Securities and Exchange Act. As of the date of publication of the Annual Report, there has been no transfer or change of shares.

- (11) Effect on and risk to the Company associated with any changes in the governance personnel or top management, and response measures:

Since the incorporation of the Company, professional managers have been engaged to manage the Company; therefore, any changes in the shareholder structure will not affect the Company's business promotion.

- (12) Litigious and non-litigious matters (please list major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any director, any supervisor, the President, any person with actual responsibility, any major shareholder holding a stake of more than 10%, and/or any company controlled by the Company; and (2) have been

concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute shall be disclosed): None.

(13) Other important risks and response measures: None.

7. Other Important Matters:

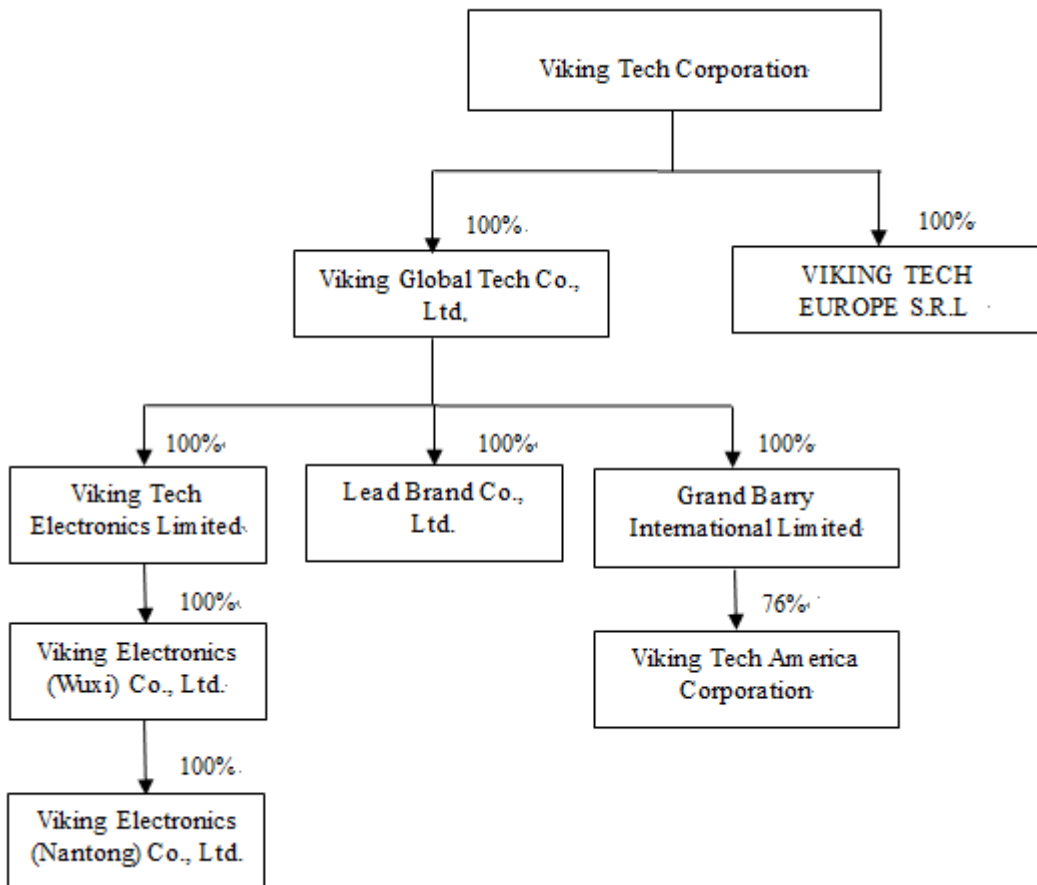
None.

## VIII. Special Items to Be Included

### 1. Information on Affiliated Companies

(1) Consolidated business report covering affiliated companies (as of December 31, 2023)

#### A. Organization of affiliated companies



## B. Information on affiliated companies

Unit: In thousand

Affiliated Company	Date of Incorporation	Address	Paid-in Capital	Scope of Business or Production
Viking Global Tech Co., Ltd.	July 11, 2009	British Virgin Islands	US\$785	Various business management and investments
VIKING TECH EUROPE S.R.L.	August 7, 2023	Italy	EUR2,000	Sales of passive components
Viking Tech Electronics Limited	July 9, 2009	Hong Kong	US\$0	Various business management and investments
Lead Brand Co., LTD.	July 2, 2007	Vincent & the Grenadines	US\$0	Sales of thin film passive components
Grand Barry International Limited	January 28, 2011	British Virgin Islands	US\$785	Various business management and investments
Viking Electronics (Wuxi) Co., Ltd.	July 1, 2009	Wuxi City, Jiangsu Province	US\$7,490	Manufacture and sale of passive components and thermistors
Viking Tech America Corporation (Note 3)	January 3, 2011	19800 MacArthur Blvd Suite 300 Irvine, CA 92612, USA	US\$750	Sales of thin film passive components
Viking Electronics (Nantong) Co., Ltd.	June 5, 2023	Nantong City, Jiangsu Province	CNY2,000	Manufacture and sale of passive components

C. Information on same shareholders under presumption of a relationship of control or subordination: None.

D. Industries covered by the overall business operated by the affiliated companies and mutual dealings and division of work:

(A) Industries covered by the overall business operated by the affiliated companies:

Mainly the sale and service of passive components, coupled with investment and international trade.



(B) Mutual dealings and division of work:

To expand business in China and overseas, the Company has established operations in Wuxi, the U.S. and Italy for the sale and service of passive components.

E. Directors, supervisors, and presidents of affiliated companies

Affiliated Company	Title	Name or Representative	Number of Shares Held	
			Number of Shares	Shareholding Percentage (%)
Viking Global Tech Co., Ltd.	Director	Viking Tech Corporation Representative: Tsai, Kao-Ming Representative: Hu, Chuan-Pin	7,000	100.00
VIKING TECH EUROPE S.R.L.	Director	Viking Tech Corporation Representative: Hu, Chuan-Pin Representative: Tu, Chia-Ching	0	100.00
Viking Tech Electronics Limited.	Director	Viking Global Tech Co., Ltd. Representative: Hu, Chuan-Pin	58,496,500	100.00
Lead Brand Co., LTD.	Director	Viking Global Tech Co., Ltd. Representative: Hu, Chuan-Pin	1,000,000	100.00
Grand Barry International Limited	Director	Viking Global Tech Co., Ltd. Representative: Hu, Chuan-Pin	31,400	100.00
Viking Electronics (Wuxi) Co., Ltd.	Director	Viking Tech Electronics Limited. Representative: Hu, Chuan-Pin	0	100.00
	Supervisor	Viking Tech Electronics Limited. Representative: Liang, Yao-Ming		
Viking Tech America Corporation	Director	Grand Barry International Limited Representative: Hu, Chuan-Pin	750,000	75.76
Viking Electronics (Nantong) Co., Ltd.	Director	Viking Electronics (Wuxi) Co., Ltd. Representative: Hu, Chuan-Pin	0	100.00
	Supervisor	Viking Electronics (Wuxi) Co., Ltd. Representative: Liang, Yao-Ming		

## F. Financial position and operating results of affiliated companies

December 31, 2023 Unit: NT\$1,000

Affiliated Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Income after Tax	Earnings per share (NT\$) (after Tax)
Viking Global Tech Co., Ltd.	111,311	354,148	0	354,148	0	0	18,248	2,607
VIKING TECH EUROPE S.R.L	34,504	31,429	4,990	26,439	0	(7,581)	(7,600)	0
Viking Tech Electronics Limited	122,456	300,368	0	300,368	0	0	17,076	0.292
Lead Brand Co., LTD.	0	113	0	113	0	(61)	(60)	(0.061)
Grand Barry International Limited	23,766	53,667	0	53,667	0	0	1,232	39.236
Viking Tech America Corporation	29,912	91,346	22,029	69,317	107,610	3,122	1,576	1.592
Viking Electronics (Wuxi) Co., Ltd. (Note 2)	257,469	599,293	298,939	300,353	746,325	23,147	17,074	0
Viking Electronics (Nantong) Co., Ltd.	8,654	8,697	43	8,654	0	0	0	0

### (2) Consolidated financial statements covering affiliated companies

For the fiscal year from January 1, 2023 to December 31, 2023, companies that should be included in the consolidated financial statements covering affiliated companies in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those that should be included in the consolidated financial statements under IAS 27; in addition, related information that should be disclosed in the consolidated financial statements covering affiliated companies has been disclosed in the consolidated financial statement. As a result, the consolidated financial statements covering affiliated companies are not prepared separately.

### (3) Affiliation report: None.

2. Private Placement of Securities during the Current Year up to the Date of Publication of the Annual Report:  
None.
3. Holding or Disposal of Shares in the Company by Subsidiaries during the Current Year up to the Date of Publication of the Annual Report:  
None.
4. Other Matters Requiring Additional Description:  
None.
5. Any of the Situations Listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act which Might Materially Affect Shareholders' Equity or Price of the Company's Securities:  
None.

## **Appendix:**

### 1. Audit Committee's Review Report

#### **Audit Committee's Review Report**

The 2023 financial statements of the Company that have been reviewed by the independent auditors, Bai ShuChian and Liu Chienyu of KPMG Taiwan, together with the business report and the earnings distribution proposal reviewed by the Audit Committee. The Committee is considered that there is no discrepancy and such reports are prepared in accordance with the provisions of Article 14-4 of Securities and Exchange Act and Article 219 of Company Act. Submitted for review and approval

To:

Viking Tech Corporation 2024 Shareholders' Meeting

The convener of the Audit Committee. Shen Bo-Ting

March 8, 2024

## 2. Financial Statements for the Most Recent Year

### VIKING TECH CORPORATION

#### Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if 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, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Viking Tech Corporation

Representative: Tsai, Gau-ming

March 8, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23003567

To the Board of Directors and Shareholders of VIKING TECH CORPORATION

### **Opinion**

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

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

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2023 are outlined as follows:

### **Cut-off risk error of revenue recognition**

#### Description

Refer to Note 4(24) for accounting policy on revenue recognition. The Company is primarily engaged in exports and offers different credit terms to their customers. The credit terms for some customers are delivered at place and the timing for transferring the control of goods is based on the customer confirmation documents. Given that the revenue recognition process relies on manual processes and the large volume of daily sales transactions which are material to the financial statements, we thus consider sales cut-off as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the sales recognition accounting policy.
2. Understood and tested the design and effectiveness of relevant internal controls when recognising the sales revenue.
3. Sampled delivery orders and customer confirmation documents during a certain period before and after the balance sheet date to ensure the accuracy of cut-off of sales revenue.

### **Assessment of allowance for inventory valuation losses**

#### Description

Refer to Note 4(12) for accounting policies on inventory, Note 5 for significant accounting estimates and assumptions of inventory, and Note 6(5) for details of allowance for inventory valuation losses.

The Company manufactures and sells thick and thin film passive components products. Due to the competitive market in the industry and the fluctuating prices, there is a higher risk of inventory losing value or becoming obsolete. The inventories are stated at the lower of cost and net realisable value and the possible losses arising from aged and obsolete inventories are also assessed. Given that the evaluation on the aged and obsolete inventories involves subjective judgement which results in estimation uncertainty and the impact of aged inventories and allowance for inventory valuation

losses are material to the financial statements, we thus consider assessment of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and assessed the reasonableness of allowance for inventory valuation losses policy including the historical sources of inventory clearance process.
2. Obtained the inventory assessment report prepared by the management and checked the completeness of the information on the inventory aging report.
3. Verified the accuracy of the intervals and relevant information used on the inventory aging report, ensured the allowance loss valuation and the provision policy are consistently applied and further assessed the reasonableness of the estimations of allowance for inventory valuation losses.

**Other matter – Parent company only financial reports**

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures



are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Bai, Shu-Chien

Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**VIKING TECH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 792,389	21	\$ 828,616	20
1110	Financial assets at fair value through profit or loss - current	6(2)	298,859	8	409,824	10
1136	Current financial assets at amortised cost, net	6(3)	25,962	1	-	-
1150	Notes receivable, net	6(4)	27,984	1	23,421	1
1170	Accounts receivable, net	6(4)	477,207	12	535,667	13
1180	Accounts receivable - related parties	6(4) and 7	1,848	-	1,451	-
1200	Other receivables		12,190	-	11,321	-
1210	Other receivables - related parties	7	1,685	-	1,193	-
1220	Current income tax assets		1,471	-	-	-
130X	Inventories, net	6(5)	795,666	21	843,344	21
1410	Prepayments		60,144	1	35,354	1
1479	Other current assets	8	1,955	-	2,080	-
11XX	<b>Total current assets</b>		<u>2,497,360</u>	<u>65</u>	<u>2,692,271</u>	<u>66</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment	6(6)(26) and 8	1,278,070	33	1,272,350	31
1755	Right-of-use assets	6(7)	27,203	1	17,965	-
1780	Intangible assets		7,278	-	3,708	-
1840	Deferred income tax assets	6(24)	24,753	1	21,989	1
1900	Other non-current assets	6(8)	15,721	-	73,928	2
15XX	<b>Total non-current assets</b>		<u>1,353,025</u>	<u>35</u>	<u>1,389,940</u>	<u>34</u>
1XXX	<b>Total assets</b>		<u>\$ 3,850,385</u>	<u>100</u>	<u>\$ 4,082,211</u>	<u>100</u>

(Continued)

**VIKING TECH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(9)	\$ -	-	\$ 5,000	-
2150	Notes payable		-	-	-	-
2170	Accounts payable		178,839	5	171,111	4
2180	Accounts payable - related parties	7	13,640	-	9,573	-
2200	Other payables	6(10) and 7	255,481	7	360,767	9
2230	Current income tax liabilities	6(24)	3,548	-	74,063	2
2280	Current lease liabilities	6(7)	7,668	-	4,598	-
2320	Long-term liabilities, current portion	8	19,195	1	19,195	1
2399	Other current liabilities		5,954	-	9,965	-
21XX	<b>Total current liabilities</b>		<u>484,325</u>	<u>13</u>	<u>654,272</u>	<u>16</u>
	<b>Non-current liabilities</b>					
2540	Long-term borrowings	6(11)(27) and 8	50,500	1	69,708	2
2570	Deferred income tax liabilities	6(24)	368	-	292	-
2580	Non-current lease liabilities	6(7)(27)	20,011	1	13,795	-
2600	Other non-current liabilities	6(27)	4,452	-	4,453	-
25XX	<b>Total non-current liabilities</b>		<u>75,331</u>	<u>2</u>	<u>88,248</u>	<u>2</u>
2XXX	<b>Total Liabilities</b>		<u>559,656</u>	<u>15</u>	<u>742,520</u>	<u>18</u>
	<b>Equity attributable to owners of parent</b>					
	Share capital	6(13)				
3110	Ordinary share		1,173,408	30	1,173,408	29
	Capital surplus	6(14)				
3200	Capital surplus		730,121	19	730,121	19
	Retained earnings	6(15)				
3310	Legal reserve		315,859	8	257,314	6
3320	Special reserve		6,328	-	12,514	-
3350	Unappropriated retained earnings		1,060,600	28	1,156,232	28
	Other equity	6(16)				
3400	Other equity interest		(12,391)	-	(6,328)	-
31XX	<b>Total equity attributable to owners of the parent</b>		<u>3,273,925</u>	<u>85</u>	<u>3,323,261</u>	<u>82</u>
36XX	Non-controlling interest		16,804	-	16,430	-
3XXX	<b>Total equity</b>		<u>3,290,729</u>	<u>85</u>	<u>3,339,691</u>	<u>82</u>
	Significant Contingent Liabilities and Contract Commitments	9				
	Significant Events After the Balance Sheet Date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,850,385</u>	<u>100</u>	<u>\$ 4,082,211</u>	<u>100</u>

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

**VIKING TECH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7	\$ 2,553,243	100	\$ 3,161,885	100
5000 Operating costs	6(5)(22)(23) and 7	( 1,845,306)	( 72)	( 2,083,531)	( 65)
5900 Gross profit		<u>707,937</u>	<u>28</u>	<u>1,078,354</u>	<u>35</u>
Operating expenses	6(22)(23)				
6100 Selling expenses		( 154,677)	( 6)	( 153,352)	( 5)
6200 General and administrative expenses		( 176,688)	( 7)	( 216,044)	( 7)
6300 Research and development expenses		( 68,833)	( 3)	( 69,443)	( 2)
6450 Expected credit profit (loss)	12(2)	855	-	( 675)	-
6000 Total operating expenses		<u>( 399,343)</u>	<u>( 16)</u>	<u>( 439,514)</u>	<u>( 14)</u>
6900 Operating profit		<u>308,594</u>	<u>12</u>	<u>638,840</u>	<u>21</u>
Non-operating income and expenses					
7100 Interest income	6(3)(18)	9,406	1	6,134	-
7010 Other income	6(19)	9,282	-	46,622	1
7020 Other gains and losses	6(2)(20)	( 47)	-	49,469	2
7050 Finance costs	6(21)	( 1,888)	-	( 2,162)	-
7000 Total non-operating income and expenses		<u>16,753</u>	<u>1</u>	<u>100,063</u>	<u>3</u>
7900 <b>Profit before income tax</b>		<u>325,347</u>	<u>13</u>	<u>738,903</u>	<u>24</u>
7950 Income tax expense	6(24)	( 63,151)	( 3)	( 150,726)	( 5)
8200 <b>Profit for the year</b>		<u>\$ 262,196</u>	<u>10</u>	<u>\$ 588,177</u>	<u>19</u>
<b>Other comprehensive income, net</b>					
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Cumulative translation differences of foreign operations	6(16)	(\$ 6,072)	-	\$ 7,613	-
8300 <b>Total other comprehensive income for the year</b>		<u>(\$ 6,072)</u>	<u>-</u>	<u>\$ 7,613</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 256,124</u>	<u>10</u>	<u>\$ 595,790</u>	<u>19</u>
Profit, attributable to:					
8610 Owners of the parent		<u>\$ 261,813</u>	<u>10</u>	<u>\$ 585,452</u>	<u>19</u>
8620 Non-controlling interest		<u>\$ 383</u>	<u>-</u>	<u>\$ 2,725</u>	<u>-</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 255,750</u>	<u>10</u>	<u>\$ 591,638</u>	<u>19</u>
8720 Non-controlling interest		<u>\$ 374</u>	<u>-</u>	<u>\$ 4,152</u>	<u>-</u>
Earnings per share	6(25)				
9750 Basic earnings per share		<u>\$</u>	<u>2.23</u>	<u>\$</u>	<u>4.99</u>
Diluted earnings per share	6(25)				
9850 Diluted earnings per share		<u>\$</u>	<u>2.22</u>	<u>\$</u>	<u>4.89</u>

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

**VIKING TECH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent								
		Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
				Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)				
<u>Year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 1,173,408	\$ 730,121	\$ 209,862	\$ 10,371	\$ 878,524	(\$ 12,514 )	\$ 2,989,772	\$ 12,278	\$ 3,002,050
Profit for the year		-	-	-	-	585,452	-	585,452	2,725	588,177
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	6,186	6,186	1,427	7,613
Total comprehensive income (loss)		-	-	-	-	585,452	6,186	591,638	4,152	595,790
Distribution of retained earnings of 2021:	6(15)									
Legal reserve		-	-	47,452	-	( 47,452 )	-	-	-	-
Special reserve		-	-	-	2,143	( 2,143 )	-	-	-	-
Cash dividends		-	-	-	-	( 258,149 )	-	( 258,149 )	-	( 258,149 )
Balance at December 31, 2022		\$ 1,173,408	\$ 730,121	\$ 257,314	\$ 12,514	\$ 1,156,232	(\$ 6,328 )	\$ 3,323,261	\$ 16,430	\$ 3,339,691
<u>Year ended December 31, 2023</u>										
Balance at January 1, 2023		\$ 1,173,408	\$ 730,121	\$ 257,314	\$ 12,514	\$ 1,156,232	(\$ 6,328 )	\$ 3,323,261	\$ 16,430	\$ 3,339,691
Profit for the year		-	-	-	-	261,813	-	261,813	383	262,196
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	( 6,063 )	( 6,063 )	( 9 )	( 6,072 )
Total comprehensive income (loss)		-	-	-	-	261,813	( 6,063 )	255,750	374	256,124
Distribution of retained earnings of 2022:	6(15)									
Legal reserve		-	-	58,545	-	( 58,545 )	-	-	-	-
Special reserve		-	-	-	( 6,186 )	6,186	-	-	-	-
Cash dividends		-	-	-	-	( 305,086 )	-	( 305,086 )	-	( 305,086 )
Balance at December 31, 2023		\$ 1,173,408	\$ 730,121	\$ 315,859	\$ 6,328	\$ 1,060,600	(\$ 12,391 )	\$ 3,273,925	\$ 16,804	\$ 3,290,729

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

VIKING TECH CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 325,347	\$ 738,903
Adjustments			
Adjustments to reconcile profit (loss)			
(Reversal of) provision for expected credit loss	12(2)	( 855 )	675
Depreciation	6(6)(7)(22)	236,032	212,083
Amortisation of intangible assets	6(22)	3,933	3,720
Interest income	6(18)	( 9,402 )	( 6,134 )
Interest expense	6(21)	1,888	2,162
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(20)	( 6,624 )	1,997
Gain on disposal of property, plant and equipment	6(6)(20)	24	467
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss	6(2)	117,589	( 389,988 )
Notes receivable	6(4)	( 5,040 )	28,110
Accounts receivable	6(4)	56,881	139,597
Accounts receivable - related parties	6(4) and 7	( 431 )	420
Other receivables		( 892 )	12,049
Other receivables - related parties	7	( 492 )	( 725 )
Inventories	6(5)	45,892	103,766
Prepayments		( 24,946 )	6,649
Other current assets		123	( 82 )
Changes in operating liabilities			
Notes payable		-	( 3,232 )
Accounts payable		8,381	( 128,113 )
Accounts payable- related parties	7	4,179	1,063
Other payables	6(10)	( 80,555 )	21,293
Other current liabilities		( 3,947 )	( 5,717 )
Cash inflow generated from operations		667,085	738,963
Interest received		9,377	6,335
Interest paid		( 1,529 )	( 1,935 )
Income tax paid		( 137,802 )	( 139,628 )
Net cash flows from operating activities		<u>537,131</u>	<u>603,735</u>

(Continued)

VIKING TECH CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortized cost	6(3)	(\$ 65,931 )	(\$ 57,485 )
Proceeds from disposal of financial assets at amortized cost	6(3)	39,559	168,033
Acquisition of property, plant and equipment	6(6)(26)	( 200,425 )	( 269,534 )
Proceeds from disposal of property, plant and equipment		-	200
Acquisition of intangible assets		( 7,514 )	( 4,123 )
Increase in refundable deposits		( 748 )	( 251 )
Net cash flows used in investing activities		( 235,059 )	( 163,160 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(27)	1,000	55,000
Repayments of short-term borrowings	6(27)	( 6,000 )	( 155,000 )
Repayments of long-term borrowings	6(27)	( 19,208 )	( 21,339 )
Repayments of principal portion of lease liabilities	6(7)(27)	( 7,944 )	( 6,414 )
(Decrease) increase in guarantee deposits received	6(27)	( 1 )	440
Cash dividends paid	6(15)	( 305,086 )	( 258,149 )
Net cash flows used in financing activities		( 337,239 )	( 385,462 )
Effects of changes in foreign exchange rates		( 1,060 )	( 3,668 )
Net (decrease) increase in cash and cash equivalents		( 36,227 )	51,445
Cash and cash equivalents at beginning of year	6(1)	828,616	777,171
Cash and cash equivalents at end of year	6(1)	\$ 792,389	\$ 828,616

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



VIKING TECH CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

VIKING TECH CORPORATION (the“Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the“Group”) are primarily engaged in research and development, manufacturing and sale of thick and thin film passive components.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

The consolidated financial statements were authorised for issuance by the Board of Directors on March 8, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

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

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets and liabilities at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
VIKING TECH CORPORATION	Viking Global Tech Co., Ltd.	Broad businesses and investments	100	100	
VIKING TECH CORPORATION	VIKING TECH EUROPE S.R.L	Sale of thin film passive components	100	-	Note
Viking Global Tech Co., Ltd.	Lead Brand Co., Ltd.	Sale of thin film passive components	100	100	
Viking Global Tech Co., Ltd.	Viking Tech Electronics Limited	Broad businesses and investments	100	100	
Viking Global Tech Co., Ltd.	Grand Barry International Limited	Broad businesses and investments	100	100	
Grand Barry International Limited	Viking Tech America Corporation	Sale of film and thick film passive components	76	76	
Viking Tech Electronics Limited	Viking Electronics (WUXI) CO.LTD.	Manufacturing and sale of passive components and thermistors	100	100	
Viking Electronics (WUXI) CO.LTD.	Viking Electronics (Nantong) CO.LTD.	Manufacturing and sale of passive components and thermistors	100	-	Note

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Major restriction: None.

F. Subsidiaries with significant non-controlling interests in the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) Except for the foreign exchanges gains and losses relating to borrowings as well as cash and cash equivalents are presented in the statement of comprehensive income within 'other income and finance costs', others are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established,

future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 ~ 50 years
Machinery and equipment	2 ~ 12 years
Other equipment	2 ~ 10 years

(14) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.



B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(15) Intangible assets

Computer software expenditures are stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 5 years.

(16) Impairment of non-financial assets

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

depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

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

(19) Derecognition of financial liabilities

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

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Subsidiary pensions are handled in accordance with local laws and regulations.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the

subsequent actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional income tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

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

(24) Revenue recognition

Sales of goods

- A. The Group manufactures and sells thick and thin film passive components. Sales are recognised when control of the products has transferred, being when the products are delivered to the

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

- B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

### Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technological innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$795,666.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,161	\$ 1,135
Checking accounts and demand deposits	634,314	747,022
Cash equivalents		
Time deposits	1,142	1,115
Wealth investment product	<u>155,772</u>	<u>79,344</u>
Total	<u>\$ 792,389</u>	<u>\$ 828,616</u>

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

B. Cash and cash equivalents pledged to banks as collateral were classified as other current financial assets. Information is provided in Note 8.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 289,920	\$ 411,326
Valuation adjustment	( 61)	( 1,502)
Total	<u>\$ 289,859</u>	<u>\$ 409,824</u>

A. The Group recognised net gain(loss) of \$6,624 and (\$1,997) for the years ended December 31, 2023 and 2022, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial products	<u>\$ 25,962</u>	<u>\$ -</u>

A. The Group recognised interest income of \$973 and \$1,459 for amortised cost in profit or loss for the years ended December 31, 2023 and 2022.

B. The credit quality of the Group's investment targets is good.

C. No financial assets at amortised cost held by the Group were pledged to others.

D. For information on credit risk of financial assets measured at amortized cost, please refer to Note 12(2) for details.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 27,984	\$ 23,421
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 27,984</u>	<u>\$ 23,421</u>
Accounts receivable	\$ 484,888	\$ 543,816
Less: Allowance for uncollectible accounts	( 5,833)	( 6,698)
	<u>\$ 479,055</u>	<u>\$ 537,118</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 491,994	\$ 537,529
Up to 60 days	14,036	20,082
61 to 90 days	117	1,821
91 to 180 days	1,311	1,730
Over 180 days	5,414	6,075
	<u>\$ 512,872</u>	<u>\$ 567,237</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$512,872, \$567,237, and \$728,111, respectively.

C. The Group does not hold any collateral as security.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$27,984 and \$23,421, and accounts receivable were \$479,055 and \$537,118, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 410,077	(\$ 7,737)	\$ 402,340
Work in progress	248,254	( 48,350)	199,904
Finished goods	176,961	( 36,874)	140,087
Merchandise	57,674	( 4,339)	53,335
	<u>\$ 892,966</u>	<u>(\$ 97,300)</u>	<u>\$ 795,666</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 423,209	(\$ 6,543)	\$ 416,666
Work in progress	231,766	( 35,790)	195,976
Finished goods	191,008	( 33,119)	157,889
Merchandise	78,799	( 5,986)	72,813
	<u>\$ 924,782</u>	<u>(\$ 81,438)</u>	<u>\$ 843,344</u>

The cost of inventories recognised as expense for the year :

	Years ended December 31	
	2023	2022
Cost of goods sold	\$ 1,815,174	\$ 2,076,522
Loss on decline in market price and slow-moving inventories	35,498	15,829
Revenue from sale of scraps	( 5,366)	( 8,820)
	<u>\$ 1,845,306</u>	<u>\$ 2,083,531</u>



(6) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Equipment under acceptance	Others	Total
<u>At January 1, 2023</u>						
Cost	\$ 229,932	\$ 571,287	\$ 1,447,186	\$ 5,032	\$ 39,412	\$ 2,292,849
Accumulated depreciation	-	( 282,287)	( 715,858)	-	( 20,482)	( 1,018,627)
Accumulated impairment	-	-	( 1,872)	-	-	( 1,872)
	<u>\$ 229,932</u>	<u>\$ 289,000</u>	<u>\$ 729,456</u>	<u>\$ 5,032</u>	<u>\$ 18,930</u>	<u>\$ 1,272,350</u>
<u>2023</u>						
Opening net book amount as at January 1	\$ 229,932	\$ 289,000	\$ 729,456	\$ 5,032	\$ 18,930	\$ 1,272,350
Additions	-	18,080	137,622	67,968	11,094	234,764
Disposals	-	-	( 12)	-	( 12)	( 24)
Transfers	-	-	5,032	( 5,032)	-	-
Depreciation expense	-	( 36,868)	( 182,564)	-	( 8,968)	( 228,400)
Effect of exchange rate changes	-	-	( 546)	-	( 74)	( 620)
Closing net book amount as at December 31	<u>\$ 229,932</u>	<u>\$ 270,212</u>	<u>\$ 688,988</u>	<u>\$ 67,968</u>	<u>\$ 20,970</u>	<u>\$ 1,278,070</u>
<u>At December 31, 2023</u>						
Cost	\$ 229,932	\$ 589,367	\$ 1,419,324	\$ 67,968	\$ 48,781	\$ 2,355,372
Accumulated depreciation	-	( 319,155)	( 728,471)	-	( 27,811)	( 1,075,437)
Accumulated impairment	-	-	( 1,865)	-	-	( 1,865)
	<u>\$ 229,932</u>	<u>\$ 270,212</u>	<u>\$ 688,988</u>	<u>\$ 67,968</u>	<u>\$ 20,970</u>	<u>\$ 1,278,070</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Equipment under acceptance</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 229,932	\$ 525,096	\$ 1,298,410	\$ 35	\$ 35,658	\$ 2,089,131
Accumulated depreciation	-	( 284,698)	( 649,261)	-	( 17,206)	( 951,165)
Accumulated impairment	-	-	( 2,407)	-	-	( 2,407)
	<u>\$ 229,932</u>	<u>\$ 240,398</u>	<u>\$ 646,742</u>	<u>\$ 35</u>	<u>\$ 18,452</u>	<u>\$ 1,135,559</u>
<u>2022</u>						
Opening net book amount as at January 1	\$ 229,932	\$ 240,398	\$ 646,742	\$ 35	\$ 18,452	\$ 1,135,559
Additions	-	80,548	249,326	5,032	7,721	342,627
Disposals	-	-	( 658)	-	( 9)	( 667)
Transfers	-	-	35	( 35)	-	-
Depreciation expense	-	( 31,946)	( 166,620)	-	( 7,357)	( 205,923)
Effect of exchange rate changes	-	-	631	-	123	754
Closing net book amount as at December 31	<u>\$ 229,932</u>	<u>\$ 289,000</u>	<u>\$ 729,456</u>	<u>\$ 5,032</u>	<u>\$ 18,930</u>	<u>\$ 1,272,350</u>
<u>At December 31, 2022</u>						
Cost	\$ 229,932	\$ 571,287	\$ 1,447,186	\$ 5,032	\$ 39,412	\$ 2,292,849
Accumulated depreciation	-	( 282,287)	( 715,858)	-	( 20,482)	( 1,018,627)
Accumulated impairment	-	-	( 1,872)	-	-	( 1,872)
	<u>\$ 229,932</u>	<u>\$ 289,000</u>	<u>\$ 729,456</u>	<u>\$ 5,032</u>	<u>\$ 18,930</u>	<u>\$ 1,272,350</u>

A. The significant components of buildings are depreciated over 50 years.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements — lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 2 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,408	\$ 2,150
Buildings	23,735	13,664
Transportation equipment (Business vehicles)	1,608	1,502
Other equipment	452	649
	<u>\$ 27,203</u>	<u>\$ 17,965</u>
	<u>Year ended December 31</u>	<u>Year ended December 31</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 742	\$ 742
Buildings	5,597	4,316
Transportation equipment (Business vehicles)	1,004	647
Other equipment	289	455
	<u>\$ 7,632</u>	<u>\$ 6,160</u>

The movements of right-of-use assets of the Group during the 2023 and 2022 are as follows:

	<u>Year ended December 31, 2023</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment (Business vehicles)</u>	<u>Other equipment</u>	<u>Total</u>
Opening net book amount					
as at January 1	\$ 2,150	\$ 13,664	\$ 1,502	\$ 649	\$ 17,965
Additions	-	15,871	1,110	92	17,073
Depreciation charge	( 742)	( 5,597)	( 1,004)	( 289)	( 7,632)
Net exchange differences	-	( 203)	-	-	( 203)
	<u>\$ 1,408</u>	<u>\$ 23,735</u>	<u>\$ 1,608</u>	<u>\$ 452</u>	<u>\$ 27,203</u>

Year ended December 31, 2022

	Land	Buildings	Transportation equipment (Business vehicles)	Other equipment	Total
Opening net book amount as at January 1	\$ 2,892	\$ 16,585	\$ 1,483	\$ 1,011	\$ 21,971
Additions	-	1,138	666	93	1,897
Depreciation charge	( 742)	( 4,316)	( 647)	( 455)	( 6,160)
Net exchange differences	-	257	-	-	257
	<u>\$ 2,150</u>	<u>\$ 13,664</u>	<u>\$ 1,502</u>	<u>\$ 649</u>	<u>\$ 17,965</u>

C. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 367	\$ 281
Expense on short-term lease contracts	6,482	2,855

D. For the years ended December 31, 2023 and 2022 the Group's total cash outflow for leases were \$14,793 and \$9,551, respectively.

(8) Other no-current assets

	December 31, 2023	December 31, 2022
Prepayment for equipment	\$ 12,535	\$ 71,463
Refundable deposits	3,186	2,465
	<u>\$ 15,721</u>	<u>\$ 73,928</u>

(9) Short-term borrowings

December 31, 2023 : None.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 5,000</u>	1.501%	None

(10) Other payables

	December 31, 2023	December 31, 2022
Salary payable	\$ 47,709	\$ 45,183
Payable on machinery and equipment	39,458	64,047
Payable on employees' compensation	35,974	84,588
Bonus payable	34,278	39,481
Payable on directors' remuneration	17,987	42,294
Others	80,075	85,174
	<u>\$ 255,481</u>	<u>\$ 360,767</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from September 27, 2013 to January 19, 2014, interest is repayable monthly; From January 20, 2014 to January 19, 2027; principal and interest are repayable monthly.	1.86%	Note	\$ 29,219
Secured borrowings	Borrowing period is from October 25, 2017 to October 25, 2027; principal and interest are repayable monthly.	1.92%	Note	20,007
Secured borrowings	Borrowing period is from February 7, 2018 to October 25, 2027; principal and interest are repayable monthly.	1.92%	Note	<u>20,469</u>
				69,695
Less: Current portion				( <u>19,195</u> )
				<u>\$ 50,500</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from September 27, 2013 to January 19, 2014, interest is repayable monthly; From January 20, 2014 to January 19, 2027; principal and interest are repayable monthly.	1.61%	Note	\$ 38,348
Secured borrowings	Borrowing period is from October 25, 2017 to October 25, 2027; principal and interest are repayable monthly.	1.80%	Note	24,989
Secured borrowings	Borrowing period is from February 7, 2018 to October 25, 2027; principal and interest are repayable monthly.	1.80%	Note	<u>25,566</u>
				88,903
Less: Current portion				( <u>19,195</u> )
				<u>\$ 69,708</u>

Note : Information about the land, buildings and structures and machinery and equipment that were pledged to others as collaterals is provided in Note 8.

(12) Pensions

- A. Effective July 1, 2005, the Company has established a defined contribution pension plan (the“New Plan”) under the Labor Pension Act (the“Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The subsidiary, Viking Electronics (WUXI) CO., LTD. provides pension insurance premiums based on a certain percentage of the total salary of local employees according to the pension system prescribed by the government of the People's Republic of China. The ratio of 2023 and 2022 is 20%. The pension for each employee is arranged by the government. The Group has no further obligations except for monthly payments.
- C. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$21,834 and \$21,104, respectively.

(13) Share capital

As of December 31, 2023, the Company’s authorised capital was \$1,500,000, consisting of 150 million shares of ordinary stock (including 15 million shares reserved for employee stock options and convertible bonds issued by the Company), and the amount issued was \$1,173,408 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

There was no change in the number of shares for the years ended December 31, 2023 and 2022.

Details of the balances at the end of the year are as follows:

	2023	Unit: in thousand shares 2022
At December 31	<u>117,341</u>	<u>117,341</u>

(14) Capital surplus

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

		2023				
		Share premium	Recognition of changes in the subsidiary's equity	Donated assets received	Consolidation excess	Total
At January 1 (and at December 31)		<u>\$ 423,367</u>	<u>\$ 1,482</u>	<u>\$ 700</u>	<u>\$ 304,572</u>	<u>\$ 730,121</u>
		2022				
		Share premium	Recognition of changes in the subsidiary's equity	Donated assets received	Consolidation excess	Total
At January 1 (and at December 31)		<u>\$ 423,367</u>	<u>\$ 1,482</u>	<u>\$ 700</u>	<u>\$ 304,572</u>	<u>\$ 730,121</u>

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall offset prior years' operating losses. The remaining amount shall be set aside as legal reserve in accordance with the regulations and the special reserve shall be set aside or reversed, if necessary. The remainder along with the previous years' unappropriated retained earnings, if any, to be appropriated shall be proposed by the Board of Directors at its meeting and then resolved by the stockholders at their meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Under the Company's Articles of Incorporation, dividends to the shareholders can be distributed in cash or share dividends. However, the cash dividends shall not be less than 20% of the total distribution.
- E.(a) The appropriations of 2022 and 2021 earnings had been resolved at the Board of Directors' and stockholders' meeting on June 27, 2023 and June 27, 2022, respectively. Details are summarized below:



	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 58,545		\$ 47,452	
Special reserve	( 6,186)		2,143	
Cash dividends	305,086	\$ 2.60	258,149	\$ 2.20
Total	<u>\$ 357,445</u>		<u>\$ 307,744</u>	

The appropriations of 2022 and 2021 earnings are in agreement with the Board of Directors' proposals on February 17, 2023 and February 25, 2022, respectively.

- (b) The appropriations of 2023 earnings had been resolved at the Board of Directors' and stockholders' meeting on March 8, 2024. Details are summarized below:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 26,182	
Special reserve	6,063	
Cash dividends	140,809	\$ 1.20
Total	<u>\$ 173,054</u>	

As of March 8, 2024, the appropriations of 2023 earnings had not been approved by the stockholders.

(16) Other equity items

	2023	
	Currency translation	Total
At January 1	(\$ 6,328)	(\$ 6,328)
Currency translation differences:	-	
–Subsidiary	( 6,063)	( 6,063)
At December 31	<u>(\$ 12,391)</u>	<u>(\$ 12,391)</u>
	2022	
	Currency translation	Total
At January 1	(\$ 12,514)	(\$ 12,514)
Currency translation differences:		
–Subsidiary	6,186	6,186
At December 31	<u>(\$ 6,328)</u>	<u>(\$ 6,328)</u>

(17) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	<u>\$ 2,553,243</u>	<u>\$ 3,161,885</u>

The Group derives revenue from the transfer of goods at a point in time. Revenue is mainly from single passive components.

(18) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 8,429	\$ 4,675
Interest income from financial assets measured at amortised cost	973	1,459
Other	4	-
	<u>\$ 9,406</u>	<u>\$ 6,134</u>

(19) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Net currency exchange gain	\$ 3,960	\$ 43,788
Other income, others	5,322	2,834
	<u>\$ 9,282</u>	<u>\$ 46,622</u>

(20) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Loss on disposals of property, plant and equipment	(\$ 24)	(\$ 467)
Foreign exchange (loss) gain	( 1,347)	54,391
Gain (loss) on financial assets at fair value through profit or loss	6,624	( 1,997)
Miscellaneous disbursements	( 5,300)	( 2,458)
	<u>(\$ 47)</u>	<u>\$ 49,469</u>

(21) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense		
Bank loan	\$ 1,521	\$ 1,881
Lease liability	367	281
	<u>\$ 1,888</u>	<u>\$ 2,162</u>

(22) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	\$ 692,180	\$ 759,437
Depreciation charges on property, plant and equipment	236,032	212,083
Amortisation charges on intangible assets	3,933	3,720
	<u>\$ 932,145</u>	<u>\$ 975,240</u>

(23) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	\$ 580,801	\$ 653,950
Labour and health insurance fees	61,245	58,268
Pension costs	21,834	21,104
Other personnel expenses	28,300	26,115
	<u>\$ 692,180</u>	<u>\$ 759,437</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 10% for employees' compensation and shall be 5% for directors' and supervisors' remuneration. However, annual net income should first be reserved to offset the Company's accumulated deficit prior to the distribution of compensation and remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$35,974 and \$84,588, respectively; while directors' and supervisors' remuneration was accrued at \$17,987 and \$42,294, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and 5% of distributable profit of current year.

Employees' compensation and directors' remuneration of 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 and 2022 financial statements, respectively.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 70,489	\$ 133,266
Tax on undistributed surplus earnings	11,400	8,339
Prior year income tax (over) under estimation	( 16,050)	3,558
Total current tax	<u>65,839</u>	<u>145,163</u>
Deferred tax:		
Origination and reversal of temporary differences	( 2,688)	5,563
Total deferred tax	( 2,688)	5,563
Income tax expense	<u>\$ 63,151</u>	<u>\$ 150,726</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 80,341	\$ 160,980
Expenses disallowed by tax regulation	( 12,540)	( 22,151)
Separate taxation	11,400	8,339
Prior year income tax (over) under estimation	( 16,050)	3,558
Income tax expense	<u>\$ 63,151</u>	<u>\$ 150,726</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised loss on market value decline and obsolete inventory	\$ 14,196	\$ 3,290	\$ 17,486
Unrealised exchange loss	1,704	1,511	3,215
Unused vacation time bonus	1,306	9	1,315
Unused gross margin	4,409	( 2,045)	2,364
Unused impairment loss	374	( 1)	373
Subtotal	<u>\$ 21,989</u>	<u>\$ 2,764</u>	<u>\$ 24,753</u>
– Deferred tax liabilities:			
Unrealised exchange gain	(\$ 292)	(\$ 76)	(\$ 368)
Subtotal	<u>(\$ 292)</u>	<u>(\$ 76)</u>	<u>(\$ 368)</u>
Total	<u>\$ 21,697</u>	<u>\$ 2,688</u>	<u>\$ 24,385</u>
	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised loss on market value decline and obsolete inventory	\$ 17,591	(\$ 3,395)	\$ 14,196
Unrealised exchange loss	1,238	466	1,704
Unused vacation time bonus	1,213	93	1,306
Unused gross margin	6,981	( 2,572)	4,409
Unused impairment loss	482	( 108)	374
Subtotal	<u>\$ 27,505</u>	<u>(\$ 5,516)</u>	<u>\$ 21,989</u>
– Deferred tax liabilities:			
Unrealised exchange gain	(\$ 245)	(\$ 47)	(\$ 292)
Subtotal	<u>(\$ 245)</u>	<u>(\$ 47)</u>	<u>(\$ 292)</u>
Total	<u>\$ 27,260</u>	<u>(\$ 5,563)</u>	<u>\$ 21,697</u>

D. Deductible temporary differences not recognized by the Company as deferred income tax assets: None.

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 261,813</u>	<u>117,341</u>	<u>\$ 2.23</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 261,813	117,341	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	<u>-</u>	<u>836</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 261,813</u>	<u>118,177</u>	<u>\$ 2.22</u>
	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 585,452</u>	<u>117,341</u>	<u>\$ 4.99</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 585,452	117,341	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	<u>-</u>	<u>2,314</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 585,452</u>	<u>119,655</u>	<u>\$ 4.89</u>

(26) Supplemental cash flow information

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 234,764	\$ 342,627
Add: Opening balance of payable on equipment	64,047	47,823
Ending balance of prepayment for equipment	12,535	71,463
Less: Ending balance of payable on equipment	( 39,458)	( 64,047)
Opening balance of prepayment on equipment	( 71,463)	( 128,332)
Cash paid during the year	<u>\$ 200,425</u>	<u>\$ 269,534</u>

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	\$ 5,000	\$ 88,903	\$ 18,393	\$ 4,453	\$ 116,749
Changes in cash flow from financing activities	( 5,000)	( 19,208)	( 7,944)	( 1)	( 32,153)
Changes in other non-cash items	-	-	17,440	-	17,440
Impact of changes in foreign exchange rate	-	-	( 210)	-	( 210)
At December 31, 2023	<u>\$ -</u>	<u>\$ 69,695</u>	<u>\$ 27,679</u>	<u>\$ 4,452</u>	<u>\$ 101,826</u>
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	\$ 105,000	\$ 110,242	\$ 22,366	\$ 4,013	\$ 241,621
Changes in cash flow from financing activities	( 100,000)	( 21,339)	( 6,414)	440	( 127,313)
Changes in other non-cash items	-	-	2,178	-	2,178
Impact of changes in foreign exchange rate	-	-	263	-	263
At December 31, 2022	<u>\$ 5,000</u>	<u>\$ 88,903</u>	<u>\$ 18,393</u>	<u>\$ 4,453</u>	<u>\$ 116,749</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

Names of related parties	Relationship with the Company
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Entity having significant influence on the Company
JETBOND TECHNOLOGY CO.,LTD.	other

(2) Significant related party transactions

A. Operating revenue:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Sales of goods:		
Entity having significant influence on the Company	\$ <u>4,820</u>	\$ <u>7,583</u>

The above sales were based on the sales prices and terms that were available to the third parties. The credit terms were approximately 60 days and were 60~90 days after monthly billings for related parties and the third parties, respectively, and the difference was due to the adjustment in credit term of the subsidiary's ultimate customers.

B. Purchases:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Purchases of goods:		
Entity having significant influence on the Company	\$ <u>55,792</u>	\$ <u>38,413</u>

The above purchases were based on the purchase prices and terms that were available to the third parties. The payment terms were approximately 90 days and were 60~90 days after monthly billings for related parties and the third parties, respectively.

C. Receivables from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Entity having significant influence on the Company	\$ 1,848	\$ 1,451
Other receivables:		
Entity having significant influence on the Company	<u>1,685</u>	<u>1,193</u>
Total	<u>\$ 3,533</u>	<u>\$ 2,644</u>

D. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Entity having significant influence on the Company	\$ 13,640	\$ 9,573
Other payables		
Other	<u>1,008</u>	<u>-</u>
	<u>\$ 14,648</u>	<u>\$ 9,573</u>



E. Property transactions :

	Year ended December 31, 2023	Year ended December 31, 2022
Acquisition of property, plant and equipment :		
Other	\$ 3,310	\$ -

F. Other transactions :

	Year ended December 31, 2023	Year ended December 31, 2022
Other income :		
Entity having significant influence on the Company	\$ 3,792	\$ 1,972

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	\$ 49,115	\$ 75,704

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Land	\$ 229,932	\$ 229,932	Bank loan (Note 1)
Buildings and structures	145,127	151,531	Bank loan (Note 1)
Time deposits(shown as other current assets-others)	1,800	1,800	Raw material import tariff guarantee
	<u>\$ 376,859</u>	<u>\$ 383,263</u>	

Note: It was pledged to Taiwan Land Bank New Works Branch and Changhua Commercial Bank Hsinchu Branch as collateral for long-term borrowings.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(一)Contingencies : None.

(二)Commitments:

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

	December 31, 2023	December 31, 2022
Machinery	\$ 24,164	\$ 50,880

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The information regarding the appropriations of 2023 earnings is provided in Note 6(15).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. During the year ended December 31, 2023 the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio under 50%.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 298,859	\$ 409,824
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	792,389	828,616
Debt instrument investment	25,962	-
Notes receivable	27,984	23,421
Accounts receivable (including related parties)	479,055	537,118
Other receivables (including related parties)	13,875	12,514
Guarantee deposits paid	3,186	2,465
Other financial assets	1,800	1,800
	<u>\$ 1,643,110</u>	<u>\$ 1,815,758</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	-	5,000
Accounts payable (including related parties)	192,479	180,684
Other accounts payable	255,481	360,767
Long-term borrowings (including current portion)	69,695	88,903
Guarantee deposits received	4,452	4,453
	<u>\$ 522,107</u>	<u>\$ 639,807</u>
Lease liability	<u>\$ 27,679</u>	<u>\$ 18,393</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a finance department (Company finance) under policies approved by the Board of Directors. Company finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future

commercial transactions, recognised assets and liabilities and net investments in foreign operations.

- ii. Management has set up a policy to require group to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
		Foreign currency amount		Book value
		(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
EUR:NTD	EUR	427	33.98	\$ 14,521
USD:NTD	USD	16,239	30.71	498,622
RMB:NTD	RMB	75,379	4.33	326,166
USD:RMB	USD	1,150	7.10	35,296
HKD:NTD	HKD	4,385	3.93	17,230
<u>Non-monetary items</u> : None				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	1,537	30.71	\$ 47,190
RMB:NTD	RMB	3,147	4.33	13,616
<u>Non-monetary items</u> : None				

December 31, 2022				
		Foreign currency amount	Book value	
		(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
EUR:NTD	EUR	1,322	32.72	\$ 43,260
USD:NTD	USD	18,063	30.71	554,693
RMB:NTD	RMB	58,982	4.41	259,995
USD:RMB	USD	3,025	6.97	92,885
<u>Non-monetary items</u> : None				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	1,163	30.71	\$ 35,724
<u>Non-monetary items</u> : None				

iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$2,613 and \$98,179 respectively

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

Year ended December 31, 2023				
Sensitivity analysis				
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
EUR:NTD	1%	\$ 145	\$	-
USD:NTD	1%	4,986		-
RMB:NTD	1%	3,262		-
USD:RMB	1%	353		-
HKD:NTD	1%	172		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 472)	\$	-
RMB:NTD	1%	(\$ 136)	\$	-

Year ended December 31, 2022

Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR:NTD	1%	\$ 433	\$ -
USD:NTD	1%	5,547	-
RMB:NTD	1%	2,600	-
USD:RMB	1%	929	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 357)	\$ -

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in equity securities comprise domestic and foreign stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$2,989 and \$4,098, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates.
- ii. Based on the simulations performed, the impact on post-tax profit of a 1% shift would be a maximum increase or decrease of \$558 and \$751 for the years ended December 31, 2023 and 2022, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using loss rate methodology to estimate expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2023 and 2022, the loss rate methodology is as follows:

	Not past due	Up to 60 days past due	61~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>At December 31, 2023</u>						
Expected loss rate	0%	1.75%	20.00%	30.00%	95.51%	
Total book value	\$491,994	\$ 14,036	\$ 117	\$ 1,311	\$ 5,414	\$512,872
Loss allowance	-	( 245)	( 23)	( 394)	( 5,171)	( 5,833)
	Not past due	Up to 60 days past due	61~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>At December 31, 2022</u>						
Expected loss rate	0%	1.60%	20.00%	30.00%	90.41%	
Total book value	\$537,529	\$ 20,082	\$ 1,821	\$ 1,730	\$ 6,075	\$567,237
Loss allowance	-	( 323)	( 364)	( 519)	( 5,492)	( 6,698)

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2023	
	Accounts receivable	Notes receivable
At January 1	\$ 6,698	\$ -
Reversal of impairment loss	( 855)	-
Write-offs	( 7)	-
Effect of foreign exchange	( 3)	-
At December 31	<u>\$ 5,833</u>	<u>\$ -</u>
	2022	
	Accounts receivable	Notes receivable
At January 1	\$ 5,974	\$ -
Reversal of impairment loss	675	-
Effect of foreign exchange	49	-
At December 31	<u>\$ 6,698</u>	<u>\$ -</u>



(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:	1.73%~2.23%	1.48%~2.11%
Expiring within one year	<u>\$ 430,000</u>	<u>\$ 575,000</u>

- iv. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

<u>December 31, 2023</u>	<u>Less than 60 days</u>	<u>Between 61 days and 90 days</u>	<u>Between 91 days and 180 days</u>	<u>Between 181 days and 360 days</u>	<u>Over 360 days</u>	<u>Total</u>
Accounts payable	\$ 129,078	\$ 41,291	\$ 22,110	\$ -	\$ -	\$ 192,479
Other payables (including related parties)	171,913	17,403	7,375	58,790	-	255,481
Lease liability	1,523	663	1,989	3,869	20,527	28,571
Long-term borrowings (including current portion)	3,453	1,727	5,180	10,359	51,385	72,104

### Non-derivative financial liabilities

<u>December 31, 2022</u>	<u>Less than 60 days</u>	<u>Between 61 days and 90 days</u>	<u>Between 91 days and 180 days</u>	<u>Between 181 days and 360 days</u>	<u>Over 360 days</u>	<u>Total</u>
Short-term borrowings	\$ 13	\$ 6	\$ 19	\$ 5,010	\$ -	\$ 5,048
Accounts payable (including related parties)	120,741	42,269	17,674	-	-	180,684
Other payables	195,282	26,992	6,305	132,188	-	360,767
Lease liability	1,057	408	1,156	2,186	14,138	18,945
Long-term borrowings (including current portion)	3,440	1,720	5,159	10,318	72,069	92,706

### (三) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The Group's financial assets and liabilities measured at fair value are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 298,859	\$ -	\$ -	\$ 298,859
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 409,824	\$ -	\$ -	\$ 409,824

(b) The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed shares, according to the characteristics of the tool, it is listed as follows:

	<u>Open-end fund</u>
Market quoted price	Net asset value

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

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 2.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of

paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more:  
Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Information on major shareholders

Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group operates only a single industry and the Group's operating decision makers assess the performance and allocate resources as a whole, and the Group is identified as a reporting department.

(2) Segment information

The Group assesses the performance of operating segments based on their individual financial statements prepared by operating segments. The accounting policies of operating segments are the same as the significant accounting policies summarized in Note 4.

(3) Segment information

<u>December 31, 2023</u>	<u>Amount</u>
Revenue from external customers	\$ 2,553,243
Segment income (loss)	\$ 325,347
Segment assets	\$ 3,850,385
Segment liability	\$ 559,656
<u>December 31, 2022</u>	<u>Amount</u>
Revenue from external customers	\$ 3,161,885
Segment income (loss)	\$ 738,903
Segment assets	\$ 4,082,211
Segment liability	\$ 742,520

(4) Adjustment of departmental profit and loss: None.

(5) Product and service information: Please refer to Note 6 (17).

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023		December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 823,775	\$ 42,295	\$ 1,000,097	\$ 53,867
Taiwan	390,225	1,281,185	496,791	1,311,424
Hong Kong	298,911	-	541,685	-
America	209,955	195	295,082	195
Germany	209,132	-	179,550	-
Korea	187,584	-	115,942	-
Others	433,661	1,411	532,738	-
Total	<u>\$ 2,553,243</u>	<u>\$ 1,325,086</u>	<u>\$ 3,161,885</u>	<u>\$ 1,365,486</u>

(7) Major customer information

The Group's non-operating income in 2023 and 2022 accounted for more than 10% of the operating income in the consolidated statement of comprehensive income.

VIKING TECH CORPORATION and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities and securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership	Fair value	
VIKING TECH CORPORATION	Franklin Templeton SinoAm China A Shares Equity Fund-TWD	None	Financial asset at fair value through profit or loss – current	361,998	\$ 2,646	N/A	\$ 2,646	
VIKING TECH CORPORATION	Union Money Market Fund	None	Financial asset at fair value through profit or loss – current	4,512,445	61,257	N/A	61,257	
VIKING TECH CORPORATION	Franklin Templeton SinoAm Emerging Markets Bond Fund-Accu-TWD	None	Financial asset at fair value through profit or loss – current	177,522	1,382	N/A	1,382	
VIKING TECH CORPORATION	Nomura US Premium High Yield Bond Fund USD Acc	None	Financial asset at fair value through profit or loss – current	6,694	2,016	N/A	2,016	
VIKING TECH CORPORATION	Union Low Carbon Target Multiple Asset Fund NA TWD	None	Financial asset at fair value through profit or loss – current	292,111	3,000	N/A	3,000	
VIKING TECH CORPORATION	Franklin Templeton Sinoam Money Market Fund	None	Financial asset at fair value through profit or loss – current	5,399,462	57,375	N/A	57,375	
VIKING TECH CORPORATION	Magn Global Metaverse Tech Fund(USD)	None	Financial asset at fair value through profit or loss – current	10,000	3,107	N/A	3,107	
VIKING TECH CORPORATION	Nomura Taiwan Money Market Fund	None	Financial asset at fair value through profit or loss – current	2,789,148	46,702	N/A	46,702	
VIKING TECH CORPORATION	Jih Sun Money Market Fund	None	Financial asset at fair value through profit or loss – current	7,956,632	121,374	N/A	121,374	
					\$ 298,859		\$ 298,859	

VIKING TECH CORPORATION and Subsidiaries  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2023		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
VIKING TECH CORPORATIO N	Union Money Market Fund	Financial asset at fair value through profit or loss – current	-	-	16,079,227	\$ 215,716	21,082,654	\$ 284,000	32,649,436	\$ 440,000	\$ 438,242	\$ 1,758	4,512,445	\$ 61,257
VIKING TECH CORPORATIO N	Franklin Templeton Simoam Money Market Fund	Financial asset at fair value through profit or loss – current	-	-	1,915,402	20,117	28,054,324	296,000	24,570,264	260,000	259,048	952	5,399,462	57,375
VIKING TECH CORPORATIO N	Jih Sun Money Market Fund	Financial asset at fair value through profit or loss – current	-	-	9,313,488	140,382	23,381,582	354,000	24,738,438	375,000	373,530	1,470	7,956,632	121,374

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities of the abovementioned items

Note 2: For marketable securities that adopt the equity method, the two fields should be filled out and the rest are not required.

Note 3: Acquisition or sale of the same securities should be calculated separately at market price to see if they reach NTD\$300 million or 20% of the Company's paid-in capital.

VIKING TECH CORPORATION and Subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	Subsidiary	Sales	\$ 472,303	18.50%	150 days payment	N/A	N/A	\$ 236,571	46.13%	



VIKING TECH CORPORATION and Subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for Creditor Counterparty doubtful accounts
			Amount	Turnover rate (Note )	Amount	Action taken		
VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	Subsidiary	\$ 236,571	2.16	\$ -	N/A	\$ 90,106	\$ -

Note : Disclosed after converting to annual turnover rate.

VIKING TECH CORPORATION and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty (Note 2)	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	1	Accounts receivable	\$ 236,571	150 days payment	6%
0	VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	1	Sales	472,303	"	18%
0	VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	1	Cost of sales	20,142	90 days payment	1%
0	VIKING TECH CORPORATION	Viking Tech America Corporation	1	Accounts receivable	19,576	60 days payment	1%
0	VIKING TECH CORPORATION	Viking Tech America Corporation	1	Sales	82,834	"	3%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following categories:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only disclose the transaction amount over 10 million.

VIKING TECH CORPORATION and Subsidiaries  
Information on investees(not including investees in Mainland China)  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Book value			
VIKING TECH CORPORATION	Viking Global Tech Co., Ltd.	British Virgin Islands	Broad businesses and investments	\$ 111,311	\$ 111,311	7,000	100	\$ 342,326	\$ 18,248	\$ 18,248	Note1
VIKING TECH CORPORATION	VIKING TECH EUROPE S.R.L.	Italy	Sale of thin film passive components	34,504	-	-	100	26,440 (	7,600 (	7,600)	Note4
Viking Global Tech Co., Ltd.	Lead Brand Co., Ltd.	St. Vincent	Sale of thin film passive components	-	-	-	100	113 (	60 (	60)	
Viking Global Tech Co., Ltd.	Viking Tech Electronics Limited	Hong Kong	Manufacturing and sale of passive	122,456	122,456	-	100	300,368	17,076	17,076	Note3
Viking Global Tech Co., Ltd.	Grand Barry International Limited	British Virgin Islands	Manufacturing and sale of passive	23,766	23,766	-	100	53,667	1,232	1,232	
Grand Barry International Limited	Viking Tech America Corporation	United States of America	Sale of thin film passive components	22,680	22,680	750,000	76	52,513	1,576	1,194	Note2

Note1 : Viking Tech Corporation invested in Viking Global Tech Co., Ltd. with its ownership in Viking Tech Group L.L.C. and Taitec Technology (Samoa) Co., Ltd. as capital contribution amounting to \$91,196.

Note2 : In July 2013, Grand Barry International Limited increased its investments in the amount of \$3,001 in Viking Tech America Corporation. Its ownership of the investee declined to 76% since it did not participate in the investee's capital increase in proportion to its previous ownership, and Grand Barry International Limited did not lose its control over the subsidiaries. The difference between carrying amount and net acquisition value were adjusted in equity amounting to \$1,482.

Note3 : In December 2022, Viking Global Tech Co., Ltd. increased its investments in the amount of USD 1,490 thousand in Viking Tech Electronics Limited.

Note4 : In September 2023, Viking Tech Corporation increased its investments in the amount of EUR 1,000 thousand in VIKING TECH EUROPE S.R.L.

VIKING TECH CORPORATION and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 5, (2), B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Viking Electronics (WUXI) CO., LTD.	Manufacturing and sale of passive	\$ 229,980	(3)	\$ 184,230	\$ -	\$ -	\$ 184,230	\$ 17,074	100	\$ 17,074	\$ 300,353	\$ -	Note 6
Viking Electronics (Nantong) CO., LTD.	Manufacturing and sale of passive	\$ 8,654	(3)	\$ 8,654	-	-	-	-	100	-	\$ 8,654	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
VIKING TECH CORPORATION	\$ 184,260	\$ 229,980	\$ 1,974,437

Note 1: The paid-in capital was translated into NTD from USD 7,490 at the exchange rate on reporting date.

Note 2: Investment methods are classified into the following four categories; fill in the number of category each case belongs to:

- (1) Invested in the investee in Mainland China through remitting to the third area.
- (2) Re-investment of China companies through the establishment of a third-region investment company.
- (3) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (4) Others.

Note 3: Viking Tech Electronics Limited acquired a subsidiary accounted for using equity method, Viking Tech Wuxi TMTEC Electronics Co., Ltd., from Taitec Electronics (Samoa) Co., Ltd. on July 1, 2009. The original investments approved by the Investment Commission of MOEA were USD 6,000 thousand. The acquiree became a subsidiary of the Company thereafter.

Note 4: Viking Electronics (WUXI) CO., LTD. became an indirect investee of the Company after surviving the merger with Viking Tech Wuxi TMTEC Electronics Co., Ltd. on the merger effective date. The original investments by Viking Tech Wuxi TMTEC Electronics Co., Ltd. approved by the Investment Commission of MOEA were USD 6,000 thousand.

Note 5: Recognition methods of investment income (loss) are classified into two categories as follows:

- (1) It should be indicated if the company is in the process of incorporation and have no profit or loss yet.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 6: In December 2022, Viking Tech Electronics Limited increased its investments by USD 1,490 thousand in a subsidiary accounted for using equity method.

Note 7: In August 2023, Viking Electronics (WUXI) CO., LTD. increased its investments by RMB 2,000 thousand in Viking Electronics (Nantong) CO., LTD.

VIKING TECH CORPORATION and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Viking Electronics (WUXI) CO., LTD.	\$ 472,303	18.50%	\$ -	-	\$ 236,571	48.79%	\$ -	-	\$ -	\$ -	-	\$ -	-
Viking Electronics (WUXI) CO., LTD.	20,142	1.09%	-	-	( 6,584)	3.42%	-	-	-	-	-	-	-

VIKING TECH CORPORATION and Subsidiaries

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	46,936,337	40.00%

### 3. **Standalone Financial Statements for the Most Recent Year, Audited by CPAs**

#### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23003515

To the Board of Directors and Shareholders of VIKING TECH CORPORATION

#### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

#### **Basis for opinion**

We conducted our audit of the financial statements as of and for the year ended December 31, 2023 and 2022 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2023 are outlined as follows:

### **Cut-off risk error of revenue recognition**

#### Description

Refer to Note 4(24) for accounting policy on revenue recognition. The Company is primarily engaged in export and offers different credit terms to their customers. The credit terms for some customers are upon delivery to a specific location and the timing for transferring the control of goods is based on the customer confirmation documents. Given that the revenue recognition process relies on manual processes and the large volume of daily sales transactions which are material to the financial statements, we thus consider sales cut-off as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the sales recognition accounting policy.
2. Understood and tested the design and effectiveness of relevant internal controls when recognising the sales revenue.
3. Sampled delivery orders and customer confirmation documents during a certain period before and after the balance sheet date to ensure the accuracy of cut-off of sales revenue.

### **Assessment of allowance for inventory valuation losses**

#### Description

Refer to Note 4(11) for accounting policies on inventory, Note 5 for significant accounting estimates and assumptions of inventory, and Note 6(4) for details of allowance for inventory valuation losses.

The Company manufactures and sells thick and thin film passive components products. Due to the competitive market in the industry and the fluctuating prices, there is a higher risk of inventory losing value or becoming obsolete. The inventories are stated at the lower of cost and net realisable value and the possible losses arising from aged and



obsolete inventories are also assessed. Given that the evaluation on the aged and obsolete inventories involves subjective judgement which results in estimation uncertainty and the impact of aged inventories and allowance for inventory valuation losses are material to the financial statements, we thus consider assessment of allowance for inventory valuation losses as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and assessed the reasonableness of allowance for inventory valuation losses policy including the historical sources of inventory clearance process.
2. Obtained the inventory assessment report prepared by the management and checked the completeness of the information on the inventory aging report.
3. Verified the accuracy of the intervals and relevant information used on the inventory aging report, ensured that the allowance loss valuation and the provision policy are consistently applied and further assessed the reasonableness of the estimations of allowance for inventory valuation losses.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements

as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Bai, Shu-Chien

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Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**VIKING TECH CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 440,585	12	\$ 529,085	13
1110	Financial assets at fair value through profit or loss - current	6(2)	298,859	8	409,824	10
1150	Notes receivable, net	6(3)	1,752	-	1,753	-
1170	Accounts receivable, net	6(3)	322,520	9	384,097	10
1180	Accounts receivable - related parties	6(3) and 7	256,147	7	228,821	6
1200	Other receivables		9,403	-	10,017	-
1210	Other receivables - related parties	7	1,685	-	1,193	-
130X	Inventories, net	6(4)	715,671	19	748,128	19
1410	Prepayments		46,836	1	22,655	1
1479	Other current assets	8	1,830	-	1,994	-
11XX	<b>Total current assets</b>		<u>2,095,288</u>	<u>56</u>	<u>2,337,567</u>	<u>59</u>
<b>Non-current assets</b>						
1550	Investments accounted for under equity method	6(5)	368,766	10	319,455	8
1600	Property, plant and equipment	6(6)(25) and 8	1,246,125	33	1,231,805	31
1755	Right-of-use assets	6(7)	16,570	-	4,478	-
1780	Intangible assets		5,955	-	3,678	-
1840	Deferred income tax assets	6(23)	24,753	1	21,989	-
1900	Other non-current assets	6(25)	14,207	-	72,625	2
15XX	<b>Total non-current assets</b>		<u>1,676,376</u>	<u>44</u>	<u>1,654,030</u>	<u>41</u>
1XXX	<b>Total assets</b>		<u>\$ 3,771,664</u>	<u>100</u>	<u>\$ 3,991,597</u>	<u>100</u>

(Continued)

**VIKING TECH CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(8)	\$ -	-	\$ 5,000	-
2170	Accounts payable	7	157,135	4	148,220	4
2200	Other payables	6(9) and 7	244,452	6	346,861	9
2230	Current income tax liabilities		1,915	-	67,569	2
2280	Current lease liabilities		4,830	-	1,746	-
2320	Long-term liabilities, current portion	6(10) and 8	19,195	1	19,195	-
2399	Other current liabilities		3,026	-	2,486	-
21XX	<b>Total current Liabilities</b>		<u>430,553</u>	<u>11</u>	<u>591,077</u>	<u>15</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(10) and 8	50,500	2	69,708	2
2570	Deferred income tax liabilities	6(23)	368	-	292	-
2580	Non-current lease liabilities		11,866	-	2,806	-
2600	Other non-current liabilities		4,452	-	4,453	-
25XX	<b>Total non-current liabilities</b>		<u>67,186</u>	<u>2</u>	<u>77,259</u>	<u>2</u>
2XXX	<b>Total Liabilities</b>		<u>497,739</u>	<u>13</u>	<u>668,336</u>	<u>17</u>
<b>Equity</b>						
Share capital		6(12)				
3110	Ordinary share		1,173,408	31	1,173,408	29
Capital surplus		6(13)				
3200	Capital surplus		730,121	19	730,121	19
Retained earnings		6(14)				
3310	Legal reserve		315,859	9	257,314	6
3320	Special reserve		6,328	-	12,514	-
3350	Unappropriated retained earnings		1,060,600	28	1,156,232	29
Other equity interest		6(15)				
3400	Other equity interest		(12,391)	-	(6,328)	-
3XXX	<b>Total equity</b>		<u>3,273,925</u>	<u>87</u>	<u>3,323,261</u>	<u>83</u>
Significant Contingent Liabilities and		9				
Unrecognised Contract Commitments						
Significant events after the balance sheet		11				
date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,771,664</u>	<u>100</u>	<u>\$ 3,991,597</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**VIKING TECH CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16) and 7	\$ 2,262,790	100	\$ 2,777,475	100
5000 Operating costs	6(4)(21)(22) and 7	( 1,655,415)	( 73)	( 1,827,677)	( 66)
5900 Gross Profit		607,375	27	949,798	34
5910 Unrealized profit from sales		( 11,822)	( 1)	( 22,044)	( 1)
5920 Realized profit from sales		22,044	1	34,905	2
5950 Net operating margin		617,597	27	962,659	35
Operating expenses	6(21)(22)				
6100 Selling expenses	7	( 104,986)	( 5)	( 108,359)	( 4)
6200 General and administrative expenses		( 157,659)	( 7)	( 196,811)	( 7)
6300 Research and development expenses		( 68,833)	( 3)	( 69,443)	( 3)
6450 Expected credit loss	12(2)	275	-	( 216)	-
6000 Total operating expenses		( 331,203)	( 15)	( 374,829)	( 14)
6900 Operating profit		286,394	12	587,830	21
Non-operating income and expenses					
7100 Interest income	6(17)	3,839	-	1,851	-
7010 Other income	6(18) and 7	7,374	-	46,876	2
7020 Other gains and losses	6(2)(19)	( 767)	-	44,083	2
7050 Finance costs	6(20)	( 1,708)	-	( 1,948)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	10,648	1	40,306	1
7000 Total non-operating income and expenses		19,386	1	131,168	5
7900 <b>Profit (loss) before income tax</b>		305,780	13	718,998	26
7950 Income tax expense	6(23)	( 43,967)	( 2)	( 133,546)	( 5)
8200 <b>Profit (loss) for the year</b>		\$ 261,813	11	\$ 585,452	21
<b>Other comprehensive income, net</b>					
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Other comprehensive income, before tax, exchange differences on translation	6(15)	(\$ 6,063)	-	\$ 6,186	-
8300 <b>Other comprehensive income for the year</b>		(\$ 6,063)	-	\$ 6,186	-
8500 <b>Total comprehensive income for the year</b>		\$ 255,750	11	\$ 591,638	21
Earnings per share					
9750 Basic earnings per share	6(24)	\$	2.23	\$	4.99
Diluted earnings per share from continuing operations					
9850 Diluted earnings per share	6(24)	\$	2.22	\$	4.89

The accompanying notes are an integral part of these parent company only financial statements.

**VIKING TECH CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings					Financial statements translation differences of foreign operations	Total equity
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>Year ended December 31, 2022</u>								
Balance at January 1, 2022		\$ 1,173,408	\$ 730,121	\$ 209,862	\$ 10,371	\$ 878,524	(\$ 12,514)	\$ 2,989,772
Profit		-	-	-	-	585,452	-	585,452
Other comprehensive income	6(15)	-	-	-	-	-	6,186	6,186
Total comprehensive income		-	-	-	-	585,452	6,186	591,638
Distribution of retained earnings of 2021	6(14)							
Legal reserve		-	-	47,452	-	( 47,452 )	-	-
Special reserve		-	-	-	2,143	( 2,143 )	-	-
Cash dividends		-	-	-	-	( 258,149 )	-	( 258,149 )
Balance at December 31, 2022		\$ 1,173,408	\$ 730,121	\$ 257,314	\$ 12,514	\$ 1,156,232	(\$ 6,328)	\$ 3,323,261
<u>Year ended December 31, 2023</u>								
Balance at January 1, 2023		\$ 1,173,408	\$ 730,121	\$ 257,314	\$ 12,514	\$ 1,156,232	(\$ 6,328)	\$ 3,323,261
Profit		-	-	-	-	261,813	-	261,813
Other comprehensive income	6(15)	-	-	-	-	-	( 6,063 )	( 6,063 )
Total comprehensive income		-	-	-	-	261,813	( 6,063 )	255,750
Distribution of retained earnings of 2022	6(14)							
Legal reserve		-	-	58,545	-	( 58,545 )	-	-
Special reserve		-	-	-	( 6,186 )	6,186	-	-
Cash dividends		-	-	-	-	( 305,086 )	-	( 305,086 )
Balance at December 31, 2023		\$ 1,173,408	\$ 730,121	\$ 315,859	\$ 6,328	\$ 1,060,600	(\$ 12,391)	\$ 3,273,925

The accompanying notes are an integral part of these parent company only financial statements.

**VIKING TECH CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 305,780	\$ 718,998
Adjustments			
Adjustments to reconcile profit (loss)			
(Reversal of) provision for expected credit loss	12(2)	( 275 )	216
Depreciation	6(6)(7)(21)	222,297	197,599
Amortisation of intangible assets	6(21)	3,587	3,698
Interest income	6(17)	( 3,835 )	( 1,851 )
Interest expense	6(20)	1,708	1,948
Share of profit of associates and joint ventures accounted for under equity method	6(5)	( 10,648 )	( 40,306 )
Net gain on financial assets at fair value through profit or loss	6(2)(19)	( 6,624 )	1,997
Gain on disposal of property, plant and equipment	6(6)(19)	-	458
(Realized) Unrealized profit on sale		( 10,222 )	( 12,861 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(2)	117,589	( 389,988 )
Notes receivable	6(3)	1	2,674
Accounts receivable	6(3)	61,852	48,181
Accounts receivable - related parties	6(3) and 7	( 27,326 )	169,211
Other receivables		628	5,623
Other receivables - related parties		( 492 )	( 725 )
Inventories	6(4)	32,457	43,302
Prepayments		( 24,181 )	8,017
Other current assets		164	( 82 )
Changes in operating liabilities			
Notes payable		-	( 3,232 )
Accounts payable	7	8,915	( 76,945 )
Other payables	6(9)	( 76,434 )	19,298
Other current liabilities		540	( 1,377 )
Cash inflow generated from operations		595,481	693,853
Interest received		3,821	1,771
Interest paid		( 1,529 )	( 1,935 )
Income tax paid		( 112,309 )	( 125,849 )
Net cash flows from operating activities		485,464	567,840

(Continued)



**VIKING TECH CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of investments accounted for using equity method	6(5)	(\$ 34,504 )	\$ -
Acquisition of property, plant and equipment	6(25)	( 199,861 )	( 268,173 )
Proceeds from disposal of property, plant and equipment		-	200
Acquisition of intangible assets		( 5,864 )	( 4,124 )
(Increase) decrease in refundable deposits		( 510 )	160
Net cash flows used in investing activities		( 240,739 )	( 271,937 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(26)	1,000	55,000
Repayments of short-term borrowings	6(26)	( 6,000 )	( 155,000 )
Repayments of long-term borrowings	6(26)	( 19,208 )	( 21,339 )
Repayments of principal portion of lease liabilities	6(26)	( 3,930 )	( 2,453 )
Decrease in guarantee deposits received	6(26)	( 1 )	440
Cash dividends paid	6(14)	( 305,086 )	( 258,149 )
Net cash flows used in financing activities		( 333,225 )	( 381,501 )
Net decrease in cash and cash equivalents		( 88,500 )	( 85,598 )
Cash and cash equivalents at beginning of year	6(1)	529,085	614,683
Cash and cash equivalents at end of year	6(1)	\$ 440,585	\$ 529,085

The accompanying notes are an integral part of these parent company only financial statements.

VIKING TECH CORPORATION  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

VIKING TECH CORPORATION (the“Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in research and development, manufacturing and sale of thick and thin film passive components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 8, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(一) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(二) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the“IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant. Information is provided in Note 5.

(三) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) Except for the foreign exchanges gains and losses relating to borrowings as well as cash and cash equivalents are presented in the statement of comprehensive income within ‘other income and finance costs’, others are presented in the statement of comprehensive income within ‘other gains and losses’.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation.

## (四) Classification of current and non-current items

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

## (五) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(七) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(八) Accounts and notes receivable

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

(九) Impairment of financial assets

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

(+) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(+ -) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(+ =) Investments accounted for using equity method / associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- D. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(+ ≡) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during

the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 ~ 50 years
Machinery and equipment	2 ~ 12 years
Other equipment	2 ~ 10 years

( + 四 ) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when



there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

( + 五 ) Intangible assets

Computer software expenditures are stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 5 years.

( + 六 ) Impairment of non-financial assets

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

( + 七 ) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

( + 八 ) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised

cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(十九) Derecognition of financial liabilities

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

(二十) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in estimates.

(二十一) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and

it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(二十二) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(二十三) Dividends

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

(二十四) Revenue recognition

Sales of goods

A. The Company manufactures and sells thick and thin film passive components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

The preparation of these financial statements requires management to make critical judgements in applying the Company accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Such assumptions and estimates have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technological innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$715,671.

**6. DETAILS OF SIGNIFICANT ACCOUNTS**

(一) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,036	\$ 1,031
Checking accounts and demand deposits	<u>439,549</u>	<u>528,054</u>
	<u>\$ 440,585</u>	<u>\$ 529,085</u>

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

B. Cash and cash equivalents pledged to banks as collateral were classified as other current financial assets. Information is provided in Note 8.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 298,920	\$ 411,326
Valuation adjustment	( 61)	( 1,502)
Total	<u>\$ 298,859</u>	<u>\$ 409,824</u>

A. The Company recognised net gain(loss) of \$6,624 and (\$1,997) for the years ended December 31, 2023 and 2022, respectively.

B. The Company has no financial assets at fair value through profit or loss pledged to others.

(三) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 1,752	\$ 1,753
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 1,752</u>	<u>\$ 1,753</u>
Accounts receivable	\$ 583,595	\$ 618,121
Less: Allowance for uncollectible accounts	( 4,928)	( 5,203)
	<u>\$ 578,667</u>	<u>\$ 612,918</u>

A. The ageing analysis of accounts receivable that was past due but not impaired is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 576,925	\$ 611,308
Up to 60 days	3,414	2,210
61 to 90 days	14	1,472
91 to 180 days	110	-
Over 180 days	4,884	4,884
	<u>\$ 585,347</u>	<u>\$ 619,874</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2023 and 2022, and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$585,347, \$619,874, and \$839,940, respectively.

C. The Company does not hold any collateral as security.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$1,752 and \$1,753, and accounts receivable were \$578,667 and \$612,918, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(四) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 398,531	(\$ 7,381)	\$ 391,150
Work in progress	243,966	( 47,838)	196,128
Finished goods	147,502	( 31,327)	116,175
Merchandise	13,103	( 885)	12,218
	<u>\$ 803,102</u>	<u>(\$ 87,431)</u>	<u>\$ 715,671</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 410,744	(\$ 6,090)	\$ 404,654
Work in progress	227,305	( 34,970)	192,335
Finished goods	163,166	( 29,305)	133,861
Merchandise	17,892	( 614)	17,278
	<u>\$ 819,107</u>	<u>(\$ 70,979)</u>	<u>\$ 748,128</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	\$ 1,631,384	\$ 1,825,776
Loss on decline in market price and slow-moving inventories	29,397	10,721
Revenue from sale of scraps	( 5,366)	( 8,820)
	<u>\$ 1,655,415</u>	<u>\$ 1,827,677</u>

( 五 ) Investments accounted for using equity method

	2023	2022
At January 1	\$ 319,455	\$ 260,102
Share of profit or loss of investments accounted for using equity method	10,648	40,306
Acquisition of investments accounted for using equity method	34,504	-
Changes in other equity items (Note 6(15))	( 6,063)	6,186
(Realized) Unrealized profit on sale	10,222	12,861
At December 31	<u>\$ 368,766</u>	<u>\$ 319,455</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Viking Global Tech Co., Ltd.	\$ 342,326	\$ 319,455
VIKING TECH EUROPE S.R.L.	26,440	-
	<u>\$ 368,766</u>	<u>\$ 319,455</u>

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the years ended December 31, 2023 and 2022.

(六) Property, plant and equipment

	Land	Buildings and structures	Machinery	Equipment under installation	Others	Total
<u>At January 1, 2023</u>						
Cost	\$ 229,932	\$ 571,287	\$ 1,377,140	\$ 5,032	\$ 21,940	\$ 2,205,331
Accumulated depreciation	-	( 282,287)	( 680,566)	-	( 8,801)	( 971,654)
Accumulated impairment	-	-	( 1,872)	-	-	( 1,872)
	<u>\$ 229,932</u>	<u>\$ 289,000</u>	<u>\$ 694,702</u>	<u>\$ 5,032</u>	<u>\$ 13,139</u>	<u>\$ 1,231,805</u>
<u>2023</u>						
Opening net book amount as at January 1	\$ 229,932	\$ 289,000	\$ 694,702	\$ 5,032	\$ 13,139	\$ 1,231,805
Additions	-	18,080	136,010	67,968	10,764	232,822
Reclassifications	-	-	5,032	( 5,032)	-	-
Depreciation charge	-	( 36,868)	( 174,980)	-	( 6,654)	( 218,502)
Closing net book amount as at December 31	<u>\$ 229,932</u>	<u>\$ 270,212</u>	<u>\$ 660,764</u>	<u>\$ 67,968</u>	<u>\$ 17,249</u>	<u>\$ 1,246,125</u>
<u>At December 31, 2023</u>						
Cost	\$ 229,932	\$ 589,367	\$ 1,349,224	\$ 67,968	\$ 31,481	\$ 2,267,972
Accumulated depreciation	-	( 319,155)	( 686,595)	-	( 14,232)	( 1,019,982)
Accumulated impairment	-	-	( 1,865)	-	-	( 1,865)
	<u>\$ 229,932</u>	<u>\$ 270,212</u>	<u>\$ 660,764</u>	<u>\$ 67,968</u>	<u>\$ 17,249</u>	<u>\$ 1,246,125</u>

	Land	Buildings and structures	Machinery	Equipment under installation	Others	Total
<u>At January 1, 2022</u>						
Cost	\$ 229,932	\$ 525,096	\$ 1,230,147	\$ 35	\$ 18,936	\$ 2,004,146
Accumulated depreciation	-	( 284,698)	( 622,263)	-	( 8,367)	( 915,328)
Accumulated impairment	-	-	( 2,407)	-	-	( 2,407)
	<u>\$ 229,932</u>	<u>\$ 240,398</u>	<u>\$ 605,477</u>	<u>\$ 35</u>	<u>\$ 10,569</u>	<u>\$ 1,086,411</u>
<u>2022</u>						
Opening net book amount as at January 1	\$ 229,932	\$ 240,398	\$ 605,477	\$ 35	\$ 10,569	\$ 1,086,411
Additions	-	80,548	248,547	5,032	7,139	341,266
Disposals	-	-	( 658)	-	-	( 658)
Reclassifications	-	-	35	( 35)	-	-
Depreciation charge	-	( 31,946)	( 158,699)	-	( 4,569)	( 195,214)
Closing net book amount as at December 31	<u>\$ 229,932</u>	<u>\$ 289,000</u>	<u>\$ 694,702</u>	<u>\$ 5,032</u>	<u>\$ 13,139</u>	<u>\$ 1,231,805</u>
<u>At December 31, 2022</u>						
Cost	\$ 229,932	\$ 571,287	\$ 1,377,140	\$ 5,032	\$ 21,940	\$ 2,205,331
Accumulated depreciation	-	( 282,287)	( 680,566)	-	( 8,801)	( 971,654)
Accumulated impairment	-	-	( 1,872)	-	-	( 1,872)
	<u>\$ 229,932</u>	<u>\$ 289,000</u>	<u>\$ 694,702</u>	<u>\$ 5,032</u>	<u>\$ 13,139</u>	<u>\$ 1,231,805</u>

A. The significant components of buildings are depreciated over 50 years.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.



(七) Leasing arrangements – lessee

A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 2 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,408	\$ 2,150
Buildings	13,102	177
Transportation equipment (Business vehicles)	1,608	1,502
Other equipment	452	649
	<u>\$ 16,570</u>	<u>\$ 4,478</u>
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2023</u>	<u>31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 742	\$ 742
Buildings	1,760	541
Transportation equipment (Business vehicles)	1,004	647
Other equipment	289	455
	<u>\$ 3,795</u>	<u>\$ 2,385</u>

C. The movements of right-of-use assets of the Group during the 2023 and 2022 are as follows:

	<u>Year ended December 31, 2023</u>				
	<u>Land</u>	<u>Buildings and</u>	<u>Machinery</u>	<u>Other</u>	<u>Total</u>
		<u>structures</u>		<u>equipment</u>	
Opening net book amount as at January 1	\$ 2,150	\$ 177	\$ 1,502	\$ 649	\$ 4,478
Additions	-	14,685	1,110	92	15,887
Depreciation charge	( 742)	( 1,760)	( 1,004)	( 289)	( 3,795)
	<u>\$ 1,408</u>	<u>\$ 13,102</u>	<u>\$ 1,608</u>	<u>\$ 452</u>	<u>\$ 16,570</u>

	Year ended December 31, 2022				
	Land	Buildings and structures	Machinery	Other equipment	Total
Opening net book amount as at January 1	\$ 2,892	\$ 718	\$ 1,483	\$ 1,011	\$ 6,104
Additions	-	-	666	93	759
Depreciation charge	( 742)	( 541)	( 647)	( 455)	( 2,385)
	<u>\$ 2,150</u>	<u>\$ 177</u>	<u>\$ 1,502</u>	<u>\$ 649</u>	<u>\$ 4,478</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 187	\$ 67
Expense on short-term lease contracts	2,753	2,022

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$6,870 and \$4,905, respectively.

(八) Short-term borrowings

December 31, 2023: None.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 5,000</u>	1.501%	None

(九) Other payables

	December 31, 2023	December 31, 2022
Salary payable	\$ 43,593	\$ 40,763
Payable on machinery and equipment	38,079	64,047
Payable on employees' compensation	35,974	84,588
Bonus payable	34,278	39,481
Payable on directors' remuneration	17,987	42,294
Others	74,541	75,688
	<u>\$ 244,452</u>	<u>\$ 346,861</u>

(+) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from September 27, 2013 to January 19, 2014, interest is repayable monthly; From January 20, 2014 to January 19, 2027; principal and interest are repayable monthly.	1.86%	Note	\$ 29,219
Secured borrowings	Borrowing period is from October 25, 2017 to October 25, 2027; principal and interest are repayable monthly.	1.92%	Note	20,007
Secured borrowings	Borrowing period is from February 7, 2018 to October 25, 2027; principal and interest are repayable monthly.	1.92%	Note	<u>20,469</u>
				69,695
Less: Current portion				( <u>19,195</u> )
				<u>\$ 50,500</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from September 27, 2013 to January 19, 2014, interest is repayable monthly; From January 20, 2014 to January 19, 2027; principal and interest are repayable monthly.	1.61%	Note	\$ 38,348
Secured borrowings	Borrowing period is from October 25, 2017 to October 25, 2027; principal and interest are repayable monthly.	1.80%	Note	24,989
Secured borrowings	Borrowing period is from February 7, 2018 to October 25, 2027; principal and interest are repayable monthly.	1.80%	Note	<u>25,566</u>
				88,903
Less: Current portion				( <u>19,195</u> )
				<u>\$ 69,708</u>

Note: Information about the land, buildings and structures that were pledged to others as collaterals is provided in Note 8.

(十一) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the“New Plan”) under the Labor Pension Act (the“Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$20,630 and \$19,991, respectively.

(十二) Share capital

As of December 31, 2023, the Company’s authorised capital was \$1,500,000, consisting of 150 million shares of ordinary stock (including 15 million shares reserved for employee stock options and convertible bonds issued by the Company), and the amount issued was 1,173,408 thousand shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

There was no change in the number of shares for the years ended December 31, 2023 and 2022. Details of the balances at the end of the year are as follows:

	Unit: in thousand shares	
	2023	2022
At January 1 / at December 31	<u>117,341</u>	<u>117,341</u>

(十三) Capital surplus

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

		2023				
		Share premium	Recognition of changes in the subsidiary's equity	Donated assets received	Consolidation excess	Total
At January 1(and at December 31)		<u>\$ 423,367</u>	<u>\$ 1,482</u>	<u>\$ 700</u>	<u>\$ 304,572</u>	<u>\$ 730,121</u>

		2022				
		Share premium	Recognition of changes in the subsidiary's equity	Donated assets received	Consolidation excess	Total
At January 1(and at December 31)		<u>\$ 423,367</u>	<u>\$ 1,482</u>	<u>\$ 700</u>	<u>\$ 304,572</u>	<u>\$ 730,121</u>

(十四) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall offset prior years' operating losses. The remaining amount shall be set aside as legal reserve in accordance with the regulations and the special reserve shall be set aside or reversed, if necessary. The remainder along with the previous years' unappropriated retained earnings, if any, to be appropriated shall be proposed by the Board of Directors at its meeting and then resolved by the stockholders at their meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Under the Company's Articles of Incorporation, dividends to the shareholders can be distributed in cash or share dividends. However, the cash dividends shall not be less than 20% of the total distribution.
- E. (a) The appropriations of 2022 and 2021 earnings had been resolved at the Board of Directors' and stockholders' meeting on June 27, 2023 and June 27, 2022, respectively. Details are summarized below:

	2022		2021	
	Amount	Dividends per	Amount	Dividends per
		share (in		share (in
		dollars)		dollars)
Legal reserve	\$ 58,545		\$ 47,452	
Special reserve	( 6,186)		2,143	
Cash dividends	305,086	\$ 2.60	258,149	\$ 2.20
Total	<u>\$ 357,445</u>		<u>\$ 307,744</u>	

The appropriations of 2022 and 2021 earnings are in agreement with the Board of Directors' proposals on February 17, 2023 and February 25, 2022, respectively.

(b)The appropriations of 2023 earnings had been resolved at the Board of Directors' and stockholders' meeting on March 8, 2024. Details are summarized below:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 26,182	
Special reserve	6,063	
Cash dividends	140,809	\$ 1.20
Total	<u>\$ 173,054</u>	

As of March 8, 2024, the appropriations of 2023 earnings had not been approved by the stockholders.

(十五) Other equity items

	2023		2022	
	Currency translation	Total	Currency translation	Total
At January 1	(\$ 6,328)	(\$ 6,328)	(\$ 12,514)	(\$ 12,514)
Currency translation differences:				
–Subsidiary	( 6,063)	( 6,063)	6,186	6,186
At December 31	<u>(\$ 12,391)</u>	<u>(\$ 12,391)</u>	<u>(\$ 6,328)</u>	<u>(\$ 6,328)</u>

(十六) Operating revenue

	Year ended December	Year ended December
	31, 2023	31, 2022
Revenue from contracts with customers	<u>\$ 2,262,790</u>	<u>\$ 2,777,475</u>

The Company derives revenue from the transfer of goods at a point in time. Revenue is mainly from single passive components.

(十七) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 3,835	\$ 1,851
Other interest income	4	-
	<u>\$ 3,839</u>	<u>\$ 1,851</u>

(十八) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Net currency exchange losses	\$ 2,360	\$ 44,106
Other income, others	5,014	2,770
	<u>\$ 7,374</u>	<u>\$ 46,876</u>

(十九) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gain on financial assets at fair value through profit or loss	\$ 6,624	(\$ 1,997)
Foreign exchange loss	( 2,250)	48,908
Gain on disposals of property, plant and equipment	-	( 458)
Miscellaneous disbursements	( 5,141)	( 2,370)
	<u>(\$ 767)</u>	<u>\$ 44,083</u>

(二十) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense		
Bank interest expense	\$ 1,521	\$ 1,881
Lease liabilities	187	67
	<u>\$ 1,708</u>	<u>\$ 1,948</u>

(二十一) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	\$ 633,035	\$ 698,824
Depreciation charges on property, plant and equipment	222,297	197,599
Amortisation charges on intangible assets	3,587	3,698
	<u>\$ 858,919</u>	<u>\$ 900,121</u>



(二十二) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	\$ 531,000	\$ 601,819
Labour and health insurance fees	54,824	52,440
Pension costs	20,630	19,991
Other personnel expenses	26,581	24,574
	<u>\$ 633,035</u>	<u>\$ 698,824</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 10% for employees' compensation and shall be 5% for directors' and supervisors' remuneration. However, annual net income should first be reserved to offset the Company's accumulated deficit prior to the distribution of compensation and remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$35,974 and \$84,588, respectively; while directors' and supervisors' remuneration was accrued at \$17,987 and \$42,294, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 10% and 5% of distributable profit of current year.

Employees' compensation and directors' remuneration of 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 and 2022 financial statements, respectively.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(二十三) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 51,305	\$ 116,086
Tax on undistributed surplus earnings	11,400	8,339
Prior year income tax (over) under estimation	( 16,050)	3,558
Total current tax	<u>46,655</u>	<u>127,983</u>
Deferred tax:		
Origination and reversal of temporary differences	( 2,688)	5,563
Total deferred tax	( 2,688)	5,563
Income tax expense	<u>\$ 43,967</u>	<u>\$ 133,546</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None

(c) The income tax charged/(credited) to equity during the period is as follows: None

**B. Reconciliation between income tax expense and accounting profit**

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 61,157	\$ 143,800
Expenses and income disallowed by tax regulation	( 12,540)	( 22,151)
Separate taxation	11,400	8,339
Prior year income tax (over) under estimation	( 16,050)	3,558
Income tax expense	<u>\$ 43,967</u>	<u>\$ 133,546</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Unrealised loss on market value decline and obsolete inventory	\$ 14,196	\$ 3,290	\$ 17,486
Unrealised exchange loss	1,704	1,511	3,215
Unused vacation time bonus	1,306	9	1,315
Unused gross margin	4,409	( 2,045)	2,364
Unused impairment loss	374	( 1)	373
Subtotal	<u>\$ 21,989</u>	<u>\$ 2,764</u>	<u>\$ 24,753</u>
— Deferred tax liabilities:			
Unrealised exchange gain	(\$ 292)	(\$ 76)	(\$ 368)
Subtotal	<u>(\$ 292)</u>	<u>(\$ 76)</u>	<u>(\$ 368)</u>
Total	<u>\$ 21,697</u>	<u>\$ 2,688</u>	<u>\$ 24,385</u>

	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Unrealised loss on market value decline and obsolete inventory	\$ 17,591	(\$ 3,395)	\$ 14,196
Unrealised exchange loss	1,238	466	1,704
Unused vacation time bonus	1,213	93	1,306
Unused gross margin	6,981	( 2,572)	4,409
Unused impairment loss	482	( 108)	374
Subtotal	<u>\$ 27,505</u>	<u>(\$ 5,516)</u>	<u>\$ 21,989</u>
— Deferred tax liabilities:			
Unrealised exchange gain	(\$ 245)	(\$ 47)	(\$ 292)
Subtotal	<u>(\$ 245)</u>	<u>(\$ 47)</u>	<u>(\$ 292)</u>
Total	<u>\$ 27,260</u>	<u>(\$ 5,563)</u>	<u>\$ 21,697</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows: None.

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(二十四) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 261,813</u>	<u>117,341</u>	<u>\$ 2.23</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 261,813	117,341	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>836</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 261,813</u>	<u>118,177</u>	<u>\$ 2.22</u>

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 585,452</u>	<u>117,341</u>	<u>\$ 4.99</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 585,452	117,341	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>2,314</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 585,452</u>	<u>119,655</u>	<u>\$ 4.89</u>

(二十五) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 232,822	\$ 341,266
Add: Opening balance of payable on equipment	64,047	47,823
Ending balance of prepayment for equipment	12,535	71,463
Less: Ending balance of payable on equipment	( 38,080)	( 64,047)
Opening balance of prepayment on equipment	( 71,463)	( 128,332)
Cash paid during the year	<u>\$ 199,861</u>	<u>\$ 268,173</u>

(二十六) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	\$ 5,000	\$ 88,903	\$ 4,552	\$ 4,453	\$ 102,908
Changes in cash flow from financing activities	( 5,000)	( 19,208)	( 3,930)	( 1)	( 28,139)
Changes in other non-cash items	-	-	16,074	-	16,074
At December 31, 2023	<u>\$ -</u>	<u>\$ 69,695</u>	<u>\$ 16,696</u>	<u>\$ 4,452</u>	<u>\$ 90,843</u>

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	\$ 105,000	\$ 110,242	\$ 6,179	\$ 4,013	\$ 225,434
Changes in cash flow from financing activities	( 100,000)	( 21,339)	( 2,453)	440	( 123,352)
Changes in other non-cash items	-	-	826	-	826
At December 31, 2022	<u>\$ 5,000</u>	<u>\$ 88,903</u>	<u>\$ 4,552</u>	<u>\$ 4,453</u>	<u>\$ 102,908</u>

7. RELATED PARTY TRANSACTIONS

(一) Parent and ultimate controlling party

Names of related parties	Relationship with the Company
Guangdong Fenghua Advanced Technology (Holding) Co.,Ltd.	Entity having significant influence on the Company
Viking Electronics (WUXI) CO., LTD.	A second-tier subsidiary under equity method
Viking Tech America Corporation	A second-tier subsidiary under equity method
JETBOND TECHNOLOGY CO.,LTD	Other

(二) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Viking Electronics (WUXI) CO., LTD.	\$ 472,303	\$ 516,312
Subsidiaries	82,834	112,941
Entities having significant influence on the Company	<u>-</u>	<u>44</u>
	<u>\$ 555,137</u>	<u>\$ 629,297</u>

The above sales were based on the sales prices and terms that were available to the third parties. There was no significant difference in sales price between related parties and the third parties. The credit terms were approximately 60~150 days and were 60~90 days after monthly billings for related parties and the third parties, respectively, and the difference was due to the adjustment in credit term of the subsidiary's ultimate customers.

#### B. Purchases

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
Subsidiaries	\$ 20,142	\$ 15,423
Entities having significant influence on the Company	<u>34,623</u>	<u>25,977</u>
Total	<u>\$ 54,765</u>	<u>\$ 41,400</u>

The above purchases were based on the purchase prices and terms that were available to the third parties. The payment terms were approximately 90 days and were 60~90 days after monthly billings for related parties and the third parties, respectively. There was no significant difference in purchase price between related parties and the third parties.

#### C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Viking Electronics (WUXI) CO., LTD.	\$ 236,571	\$ 200,613
Subsidiaries	<u>19,576</u>	<u>28,208</u>
Subtotal	256,147	228,821
Other receivables:		
Entities having significant influence on the Company	<u>1,685</u>	<u>1,193</u>
Total	<u>\$ 257,832</u>	<u>\$ 230,014</u>

#### D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiaries	\$ 6,584	\$ 3,786
Entities having significant influence on the Company	<u>7,084</u>	<u>6,859</u>
Subtotal	13,668	10,645
Other payables:		
Subsidiaries	1,353	701
Other	<u>1,008</u>	<u>-</u>
	2,361	701
Total	<u>\$ 16,029</u>	<u>\$ 11,346</u>

E. Property transactions:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Acquisition of property, plant and equipment:		
Other	<u>\$ 3,310</u>	<u>\$ -</u>

F. Others

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Commissions Expense:		
Subsidiaries	<u>\$ 3,207</u>	<u>\$ 2,057</u>
Other income:		
Entities having significant influence on the Company	<u>\$ 3,792</u>	<u>\$ 1,792</u>

(三) Key management compensation

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Salaries and other short-term employee benefits	<u>\$ 45,695</u>	<u>\$ 72,306</u>

8. PLEDGED ASSETS

Pledged asset	<u>Book value</u>		Purpose
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Land	\$ 229,932	\$ 229,932	Bank loan(Note)
Buildings and structures	145,127	151,531	Bank loan(Note)
Time deposits (shown as other current assets- others)	<u>1,800</u>	<u>1,800</u>	Customs security deposit for importing raw materials
	<u>\$ 376,859</u>	<u>\$ 383,263</u>	

Note: Pledged to HSINGONG BRANCH of Land Bank of Taiwan and Hsinchu Branch of Chang Hwa Bank as collateral for long-term borrowings.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies: None.

(2) Commitments:

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Machinery	<u>\$ 24,164</u>	<u>\$ 50,880</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The information regarding the appropriations of 2023 earnings is provided in Note 6(14).

12. OTHERS

(四) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

During the year ended December 31, 2023 the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio under 50%.

(五) Financial instruments

A. Financial instruments by category



	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 298,859	\$ 409,824
Financial assets at amortised cost/		
Loans and receivables		
Cash and cash equivalents	440,585	529,085
Notes receivable	1,752	1,753
Accounts receivable (including related parties)	578,667	612,918
Other receivables (including related parties)	11,088	11,210
Guarantee deposits paid	1,672	1,162
Other financial assets	1,800	1,800
	<u>\$ 1,334,423</u>	<u>\$ 1,567,752</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 5,000
Accounts payable(including related parties)	157,135	148,220
Other accounts payable(including related parties)	244,452	346,861
Long-term borrowings (including current portion)	69,695	88,903
Guarantee deposits received	4,452	4,453
	<u>\$ 475,734</u>	<u>\$ 593,437</u>
Lease liability	<u>\$ 16,696</u>	<u>\$ 4,552</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a finance department (Company finance) under policies approved by the Board of Directors. Company finance identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to manage its foreign exchange risk against their functional currency. The company subsidiaries are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when

future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

				December 31, 2023			
				Foreign currency amount	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
EUR:NTD	EUR	427		33.98		\$ 14,521	
USD:NTD	USD	16,200		30.71		497,433	
RMB:NTD	RMB	75,374		4.33		326,142	
HKD:NTD	HKD	4,385		3.93		17,230	
<u>Non-Monetary items</u>							
USD:NTD	USD	11,147		30.71		\$ 342,326	
EUR:NTD	EUR	778		33.98		26,439	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	1,537		30.71		\$ 47,190	
RMB:NTD	RMB	3,147		4.33		13,616	
<u>Non-Monetary items: None</u>							

				December 31, 2022			
				Foreign currency amount	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
EUR:NTD	EUR	1,322		32.72		\$ 43,260	
USD:NTD	USD	18,023		30.71		553,474	
RMB:NTD	RMB	58,977		4.41		259,970	
<u>Non-Monetary items</u>							
USD:NTD	USD	10,402		30.71		\$ 319,455	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	1,163		30.71		\$ 35,724	
<u>Non-Monetary items: None</u>							

- iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended

December 31, 2023 and 2022, amounted to \$110 and \$93,014 respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	EUR:NTD	1%	\$ 145	\$ -
	USD:NTD	1%	4,974	-
	RMB:NTD	1%	3,261	-
	HKD:NTD	1%	172	-
<u>Non-Monetary items</u>				
	USD:NTD	1%	\$ -	\$ 3,423
	EUR:NTD	1%	-	264
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	(\$ 472)	\$ -
	RMB:NTD	1%	( 136)	-
		Year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	EUR:NTD	1%	\$ 433	\$ -
	USD:NTD	1%	5,535	-
	RMB:NTD	1%	2,600	-
<u>Non-Monetary items</u>				
	USD:NTD	1%	\$ -	\$ 3,195
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:RMB	1%	(\$ 357)	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company's investments in equity securities comprise domestic and foreign stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$ 2,989 and \$4,098, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- iv. The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in the New Taiwan Dollars (NTD) and United States Dollars (USD).
- v. Based on the simulations performed, the impact on post-tax profit of a 1% shift would be a maximum increase or decrease of \$558 and \$751 for the years ended December 31, 2023 and 2022, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has

been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using loss rate methodology to estimate expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2023 and 2022, the loss rate methodology is as follows:

	Not past due	60 days past due	61~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>December 31, 2023</u>						
Expected loss rate	0%	0.25%	20%	30%	100%	
Total book value	\$ 576,925	\$ 3,414	\$ 14	\$ 110	\$ 4,884	\$ 585,347
Loss allowance	-	( 8)	( 3)	( 33)	( 4,884)	( 4,928)

	Not past due	60 days past due	61~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>December 31, 2022</u>						
Expected loss rate	0%	1.12%	20%	0%	100%	
Total book value	\$ 611,308	\$ 2,210	\$ 1,472	\$ -	\$ 4,884	\$ 619,874
Loss allowance	-	( 25)	( 294)	-	( 4,884)	( 5,203)

- ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	<u>December 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 5,203	\$ -
Provision for impairment	( 275)	-
At December 31	<u>\$ 4,928</u>	<u>\$ -</u>
	<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 4,987	\$ -
Provision for impairment	216	-
At December 31	<u>\$ 5,203</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by the management of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash over and above balance required for company is invested in interest bearing current accounts, time deposits, money market deposits and marketable securities. The chosen instruments have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate	1.73%~2.23%	1.48%~2.11%
Expiring within one year	<u>\$ 430,000</u>	<u>\$ 575,000</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Less than 60 days	Between 61 days and 90 days	Between 91 days and 180 days	Between 181 days and 360 days	Over 361 days	Total
Accounts payable (including related parties)	\$ 100,946	\$ 32,627	\$ 23,562	\$ -	\$ -	\$ 157,135
Other payables (including related parties)	165,778	17,365	6,319	54,990	-	244,452
Lease liability	864	432	1,295	2,482	12,208	17,281
Long-term borrowings (including current portion)	3,453	1,727	5,180	10,359	51,385	72,104

Non-derivative financial liabilities:

December 31, 2022	Less than 60 days	Between 61 days and 90 days	Between 91 days and 180 days	Between 181 days and 360 days	Over 360 days	Total
Short-term borrowings	\$ 13	\$ 6	\$ 19	\$ 5,010	\$ -	\$ 5,048
Accounts payable (including related parties)	94,767	34,673	18,780	-	-	148,220
Other payables (including related parties)	185,193	26,955	6,305	128,408	-	346,861
Lease liability	390	172	450	773	2,841	4,626
Long-term borrowings (including current portion)	3,440	1,720	5,159	10,318	72,069	92,706

(六) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The Company's financial assets and liabilities measured at fair value are as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 298,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,859</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 409,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,824</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

	<u>Open-end fund</u>
Market quoted price	Net asset value

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

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 2.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.



F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Information on major shareholders

Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

VIKING TECH CORPORATION and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities and securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership	Fair value	
VIKING TECH CORPORATION	Franklin Templeton SinoAm China A Shares Equity Fund-TWD	None	Financial asset at fair value through profit or loss – current	361,998	\$ 2,646	N/A	\$ 2,646	
VIKING TECH CORPORATION	Union Money Market Fund	None	Financial asset at fair value through profit or loss – current	4,512,445	61,257	N/A	61,257	
VIKING TECH CORPORATION	Franklin Templeton SinoAm Emerging Markets Bond Fund-Accu.-TWD	None	Financial asset at fair value through profit or loss – current	177,522	1,382	N/A	1,382	
VIKING TECH CORPORATION	Nomura US Premium High Yield Bond Fund USD Acc	None	Financial asset at fair value through profit or loss – current	6,694	2,016	N/A	2,016	
VIKING TECH CORPORATION	Union Low Carbon Target Multiple Asset Fund NA TWD	None	Financial asset at fair value through profit or loss – current	292,111	3,000	N/A	3,000	
VIKING TECH CORPORATION	Franklin Templeton Sinoam Money Market Fund	None	Financial asset at fair value through profit or loss – current	5,399,462	57,375	N/A	57,375	
VIKING TECH CORPORATION	Mega Global Metaverse Tech Fund(USD)	None	Financial asset at fair value through profit or loss – current	10,000	3,107	N/A	3,107	
VIKING TECH CORPORATION	Nomura Taiwan Money Market Fund	None	Financial asset at fair value through profit or loss – current	2,789,148	46,702	N/A	46,702	
VIKING TECH CORPORATION	Jih Sun Money Market Fund	None	Financial asset at fair value through profit or loss – current	7,956,632	121,374	N/A	121,374	
					\$ 298,839		\$ 298,839	

VIKING TECH CORPORATION and Subsidiaries  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2023		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
VIKING TECH CORPORATION	Union Money Market Fund	Financial asset at fair value through profit or loss – current	-	-	16,079,227	\$ 215,716	21,082,654	\$ 284,000	32,649,436	\$ 440,000	\$ 438,242	\$ 1,758	4,512,445	\$ 61,257
VIKING TECH CORPORATION	Franklin Templeton Sincam Money Market Fund	Financial asset at fair value through profit or loss – current	-	-	1,915,402	20,117	28,054,324	296,000	24,570,264	260,000	259,048	952	5,399,462	57,375
VIKING TECH CORPORATION	Jih Sun Money Market Fund	Financial asset at fair value through profit or loss – current	-	-	9,313,488	140,382	23,381,582	354,000	24,738,438	375,000	373,530	1,470	7,956,632	121,374

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities of the abovementioned items

Note 2: For marketable securities that adopt the equity method, the two fields should be filled out and the rest are not required.

Note 3: Acquisition or sale of the same securities should be calculated separately at market price to see if they reach NTS300 million or 20% of the Company's paid-in capital.

VIKING TECH CORPORATION and Subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	Subsidiary	Sales	\$ 472,303	18.50%	150 days payment	N/A	N/A	\$ 236,571	46.13%	

VIKING TECH CORPORATION and Subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for Creditor Counterparty doubtful accounts
			Amount	Turnover rate ( Note )	Amount	Action taken		
VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	Subsidiary	\$ 236,571	2.16	\$ -	N/A	\$ 90,106	\$ -

Note : Disclosed after converting to annual turnover rate.

VIKING TECH CORPORATION and Subsidiaries  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty (Note 2)	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	1	Accounts receivable	\$ 236,571	150 days payment	6%
0	VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	1	Sales	472,303	"	18%
0	VIKING TECH CORPORATION	Viking Electronics (WUXI) CO., LTD.	1	Cost of sales	20,142	90 days payment	1%
0	VIKING TECH CORPORATION	Viking Tech America Corporation	1	Accounts receivable	19,576	60 days payment	1%
0	VIKING TECH CORPORATION	Viking Tech America Corporation	1	Sales	82,834	"	3%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following categories:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only disclose the transaction amount over 10 million.

VIKING TECH CORPORATION and Subsidiaries  
Information on investees(not including investees in Mainland China)  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Book value			
VIKING TECH CORPORATION	Viking Global Tech Co., Ltd.	British Virgin Islands	Broad businesses and investments	\$ 111,311	\$ 111,311	7,000	100	\$ 342,326	\$ 18,248	\$ 18,248	Note1
VIKING TECH CORPORATION	VIKING TECH EUROPE S.R.L.	Italy	Sale of thin film passive components	34,504	-	-	100	26,440 (	7,600 (	7,600)	Note4
Viking Global Tech Co., Ltd.	Lead Brand Co., Ltd.	St. Vincent	Sale of thin film passive components	-	-	-	100	113 (	60 (	60)	
Viking Global Tech Co., Ltd.	Viking Tech Electronics Limited	Hong Kong	Manufacturing and sale of passive	122,456	122,456	-	100	300,368	17,076	17,076	Note3
Viking Global Tech Co., Ltd.	Grand Barry International Limited	British Virgin Islands	Manufacturing and sale of passive	23,766	23,766	-	100	53,667	1,232	1,232	
Grand Barry International Limited	Viking Tech America Corporation	United States of America	Sale of thin film passive components	22,680	22,680	750,000	76	52,513	1,576	1,194	Note2

Note1 : Viking Tech Corporation invested in Viking Global Tech Co., Ltd. with its ownership in Viking Tech Group L.L.C. and Taitec Technology (Samoa) Co., Ltd. as capital contribution amounting to \$91,196.

Note2 : In July 2013, Grand Barry International Limited increased its investments in the amount of \$3,001 in Viking Tech America Corporation. Its ownership of the investee declined to 76% since it did not participate in the investee's capital increase in proportion to its previous ownership, and Grand Barry International Limited did not lose its control over the subsidiaries. The difference between carrying amount and net acquisition value were adjusted in equity amounting to \$1,482.

Note3 : In December 2022, Viking Global Tech Co., Ltd. increased its investments in the amount of USD 1,490 thousand in Viking Tech Electronics Limited.

Note4 : In September 2023, Viking Tech Corporation increased its investments in the amount of EUR 1,000 thousand in VIKING TECH EUROPE S.R.L.

VIKING TECH CORPORATION and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital (Note1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note5.(2).B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Viking Electronics (WUXI) CO., LTD.	Manufacturing and sale of passive	\$ 229,980	(3)	\$ 184,230	\$ -	\$ -	\$ 184,230	\$ 17,074	100	\$ 17,074	\$ 300,353	\$ -	Note 6
Viking Electronics (Nantong) CO., LTD.	Manufacturing and sale of passive	\$ 8,654	(3)	\$ 8,654	-	-	-	-	100	-	\$ 8,654	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
VIKING TECH CORPORATION	\$ 184,260	\$ 229,980	\$ 1,974,437

Note 1: The paid-in capital was translated into NTD from USD 7,490 at the exchange rate on reporting date.

Note 2: Investment methods are classified into the following four categories; fill in the number of category each case belongs to:

- (1) Invested in the investee in Mainland China through remitting to the third area.
- (2) Re-investment of China companies through the establishment of a third-region investment company.
- (3) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (4) Others.

Note 3: Viking Tech Electronics Limited acquired a subsidiary accounted for using equity method, Viking Tech Wuxi TMTEC Electronics Co., Ltd., from Taipec Electronics (Samsco) Co., Ltd. on July 1, 2009. The original investments approved by the Investment Commission of MOEA were USD 6,000 thousand. The acquiree became a subsidiary of the Company thereafter.

Note 4: Viking Electronics (WUXI) CO., LTD. became an indirect investee of the Company after surviving the merger with Viking Tech Wuxi TMTEC Electronics Co., Ltd. on the merger effective date. The original investments by Viking Tech Wuxi TMTEC Electronics Co., Ltd. approved by the Investment Commission of MOEA were USD 6,000 thousand.

Note 5: Recognition methods of investment income (loss) are classified into two categories as follows:

- (1) It should be indicated if the company is in the process of incorporation and have no profit or loss yet.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 6: In December 2022, Viking Tech Electronics Limited increased its investments by USD 1,490 thousand in a subsidiary accounted for using equity method.

Note 7: In August 2023, Viking Electronics (WUXI) CO., LTD. increased its investments by RMB 2,000 thousand in Viking Electronics (Nantong) CO., LTD.



VIKING TECH CORPORATION and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Viking Electronics (WUXI) CO., LTD.	\$ 472,303	18.50%	\$ -	-	\$ 236,371	48.79%	\$ -	-	\$ -	\$ -	-	\$ -	-
Viking Electronics (WUXI) CO., LTD.	20,142	1.09%	-	-	( 6,584)	3.42%	-	-	-	-	-	-	-

VEKING TECH CORPORATION and Subsidiaries

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	46,936,337	40.00%

VIKING TECH CORPORATION  
CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash :		
Cash on hand		\$ 1,036
Cash in banks		
Checking accounts deposits		160
Demand deposits		
–TWD		118,482
–RMB	RMB 20,700,421.99 at exchange rate of 4.327	89,571
–USD	USD 7,081,019.6 at exchange rate of 30.705	217,423
–HKD	HKD 3,385,479.17 at exchange rate of 3.929	13,301
–EUR	EUR 18,009.21 at exchange rate of 33.98	612
		<u>\$ 440,585</u>

VIKING TECH CORPORATION  
ACCOUNTS RECEIVABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

<u>Customer name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
General customers :			
A		\$ 28,542	
B		25,706	
C		24,915	
D		20,140	
E		18,707	
Others		209,438	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>327,448</u>	The amount of over a year past due was \$4,884.
Less: Allowance for bad debts		( 4,928)	
		<u>322,520</u>	
Related parties :			
Viking Electronics (WUXI) CO., LTD.		236,571	
Viking Tech America Corporation		<u>19,576</u>	
		<u>256,147</u>	
		<u>\$ 578,667</u>	

VIKING TECH CORPORATION  
INVENTORIES  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

<u>Item</u>	<u>Description</u>	<u>Amount</u>		<u>Footnote</u>
		<u>Cost</u>	<u>Net realisable value</u>	
Raw materials		\$ 398,531	\$ 381,820	
Work in progress		243,966	271,339	
Finished goods		147,502	172,979	
Merchandise		13,103	16,830	
		<u>803,102</u>	<u>\$ 842,968</u>	
Less: Allowance for valuation loss and obsolete and slow-moving inventories		( 87,431)		
		<u>\$ 715,671</u>		

**VIKING TECH CORPORATION**  
**CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Investee	Balance at January 1, 2023		Additions		Deductions		Balance at December 31, 2023			Market value or net equity value		Collateral	Footnote
	Shares	Amount	Shares	Amount (Note)	Shares	Amount (Note)	Shares	Ownership	Amount	Unit	Total		
Viking Global Tech Co., Ltd.	7,000	\$ 319,455	-	\$ 22,871	-	\$ -	7,000	100%	\$ 342,326	48.9037	\$ 342,326		
Viking TECH EUROPE S.R.L.	-	-	-	34,504	(	8,064)	-	100%	26,440	-	26,440		
		<u>\$ 319,455</u>		<u>\$ 57,375</u>		<u>(\$ 8,064)</u>			<u>\$ 368,766</u>		<u>\$ 368,766</u>		

Note: It included share of investment income of subsidiaries accounted for using equity method、exchange differences on translation valued by subsidiaries accounted for using equity method and (un)realised profit from sales.

VIKING TECH CORPORATION  
MOVEMENT ON PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

<u>Item</u>	<u>Balance at January 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Balance at December 31, 2023</u>	<u>Collateral</u>	<u>Footnote</u>
Land	\$ 229,932	\$ -	\$ -	\$ -	\$ 229,932	Note 1	
Buildings and structures	571,287	18,080	-	-	589,367	Note 1	
Machinery	1,377,140	136,010	( 168,958)	5,032	1,349,224		
Equipment under installation	5,032	67,968	-	( 5,032)	67,968		
Others	21,940	10,764	( 1,223)	-	31,481		
	<u>\$ 2,205,331</u>	<u>\$ 232,822</u>	<u>(\$ 170,181)</u>	<u>\$ -</u>	<u>\$ 2,267,972</u>		

Note 1: Land, buildings and structures amounting to \$375,059 at book value were pledged to Land Bank of Taiwan and Chang Hwa Bank as collateral for the borrowings.

VIKING TECH CORPORATION  
MOVEMENT ON ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

<u>Item</u>	<u>Balance at January 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2023</u>	<u>Footnote</u>
Buildings and structures	\$ 282,287	\$ 36,868	\$ -	\$ 319,155	
Machinery	680,566	174,980	( 168,951)	686,595	
Others	8,801	6,654	( 1,223)	14,232	
	<u>\$ 971,654</u>	<u>\$ 218,502</u>	<u>(\$ 170,174)</u>	<u>\$ 1,019,982</u>	



VIKING TECH CORPORATION  
STATEMENT OF TRADE PAYABLES  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Client Name	Description	Amount	Note
General customers :			
Y		\$ 13,939	
U		11,932	
AA		8,696	
AB		7,765	
Others			None of the balances of each remaining item is greater than 5% of this account balance.
		<u>101,135</u>	
Subtotal		<u>143,467</u>	
Related parties :			
Viking Electronics (WUXI) CO., LTD.		6,584	
Guangdong Fenghua Advanced Technology (Holding) Co.,Ltd.		<u>7,084</u>	
Subtotal		<u>13,668</u>	
		<u>\$ 157,135</u>	

VIKING TECH CORPORATION  
LONG-TERM BORROWINGS  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Creditor	Description	Amount	Borrowing period	Interest rate range	Collateral	Footnote
Land Bank of Taiwan		\$ 29,219	2013.9.27~2027.1.19	1.86%	Land 、 Buildings	
Chang Hwa Commercial Bank		20,007	2017.10.25~2027.10.25	1.92%	Land 、 Buildings	
Chang Hwa Commercial Bank		<u>20,469</u>	2018.2.7~2027.10.25	1.92%	Land 、 Buildings	
Subtotal		69,695				
Less: Current portion		( <u>19,195</u> )				
		<u>\$ 50,500</u>				

VIKING TECH CORPORATION  
OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Footnote</u>
Sale Revenue :			
Thick and thin film passive components	17,775,171 thousand pieces	\$ 2,277,299	
Less: Sales returns, discounts, and allowances	107,866 thousand pieces	( 14,509)	
		<u>\$ 2,262,790</u>	

**VIKING TECH CORPORATION**  
**OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Items	Description	Amount
The cost of sales		
Beginning merchandise	\$	17,892
Add: Purchased during the year		205,504
Less: Ending balance of merchandise at December 31	(	13,103)
Merchandise scrapped	(	354)
Transferred to expenses	(	13,171)
Cost of sales		<u>196,768</u>
Cost of goods sold		
Beginning raw materials		410,744
Add: Purchased during the year		497,057
Less: Ending balance of raw materials at December 31	(	398,531)
Transferred to expenses	(	128,816)
Work in progress sold	(	1)
Raw materials scrapped	(	276)
Direct materials used		380,177
Direct labour		241,918
Manufacturing expense		<u>819,493</u>
Manufacturing costs		1,441,588
Add: Work in progress at beginning of year		227,305
Less: Work in progress at end of year	(	243,966)
Work in progress scrapped	(	5,490)
Transferred to expenses	(	5,543)
Finished goods cost		1,413,894
Add: Finished goods at beginning of year		163,166
Transferred from expenses		2,788
Less: Finished goods at end of year	(	147,503)
Finished goods scrapped	(	6,825)
Cost of goods sold		1,425,520
Work in progress sold		1
Inventory valuation loss		29,397
Revenue from sale of scraps	(	5,366)
Other operating costs		<u>9,095</u>
Total operating costs	\$	<u>1,655,415</u>

VIKING TECH CORPORATION  
MANUFACTURING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Depreciation expense		\$ 182,713	
Wages and salaries		144,565	
Indirect material		129,266	
Utilities expense		92,607	
Repair fee		48,848	
Insurance expense		45,314	
Other expenses		176,180	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$ 819,493</u>	

VIKING TECH CORPORATION  
SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries		\$ 47,316	
Import / export (customs) expense		18,362	
Insurance expense		7,407	
Traveling expense		5,583	
Other expenses		<u>26,318</u>	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$ 104,986</u>	

VIKING TECH CORPORATION  
ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries		\$ 80,070	
Depreciation expense		35,114	None of the balances of each remaining item is greater than 5% of this account balance.
Other expenses		<u>42,475</u>	
		<u>\$ 157,659</u>	

VIKING TECH CORPORATION  
RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries		\$ 37,760	
Laboratory fee		10,149	
Depreciation expense		4,354	
Insurance expense		3,800	
Other expenses		<u>12,770</u>	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$ 68,833</u>	



**VIKING TECH CORPORATION**  
**DETAILS OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 15

By nature \ By function	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 371,601	\$ 131,681	\$ 503,282	\$ 389,018	\$ 161,607	\$ 550,625
Labour and health insurance fees	42,332	12,492	54,824	41,463	10,977	52,440
Pension costs	14,883	5,747	20,630	14,820	5,171	19,991
Directors' remuneration	-	27,718	27,718	-	51,194	51,194
Others	21,494	5,087	26,581	19,950	4,624	24,574
Depreciation	182,713	39,584	222,297	164,659	32,940	197,599
Amortisation	-	3,587	3,587	-	3,697	3,697

Note:

1. As of December 31, 2023 and 2022, the Company had 824 and 784 employees. Both are including 9 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
  - (1) Average employee benefit expense in current year is 743 thousand dollars ('total employee benefit expense for the current year - total directors' remuneration for the current year' / 'the number of employees in the current year - the number of non-employee directors in the current year').  
Average employee benefit expense in previous year is 836 thousand dollars ('total employee benefit expense for the previous year - total directors' remuneration for the previous year' / 'the number of employees in the previous year - the number of non-employee directors in the previous year').
  - (2) Average employees salaries in current year is 618 thousand dollars (total salaries and wages for the current year / 'the number of employees in the current year - the number of non-employee directors in the current year').  
Average employees salaries in previous year is 710 thousand dollars (total salaries and wages for the previous year / 'the number of employees in the previous year - the number of non-employee directors in the previous year').
  - (3) Adjustments of average employees salaries is -13%('the average employee salaries and wages for the current year - the average employee salaries and wages for the previous year' / the average employee salaries and wages for the previous year).
  - (4) The Company has no supervisor.
  - (5) Under the Company's Articles of Incorporation, the profit of the current year shall be distributed 10% as employees' compensation and distributed 5% as directors' and supervisors' remuneration. Except for the basic salary, the Company distributed bonus to employees based on operating condition to strengthen coherence and encourage employees participating in the Company's operation whereby they can jointly share the operating results of the Company. Directors' remuneration was distributed from earnings, the remuneration was determined based on the participation frequency and contribution in the Company's operation during the fiscal year when distributing directors' remuneration. When the Company's directors executing on position of one's own, the determination of remuneration was authorised to the Board of Directors based on the standard within the foreign and domestic industries. Directors' and managers' remunerations were proposed by the remuneration committee and reported to and approved by the Board of Directors in accordance with the regulations.

Viking Tech Corporation

Chairman Tsai, Kao-Ming