TUL CORPORATION
TSE：6150

2023 Annual Report

TUL Corporation

Web www.tul.com.tw

TWSE https://mops.twse.com.tw

Printed on May 10, 2024

I. Company Spokesperson:
Name: Chou Chung-Hsin
Job Title: Executive Assistant to the General Manager
Tel: (02)8698-3000 ext.8232
Email: charles_chou@tul.com.tw

Spokesperson:
Name: Hsieh Wen-Pi
Title: Deputy General Manager, Finance and Accounting
Tel: (02)8698-3000 ext. 8503
Email: Margaret_Hsieh@tul.com.tw

II. Head Office, Branch Office, Factory Address, and Telephone
Head Office: 7-7F, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City
Baochang Factory: 1 to 4 Floor, No. 431-433 Baochang Road, Xizhi District, New Taipei City
Tel: (02)8698-3000

III. Name, address, website, and phone number of the stock transfer agency:
Name: Shareholder Services Department, Fubon Securities Co., Ltd.
Address: 11F, No. 17, Hsuchang Street, Taipei City
Website: www.fubon.com.
Tel: (02)2361-1300

IV. Name of the auditor for the most recent annual financial report, name of the firm, address, website, and phone number:
Accountants' Names: Chiu Meng-Chieh, Chang Ching-Hsia
Office Name: Deloitte Taiwan
Address: 20F, 100 Songren Road, Taipei City
Website: www.deloitte.com.tw
Tel: (02)2725-9988

V. There is currently no trading venue available for the listing and trading of overseas securities, and there is also no established method to access information about these securities.

VI. Official Website: www.tul.com.tw

[Table of Content]

Chapter 1　Shareholder Report

Ladies and gentlemen, shareholders, good day.

In the past year, the ongoing Russo-Ukrainian war has continued to pose a threat to global supply chains and energy supply. The outbreak of the war in Eastern Europe in the second half of the year has further intensified energy risks, leading to a slowdown in global economic growth. In addition to the decline in the consumer electronics market, the industrial computer industry in the United States is also experiencing a downturn as a result of the Federal Reserve's ongoing interest rate hikes. The company team adjusted its inventory levels with channel partners to a healthy level last year. This year, through close collaboration with key upstream suppliers, the revenue has also grown, surpassing even pre-pandemic levels. However, the first half of the year experienced a decline in operating results in terms of gross profit margin. This was primarily due to the clearance of inventory for graphics cards and a slowdown in shipments of high-margin products, such as industrial graphics cards. Furthermore, the second half of the year was adversely affected by factors such as a substantial rise in shipping costs, resulting in results that did not meet expectations.
As we enter 2024, the political landscape, energy crisis, and the cessation of interest rate hikes persist in generating a volatile business environment. The current issue is how to enhance operational performance and foster greater resilience in such a volatile environment, in order to promptly respond and generate maximum value for shareholders. We would like to express our sincere gratitude to the shareholders for their enthusiastic support. Here is the report on the operating results for the previous year:

I. **2023** Annual Business Report

(I) Implementation Overview and Results of the Business Plan

The net sales revenue of our company for fiscal year 2023 was NT$5,412,091 thousand, representing a 9.84% increase compared to fiscal year 2022, which amounted to NT$4,927,468 thousand. The gross profit for the year 2023 decreased by 14.91% compared to the previous year, 2022. The decrease in sales can be attributed to several main factors, including the ongoing Russo-Ukrainian war, global inflation, the repercussions of the US Federal Reserve's interest rate hike, and the sharp decline in virtual currencies. These factors have collectively resulted in a significant reduction in market demand.

Unit: in NT$1,000

Account	2023	2022	Discrepancies	Growth Rate (%)
Operating revenue	5,412,091	4,927,468	484,623	9.84
Gross operating profit	174,229	204,752	(30,523)	(14.91)
Net Operating Profit (Loss)	(165,548)	(98,420)	(67,128)	68.21
Net income (loss)	(140,309)	(88,970)	(51,339)	57.70

(II) Implementation Status of Operating Income and Expenses and Analysis of Profitability

Unit: in NT$1,000

Item		2023	2022
Revenue and expenditure	Operating revenue	5,412,091	4,927,468
	Gross operating profit	174,229	204,752
	Net income (loss)	(140,309)	(88,970)
Profitability	Return on total assets (%)	(3.01)	(1.72)
	Return on Equity (%)	(8.27)	(4.24)
	Net profit margin (%)	(2.59)	(1.81)
	Basic earnings per share	(2.84)	(1.78)

(III) Research and development status:

1. The Company continues to collaborate with AMD and has launched the Navi 4 GPU, which is currently one of the most efficient in the PC industry. This GPU is used in 3D gaming hardware acceleration graphics cards, AI and HPC floating-point high-speed computing, as well as AMD Liquid VR/AR hardware acceleration interfaces such as DirectX, Mantle, Vulkan, OpenCL, and OpenGL. Supports high-definition output of DP 2.1/HDMI 2.1 8K120.
2. Collaborate with AMD to establish the ROCm open-source platform. Harness the full power of the GPGPU ecosystem in AI applications.
3. For the digital home appliance market, we have collaborated with media advertising vendors to develop dedicated digital devices for advertising walls, such as multi-screen output PCIe/MXM display cards.
4. Continuing to prioritize the application of IPC (industrial computer) display cards, including MXM display cards, PCIe/interposer multi-screen display cards. This product is a customized product developed by TUL Corporation. upon customer's demand. We develop high-speed image capture devices to assist 3D camera manufacturers in providing comprehensive solutions.
5. The Intel ThunderBolt 4/5 and USB4 high-speed I/O transmission interfaces include an eGPU case, fast 10G Ethernet, an 8K 120Hz Video port, and various Dock box outputs.
6. Customized product Xilinx FPGA (high-density programmable chips) hardware design and software development.

II. Summary of the 2024 annual business plan, future company development strategies, and the impact of external competitive, regulatory, and macroeconomic environments

(I) Business Policy and Development Strategy

1. Close collaboration has been established with the manufacturer and agents to improve control over raw materials and maintain the integrity of the supply chain.
2. Strengthen and implement a strategy of multi-site production and short supply chains to mitigate the risks arising from trade wars.

3. Continuously expanding the industrial graphics cards market and developing new products, hoping to continue to increase gross profit and mitigate the risk of product homogenization.
4. Continuously invest in and develop software and driver for customized products
5. Entering the field of precision medicine and diversified testing: Assisting customers in the production of in vitro diagnostic devices (IVD) through a semi-automated pneumatic assembly line.
6. Expanding the application of graphics cards in rendering and generative AI inference, as well as AI applications in various fields, and developing and providing system solutions.
7. When it comes to handling electronic waste, reuse key components, and refine and recycle other parts.

(II) Expected sales volume and its basis

Taking into account the Company's operational plan and industry development trends, we estimate that the sales volume in 2024 will be approximately 600K.

In response to global market changes, the Market Development Department will not only continue to cultivate the existing gaming, esports, and creator display card markets, but also invest in the development of the live streaming and immersive experience markets. The primary focus in terms of research and development capabilities is to apply and utilize the expertise gained in graphics card development for industrial purposes. In addition to graphics cards, the company is also actively engaged in researching and developing new products. This includes the Intel ThunderBolt 4/5 high-speed I/O transmission solution, as well as the development of customized products and FPGA. The methods involve customizing graphics cards for industrial purposes and developing new applications, such as generative AI and professional rendering. The primary objective is to expand the company's total addressable market (TAM) and gross margin, while also diversifying the product portfolio and mitigating the impact of any decline in a specific industry on revenue. The company has been offering smart manufacturing services to customers in Taiwan since acquiring the factory office in 2021. In addition to its existing electronic products, the company now provides OEM/ODM manufacturing services for optics and precision medical products. This expansion allows the company to enter two major fields with larger market shares that are expected to experience rapid growth in the coming years. This strategic move not only helps diversify the company's business risks but also provides new opportunities for growth.

Wish you good health and great fortune

TUL Corporation

Chairman Chang Mao-Sung

Chapter 2 Company Introduction

I. Company Introduction

(I) Establishment Date: The company was established on October 8, 1997.

(II) Company History

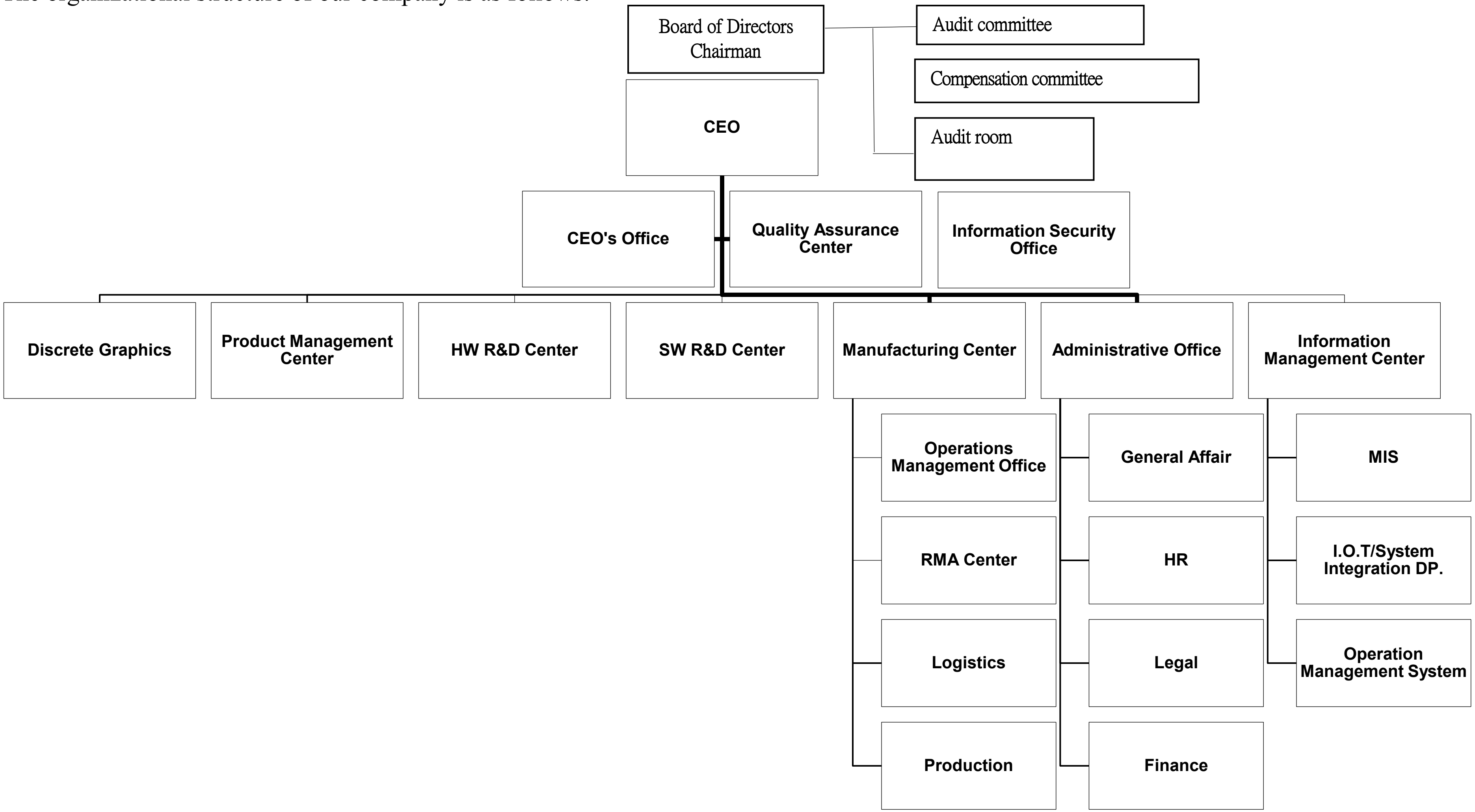
October 1997:	Registered and established, with a paid-up capital of NT$ 5 million.
October 1998:	We have relocated to a self-purchased office building in Xizhi.
April 1999:	Obtained ISO-9001 certification.
May 1999:	Cooperated with ATi company to acquire 3D chips and ventured into the production of high-quality graphics cards. This allowed us to offer a comprehensive range of products, including S3, Nvidia, SiS, 3Dfx, and ATi, thereby expanding our product line.
April 2000:	Develop new multimedia products, such as the USB-TV Tuner, home RF wireless transmission product SpyLinker, and PowerBaby. In addition, our company participated in the National Brand Event organized by the Consumer Quality Promotion Association of the R.O.C and received the National Brand Award.
June 2000:	Conduct a public offering.
February 2001:	Aligned with IBM's PVC department strategy to develop gateways. Received the 'Golden Quality Assurance Product Award' at the 4th Asia-Pacific Summit. Received the 'Golden Chalice Award' for the fourth consecutive year. Received the 'Golden Rock Award' for being recognized as a global benchmark enterprise. Received the 'National Enterprise Gold Award' in the second Outstanding Enterprise category. Received the 'National Enterprise Gold Award' in the second Best Product Design Category.
March 2002:	Listed stocks are traded on the over-the-counter market.
May 2002:	The first convertible corporate bonds were issued for NT$400 million.
June 2003:	Processed a private placement of ordinary shares for NT$73.35 million.
December 2003:	Become the leading supplier of ATI GPU graphics cards.
March 2004:	The second convertible corporate bonds were issued for NT$280 million.
April 2004:	The company will change its English name from C.P. Technology to Tul Corporation. Ranked as the leading manufacturer of graphics cards in terms of retail channel sales. We were honored to be selected as one of the top 100 technology companies in Taiwan by Business Next Biweekly & Business, a leading digital media publication, ranking 47th. ATI has been officially recognized as a Platinum partner.
May 2004:	Please implement the second share repurchase of the company's treasury stock.
July 2004:	The Dutch subsidiary has been established.
March 2005:	In order to adhere to corporate governance principles, the company has initiated the procurement of liability insurance for Director, supervisors, and key personnel.
November 2005:	The application for the cancellation of treasury stock has been processed, resulting in a reduction of capital by NT$2.82 million.
May 2008:	American subsidiary has been established.

December 2008:	Please implement the third share repurchase of the company's treasury stock.
January 2009:	The application for the cancellation of treasury stock has been processed, resulting in a reduction of capital by NT$15.14 million.
April 2010:	The third convertible corporate bonds were issued for NT$400 million.
April 2011:	After processing the employee stock subscription of 899 thousand shares, the capital increased to NT$651,767,120.
August 2010:	To increase the capital, the surplus of NT$45,624,000 was converted, resulting in a total paid-up capital of NT$697,390,820.
April 2012:	After processing the employee stock subscription of 411.5 thousand shares, the capital increased to NT$701,505,820.
October 2012:	After processing the employee stock subscription of 8,750 shares, the capital increased to NT$701,593,320.
November 2013:	After processing the employee stock subscription of 41,250 shares, the capital increased to NT$705,695,820.
April 2014:	After processing the employee stock subscription of 10,000 shares, the capital increased to NT$705,795,820.
August 2015:	After reducing the capital by NT$201,394,910, the share capital now stands at NT$504,400,910.
September 2016:	After reducing the capital by NT$201,760,370, the share capital now stands at NT$302,640,540.
August 2018:	After completing the surplus capital increase of NT$30,264,060, the share capital has increased to NT$332,904,600.
April 2020:	The forth convertible corporate bonds were issued for NT$400 million.
November 2020:	The fourth series of domestic convertible corporate bonds were converted into common stock, resulting in a total of NT$115,911,690. As a result, the paid-in capital now stands at NT$448,816,290.
May 2021:	Acquisition of the Xizhi Baochang Road factory building.
August 2021:	The fifth convertible corporate bonds were issued for NT$700 million.
December 2022:	The new factory of Xizhi Insurance Company has been inaugurated.
June 2023:	The design outsourcing and embedded application business division will be transferred to Sparkle Computer Co., Ltd., which is a wholly-owned subsidiary of the company.
March 2024:	The sixth convertible corporate bonds were issued for NT$400 million.

Chapter 3　Corporate Governance

I. Organizational System

(I) The organizational structure of our company is as follows:



(II) Brief introduction to the business operations of each major department

Main Departments		Main Responsibilities of Each Department
Chairman		1. The company is responsible for managing the business strategy and developing operational policies. 2. Matters resolved by the Bank's shareholders' meeting and matters assigned by the Board of Director' resolution.
Audit Room		1. Audit and establish policies, plans and operating procedures as well as compliance with government orders and regulations. 2. Whether the internal control system is effective and continuously followed, audit reports will be submitted regularly or in a timely manner.
General Manager and CEO's Office		1. Implement matters assigned by the Board of Director' resolution. 2. Management system and project business promotion. 3. Formulate and plan business plans, and supervise department heads to achieve plan goals. 4. Evaluation and analysis of business performance.
Quality Assurance Center		1. Quality policy implementation, quality inspection and exception handling of raw materials, finished products and finished products. 2. Organize and analyze product testing records and reports. 3. Responsible for the management of the issuance, recycling, destruction, and archiving of ISO-related documents. 4. Technical document production, modification, archiving, storage, technical drawings, engineering specifications, BOM, changes, additions, issuance and other management.
Information Security Office		Responsible for the operation and monitoring of information security.
Administrative Office	Legal	1. Institutional planning and management of intellectual property rights. 2. Legal consultation for negotiating, drafting, and reviewing various contracts.
	HR	1. Personnel system planning, policy development, formulation, execution and coordination, and salary-related operations. 2. Education and training planning, formulation and execution.
	General Affair	1. Procurement, storage and control of general affairs and office supplies. 2. Fixed asset procurement, custody and control.
	Finance	1. Plan accounting, cost, and budget systems, implement and control various expense budgets, organize and record general accounting matters, and maintain relevant vouchers. 2. Preparation, analysis and presentation of cost accounting statements and final accounts reports. 3. Financial statements, annual budget planning and budget statement

		preparation. 4. Fund raising, operation and dispatch, and supervision of financial operation situation analysis, loan quota negotiation, repayment and related procedures.
Information Management Center	MIS	Responsible for network management and related operations.
	I.O.T/ System Management Integration DP.	Responsible for the integrated development and maintenance of the system.
	Operation Management System	Responsible for the integrated development and maintenance of the system.
Discrete Graphics		1. Annual sales forecast and plan formulation for each business group. 2. Review customer orders, sign contracts, and follow-up shipments and payment collection matters, as well as domestic and foreign market business development and promotion and product sales execution. 3. Collection and analysis of customer credit information and evaluation of credit limit (period). 4. Collection of customer accounts receivable and handling of overdue accounts.
Product Management Center		1. The annual development product plan and specifications are formulated, and the mass production and sales period are estimated. 2. Formulate, revise and review annual (or seasonal) sales targets. Research, development and mastery of domestic and foreign product information, production technology, production and marketing models, product marketing plans, media advertising, information collection, analysis and execution.
Manufacturing Center	Operations Management Office	1. Ensure production plan is executed as scheduled. 2. Specification and analysis of manufacturing processes. 3. Provide support and services.
	RMA Center	1. Determine the damaged parts of the product returned by the customer. 2. Damaged products returned by customers will be repaired, replaced with parts and tested.
	Logistics	1. Responsible for delivery, price, operating capabilities, and problem solving and evaluation of supplier defective products. 2. Responsible for the filing and storage of supplier information, documents, and orders. 3. Responsible for export shipping and customs declaration operations, handling shipments and related coordination matters.
	Production	1. Responsible for manufacturing and production related operations.

	2. Handles the coordination of production and its related matters.
HW R&D Center	1. Responsible for the research and development of new products and new technologies, data search and testing of new product functions. 2. Responsible for product preparation and trial production before production, product technical support and after-sales service. 3. Assist customers and businesses in resolving technical and compatibility issues with graphics cards and other related products. Analyze the causes of product abnormalities reported by customers and provide recommended solutions. 4. Business samples are confirmed before being sent to customers.
SW R&D Center	1. Develop the necessary procedures for new products and needs. 2. Develop programs required by various hardware departments to match the needs of hardware products. 3. Maintain and modify existing programs to resolve compatibility issues.

II. Information on Director, Supervisor, Manager, Deputy Manager, Assistant, Department Managers

(I) Director information

1. Director

April 15, 2024

Job title	Nationality	Name	Gender Age	Date of Appointment	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Job title	Name	Relationship	
Chairman	R.O.C	Chang Mao-Sung	Male 66	2023.6.14	3 years	2002.05.20	1,319,919	2.73%	1,319,919	2.73%	0	0	0	0	Person in charge of Tongxin Tang Ginseng Pharmacy Deputy CEO of the Traditional Chinese Medicine Department of Weigong Hospital Graduated from China Medical University College of Medicine	Person in charge of Tongxin Tang Ginseng Pharmacy Chairman of IOTU Corporation Independent Director of Iroc Co., Ltd. Innovation	No	No	No	-
Director	R.O.C	Liu Feng-Lan	Female 58	2023.6.14	3 years	2000.05.19	2,606,833	5.39%	2,629,833	5.44%	0	0	0	0	Ming Chuang University Business Administration Alstrong Scientific International Ltd. Accounting Manager	No	General Manager Vice President	Chen Chien-Wei Liu Jing-Kuan	Spouse Second-degree Kinship	-
Director	R.O.C	Lee Che-Yu	Male 48	2023.6.14	3 years	2015.6.15	0	0	0	0	0	0	0	0	Master's degree from National Chengchi University Chief Financial Officer of Great Giant Fibre Garment Co., LTD.	CEO and Chief Financial Officer of Great Giant Fibre Garment Co., LTD. Independent Director of Brighten Optix Corp.	No	No	No	-
Director	R.O.C	Huang Yin-Shui	Male 63	2023.6.14	3 years	2023.6.14	8,454	0.02%	8,454	0.02%	265	0	0	0	Department of Applied Physics, Tamkang University R&D Manager of Assura Engineering Ltd. R&D Manager of United Technologies	Tul Corporation Vice President	No	No	No	
Independent Director	R.O.C	Teng Fu-Chi	Male 64	2023.6.14	3 years	2017.6.13	0	0	0	0	0	0	0	0	National Chengchi University Entrepreneur Management Research Class	Vice Chairman, Chief Strategy Officer of Advanced Power Electronics Co., Ltd. Director of Future Technology	No	No	No	-

Job title	Nationality	Name	Gender Age	Date of Appointment	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Job title	Name	Relationship	
															Chairman of Tainet Communication System Corp.	Consulting (B.V.I.), Inc. Corporate director representative of Tainet Communication System Corp. Corporate chairman representative of Green Power Semiconductor Corporation Corporate director representative of Fuhong Investment Corporation Limited Corporate chairman representative of Xinpu Star Entrepreneurship Investment Director of Guide Star Entrepreneurship Investment Corporation Limited Director of Taiwan Star Venture Capital Corporate chairman representative of Zhengda Star Venture Capital Corporate director representative of Future Technology Consulting (B.V.I.), Inc. Corporate chairman representative of Perfect Prime Limited (SAMOA) Director of Data Image Co., Ltd. Independent Director of Caswell, Inc.				
Independent Director	R.O.C	Wang Kung-Jeng	Male 63	2023.6.14	3 years	2023.6.14	0	0	0	0	0	0	0	0	PhD in Industrial Engineering from the University of Wisconsin, USA National Taiwan University of Science	National Taiwan University of Science and Technology Distinguished Professor in the Department of Industrial Management and Director of the College of Industry	No	No	No	-

Job title	Nationality	Name	Gender Age	Date of Appointment	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Job title	Name	Relationship	
															and Technology Special Appointment Professor of Industrial Management and Vice Dean of the College of Management	Innovation at Graduate Institute of Intelligent Manufacturing Independent Director of Ledtech Electronics Corporation Independent Director of Tai-Shing Electronics Corporation				
Independent Director	R.O.C	Su Wen-Hsu	Male 63	2023.6.14	3 years	2023.6.14	0	0	0	0	0	0	0	0	Department of Industrial Management, National Taiwan University of Science and Technology CEO of the American Company LSI Semiconductor Asia Pacific Region General Manager of Chander Electronics Corp.	Chief Operating Officer of TuneON Technology Co., Ltd. Executive Vice President and Special Assistant to the Chairman at Alder Optomechanical Corp.	No	No	No	-

2. Major shareholders of the corporate shareholder: None.
3. Disclosure of Information Regarding the Professional Qualifications and Experience of Director and Independence of Independent director:

Qualifications / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chang Mao-Sung	● Relevant work experience in business, law, finance, accounting, or corporate operations: The current chairman of our company also serves as the chairman of IOTU Corporation, and is the independent director of IROC Co. Ltd., and person in charge of Tongxin Tang Ginseng Pharmacy. Former chairman of the company. ● There are no specific situations under Article 30 of the Company Law.	N/A	1
Liu Feng-Lan	● Relevant work experience in business, law, finance, accounting, or corporate operations: Former director of the company. Former director of the company, Alstrong Scientific International Ltd. Accounting Manager ● There are no specific situations under Article 30 of the Company Law.	N/A	0
Lee Che-Yu	● Relevant work experience in business, law, finance, accounting, or corporate operations: Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), and Certified Public Accountant (CPA) in Taiwan. The current Director of our company, Vice Chairman and CFO of Great Giant Fibre Garment Co., Ltd., and Independent Director of Brighten Optix Corp. Former Chief Financial Officer of Great Giant Fibre Garment Co., Ltd. ● There are no specific situations under Article 30 of the Company Law.	N/A	1
Huang Yin-Shui	● Relevant work experience in business, law, finance, accounting, or corporate operations: ● Current Vice President of Research and Development Center and Director of our company. ● Former R&D Manager of United Technologies and R&D Assistant at ATrend ● There are no specific situations under Article 30 of the Company Law.	N/A	0

Qualifications / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Teng Fu-Chi	● Relevant work experience in business, law, finance, accounting, or corporate operations: Current positions include Independent Director/Audit Committee Member/Compensation Committee Member of our company, Vice Chairman of Advanced Power Electronics Co., Ltd., Chairman of Future Technology Consulting (B.V.I.), Inc., Legal Representative Director of Tainet Communication System Corp., Legal Representative Chairman of Green Power Semiconductor Corporation, Legal Representative Director of Fuhong Investment (Ltd.), Legal Representative Chairman of Xinpu Star Entrepreneurship Investment (Ltd.), Director of Starmet Ventures Inc., Director of Tai Ke Star Entrepreneurship Investment (Ltd.), Legal Representative Director of Zheng Da Star Entrepreneurship Investment (Ltd.), Legal Representative Director of Future Technology Consulting (B.V.I.), Inc., Legal Representative Director of Perfect Prime Limited (SAMOA), Director of Data Image, and Independent Director of Caswell, Inc. Former Chairman of Tainet Communication System Corp. N/A ● There are no specific situations under Article 30 of the Company Law.	● The independent director, as well as his spouse and relatives up to the second degree of kinship, are prohibited from serving as Director, supervisors, or employees of the Company or any related enterprises. They are also not allowed to hold shares of the Company or hold positions in companies that have specific relationships with the Company. ● In the past two years, there have been no instances where I have received compensation for providing business, legal, financial, accounting, or any other services to our company or related enterprises.	1
Wang Kung-Jeng	● Lecturers for public or private colleges or universities with relevant disciplines needed for business, legal, financial, accounting, or company operations: The individual currently serves as an independent director and a member of the audit committee and compensation committee in our company. Additionally, they hold positions as an independent director in Tai-Shing Electronics Corporation and Ledtech, as well as being a special professor in the Department of Industrial Management at National Taiwan University of Science and Technology. ● There are no specific situations under Article 30 of the Company Law.	● The independent director, as well as his spouse and relatives up to the second degree of kinship, are prohibited from serving as Director, supervisors, or employees of the Company or any related enterprises. They are also not allowed to hold shares of the Company or hold positions in companies that have specific relationships with the Company. ● In the past two years, there have been no instances where I have received compensation for providing business, legal, financial, accounting, or any other services to our company or related enterprises.	2

Name \ Qualifications	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Su Wen-Hsu	● Relevant work experience in business, law, finance, accounting, or corporate operations: The individual currently serves as an independent director, audit committee member, and compensation committee member of our company. They also hold the position of Chief Operating Officer at TuneON Technology Co., Ltd., as well as Executive Vice President and Special Assistant to the Chairman at Alder Optomechanical Corp. Former Taiwan Regional Director at Super Micro, an American semiconductor company, and Vice President of the Asia-Pacific region at LSI, another American semiconductor company. ● There are no specific situations under Article 30 of the Company Law.	● The independent director, as well as his spouse and relatives up to the second degree of kinship, are prohibited from serving as Director, supervisors, or employees of the Company or any related enterprises. They are also not allowed to hold shares of the Company or hold positions in companies that have specific relationships with the Company. ● In the past two years, there have been no instances where I have received compensation for providing business, legal, financial, accounting, or any other services to our company or related enterprises.	0

4. Diversity and Independence of the Board of Director:

(1) Diversity of the Board of Director:

Article 20 of the Company's "Corporate Governance Best Practice Principles" clearly stipulates that the composition of the Board of Director should take into account diversity, without restrictions on gender, age, or nationality. In addition to having the necessary knowledge and skills to perform their duties (such as law, accounting, industry, finance, Marketing or technology), in order to achieve the ideal goal of corporate governance, the overall Board of Director should possess capabilities including operational judgment, accounting and financial analysis capabilities, business management capabilities, crisis management capabilities, industry knowledge, international market outlook, leadership capabilities, and decision-making capabilities and other diversified professional backgrounds.

There are currently a total of 7 Director, including 3 Independent director. The company prioritizes gender equality in the composition of the Board of Director. Currently, male Director make up 86% (6 Director) of the board, while female Director make up 14% (1 director). Going forward, there are plans to increase the number of female Director, aiming for at least two seats (or 29%) on the board.

The Company’s implementation of diversity of board members is as follows:

Names of Director	Job title	Simultaneously, while working as an employee of our company	Gender	Age			Term and tenure of Independent director		Industrial experience			Professional competence			
				41 to 50 years old	51 to 60 years old	61 to 70 years old	Under 3 years	3 to 9 years	Finance	Electronic	Manufacture	Legal	Finance	Industry	Science and technology
Chang Mao-Sung	Chairman		Male			V				V				V	V
Liu Feng-Lan	Director		Female		V					V			V	V	
Lee Che-Yu	Director		Male	V					V	V	V		V	V	V
Huang Yin-Shui	Director	V	Male			V				V	V			V	V
Teng Fu-Chi	Independent director		Male			V		V	V	V	V		V	V	V
Wang Kung-Jeng	Independent director		Male			V	V			V	V			V	V
Su Wen-Hsu	Independent director		Male			V	V			V	V			V	V

(2) Independence of the Board of Director:

Of the current 7 Board of Director, 3 independent Director account for 42.9%, and their independence is as follows: (Note 1)

Code / Name	1	2	3	4	5	6	7	8	9	10	11	12	Remarks
Wang Kung-Jeng	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Complies with independence standards
Teng Fu-Chi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Complies with independence standards
Su Wen-Hsu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Complies with independence standards

Note1: Code Explanation: Check the blank space below each criterion code if the following conditions are met in the two years before appointment and during tenure✓.

(1) Not an employee of the company or its related enterprises.

(2) Not a director or supervisor of the company or its related enterprises (however, if serving as an independent director of a subsidiary where the company or its parent company holds directly or indirectly more than fifty percent of voting rights, this restriction does not apply).

(3) Not myself, spouse, minor children, or any natural person shareholder who holds more than one percent of the total issued shares of the company or is among the top ten shareholders, whether directly or through another person's name.

(4) Not the spouse, second-degree relatives, or direct blood relatives within five degrees of the individuals listed in the preceding three categories.

(5) Not a director, supervisor, or employee of a legal person shareholder holding directly more than five percent of the total issued shares of the company, or a director, supervisor, or employee of the top five legal person shareholders.

(6) Not a director, supervisor, or employee of another company where more than half of the Directorhips or voting rights are controlled by the same person who controls Directorhips or voting rights in the company.

(7) Not a director, supervisor or employee of another company or institution who is the same person or spouse as the company's chairman, general manager or person with equivalent positions.

(8) Not a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution that does not have financial or business dealings with the company.

(9) Not a professional, sole proprietorship, partner, director (trustee), supervisor (director), manager, or consultant providing business, legal, financial, accounting, or other services to the company or related enterprises, nor their spouses. However, members of the Remuneration Committee who perform their duties in accordance with Article 7 of the Regulations for the Establishment and Exercise of Functions of the Remuneration Committee as stipulated by stock market listing rules or through securities firms for buying and selling company stocks are exempt from this restriction.
(10) No spousal or second-degree relative relationship exists with any other director. (Stock Exchange Act, Article 26-3, Paragraphs 3 to 4)
(11) There are no specific situations under Article 30 of the Company Law.
(12) The Company Law does not stipulate that government officials, legal entities, or their representatives are eligible for election under Article 27.

(II) General Manager, Deputy General Manager, Assistant Manager, and Heads of Departments and Branches as of April 15, 2024.

Job title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shareholding of spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Shares	Share holding %	Shares	Share holding %	Shares	Share holding %			Job title	Name	Relationship	
General Manager	R.O.C	Chen Chien-Wei	Male	2000.11.06	0	0	2,629,833	5.44	0	0	National Taiwan University and Fudan University Executive MBA (EMBA) Research Institute Deputy General Manager of United Technologies	Chairman of Technology Created Medicine Corporation Chairman of Sparkle Computer Co., Ltd.	Vice President	Liu Jing-Kuan	Second-degree Kinship	
Executive Vice President	R.O.C	Chen Jei-Wen	Male	2019.3.1	0	0	490	0	0	0	International Business, National Taiwan University Sales Manager at Dayi Software Corp	Corporate Representative Director of IOTU Corporation	Vice President	Chiu Szu-Chia	Spouse	
Vice President of HW R&D Center	R.O.C	Huang Yin-Shui	Male	2014.1.16	8,454	0.02	265	0	0	0	R&D Manager of Assura Engineering Ltd. R&D Manager of United Technologies	No	No	No	No	
Vice President of the Manufacturing Center	R.O.C	Liu Jing-Kuan	Male	2014.1.16	0	0	0	0	0	0	Kaohsiung Polytechnic Institute's Electronic Engineering Department Engineer at United Technologies	No	General Manager	Chen Chien-Wei	Second-degree Kinship	
Vice President of Discrete Graphics	R.O.C	Chiu Szu-Chia	Female	2017.7.01	490	0	0	0	0	0	TaiwanTech School of Management Sales Manager of TUL Corporation	No	Executive Vice President	Chen Jei-Wen	Spouse	
Vice President of Product Management Center	R.O.C	Chen Wei-Kai	Male	2017.7.01	0	0	0	0	0	0	National Taiwan University of Science and Technology's Executive Master's Program in Advanced Technology Research and Development Crystal Peak Optoelectronics Marketing and Procurement Manager	No	No	No	No	
Deputy Chief Financial Officer (CFO)	R.O.C	Hsieh Wen-Pi	Female	2016.5.4	72	0	0	0	0	0	Soochow University's Department of Accounting Accounting Manager at Concord Chemical Industrial Co., Ltd.	No	No	No	No	
Vice President of Information Center and Quality Assurance Center	R.O.C	Lin Yueh	Male	2021.04.06	0	0	0	0	0	0	Santa Clara University Assistant Sales Manager of TUL Corporation	No	No	No	No	

Note1: The information in this table should be disclosed for the general manager, deputy general managers, assistants, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, deputy general manager, or assistant, regardless of job title.
Note2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.
Note3: If the general manager or person of an equivalent post is a spouse or relative within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None

(III) Remuneration paid to Director, supervisors, general manager and deputy general manager in the most recent year 2023

1. Remuneration to Ordinary Director and Independent Director (Individual Disclosure of Names and Remuneration Items)

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

Job title	Name	Remuneration to Director								Sum of A+B+C+D and ratio to net income after tax (%)		Remuneration received by Director for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Remuneration to Director (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Remuneration to employee (G)						
																The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
Chairman	Chang Mao-Sung	2,269	2,269	0	0	0	0	30	30	2,299/ -1.67	2,299/ -1.67	0	0	0	0	0	0	0	0	2,299/ -1.67	2,299/ -1.67	No
Director (Note 1)	Liu Feng-Lan	0	0	0	0	0	0	36	36	36/ -0.03	36/ -0.03	0	0	0	0	0	0	0	0	36/ -0.03	36/ -0.03	No
	Liu Yi-Min	0	0	0	0	0	0	12	12	12/ -0.01	12/ -0.01	0	0	0	0	0	0	0	0	12/ -0.01	12/ -0.01	No
	Wu Pin-Sheng	0	0	0	0	0	0	6	6	6/ -0.004	6/ -0.004	0	0	0	0	0	0	0	0	6/ -0.004	6/ -0.004	No
	Lee Che-Yu	0	0	0	0	0	0	24	24	24/ -0.02	24/ -0.02	0	0	0	0	0	0	0	0	24/ -0.02	24/ -0.02	No
	Huang Yin-Shui	0	0	0	0	0	0	24	24	24 /-0.02	24 /-0.02	975	975	56	56	0	0	0	0	1,055/- 0.77	1,055/-0. 77	No
Independent director	Teng Fu-Chi	306	306	0	0	0	0	42	42	348/ -0.25	348/ -0.25	0	0	0	0	0	0	0	0	348/ -0.25	348/ -0.25	No

(Note 2)	Lee Che-Yu	109	109	0	0	0	0	24	24	133/ -0.1	133/ -0.1	0	0	0	0	0	0	0	0	133/ -0.1	133/ -0.1	No
	Jian You-Ren	109	109	0	0	0	0	24	24	133/ -0.1	133/ -0.1	0	0	0	0	0	0	0	0	133/ -0.097	133/ -0.097	No
	Wang Kung-Jeng	197	197	0	0	0	0	24	24	221/ -0.16	221/ -0.16	0	0	0	0	0	0	0	0	221/ -0.16	221/ -0.16	No
	Su Wen-Hsu	197	197	0	0	0	0	24	24	221/ -0.16	221/ -0.16	0	0	0	0	0	0	0	0	221/ -0.16	221/ -0.16	No

1. Please describe the policy, system, standards and structure in place for paying remuneration to Director and describe the relationship of factors such as the duties and risks undertaken and time invested by the Director to the amount of remuneration paid.
   In addition to the fixed remunerations for Independent director and transportation expenses for attending board meetings paid on a monthly basis, the company may also allocate additional remuneration to Independent director based on their level of involvement and contribution to the company's operations and takes into account performance evaluation results of the Director. The remuneration allocated for Independent director is determined separately from the Director' remuneration based on the annual profit. The compensation for Independent director is subject to review and approval by the Compensation Committee before being submitted to the Board of Director for resolution. The remuneration amount allocated to the aforementioned independent director, after being reviewed and approved by the Compensation Committee, is submitted to the Board of Director for resolution.
2. In addition to what is disclosed in the above table, the remuneration received by the Director of the company for providing services (e.g. for serving as a non-employee consultant) to any consolidated entities within the financial statements in the most recent fiscal year: None.

Note1: Director Liu Yi-Min and Wu Pin-Sheng stepped down at the end of their term on June 14, 2023, and are replaced by Lee Che-Yu and Huang Yin-Shui.

Note2: Independent director Lee Che-Yu and Jian You-Ren stepped down at the end of their term on June 14, 2023, and are replaced by Wang Kung-Jeng and Su Wen-Hsu.

Ranges of remuneration paid to each of the Company's Director	Names of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	All consolidated entities
Less than NT$1,000,000	Liu Feng-Lan, Wu Pin-Sheng, Liu Yi-Min Teng Fu-Chi, Lee Che-Yu, Jian You-Ren, Huang Yin-Shui, Wang Kung-Jeng, Su Wen-Hsu		Liu Feng-Lan, Wu Pin-Sheng, Liu Yi-Min Teng Fu-Chi, Lee Che-Yu, Jian You-Ren, Wang Kung-Jeng, Su Wen-Hsu	
NT$1,000,000 (incl.)～NT$2,000,000 (excl.)	No	No	Huang Yin-Shui	
NT$2,000,000 (incl.)～NT$3,500,000 (excl.)	Chang Mao-Sung		Same as the left	
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)	No	No	No	No
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)	No	No	No	No
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)	No	No	No	No
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)	No	No	No	No
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)	No	No	No	No
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)	No	No	No	No
NT$100,000,000 or above	No	No	No	No
Total	10	10	10	10

2. Remuneration for Supervisors: Our company has established an Audit Committee, therefore there is no remuneration for supervisors.
3. Remuneration to General Manager(s) and Deputy General Manager(s) (Disclosure of aggregate remuneration plus disclosure of names by remuneration range)

Unit: in NT$1,000

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (loss) after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Chen Chien-Wei	18,097	18,097	871	871	0	0	0	0	0	0	18,968/ -13.82	18,968/ -13.82	0
Deputy General Manager	Huang Yin-Shui													
	Liu Jing-Kuan													
	Chiu Szu-Chia													
	Huang Jian-Yu (Note 1)													
	Hsieh Wen-Pi													
	Chen Jei-Wen													
	Chen Wei-Kai													
	Zheng Ji-Feng (Note 1)													
	Lin Yueh													

Note1: Transferred to the subsidiary Sparkle Computer Co., Ltd. on July 3, 2023

General manager(s) and deputy general manager(s) compensation range table

Ranges of remuneration paid to each of the company's general manager(s) and deputy general manager(s)	Names of General Manager(s) and deputy general manager(s)	
	The Company	All consolidated entities
Less than NT$1,000,000	Chen Chien-Wei	Chen Chien-Wei
NT$1,000,000 (incl.)～NT$2,000,000	Huang Jian-Yu, Zheng Ji-Feng （Note 1）	Huang Jian-Yu, Zheng Ji-Feng （Note 1）
NT$2,000,000 (incl.)～NT$3,500,000	Chen Jei-Wen, Huang Yin-Shui, Liu Jing-Kuan, Chiu Szu-Chia, Hsieh Wen-Pi, Chen Wei-Kai, Lin Yueh	Chen Jei-Wen, Huang Yin-Shui, Liu Jing-Kuan, Chiu Szu-Chia, Hsieh Wen-Pi, Chen Wei-Kai, Lin Yueh
NT$3,500,000 (incl.)～NT$5,000,000	No	No
NT$5,000,000 (incl.)～NT$10,000,000	No	No
NT$10,000,000 (incl.)～NT$15,000,000	No	No
NT$15,000,000 (incl.)～NT$30,000,000	No	No
NT$30,000,000 (incl.)～NT$50,000,000	No	No
NT$50,000,000 (incl.)～NT$100,000,000	No	No
NT$100,000,000 or above	No	No
Total	10	10

Note1: Transferred to the subsidiary Sparkle Computer Co., Ltd. on July 3, 2023

4. The compensation of the top five highest-paid executives

Job title	Name	Salary (A)		Retirement pay and pension (B) (Note 3)		Bonuses and special disbursements(C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (loss) after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Executive Vice President	Chen Jei-Wen	2,220	2,220	108	108	0	0	0	0	0	0	2,328/ -1.70%	2,328/ -1.70%	0
Deputy general manager	Liu Jing-Kuan	2,080	2,080	103	103	0	0	0	0	0	0	2,183/ -1.59%	2,183/ -1.59%	0
Deputy general manager	Huang Yin-Shui	2,080	2,080	103	103	0	0	0	0	0	0	2,183/ -1.59%	2,183/ -1.59%	0
Deputy general manager	Chiu Szu-Chia	2,080	2,080	103	103	0	0	0	0	0	0	2,183/ -1.59%	2,183/ -1.59%	0
Deputy general manager	Lin Yueh	2,080	2,080	103	103	0	0	0	0	0	0	2,183/ -1.59%	2,183/ -1.59%	0

5. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers in 2023:

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

	Job title	Name	Amount in stock	Amount in cash	Total	Proportion of total amount to net profit after tax (%)
Managerial officers	General Manager	Chen Chien-Wei	0	0	0	0
	Executive Vice President	Chen Jei-Wen				
	Vice President of R&D Center	Huang Yin-Shui				

	Vice President of the Manufacturing Center	Liu Jing-Kuan				
	Vice President of Sales Department	Chiu Szu-Chia				
	Vice President of Product Management Center	Chen Wei-Kai				
	Vice President of Sales Department	Huang Jian-Yu (Note 1)				
	Vice President of R&D Center	Zheng Ji-Feng (Note 1)				
	Deputy Chief Financial Officer (CFO)	Hsieh Wen-Pi				
	Vice President of Information Center and Quality Assurance Center	Lin Yueh				

Note1: Transferred to the subsidiary Sparkle Computer Co., Ltd. on July 3, 2023

Note2: Employee compensation for profit distribution is an estimated distribution amount.

(IV) A comparative analysis of the ratio of the total remuneration paid to the company's Director, supervisors, general manager and deputy general manager to the after-tax net income (loss) in the last two years by the company and all companies in the consolidated statement, and an explanation of the policies, standards and policies for paying remuneration. Combination, remuneration setting process and correlation with operating performance and future risks:

1. Analysis of the total remuneration paid to the company’s Director, supervisors, general manager and deputy general manager in the last two years as a proportion of the after-tax net profit (loss)

   The remuneration paid to Director, general managers and deputy general managers by the company and all companies in the consolidated statements accounted for 3.76% and 27.53% of the after-tax net loss in 2022 respectively; in 2023 they accounted for 2.52% and 13.82% of the after-tax net loss respectively.

2. The policy, standard and combination of remuneration payment, the procedures for setting remuneration and its correlation with operating performance and future risks

   (1) Managerial officers remuneration

   A. The appointment, dismissal and remuneration of the company's managers shall be handled in accordance with the company's regulations. The remuneration standard is determined by the company's remuneration committee based on the overall consideration of the individual's ability, contribution to the company, annual performance and operating performance. The consideration is oriented towards the practice and operational management capabilities, business operating performance indicators and comprehensive management indicators that include the company's core values. And measure special contributions or whether there are major negative events, include them in performance evaluations, and pass them by resolution of the Board of Director.

   B. The overall salary package mainly includes three parts: basic salary, bonuses, employee dividends, and benefits. As for the standard of remuneration payment, the basic salary is based on the market conditions of the position held by the employee; bonuses and employee dividends are paid based on the achievement of employees and department goals or the company's operating performance; as for the welfare design, it is based on compliance with legal provisions. Based on the premise and taking into account the needs of employees, we design welfare measures that employees can share.

(2) Remuneration to Director:

A. The Director of the company do not receive fixed remuneration, but only receive attendance fees based on the actual number of meetings attended. The chairman's salary and remuneration is composed of basic salary, allowances, supervisor's bonus, etc., and is awarded based on his academic experience and performance. If the director is also an employee, he or she will be paid in accordance with the provisions of the previous paragraph on the manager's remuneration.

B. Independent Director receive a fixed monthly remuneration and attendance fees based on the actual number of meetings attended. The aforementioned fixed remuneration is based on each independent director's operational participation and contribution value to the company, and with reference to the payment situation of listed companies in the same industry and related industries. After the salary and remuneration committee evaluates and discusses the recommendations, it is submitted to the Board of Director for decision.

C. According to Article 33 of the company's articles of association, if the company makes a profit during the year, the Board of Director shall allocate no more than 3% as Director' remuneration. Director' remuneration is distributed based on the performance evaluation results of each director in the current year.
Article 9 of the Company's "Measures for the Performance Evaluation of the Board of Director" stipulates that the performance evaluation results of individual Director for the current year shall be used as a reference for determining their individual salary and remuneration. The evaluation indicators are: 1. Mastery of the company's goals and tasks, 2. Director' awareness of responsibilities, 3. Participation in company operations, 4. Internal relationship management and communication, 5. Director' professional and continuing education, 6. Internal control.
The company's final accounts showed losses in 2022 and 2023, so no remuneration was paid to the Director.

III. Corporate governance operations

(I) Operation of the Board of Director

In 2023, the company's Board of Director held a total of 6 meetings (the ninth session held 2 meetings before the re-election on June 14, 2023 (A1), and the tenth session after the re-election held 4 meetings (A2)). The attendance of Director is as follows:

Attendance of the 9th session					
Job title	Name	No. of meetings attended in person【B1】	No. of meetings attended by proxy	Actual attendance rate【B1/A1】	Remarks
Chairman	Chang Mao-Sung	2	-	100.00%	

Director	Liu Feng-Lan	2	-	100.00%	
Director	Liu Yi-Min	2	-	100.00%	June 14, 2023 Re-election and resignation
Director	Wu Pin-Sheng	1	1	50.00%	June 14, 2023 Re-election and resignation
Independent director	Lee Che-Yu	2	-	100.00%	
Independent director	Teng Fu-Chi	2	-	100.00%	
Independent director	Jian You-Ren	2	-	100.00%	June 14, 2023 Re-election and resignation
Attendance of the 10th session					
Job title	Name	Actual attendance rate Times【B2】	No. of meetings attended by proxy	Actual attendance rate【B2/A2】	Remarks
Chairman	Chang Mao-Sung	3	1	75.00%	June 14, 2023 Re-elected
Director	Liu Feng-Lan	4	-	100.00%	June 14, 2023 Re-elected
Director	Huang Yin-Shui	4	-	100.00%	June 14, 2023 Re-election of new appointee
Director	Lee Che-Yu	4	-	100.00%	June 14, 2023 Re-elected for another term (Formerly an independent director)
Independent director	Wang Kung-Jeng	4	-	100.00%	June 14, 2023 Re-election of new appointee
Independent director	Teng Fu-Chi	3	1	75.00%	June 14, 2023 Re-elected
Independent director	Su Wen-Hsu	4	-	100.00%	June 14, 2023 Re-election of new appointee

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the Independent director, and the measures taken by the Company based on the opinions of the Independent director:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable. The company has established an audit committee, and the provisions of Article 14-5 of the Securities and Exchange Act shall apply.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

II. The status of implementation of recusals of Director with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Date/Issue	Motion content	Names of Director who should be recused	Reasons for recusal due to interests	Resolution result
March 23, 2023 The 22nd session of the 9th term	Nominating and reviewing director and independent director candidates	Chairman Chang Mao-Sung Director Liu Feng-Lan Independent director Lee Che-Yu Director Teng Fu-Chi	For nominees	1. In the review of director candidate Chang Mao-Sung, he recused himself because the chairman and premier is a party involved. Designated Acting Chairman Liu Feng-Lan The acting chairman representative consulted all Director present to approve the nomination and review it. 2. The review director candidate Liu Feng-Lan recused himself because of the parties concerned. The acting chairman consulted all Director present to approve the nomination and review it.

				3. The review director candidate Lee Che-Yu recused himself because of the parties concerned. The acting chairman consulted all Director present to approve the nomination and review it. 4. The review director candidate Huang Yin-Shui and the chairman consulted all the Director present to approve the nomination and review. 5. The independent review director candidate Teng Fu-Chi recused himself because of the parties concerned. The acting chairman consulted all Director present to approve the nomination and review it. 6. The independent review director candidate Wang Kung-Jeng, Su Wen-Hsu and the chairman consulted all the Director present to approve the nomination and review.
May 4, 2023 The 23rd session of the 9th term	Formulating the salary and remuneration package for independent Director of the tenth session of the company's Board of Director	Independent director Teng Fu-Chi Independent director Lee Che-Yu Independent director Jian You-Ren	Independent director remuneration	Except for the Director who did not participate in the discussion and voting and who were withdrawn in accordance with the law, the other Director present agreed to pass the resolution.
June 14, 2023 The 1st session of the 10th term	Proposal for appointment of audit committee	Independent director Wang Kung-Jeng Independent director Su Wen-Hsu	For appointment	1. Except for the Director who did not participate in the discussion and voting and who were withdrawn in accordance with the law, the other Director upon consultation with the Chairman present agreed to pass the resolution. 2. Independent Director Teng Fu-Chi was recommended by the Audit Committee as the convener of the Audit Committee.
	Proposed appointment of salary and remuneration committee	Independent director Wang Kung-Jeng Independent director Su Wen-Hsu	For appointment	1. Except for the Director who did not participate in the discussion and voting and who were withdrawn in accordance with the law, the other Director present agreed to pass the resolution. 2. The Salary and Remuneration

				Committee recommended independent director Teng Fu-Chi to serve as the convener of the Salary and Remuneration Committee.
December 21, 2023 The 4th session of the 10th term	Evaluate and determine the salary and remuneration package for the company's Director and general manager in 2024	Chairman Chang Mao-Sung Independent Director Teng Fu-Chi Independent Director Wang Kung-Jeng Independent Director Su Wen-Hsu	Chairman, Independent Director remuneration	Except for the Director who did not participate in the discussion and voting and who were withdrawn in accordance with the law, the other Director present agreed to pass the resolution.

III. Implementation of evaluations of the Board of Director:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Executed once a year	January 1, 2023 ~ December 31, 2023	Board of Director	Internal self-evaluation of the Board of Director	A. Degree of participation in company operations. B. Improve the quality of board decision-making. C. Board composition and structure. D. The appointment of Director and ongoing education. E. Internal control.
		Individual Director	Self-assessment of board members	A. Understanding of company goals and mission. B. Understanding of director responsibilities. C. Degree of participation in company operations. D. Internal relationship management and communication. E. Director's professionalism and ongoing education. F. Internal control.
		Functional committees	Self-assessment of functional committees	A. Degree of participation in company operations. B. Perception of functional committee responsibilities. C. Quality of decision-making in functional committees. D. Functional committee composition and member selection. E. Internal control.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:

This passage discusses the operation of the company's Board of Director, which is governed by the company's "Board of Director' Meeting Regulations" and relevant laws. The company also has an audit committee and a compensation committee to assist the board in managing affairs. Additionally, to enhance the skills of board members, the company encourages Director to pursue self-improvement and arranges external training for them. All Director, including newly appointed ones, are required to undergo 12 hours of training, with continuing Director completing at least 6 hours of training annually. In addition, the company is also committed to improving information transparency. In addition to disclosing relevant information in the public information observatory in accordance with the law, it also discloses various operating information and financial information in the annual report and the company website, effectively improving the level of information transparency.

(II) Operation status of the Audit Committee: From January 1, 2023 to December 31, 2023, a total of 5 meetings were held [A] (2 meetings before the re-election on June 14, 2023 and 3 meetings after the re-election). The attendance of independent Director is as follows:

Job title	Name	No. of meetings attended【B】	No. of meetings attended by proxy	Attendance rate【B/A】	Remarks
Independent director	Lee Che-Yu	2	-	100.00%	June 14, 2023 Re-election and resignation
Independent director	Jian You-Ren	2	-	100.00%	June 14, 2023 Re-election and resignation
Independent director	Teng Fu-Chi	5	-	100.00%	June 14, 2023 Re-elected
Independent director	Wang Kung-Jeng	3		100.00%	June 14, 2023 Re-election of new appointee
Independent director	Su Wen-Hsu	3		100.00%	June 14, 2023 Re-election of new appointee

The Company’s Audit Committee consists of three independent Director. The key points of its annual review work are as follows:

I. Audited financial statements.
II. Matters related to annual earnings distribution
III. Assessment of the effectiveness of internal control systems through auditing.
IV. Audit plan.
V. Significant asset acquisition transactions
VI. Proposals involving Director' own interests.
VII. Raising, issuing or privately placing securities of equity.
VIII. Appointment of visa accountant
IX. Amendments to the internal control system

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the Independent director, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) Any matter under Article 14-5 of the Securities Act:

Date/session	Motion content	Audit Committee Resolution Results	Company's Response to Audit Committee Recommendations
March 23, 2023 The 14th session of the 3rd term	Adoption of 2022 Business Reports, Parent Company Only Financial Statements and Consolidated Financial Statements	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	Internal Control System Statement of the Company for the Year 2022	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	Assessment of the independence and competence of the company's certifying accountant	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	Attesting CPA remuneration case	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	Company proposal for capital increase through private placement of common shares	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted

	Amendments to certain procedures and cycles of the company's 'Internal Control System' and 'Internal Audit Implementation Rules'	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
May 4, 2023 The 15th session of the 3rd term	The company's consolidated financial statements for the first quarter of fiscal year 2023	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
August 3, 2023 The 1st session of the 4th term	The company's consolidated financial statements for the first half of the fiscal year 2023	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	The company's recognition of endorsement guarantees for subsidiary Sparkle Computer Co., Ltd.	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
November 9, 2023 The 2nd session of the 4th term	The company's consolidated financial statements for the third quarter of fiscal year 2023	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	Amendments to certain procedures and cycles of the company's 'Internal Control System' and 'Internal Audit Implementation Rules'	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
December 21, 2023 The 3rd session of the 4th term	The company intends to handle sixth domestic unsecured convertible bonds cases	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the Board of Director: None.

II. Implementation of recusals of Independent director with respect to any motions with which they may have a conflict of interest: specify the independent director’s name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

III. Communication between the Independent director and the chief internal audit officer and the CPAs that serve as internal auditor (including any significant matters communicated about with respect to the state of the company’s finances and business and the method(s) and outcomes of the communication.)

Specify details:

(I) Our internal audit director regularly attends audit committee meetings and communicates audit report findings with committee members. Currently, communication is good.

(II) Our certifying accountant and audit committee hold regular meetings at least twice a year, where the accountant reports to the audit committee on the planning, results, and other matters related to the audit or review of our company as required by relevant laws and regulations. Currently, the communication between the audit committee and the certifying accountant is good.

(III) When deemed necessary by the audit committee members, they may communicate with the accountant and audit director at any time through email, phone, or in-person meetings.

(IV) In terms of communication, the independent Director and the internal audit director have the following situation:

Date	Meeting	Key points of discussion	The outcome of discussion

2023/3/23	Audit committee	1. Audited sales report 2. Deliberation on the Internal Control Statement for the Year 2022 3. Amendments to certain procedures and cycles of the company's 'Internal Control System' and 'Internal Audit Implementation Rules'	1. No dissenting opinions 2. After deliberation, the decision is submitted to the Board of Director for resolution
2023/5/4	Audit committee	Audited sales report	No dissenting opinions
2023/8/3	Audit committee	Audited sales report	No dissenting opinions
2023/11/9	Audit committee	1. Audited sales report 2. Amendments to certain procedures and cycles of the company's 'Internal Control System' and 'Internal Audit Implementation Rules'	1. No dissenting opinions 2. After deliberation, the decision is submitted to the Board of Director for resolution
2023/12/21	Audit committee	1. Audited sales report 2. Drafting the audit plan for the company's fiscal year 2024	1. No dissenting opinions 2. After deliberation, the decision is submitted to the Board of Director for resolution

(V) The communication between independent Director and the accountant is as follows:

Date	Meeting	Key points of discussion	The outcome of discussion
2023/3/23	Audit committee	1. IESBA new regulations explained 2. Audit Quality Index (AQI) Report	No dissenting opinions
2023/8/3	Audit committee	Review report on the consolidated financial report for the second quarter of 2023	No dissenting opinions. Following the deliberation on the financial report, it is submitted to the Board of Director for resolution.
2023/12/21	Audit committee	1. Audit planning and scope explanation 2. Communication regarding significant risk identification and key audit matters 3. Explanation of recent regulatory amendments	No dissenting opinions

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Operation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
I. Has the company established and disclosed its 'Corporate Governance Best Practice Principles' based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The company has established corporate governance best practices and disclosed them on the company's website.	No differences.
II. Company's Ownership Structure and Shareholders' Equity				
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		Currently, shareholder proposals and related matters are handled by the spokesperson and deputy spokesperson. In cases involving legal issues, legal and attorney assistance will be sought.	No differences.
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the	V		The company constantly monitors the shareholdings of Director, executives, and major shareholders, and endeavors to obtain the list of major shareholders and their ultimate controllers	No differences.

Evaluation Item	Operation status: Yes	Operation status: No	Operation status: Summary Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
major shareholders?			through historical shareholder registries as much as possible.	
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		According to the 'Subsidiary Monitoring Procedures' established by the company, we carry out monitoring operations on subsidiaries and conduct regular audits.	No differences.
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		The company has established the 'Internal Handling of Material Information and Prevention of Insider Trading Management Procedures'and conducts at least one internal training session annually to educate employees on preventing insider trading. The company also clearly stipulates in the operational procedures that insiders are prohibited from trading securities using undisclosed material information in the market. Insiders are also restricted from trading company stock during the 30-day period before the annual financial report announcement, and the 15-day period before the announcement of quarterly financial reports.	No differences.
III. Composition and responsibilities of the Board of Director				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		Please refer to page 13 of this annual report for details.	No differences.
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	In the future, it will be set according to the actual needs of the company.	Same as summary description.
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Director, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Director and used them as reference in determining salary/compensation for individual Director and their nomination and additional office terms?	V		The company has formulated the "Board of Director Performance Evaluation Methods" on November 5, 2020, which stipulates that the Board of Director will conduct an internal Board of Director performance evaluation once a year, and at least once every three years by an external professional independent agency or a team of external experts and scholars. In 2022, the Taiwan Investor Relations Association, an external independent evaluation agency, was appointed to evaluate the effectiveness of the company's Board of Director. In addition, the company has also completed the 2023 internal self-evaluation questionnaire of the Board of Director and the performance self-evaluation questionnaire of board members and functional committees. The self-evaluation results are "excellent", which is enough to show that the overall operating efficiency of the company's Board of Director is good. The assessment results have been submitted to the Board of Director on March 14, 2024. The company's payment of director's remuneration has been determined based on performance evaluation results, which will also be used as the criteria for future nominations.	No differences.
(IV) Does the Company regularly evaluate its external auditors' independence?	V		The Finance Department of our company conducts an annual self-assessment of the independence of the appointed auditors (Note 1). Additionally, a declaration of absolute independence, stating that the appointed auditors have not violated their independence, is included. The audit firm also provides information on 13	No differences.

Evaluation Item	Operation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
			Audit Quality Indicators (AQIs) to assess the audit quality of both the firm and the audit team. This evaluation is submitted to the Audit Committee for review and subsequently approved by the Board of Director. The latest assessment result was approved by the Audit Committee on March 14, 2024, and submitted for approval by the Board of Director on March 14, 2024.	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for Director and supervisors to perform their duties, aiding Director and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company has appointed Mr. Chen Jei-Wen, Deputy General Manager, as the Director of Corporate Governance during the 22nd meeting of the 9th Board of Director on March 23, 2023. In this role, he will be responsible for overseeing corporate governance matters. Mr. Chen will provide the necessary information to the Board of Director to support their duties, assist the Director in complying with laws and regulations, and handle matters related to board and shareholder meetings. His objective is to protect shareholder rights and enhance the effectiveness of the Board of Director.	No differences.
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The company has established a stakeholder section on its website, where the spokesperson and relevant department personnel engage with stakeholders and provide comprehensive information.	No differences.
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The appointment of Fubon Stock Services to handle shareholder meeting affairs.	No differences.
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The company website: www.tul.com.tw has disclosed financial and business-related information about the company.	No differences.
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		Currently, our company has a spokesperson and a deputy spokesperson who act as intermediaries for gathering and disclosing information, as well as for external communication.	No differences.
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		V	The company has announced and reported the operation status of each month within the prescribed time limit. In order to announce and report in advance before the prescribed time limit, the listed strengthening matters will be improved year by year.	Same as Summary Description.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Director' and	V		1. Employee Benefits: Implement an employee stock trust, organize annual employee trips, and provide holiday bonuses and subsidies for employee children's education. 2. Employee Care: Offer group insurance coverage for employees.	

Evaluation Item	Operation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for Director and supervisors)?			3. Investor Relations: There are spokespersons and proxy spokespersons available to assist investors. 4. Supplier Relations: Enhancing communication and collaboration with suppliers to achieve mutually beneficial outcomes. 5. Rights of Stakeholders: The company has a spokesperson and a deputy spokesperson, as well as contact email addresses for customers, employees, shareholders, suppliers, and community relations. Stakeholders can communicate directly with the company and access information on the company's finances, operations, corporate governance, and shareholder services through the company's website (www.tul.com.tw). 6. The director's training has been completed according to the prescribed hours and has been disclosed on the Public Information Observation Station. 7. The professional development status of the accounting, auditing supervisor, and corporate governance supervisor: the necessary hours of professional development have been fulfilled, and the specifics are outlined in the attached table (Note 2). 8. Risk Management Policy: The company insures inventory, equipment, real estate, accounts receivable, and other assets to mitigate potential losses. 9. The company has purchased liability insurance of 10 million US dollars for Director and supervisors.	

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

The results of the 10th Corporate Governance Evaluation (for the year 2023) indicate that the company has made improvements and intends to prioritize the following areas:

Question number	Index	Improvements/Priority Strengthening Matters and Measures
1.9	Did the company upload the English version of the meeting notice, agenda, and supplementary materials 30 days prior to the shareholders' meeting?	Planned for execution in fiscal year 2024
1.11	Did the company upload the English version of the financial report 16 days prior to the shareholders' meeting?	Planned for execution in fiscal year 2024
3.5	Did the company upload and disclose the English version of the financial report 16 days prior to the shareholders' meeting?	Executed in the fiscal year 2024

Note1: Accountant independence assessment criteria:

Evaluation Item	Evaluation Results	Whether it complies with independence standards
1. The visa accountant does not have any direct or significant indirect financial interest in the company.	Yes	Yes
2. The visa accountant does not have any close business relationship or potential employment relationship with our company.	Yes	Yes

3. The visa accountant, their spouse, dependent relatives, and members of their audit team have not held positions as Director, executives, or in roles with significant influence on the audit work of this company during the audit period or in the past two years. They have also not committed to holding such positions in future audit periods.	Yes	Yes
4. During the audit period, the visa accountant did not have any familial relationship with the Director, managers, or personnel who had significant influence on the company's audit cases.	Yes	Yes
5. The certifying accountant has not received significant gifts or presents (beyond customary social courtesies) from the company or its Director and executives.	Yes	Yes
6. The certifying accountant has not provided non-audit services to the company that could potentially impact the audit work.	Yes	Yes
7. The visa accountant did not act as the company's defense counsel or represent the company in resolving conflicts with third parties.	Yes	Yes
8. Please obtain the 'Independence Statement' issued by the certified public accountant.	Yes	Yes

Note2: Accounting and Audit Supervisor Training Situation:

Job title	Name	Date of study	Organizer	Course name	Hours of further study
Deputy Chief Financial Officer (CFO)	Hsieh Wen-Pi	2023.07.26	Foundation for Securities and Futures Market Development, R.O.C	Corporate Governance Practices and Case Analysis	6
		2023.10.18	Foundation for Securities and Futures Market Development, R.O.C	Non-Financial Information Reporting in the Context of ESG Development Trends	3
		2023.11.28	Foundation for Securities and Futures Market Development, R.O.C	Relevant regulations and analysis of important issues in preparing IFRSs financial statements	3
Audit Supervisor	Yeh Ching-feng	2023.03.08	Foundation for Securities and Futures Market Development, R.O.C	Practical Study on the Operation of the Internal Audit Functionality Committee	6
		2023.06.06	Institute of Internal Audit	Internal Audit New Positioning: The Intersection of Ethics, Morality, and Law - A Case Study	6
		2023.07.25	Institute of Internal Audit	Power BI-risk assessment and visual analysis	6
Director of Corporate Governance	Chen Jei-Wen	2023.4.27	Securities Over-The-Counter Trading Center	Publicity meeting on sustainable development action plans for listed companies	3
		2023.07.26	Accounting Research and Development Foundation of the R.O.C	Analysis of Common Deficiencies in Financial Report Review and Important Internal Control Regulation	6
		2023.10.06	Securities Over-The-Counter Trading Center	Sustainable Investment and Financing New Horizons Forum	3

(IV) The composition, responsibilities and operations of the Salary and Remuneration Committee:

The Compensation Committee's objective is to support the Board of Director in implementing and assessing the company's compensation and benefits policies, including executive remuneration. Its composition and operation are as follows:

1. Information on Remuneration Committee Members

April 30, 2024

Identity (Note 1)	Name \ Qualifications	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member	Remarks
Independent Director (Convenor)	Teng Fu-Chi	● Relevant work experience in business, law, finance, accounting, or corporate operations: Current positions include Independent Director/Audit Committee Member/Compensation Committee Member of our company, Vice Chairman of Advanced Power Electronics Co., Ltd., Chairman of Advanced Power Electronics Co., Ltd., Legal Representative Director of Tainet Communication System Corp., Legal Representative Director of Green Power Semiconductor Corporation, Legal Representative Director of Fuhong Investment (Ltd.), Legal Representative Director of Xinpu Star Entrepreneurship Investment (Ltd.), Director of Starmet Ventures Inc., Director of Tai Ke Star Entrepreneurship Investment (Ltd.), Legal Representative Director of Zheng Da Star Entrepreneurship Investment (Ltd.), Legal Representative Director of Future Technology Consulting (B.V.I.), Inc., Legal Representative Director of Perfect Prime Limited (SAMOA), Director of Data Image, and Independent Director of Caswell, Inc. Former Chairman of Tainet Communication System Corp. ● There are no specific situations under Article 30 of the Company Law.	● The independent director, as well as his spouse and relatives up to the second degree of kinship, are prohibited from serving as Director, supervisors, or employees of the Company or any related enterprises. They are also not allowed to hold shares of the Company or hold positions in companies that have specific relationships with the Company. ● In the past two years, there have been no instances where I have received compensation for providing business, legal, financial, accounting, or any other services to our company or related enterprises.	1	
Independent Director	Wang Kung-Jeng	● Lecturers for public or private colleges or universities with relevant disciplines needed for business, legal, financial, accounting, or company operations: He is currently an independent director/audit committee member/remuneration committee member of the company and a distinguished professor in the Department of Industrial Management of the National Taiwan University of Science and Technology. ● There are no specific situations under Article 30 of the Company Law.	● The independent director, as well as his spouse and relatives up to the second degree of kinship, are prohibited from serving as Director, supervisors, or employees of the Company or any related enterprises. They are also not allowed to hold shares of the Company or hold positions in companies that have specific relationships with the Company. ● In the past two years, there have been no instances where I have received compensation for providing business, legal, financial, accounting, or any other services to our company or related enterprises.	2	

Identity (Note 1)	Qualifications / Name	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member	Remarks
Independent Director	Su Wen-Hsu	● Relevant work experience in business, law, finance, accounting, or corporate operations: The individual currently serves as an independent director, audit committee member, and compensation committee member of our company. They also hold the position of Chief Operating Officer at TuneON Technology Co., Ltd., as well as Executive Vice President and Special Assistant to the Chairman at Alder Optomechanical Corp. Former Taiwan Regional Director at Super Micro, an American semiconductor company, and Vice President of the Asia-Pacific region at LSI, another American semiconductor company. ● There are no specific situations under Article 30 of the Company Law.	● The independent director, as well as his spouse and relatives up to the second degree of kinship, are prohibited from serving as Director, supervisors, or employees of the Company or any related enterprises. They are also not allowed to hold shares of the Company or hold positions in companies that have specific relationships with the Company. ● In the past two years, there have been no instances where I have received compensation for providing business, legal, financial, accounting, or any other services to our company or related enterprises.	0	

Note1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Director and Supervisors (1) on pg OO. If you're filling out a form and it asks for your status, you can fill in "Independent Director" or "Other" (if you're the convener, please note).

Note2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a “specified company” (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Information on the Operation of the Remuneration Committee
   (1) The Company’s remuneration committee has a total of 3 members.
   (2) Term of Office for this Committee:
   The committee's fourth term will be in effect from June 10, 2020, to June 14, 2023.
   The committee's fifth term will be in effect from June 14, 2023, to June 13, 2026.
   (3) In the 2023 fiscal year, a total of two meetings were held: one in the 4th term (A1) and one in the 5th term (A2). The qualifications and attendance of the committee members are as follows:

Attendance of the 4th session					
Job title	Name	No. of meetings ꞏded in person (B1)	No. of meetings attended by proxy	Actual attendance rate (%)(B1/A1)	Remarks
Convenor	Lee Che-Yu	1	0	100.00%	June 14, 2023 Resignation

Member	Teng Fu-Chi	1	0	100.00%	
Member	Jian You-Ren	1	0	100.00%	June 14, 2023 Resignation
Attendance of the 5th session					
Job title	Name	No. of meetings ded in person (B2)	No. of meetings attended by proxy	Actual attendance rate (%) (B2/A2)	Remarks
Convenor	Teng Fu-Chi	1	0	100.00%	June 14, 2023 Re-elected
Member	Su Wen-Hsu	1	0	100.00%	June 14, 2023 New appointee
Member	Wang Kung-Jeng	1	0	100.00%	June 14, 2023 New appointee

Other information required to be disclosed:

I. If the Board of Director does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Director, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

III. The dates, periods, agenda items, and resolutions of the Compensation Committee for this fiscal year are as follows:

Remuneration Committee	Proposal content and subsequent processing	Resolution result	The company's handling of the opinions of the salary and remuneration committee
The 11th session of the 4th term 2023.5.4	1. Review and amend the company's 'Director and Managers Compensation Policy' proposal	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	2. Formulating the salary and remuneration package for independent Director of the tenth session of the company's Board of Director	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
The 1st session of the 5th term 2023.12.21	1. Review and amend the company's 'Director and Managers Compensation Policy' proposal	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted
	2. Evaluate and determine the salary and remuneration package for the company's Director and general manager in 2024	All attending committee members agreed to approve the proposal as submitted	All attending Director agreed to approve the proposal as submitted

(V) Promotion of the implementation of sustainable development and the differences and reasons for sustainable development practices guidelines between listed and OTC companies. Companies that meet certain conditions should disclose climate-related information:

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in	V		To implement and promote sustainable development in the company, strengthen governance structure and practices, we have formulated the 'Practical Guidelines for Sustainable	No differences.

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
charge of promoting sustainable development? Has the Board of Director authorized senior management to handle related matters under the supervision of the board?			Development'. In 2023, a sustainability task force was established, overseen by the board of Director and led by the General Manager's Office. The working group is divided into three aspects: the corporate governance group, the environmental sustainability group, and the social care group, based on the economic, environmental, and social aspects. The group holds regular discussions among senior executives from various departments to discuss the implementation of future sustainability issues within the company. It integrates resources from different groups and improves internal and external communication. The working group monitors the progress of sustainable development goals and is responsible for compiling annual sustainability performance reports. The group also provides real-time updates on the company's official website in the 'Corporate Social Responsibility' and 'Environment and Sustainability' sections. Additionally, the group plans to regularly report the achievements of the sustainable development working group to the Board of Director.	
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		V	The company has currently established the 'Guidelines for Sustainable Development' and regularly reviews their effectiveness in implementation. It will continue to promote the development of risk management strategies.	Same as Summary Description.
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		Under the framework of the Environmental Safety and Health Management System, management procedures that comply with regulations have been established. The new plant has implemented an environmental management system in accordance with ISO 14001 (ISO14001:2015) for the manufacture of the following products: 1. VGA card, 2. Embedded, 3. Multimedia Card, 4. Other computer peripherals. This system will be in effect from 20-03-2023 to 19-03-2026. The company continuously improves its operations using the PDCA approach. Additionally, product carbon footprint calculations and verifications are conducted in accordance with ISO 14067, specifically for the 6600XT 1A1-G003593UTG(1A2-G00359800T) Graphics Card (Package included), which emits 162.462 kilograms of CO_2 (2022.06.24~2024.06.23). These calculations serve as a basis for tracking the effectiveness of emission reduction in subsequent greenhouse gas (GHG) inventories. Additionally, it is important to establish a carbon inventory and key performance indicators (KPIs) for emission sources. This will serve as a foundation for optimizing and improving our environmental impact. Real-time disclosure, visualization, and management of carbon emissions in the process segment are expected, including analysis of emission sources and goal management. Evaluate and improve renewable energy sources, as well as analyze energy-consuming equipment for enhancement. ESG & GHG Emissions Inventory Counseling	No differences.

<table>
<tr><th rowspan="2">Proposed Items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>Program Kickoff Meeting held in September 2023.</td><td></td></tr>
<tr><td>(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</td><td>V</td><td></td><td>The company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving designs to reduce energy consumption in the company and products, and optimizes energy efficiency.
The company's use of raw materials complies with EU RoHS, REACH, and halogen-free specifications (IEC61249-2-21, Br<900ppm, Cl<900ppm, Br+Cl<1,500ppm). Halogen-free processes have been achieved, and in 2021, the GPM Green Supply Chain Management Platform was introduced to integrate various international environmental regulations' latest trends. This facilitates direct collaboration among various vendors on the cloud platform, achieving the goal of green product management to reduce the environmental impact of harmful substances.
Efforts are made to reduce unnecessary resource waste and develop waste reduction and reuse technologies in green manufacturing. Collaboration is encouraged throughout the value chain to recycle and share packaging materials. Furthermore, low environmental impact recycled materials are tested in product development to maximize the benefits of a circular economy. By developing techniques for recycling process materials, reducing waste, and designing and selling circular products, we are able to create value within a circular economy.</td><td>No differences.</td></tr>
<tr><td>(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</td><td>V</td><td></td><td>The company has conducted an assessment of the potential risks and opportunities associated with climate change on its current and future operations. The identified risks include environmental and operational factors such as resource scarcity, increased costs of raw materials and inventory, infrastructure disruptions caused by extreme weather events leading to power outages and flooding, the impact of the COVID-19 pandemic and subsequent lockdowns on transportation, increased transportation costs, and threats to employee safety. These risks could directly affect the company's operations and result in increased losses. However, the company views these challenges as opportunities to mitigate and adapt to climate change. It intends to develop new products related to green energy-saving technologies and establish smart factories for automated production. By improving resource efficiency, implementing the principles of Industry 4.0 throughout the value chain, and reducing operational costs, the company aims to address these challenges.</td><td>No differences.</td></tr>
<tr><td>(IV) Did the company collect data for the past two years on GHG emissions, volume of water consumption and the total weight of waste, and establish policies on energy saving and carbon reduction, GHG reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>The company has been implementing a policy of energy conservation, GHG reduction, water reduction, and waste management for many years. To further promote and implement energy conservation and carbon reduction, the company has formulated the 'Energy Conservation and Water Conservation Policy' to highlight the significance of these efforts.
The annual environmental policy goals, achievement strategies and measures are listed below:
<table><tr><td>Policy</td><td>1. The electricity consumption</td></tr></table></td><td>No differences.</td></tr>
</table>

<table>
<tr><th rowspan="2">Proposed Items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>objectives</td><td>of the original business decreased by 1.5% per year.
2. The original business GHG emissions reduction decreases by 1.5% annually.
3. The waste reduction rate is 1.0% per year.
4. The pass rate for measuring the working environment of labor is 100%.</td></tr>
<tr><td>Achievement Strategies</td><td>Comply with environmental regulations, implement environmental education, and reduce carbon emissions.</td></tr>
<tr><td>Achievement Measures</td><td>1. Monthly electricity consumption for monitoring and review.
2. Review the annual production of GHG and waste.
3. Implement working conditions assessments twice annually.</td></tr>
</table>
(I) GHG
The company manages its inventory of GHG emissions through a self-managed statistical process. In September 2023, the company conducted the ESG and GHG emissions inventory guidance program kickoff meeting to establish a foundation for future planning.
In the 2022 fiscal year, electricity consumption and CO2 emissions, including GHG emissions in the new factory construction area, totaled 2.637 million kilowatt-hours and 1,332 metric tons. The emissions from government vehicles amount to approximately 600 liters per 1.77 metric tons. In the 2023 year, the Xizhi New Plant commenced operations in order to meet global and Taiwanese competitiveness, marking it as the year for emission trials.
In the 2023 fiscal year, electricity consumption and CO2 emissions, including GHG emissions in the new factory construction area, totaled 2.4 million kilowatt-hours and 1,202 metric tons. The emissions from government vehicles amount to approximately 600 liters per 1.77 metric tons. The management goal is to maintain a quantity of less than 1,312 metric tons, with an annual decrease of 1.5%. In addition, the office area consumed 247,000 kilowatt-hours of electricity in the year 2023, resulting in a carbon emission of 241.8 metric tons.
(II) Water Resources
Tul Corporation's products are manufactured using a waterless process, thereby eliminating the production of industrial wastewater. As a result, the water resources utilized are obtained from the daily domestic water supply. Due to the company's location in a public science park, recycling and reusing on its own is challenging. The park management is responsible for handling and discharging the emissions. In 2022, the water
</td><td></td></tr>
</table>

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			consumption in the factory was 1,400 units, resulting in a carbon emission of 215 Kg. In 2023, the water consumption increased to 2,833 units, resulting in a carbon emission of 441 Kg. The objective of the management is to keep CO2 emissions below 0.44 metric tons. Office area water consumption in the 2023 year was 311 units, with carbon emissions totaling 49 Kg. (III) Waste Management and Resource Recycling The electronic waste of our company is completely entrusted to a vendor who holds a Class A clearance permit issued by the government to handle it. This ensures that hazardous substances are not disposed of arbitrarily and that useful materials can be recycled and reused. Our goal is to address pressing environmental issues such as energy problems, air pollution, marine debris, and food safety. By focusing our resources on circular regeneration, we strive to achieve sustainable business operations in the industry. In the 2022 fiscal year, the factory processed 0.35 metric tons of waste, 0.05 metric tons of general household waste, and 0.53 metric tons of non-hazardous waste. In 2023, the plant processed 8 metric tons of waste, including 2.58 metric tons of general domestic waste, 5 metric tons of non-hazardous waste, and 2.3 metric tons of hazardous waste, with a total waste weight of 17.88 metric tons. The goal is to have a total waste weight of less than 17.70 metric tons after the projected 2023 baseline year. In the office area, there is 0.9 metric tons of waste, while there are 15 metric tons of general household waste. It's anticipated that after the base year of 2023, there will be a 1% reduction in total waste generated in the office area. (IV) Climate Change and Energy Consumption Reduction Our company will continue to strive to implement the following specific measures: 1. Energy-saving and environmentally friendly workplace measures: (1) Introduction of the German LCN Intelligent Building Bus System to achieve green building solutions, including light control, temperature control, air quality regulation, and energy conservation. Through the cloud-based enterprise energy management solution, users have access to various features including site overview, energy consumption statistics, report management, equipment management, electricity meter information, and disconnection management. (2) Adjust the air conditioning and set the temperature to a constant 26 degrees, based on the season, in order to reduce power load. Additionally, colleagues should remember to turn off computers, air conditioning, and lighting when not in use, and conserve energy by turning off lights	

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			during lunch breaks. (3) All office lighting has been replaced with LED, which has reduced heat emission and achieved energy savings. (4) The factory lighting utilizes LED lights with a color rendering index (CRI) of 80. This not only serves the purpose of energy-saving but also aids the human eye in perceiving the quality of product color appearance. (5) Encouraging employees to take the stairs instead of the elevator not only reduces overall electricity consumption but also promotes physical fitness. (6) To promote a paperless office environment, it is important to implement measures to control the use of office paper and printed materials. These measures include charging for photocopying paper, maximizing the use of recycled and regenerated paper, printing on both sides of the paper, reducing page size, and using black and white printing instead of color printing. (7) To prevent harm to the operators from tin smoke during the maintenance process, exhaust filtration facilities have been installed in the BGA rework machine, soldering furnace, and soldering iron repair area. The air monitoring system is responsible for regulating and eliminating sources of pollution. (8) The factory is committed to observing a weekly vegetarian day and adopting a low-carbon diet. It aims to minimize GHG emissions throughout the entire food life cycle. Based on an estimate of each person consuming 5 servings of meat per day, it is projected that approximately 101.4 kilograms of carbon emissions can be reduced annually. With a workforce of approximately 75 people, the factory has the potential to reduce carbon emissions by approximately 7.605 metric tons per year. In 2023, the target was achieved, and the cumulative carbon emissions for 2024 amounted to 15.21 metric tons. 2. Measures to reduce energy consumption in the computer room include implementing server virtualization in the cloud to save electricity and related equipment. 3. Water Conservation Measures: Since the building's water supply is public, it is advisable for the management committee to utilize water-saving valves and replace outdated water dispensers with energy-efficient models in order to effectively minimize unnecessary water resource wastage. 4. Other Environmental Protection Measures: (1) Continuously promote the digitalization of process management systems, such as replacing the existing BPM enterprise electronic process management system with a new one in 2021 to integrate SCM	

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			supply chain management and SAP systems. This initiative not only reduces manual labor but also minimizes paper usage. The implementation of the Business Process Management Flow System (Carbon & Energy Saving) has been gradually initiated since 2022. (2) The recycling management and resource classification of waste materials, such as packaging materials, fans, iron sheets, scrap boards, and scrapped fixed assets, are effectively implemented. Professionals handle the disposal and classification of waste materials.	
IV. Social Issues (I) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	V		All the systems established by our company comply with the laws and regulations of the country in which we operate. We uphold and endorse internationally recognized human rights conventions. We have developed a 'Human Rights Policy' and actively enforce it. Additionally, we advocate for the 'Code of Conduct for Responsible Business Alliances' and treat all employees with dignity and respect.	No differences.
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		The company has developed an attendance policy in compliance with the Labor Standards Act, which outlines employees' rights to take leave. Along with providing health insurance, labor insurance, and retirement pension contributions, the company also offers group insurance, regular employee health check-ups, domestic and international travel opportunities, birthday bonuses, club activities, and employee development and training. In accordance with the provisions of the company's articles of association, the company allocates employee remuneration based on annual profits. This approach aims to accurately reflect business performance in employee salaries. The implementation of the employee stock trust also commenced in the 2022 fiscal year.	No differences.
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		1. Conduct on-site health management services. (1) The company employs physicians and nurses to provide employee health services, which include the implementation of four major programs, consultation for employee health check-ups, and recommendations for preventing human factors. (2) Physicians and nurses inspect the workplace environment and provide assistance in making improvements. (3) Provide consultation appointments for smoking cessation. 2. The four main on-site health service plans are the 'Human Factor Hazard Prevention Plan', the 'Prevention Plan for Abnormal Workload-Induced Diseases', the 'Plan for Preventing Incidents of Unlawful Acts Against Employees', and the 'Maternal Health Protection Plan'. 3. We offer annual workplace environment testing, conduct fire inspections, and provide employee health check-ups.	No differences.

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			4. Establish safety and health work regulations, implement occupational safety and health measures, and regularly maintain and inspect machinery, equipment, and appliances with contracted vendors. Set up medical kits and first aid personnel, and enhance reporting mechanisms. Conduct CO2 and office lighting inspections. Conduct a comprehensive review of factory legal requirements and fulfill statutory obligations. Regularly publish health education materials. 5. Fire Safety: It is recommended to engage professional fire safety consultants to meet fire safety requirements in compliance with the law. These consultants can assist with tasks such as developing fire protection plans, conducting training for the fire safety team, and appointing a fire safety manager. There were no employee occupational accidents or fire incidents in the 2023 fiscal year.	
(IV) Has the Company established effective career development training programs for employees?	V		The company provides internal training and external training opportunities based on employee job functions. Additionally, a comprehensive annual training plan is offered to enhance employee professional capabilities.	No differences.
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The company not only purchases product liability insurance to protect consumers, but also establishes customer complaint handling standards and a customer-oriented quality system. Additionally, the company has been promoting ROHS for many years, working with upstream suppliers to consistently introduce lead-free products and transition to lead-free processes. Moreover, the company has obtained the ISO14001 management system to improve quality and demonstrate its commitment to consumer satisfaction.	No differences.
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		The company has implemented a supplier management policy that mandates the evaluation of suppliers' past environmental and social records prior to engaging with them.	No differences.
V. Does the company adhere to international standards or guidelines when preparing reports, such as sustainability reports, that disclose non-financial information? Was the aforementioned report verified or certified by a third-party validation unit?		V	The company plans to begin preparing its sustainability report in the 2024 fiscal year.	Same as Summary Description.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has established the 'Guidelines for Sustainable Development Practices for Listed and OTC Companies' and has implemented them after approval by the Board of Director. The guidelines have been diligently followed without any deviations.				
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development: The company maintains collaborations with prestigious universities, such as the National Taiwan University of Science and Technology, to develop industry-academia cooperation programs. These programs aim to nurture talent in the areas of smart manufacturing, artificial intelligence, and sustainable energy technology. At the same time, we actively participate in and support various social assistance programs for colleges, vocational high schools, and primary and secondary schools, fulfilling our corporate social responsibility.				

Proposed Items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
The relevant content includes participating in the establishment of the National Taiwan University of Science and Technology Industry-Academia Innovation College, the Taitung Autism and Rural Elderly 'Wellness' Care Program, supporting the National Taiwan University of Science and Technology Foreign Talent Innovation and Entrepreneurship Training Program, and donating advanced graphics cards and peripheral devices to Director Chang Tso-Chi's film post-production studio to support local arts and cultural creation. (1) National Taiwan University of Science and Technology Industrial Innovation College Project: Tul Technology's Participation and Support in the Establishment of the National Taiwan University of Science and Technology Industrial Innovation College Project, and the Establishment of the Tul Taiwan University of Science and Technology Joint Research Center. In accordance with the 'National Key Areas Industry-Academia Cooperation and Talent Cultivation Innovation Act,' the National Taiwan University of Science and Technology has established the Industrial Innovation College, which focuses on artificial intelligence and smart manufacturing. It comprises the Institute of Artificial Intelligence Interdisciplinary Research, the Institute of Energy Sustainable Technology, and the Institute of Smart Manufacturing Technology, offering master's and doctoral programs to promote talent cultivation and industry development. (2) In 2023, Tul Corporation continued its support for the Dawu base in Taitung and collaborated with the Digital Humanitarian Association. After conducting a health assessment of the elderly in the area, the pre-test results revealed that hypertension, degenerative arthritis, and palpitations were the top three health issues among the elderly at the base. To address these issues, weekly courses have been scheduled, and the response from the participants has been enthusiastic. The feedback and results obtained from the community where this project was implemented are as follows: A. Successfully cultivate stable and healthy habits in the daily lives of the elderly, and promote the enhancement of their self-health awareness and knowledge. B. By implementing the principle of 'prevention is better than cure' in daily practice, we can significantly increase the accessibility of medical resources at our branches. This, in turn, indirectly reduces the occurrence rate of acute incidents among the elderly. C. Successfully improving the work efficiency and caregiving knowledge of community workers, as well as enhancing their communication skills with the elderly, they have truly become the backbone of the community workforce! (3) Support for the National Taiwan University of Science and Technology's Foreign Talent Innovation and Entrepreneurship Training Program: Considering the limited resources available for foreign students to start their own businesses domestically, our company, in collaboration with Acon-Holding Inc. and Co-Action Corporation, both alumni companies of NTUST, has jointly sponsored the Entrepreneurship Incentive Fund. In the 2023 year, two teams were selected as outstanding teams and one team as an excellent team. The winning teams are PT Daun Pintar Raya, SmartProof, and PILLOW & Geotechnical Intelligence Innovative Group. The Incubation Center will continue to leverage internal and alumni resources to provide ongoing guidance for commercialization and business development. (4) Supporting local arts and culture: Tul Corporation and Director Chang Tso-Chi's Film Studio have partnered to utilize advanced manufacturing processes in the production of PowerColor AMD graphics cards and high-speed transmission peripherals for professional film editing operations. Since 2018, Tul Corporation has collaborated with Director Chang Tso-Chi to integrate PowerColor AMD graphics cards with advanced manufacturing processes into his film studio, meeting the studio's stringent requirements for smooth editing, visual effects, image quality, and color tone.				

Implementation of Climate-Related Information:

Item	Implementation status
1. Describe the Board of Director' and management's oversight and governance of climate-related risks and opportunities.	The Board of Director of our company has a supervisory and guiding role in the management strategy of sustainable development (ESG). The General Manager has established a Promoting Committee to oversee this area. The management department provides regular reports on the implementation of ESG issues, including climate change, to the Board of Director.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Short-term risks: Including domestic carbon tax, increased electricity costs, and increased raw material costs. Short-term opportunities: Promoting improvements in organizational GHG inventory and ESG information disclosure, which can enhance the positive image of the company. Mid-term Risks: Potential operational losses may arise from the collection of international carbon tax, the implementation of new renewable energy regulations, natural disasters, and extreme weather events that can disrupt domestic and international production, supply chains, and logistics. Long-term Risk:

	To align with long-term emission reduction goals, companies must adjust their capital expenditures to address the challenges posed by climate change.
3. Describe the financial impact of extreme weather events and transformative actions.	The transition to a low-carbon economy may encounter additional policy and regulatory, technological, and market changes. The implementation of a carbon fee, regulations on GHG emissions control, requirements for renewable energy, and the purchase of renewable energy certificates could potentially lead to an increase in the company's future operating costs.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Our company quantifies and manages overall emissions through GHG inventory. We also implement reduction measures for water, electricity, energy, and GHG emissions. Additionally, we prioritize environmentally-friendly management and protection. Regular reports are submitted to the Board of Director for review. The company obtained ISO14001 certification in November 2022.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Currently not in use.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The company intends to implement carbon management risk analysis and transformation planning once the organization's GHG inventory is completed. The projected start date for this initiative is the end of 2024.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The company did not utilize internal carbon pricing as a strategic planning tool in 2023.
8. If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The 'GHG Inventory Promotion Team' was established by the Company in 2023 Its responsibility is to organize the sources of GHG emissions within the boundaries, which includes the Company and all subsidiaries covered in the consolidated financial reports under Scope 1, 2, and 3. The team is expected to complete the GHG inventory for 2022 and 2023 in 2024. The current management goal for emissions within the scope 1 and 2 of our company is to keep it below 1,312 metric tons, with a target of reducing it by 1.5% annually.
9. Inventory and Confirmation of GHG Emissions (Please also complete sections 1-1 and 1-2).	According to Letter No. 11203852314 issued by the Financial Supervisory Commission on November 13, 2023, our company, being a company with a capital of less than 5 billion NT dollars, is obligated to complete information disclosure by the year 2026 and confirmation information disclosure by the year 2028. The carbon reduction goals, strategies, and specific action plans should be disclosed starting from 2027.

(VI) Company's Integrity Management Situation and Measures

Evaluation Item	Operation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company have an ethical corporate management policy approved by its Board of Director, and bylaws and publicly available documents addressing its corporate conduct and ethic policy and measures, and commitment regarding implementation of such policy from the Board of Director and the management team?	V		The company has established the 'Code of Conduct' and the 'Code of Conduct Operation Procedures and Behavioral Guidelines'. These documents have been made available on the Public Information Observation Station and the company's website. The Board of Director and management are actively implementing them.	No differences.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a	V		The company will engage in business activities aimed at acquiring new customers by conducting credit checks through insurance companies to mitigate the risks associated with dishonest behavior. The company has implemented a 'Code of Conduct and Ethical Guidelines' that strictly prohibits bribery or any form of dishonest behavior,	No differences.

Evaluation Item	Operation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?			including illegal political donations. Any violations discovered will be addressed in accordance with the applicable regulations.	
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		The company has established the 'Code of Conduct and Behavioral Guidelines' to ensure adherence and has implemented a disciplinary and complaint system to prevent dishonest behavior. In addition, employees are prohibited from engaging in opportunistic behavior, concealing or misrepresenting information to obtain undeserved benefits, or deceiving in their records or reports, as per the regulations on personnel management. Such actions may have a negative impact on the company's interests and reputation, and may result in termination of employment without prior notice.	No differences.
II. Ethical Management Practice				
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		Our company conducts business activities with suppliers in a fair and transparent manner. The general external contracts include a provision for 'good faith'.	No differences.
(II) Has the company set up a dedicated unit to promote ethical corporate management under the Board of Director, and does it regularly (at least once a year) report to the Board of Director on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		The company designates the General Manager's Office as the responsible unit, responsible for formulating and overseeing the implementation of the integrity management policy and prevention plan. It also regularly reports to the board of Director (at least once a year). The report for fiscal year 2023 has already been submitted to the Board of Director on December 21, 2023.	No differences.
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		The company must inform and avoid conflicts of interest in business. To facilitate this, the company has established a stakeholder section on its website, which serves as a platform for disclosure.	No differences.
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		The company's accounting system is formulated with reference to the Commercial Accounting Law, the Standards for the Preparation of Financial Reports of Publicly Offered Companies and other relevant laws and regulations; the internal control system is formulated with reference to the 'Standards for Establishing Internal Control Systems for Publicly Offered Companies' and other relevant regulations, all of which are implemented. The audit department also regularly checks compliance and reports to the board of Director.	No differences.
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		The company regularly organizes education, training and promotion on integrity management for Director, managers and employees every year. In 2023, it held education and training related to integrity management issues, with a total of 586 trainees and 293 hours of training.	No differences.
III. Implementation of Complaint Procedures				
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels,	V		The company has implemented a reporting and reward system outlined in the 'Code of Conduct and Behavioral Guidelines for Integrity Management'. Colleagues are encouraged to report any issues	No differences.

Evaluation Item	Operation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (II) Has the company established investigation standard operating procedures and related confidentiality mechanisms for handling reported matters? (III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	 V V		through appropriate channels, and the company will take disciplinary action based on the severity of the situation. The company designates the general manager's office as the dedicated unit, and the report email address is: integrity@tul.com.tw. The company has established standard operating procedures for investigation and related confidentiality mechanisms for accepting reports in the 'Integrity Business Operation Procedures and Conduct Guidelines.' The company is dedicated to upholding the confidentiality of the whistleblower's identity and the contents of the report, as outlined in the 'Code of Conduct and Ethical Guidelines'. Additionally, the company ensures that no retaliatory measures will be taken against the whistleblower in response to the report. No reports were received in the 2023 fiscal year.	 No differences. No differences.
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The company has formulated a code of integrity management and disclosed it on the public information observatory and company website.	No differences.
V. The company has established its own Code of Conduct in accordance with the 'Code of Conduct for Listed and OTC Companies' and has been adhering to it without any differences in operation.				
VI. Other important information that contributes to understanding the company's integrity operation situation includes the company's review and amendment of its integrity operation guidelines. The company strictly adheres to the Company Law, Securities and Exchange Act, Commercial Accounting Act, and relevant regulations and laws of the over-the-counter market. Additionally, the company continuously monitors the development of domestic and international integrity operation norms, which serve as the basis for implementing integrity operation.				

(VII) If the company has established corporate governance rules and related regulations, it should disclose the methods of inquiry.

Please refer to the company's website https://www.tul.com.tw/tw/CorporateGovernance/InternalRegulationand the Public Information Observation Station for the company's governance rules and related regulations.

(VIII) Other important information that is sufficient to enhance the understanding of corporate governance operations may be disclosed:

https://www.tul.com.twEnterprise Operations Zone and Public Information Observation Station.

(IX) Execution Status of Internal Control System

1. Internal control explanation: as follows.
2. Accountant project review report: None.

TUL Corporation

Internal Control System Statement

Date: March 14, 2024

The internal control system of our company for 2023, based on our self-assessment, is hereby declared as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of internal control systems are the responsibility of the Board of Directors and management. The Company has already established such a system. The purpose is to achieve operational effectiveness and efficiency, which includes profitability, performance, and asset security. It also aims to ensure reliable and timely reporting, transparency, and compliance with relevant regulations and laws, while providing reasonable assurance.

II. Internal control system has inherent limitations. No matter how well-designed it is, the system can only offer reasonable assurance for achieving the three mentioned objectives. Additionally, the effectiveness of the internal control system may also vary due to changes in the environment and circumstances. The company has a self-supervision mechanism in its internal control system. When a deficiency is identified, the company takes corrective action.

III. The Company evaluates the effectiveness of its internal control system in accordance with the 'Guidelines for Establishing Internal Control Systems for Publicly Listed Companies' (hereinafter referred to as the 'Guidelines'). The Company assesses the design and implementation of its internal control system to determine its effectiveness. The 'Processing Guidelines' adopt internal control system determination items that are divided into five components based on the process of management control: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component is composed of multiple items. Please consult the 'Processing Guidelines' for the mentioned items.

IV. The company has already implemented the aforementioned criteria for evaluating the effectiveness of the design and implementation of the internal control system.

V. Based on the evaluation results mentioned above, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, is effective in understanding the effectiveness and efficiency of operations, achieving the objectives of reporting in a reliable, timely, transparent, and compliant manner, and complying with relevant regulations and laws.

VI. This statement will serve as the primary content of our company's annual report and public disclosure statement, which will be accessible to the public. If the above-mentioned publicly disclosed content is found to be false or concealed, legal liabilities may be incurred under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. This statement was approved by our company's board of directors on March 14, 2024. All seven directors, including those attending on behalf of others, unanimously agreed to the content of this declaration and hereby declare it.

TUL Corporation

Chairman: Chang Mao-Sung

C.E.O: Chen Chien-Wei

(X) In the recent fiscal year and up until the date of printing of the annual report, the company and its internal personnel have not been legally penalized, nor has the company imposed penalties on its internal personnel for violations of internal control system regulations. As a result, there have been no penalties that could have a significant impact on shareholder equity or securities prices. Therefore, there is no need to disclose any details of penalties, deficiencies, or improvement measures.

(XI) Important resolutions passed by the shareholders' meeting and the Board of Director during the latest fiscal year and up to the date of printing of the annual report:

1. Explanation of the implementation of significant resolutions at the Shareholders' Meeting:

Date	Important Resolution	Implementation status
2023.6.14	1. Recognition of Company's 2022 Business Reports, Consolidated Financial Statements, and Parent Company Only Financial Statements	Recognition acknowledged.
	2. Recognition of Company's allocation of profits and losses for the fiscal year 2022.	Recognition acknowledged.
	3. Proposal for capital increase through private placement of common shares, please discuss.	The resolution has been approved. Due to the absence of a suitable strategic investor, the Board of Director has decided on March 14, 2024. Not to proceed with the remaining period.
	4. Proposal to elect Director (including Independent director), please discuss.	The resolution has been approved. The change in director election registration has been announced on our company's website and was completed on July 6, 2023.
	5. Proposal on lifting the restriction on competition for newly appointed Director, please discuss.	The resolution has been approved.

2. Important resolutions of the Board of Director:

Date	Board of Director Period	Board of Director' Important Proposal
2023.3.23	The 22nd session of the 9th term	1. Adoption of 2022 Business Reports, Parent Company Only Financial Statements and Consolidated Financial Statements proposals. 2. Company's allocation of profits and losses for the fiscal year 2022. 3. Allocation proposal on the Non-Distribution of Director' Remuneration and Employee Remuneration by the Company. 4. Internal Control System Statement of the Company for the Year 2022 proposal. 5. Assessment of the independence and competence of the company's certifying accountant, please submit for review. 6. Attesting CPA remuneration case. 7. It is planned to formulate an audit method for pre-approval of non-certified services provided by the company's certified accountants. 8. Company proposal for capital increase through private placement of common shares. 9. Proposal to elect Director (including Independent director). 10. Nominating and reviewing director and independent director candidates. 11. Proposal to release the non-competition restrictions of new Director. 12. Formulate the date and method of convening the company's regular shareholders' meeting. 13. The company's 2023 regular shareholders' meeting accepted matters related to shareholders' proposals. 14. The appointment proposal for the Head of Corporate Governance of the company. 15. The proposal to amend certain clauses of the company's 'Corporate Governance Best Practices Guidelines'. 16. The proposal to amend certain clauses of the company's 'Sustainable

Date	Board of Director Period	Board of Director' Important Proposal
		Development Practices Guidelines'. 17. Updated the company's 'Operation Standards Related to Financial Business Between Related Parties'. 18. Amendments to certain procedures and cycles of the company's 'Internal Control System' and 'Internal Audit Implementation Rules'. 19. The case of renewing the comprehensive loan quota of Taiwan Enterprise Bank Xizhi Branch.
2023.05.04	The 23rd session of the 9th term	1. The company's consolidated financial statements for the first quarter of fiscal year 2023. 2. Review proposals from shareholders holding more than 1% of the shares. 3. The business split of the company's design foundry and embedded application division. 4. A new case for convening the company's 2023 regular shareholder meeting was added (new case for report). 5. Review and amend the company's 'Director and Managers Compensation Policy' proposal. 6. Formulating the salary and remuneration package for independent Director of the tenth session of the company’s Board of Director
2023.06.14	The 1st session of the 10th term	1. Election of the chairman of the company. 2. Proposal for appointment of audit committee. 3. Proposed appointment of salary and remuneration committee
2023.08.03	The 2nd session of the 10th term	1. Company's consolidated financial statements for the first half of the fiscal year 2023. 2. Proposal to lift the restrictions on non-compete clauses for company managers. 3. Proposal to adjust the organizational structure of the company. 4. Company's recognition of endorsement guarantees for subsidiary Sparkle Computer Co., Ltd. 5. Renewal proposal of the comprehensive loan quota of Mega Commercial Bank Anhe Branch. 6. Renewal proposal of the comprehensive loan quota of Taiwan Enterprise Bank Xizhi Branch.
2023.11.9	The 3rd session of the 10th term	1. Proposal of the company's consolidated financial statements for the third quarter of fiscal year 2023. 2. The company plans to invest in the establishment of a Dutch subsidiary through its wholly-owned subsidiary Sparkle Computer Co., Ltd. 3. Amendments to certain procedures and cycles of the company's 'Internal Control System' and 'Internal Audit Implementation Rules'. 4. Renewal proposal of the comprehensive loan quota of First Commercial Bank Keelung Branch.
2023.12.21	The 4th session of the 10th term	1. The company's 2024 operation plan. 2. Drafting the audit plan for the company's fiscal year 2024. 3. The company intends to handle sixth domestic unsecured convertible bonds. cases 4. The company plans to invest in the establishment of a Singapore subsidiary. 5. Proposal to adjust the organizational structure of the company. 6. Review and amend the company's 'Director and Managers Compensation Policy' proposal. 7. Evaluate and determine the salary and remuneration package for the company’s Director and general manager in 2024.
2024.3.14	The 5th session of the 10th term	1. Adoption of 2023 Business Reports, Parent Company Only Financial Statements and Consolidated Financial Statements proposals. 2. Company's allocation of profits and losses for the fiscal year 2023. 3. Report on the Director' Remuneration and Employee Remuneration by the Company 4. Internal Control System Statement of the Company for the Year 2023 proposal. 5. Assessment of the independence and competence of the company's certifying accountant. 6. Attesting CPA remuneration case. 7. The company will not continue to handle the private equity capital increase case approved by the 2023 shareholders' meeting. 8. Company proposal for capital increase through private placement of common shares. 9. Proposal to release the prohibition on Director from participation in new non-competitions. 10. Proposal to amend the company’s “Approval Authority Table”. 11. Proposal to amend the company's "Standards of Procedures for Board of

Date	Board of Director Period	Board of Director' Important Proposal
		Director". 12. Proposal to amend the company's "Organizational Rules of the Audit Committee" 13. Amendments to some articles of the company's articles of association 14. Formulate the date and method of convening the company's regular shareholders' meeting. 15. The company's 2024 regular shareholders' meeting accepted matters related to shareholders' proposals. 16. Proposal of renewing the comprehensive loan quota of Taiwan Cooperative Bank Nanxizhi Branch 17. Proposal of renewing the comprehensive loan quota of Hua Nan Bank Chang Shu Wan Branch. 18. Proposal of renewing the comprehensive loan quota of Land Bank of Taiwan Xizhi Branch.

(XII) In the most recent year and as of the publication date of the annual report, if Director or supervisors have different opinions on important resolutions passed by the board of Director and there are records or written statements, the main content is: None.

(XIII) In the most recent year and as of the publication date of the annual report, the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer resignations and dismissals: None.

IV. Accountant public expense information:

(I) Visa Accountant public expense information

Currency Unit: NT$ Thousands

Name of accounting firm	Names of CPAs		Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Chiu Meng-Chieh	Chang Ching-Hsia	2023.01.01~2023.12.31	2,570	400	2,970	Non-audited public expenses are tax visas, etc.

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. Non-audit public expenses and should be accompanied by a note explaining the service content

(II) If the audit fees paid for the year in which the accounting firm is changed are less than the audit fees paid for the previous year, the amount, percentage, and reasons for the reduction in audit fees should be disclosed: Not applicable.

(III) If the public audit funds have decreased by more than 10% compared with the previous year, the amount, proportion and reasons for the decrease in public audit funds should be disclosed: None.

V. Information on Replacement of CPAs: None.

VI. Director, general managers, or managers responsible for finance or accounting within the company who have served at the accounting firm or its related enterprises within the past year should disclose their names, titles, and the duration of their employment at the accounting firm or its related enterprises. The term 'related enterprises of the accounting firm' refers to companies or institutions that are either

held by the accountants of the accounting firm with more than fifty percent ownership, or hold over half of the director seats, or are listed as related enterprises in the information released or published by the accounting firm: None.

VII. The recent fiscal year and up to the date of the annual report printing, disclosure of the transfer of shares exceeding ten percent ownership by Director, executives, and shareholders, as well as changes in pledged equity.

(I) Transfers in Shareholding of Director, Supervisors, Managerial Officers, and Major Shareholders

Unit: Shares

Job title	Name	2023		As of April 15, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Chang Mao-Sung	–	–	–	–
Director	Liu Feng-Lan	23,000	–	–	–
Director	Liu Yi-Min (Note 1)	–	–	–	–
Director	Wu Pin-Sheng (Note 1)	–	–	–	–
Independent Director	Jian You-Ren (Note 1)	–	–	–	–
Independent Director	Teng Fu-Chi	–	–	–	–
Independent Director/Director	Lee Che-Yu (Note 2)	–	–	–	–
Independent Director	Wang Kung-Jeng (Note 3)	–	–	–	–
Independent Director	Su Wen-Hsu (Note 3)	–	–	–	–
General Manager	Chen Chien-Wei	–	–	–	–
Executive Vice President	Chen Jei-Wen	–	–	–	–
Vice President/Director of the Research and Development Center	Huang Yin-Shui (Note 3)	–	–	–	–
Vice President of the Manufacturing Center	Liu Jing-Kuan	–	–	–	–
Vice President of Business Department	Chiu Szu-Chia	–	–	–	–
Vice President of Business Department	Huang Jian-Yu (Note 4)	–	–	–	–
Vice President of Product Management Center	Chen Wei-Kai	–	–	–	–
Vice President of HW R&D Center	Zheng Ji-Feng (Note 4)	–	–	–	–
Deputy Chief Financial Officer (CFO)	Hsieh Wen-Pi	–	–	–	–
Vice President of Information Center and Quality Assurance Center	Lin Yueh	–	–	–	–

Note1: A comprehensive election was conducted after the director's term of office expired, and resignation followed on June 14, 2023.

Note2: A comprehensive election was conducted after the director's term of office expired, and the company's independent director transitioned into a non-independent director on June 14, 2023.

Note3: A comprehensive election was conducted after the director's term of office expired, and the company's director was re-elected on June 14, 2023.

Note4: Transferred to the subsidiary Sparkle Computer Co., Ltd. on July 3, 2023

(II) Information on the related parties of the equity transfer: None.

(III) Information on related parties of equity pledge: None.

VIII. Information on the relationships between the top ten shareholders with the largest shareholding ratio:

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree.		Remarks
	Number of shares	%	Number of shares	%	Number of shares	%	Name of entity or individual	Relationship	
Liu Feng-Lan	2,629,833	5.44%	No	No	No	No	No	No	
HSBC Trusteeship Invesco Elwood Blockchain UCITS	1,446,952	2.99%	No	No	No	No	No	No	
Chang Mao-Sung	1,319,919	2.73%	No	No	No	No	No	No	
Cai Longfa	497,000	1.03%	No	No	No	No	No	No	
Standard Chartered takes custody of Japan Trustee Services Bank's SMTB Yishun	338,364	0.70%	No	No	No	No	No	No	
Wang Qing-Bai	300,000	0.62%	No	No	No	No	No	No	
Wang De-Gang	224,870	0.47%	No	No	No	No	No	No	
Qiu Jun-Cun	222,000	0.46%	No	No	No	No	No	No	
Wu Dong-yue	200,000	0.41%	No	No	No	No	No	No	
Bank of Taiwan entrusted trust property account for TUL Corporation	155,291	0.32%	No	No	No	No	No	No	

IX. The number of shares held by Director, supervisors, managers, and enterprises directly or indirectly controlled by the company in the same investee, and the

comprehensive shareholding ratio shall be calculated by consolidation:

December 31, 2023

Long-term investment	Investment by the Company		Investment by supervisors, managerial officers and directly or indirectly controlled entities of the company		Total investment	
	Shares	Ratio	Shares	Ratio	Shares	Ratio
TUL Inc.	100,000	100%	0	-	100,000	100%
TUL B.V.	100,000	100%	0	-	100,000	100%
IOTU Corporation	12,100,000	93.08%	0	-	12,100,000	93.08%
Technology Created Medicine Corporation	2,900,000	100%	0	-	2,900,000	100%
Sparkle Computer Co., Ltd.	13,900,000	100%	0	-	13,900,000	100%
Hoch Technology Corporation Limited	385,000	46.67%	0	-	385,000	46.67%
UWin Resource Regeneration Inc.	0	-	301,533	10%	301,533	10%

Chapter 4 Fundraising situation

I. Capital and shares

(I) Sources of Capital

1. Equity formation process

Year and month	Issue price (NT$)	Authorized capital		Paid- in capital		Remarks		
		Shares (Shares)	Amount (NT$)	Shares (Shares)	Amount (NT$)	Sources of Capital	Capital paid in by assets other than cash	Others
2009.1	10	96,000,000	960,000,000	63,641,299	636,412,990	Reduction of treasury shares by NT$15,140,000	No	Commercial letter No. 09801008850 issued on January 15, 2009.
2009.8	10	96,000,000	960,000,000	64,277,712	642,777,120	Capital increase by surplus of NT$6,364,130	No	Commercial letter No. 09801182470 issued on August 13, 2009
2011.5	10	96,000,000	960,000,000	65,176,172	651,767,120	Employee stock options converted to common shares amounting to NT$8,990,000	No	Commercial letter No. 10001098850 issued on May 18, 2011
2011.8	10	96,000,000	960,000,000	69,739,082	697,390,820	Capital increase by surplus of NT$45,623,700	No	Commercial letter No. 10001194750 issued on August 24, 2011
2012.5	10	96,000,000	960,000,000	70,150,582	701,505,820	Employee stock options converted to common shares amounting to NT$4,115,000	No	Commercial letter No. 10101087540 issued on May 15, 2012
2012.11	10	96,000,000	960,000,000	70,159,332	701,593,320	Employee stock options converted to common shares amounting to NT$87,500	No	Commercial letter No. 10101232250 issued on November 12, 2012
2013.5	10	96,000,000	960,000,000	70,528,332	705,283,320	Employee stock options converted to common shares amounting to NT$3,690,000	No	Commercial letter No. 10201093270 issued on May 20, 2013
2013.11	10	96,000,000	960,000,000	70,569,582	705,695,820	Employee stock options converted to common shares amounting to NT$412,500	No	Commercial letter No. 10201233180 issued on November 18, 2013
2014.4	10	96,000,000	960,000,000	70,579,582	705,795,820	Employee stock options converted to common shares amounting to NT$100,000	No	Commercial letter No. 10301066260 issued on April 14, 2014
2015.8	10	96,000,000	960,000,000	50,440,091	504,400,910	Reduction of ordinary shares by NT$201,394,910	No	Commercial letter No. 10401171010 issued on August 17, 2015
2016.9	10	96,000,000	960,000,000	30,264,054	302,640,540	Reduction of ordinary shares by NT$201,760,370	No	Document No. 1055310689 issued on September 13, 2016
2018.8	10	96,000,000	960,000,000	33,290,460	332,904,600	Capital increase by surplus of NT$30,264,060	No	Document No. 1078056364 issued on August 29, 2018
2020.11	10	96,000,000	960,000,000	44,881,629	448,816,290	Convertible corporate bonds totaling NT$115,911,690	No	Document No. 1098082615 issued on November 19, 2020
2022.1	10	96,000,000	960,000,000	48,239,318	482,393,180	Convertible corporate bonds totaling NT$33,576,890	No	Document No. 1118001430 issued on January 12, 2022

2022.5	10	96,000,000	960,000,000	48,345.985	483,459,850	Convertible corporate bonds totaling NT$1,066,670	No	Document No. 1118033191 issued on May 13, 2022

2. Type of Shares

Type of stock	**Authorized capital**					**Remarks**
	Outstanding shares			Unissued shares	Total	
	Listed on the OTC market	Not listed on the stock exchange	Subtotal			
Common shares	48,345,985	-	48,345,985	47,654,015	96,000,000	

3. Information Relating to the Shelf Registration System: None.

(II) Shareholder composition

April 15, 2024

Shareholder composition / Quantity	Government agencies	Financial institutions	Mainlanders	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of people	0	0	0	162	32,524	56	32,742
No. of shares held	0	0	0	876,422	45,342,443	2,127,120	48,345,985
Shareholding ratio	0	0	0	1.81%	93.79%	4.4%	100.00%

(III) Distribution of Shareholding:

1. Common shares

April 15, 2024

Range of no. of shares held	No. of shareholders	No. of shares held	Shareholding ratio %
1～999	21,594	800,946	1.66
1,000～5,000	9,682	17,317,152	35.82
5,001～10,000	828	6,460,367	13.36
10,001～15,000	245	3,149,667	6.51
15,001～20,000	120	2,196,016	4.54
20,001～30,000	123	3,153,430	6.52
30,001～40,000	43	1,557,594	3.22
40,001～50,000	40	1,846,000	3.82
50,001～100,000	46	3,256,139	6.74
100,001～200,000	13	1,629,736	3.37
200,001～400,000	4	1.085,234	2.25
400,001～600,000	1	497,000	1.02
600,001～800,000	0	0	0
800,001～1,000,000	0	0	0
1,000,001 or above	3	5,396,704	11.16
Total	32,742	48,345,985	100.00

2. Preferred Stock: Not applicable.

(IV) List of Major Shareholders (Shareholding Ratio of 5% or Top Ten Shareholders)

April 15, 2024

Names of major shareholders \ Shares	Number of shares	%
Liu Feng-Lan	2,629,833	5.44%
HSBC Trusteeship Invesco Elwood Blockchain UCITS	1,446,952	2.99%
Chang Mao-Sung	1,319,919	2.73%
Cai Longfa	497,000	1.03%
Standard Chartered takes custody of Japan Trustee Services Bank's SMTB Yishun	338,364	0.70%
Wang Qing-Bai	300,000	0.62%
Wang De-Gang	224,870	0.47%
Qiu Jun-Cun	222,000	0.46%
Wu Dong-yue	200,000	0.41%
Bank of Taiwan entrusted trust property account for TUL Corporation	155,291	0.32%

(V) Recent two-year data on market price per share, net asset value, earnings, and dividends.

Unit: NT$

Item \ Fiscal year			2022	2023	As of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		180.00	113.50	100.00
	Lowest		44.25	67.40	82.70
	Average		94.42	81.59	90.59
Net worth per share (Note 2)	Before distribution		36.81	33.55	33.87
	After distribution		36.81	(Note 9)	-
Earnings per share	Weighted average shares		48,346	48,346	48,346
	Earnings per share (Note 3)		(1.78)	(2.84)	(0.06)
Dividends per share	Cash dividends		-	(Note 9)	
	Stock dividends	-	-	(Note 9)	-
		-	-	(Note 9)	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Return on investment analysis	Price/earnings ratio (Note 5)		-	-	-
	Price/dividend (Note 6)		-	(Note 9)	-
	Cash dividend yield (Note 7)		-	(Note 9)	-

Note1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note2: Calculate shares based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved in the next year's shareholders meeting.

Note3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.
Note7: Cash dividend yield = cash dividend per share / average closing price per share for the year.
Note8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.
Note9: The earnings distribution plan for the year 2022 is pending the resolution of the shareholders' meeting.

(VI) Company Dividend Policy and Execution Status

1. Dividend Policy

   If the Company generates a profit for the year, it should allocate a minimum of 3% for employee remuneration, including employees of subsidiary companies meeting certain conditions. Simultaneously, the Company's Board of Director may allocate a maximum of 3% of the aforementioned profit for director remuneration. However, if the company still has accumulated losses, the amount should be reserved in advance to cover these losses, and then the employee and director compensation should be allocated according to the aforementioned ratio. This plan for the distribution of employee and director compensation should be reported to the shareholders' meeting:

   If the Company has an earning in the annual final accounts, it must pay taxes as required by law, make up for accumulated losses, and allocate 10% as legal reserves. However, once the legal reserves have reached the Company's paid-in capital, they shall not be set aside. The remaining amount should be allocated or reversed as special reserves in accordance with the regulations. If there are still remaining balance, it should be combined with the accumulated undistributed profits. The Board of Director shall propose the distribution of earnings and submit it to the shareholders' meeting for approval to distribute dividends to shareholders. The Company's dividend policy is formulated to align with current and future development plans, considering the investment environment, capital requirements, domestic and international competition, and shareholder interests. In the annual financial statements, if there is a surplus and the distributable earnings for the year amounts to 10% of the capital, the dividend distribution should not be less than 10% of the distributable earnings for the year. The proportion of cash dividends distributed each year should not be less than 50% of the total cash and stock dividends distributed for the year.

2. Proposed Dividend Distribution for the Annual Shareholders' Meeting

   The company does not plan to distribute dividends for the year 2023.

(VII) The impact of the proposed stock dividend distribution at this year's shareholders' meeting on the company's operating performance and earnings per share: Not applicable.

(VIII) Employee and Director/Supervisor Compensation:

1. Please refer to Article (VI) in the company's articles of association for information on employee remuneration and director and supervisor remuneration.

2. The accounting treatment for the discrepancy between the estimated basis for employee and director remuneration provisions, the calculation basis for stock dividend distribution, and the actual distribution amount.

   No provision was made for employee and director remuneration in fiscal year 2023 due to the company's losses. After the fiscal year ends, any significant changes in the approved dividends by the Board of Director are adjusted in the initially provisioned annual expenses. If there are further changes in the amount by the date of the shareholders' meeting, they will be accounted for based on estimates and reflected in the annual financial statements approved at the meeting.

3. The Board of Director has approved the proposed amounts for employee compensation and director remuneration, as well as the allocation of employee bonus shares and the ratio of total employee bonuses to net profit after tax for the current period. Earnings per share will be calculated accordingly. However, for the year 2023, the company does not intend to distribute employee compensation and director remuneration.
4. The situation of distributing previous year earnings to employee bonuses and director/supervisor remuneration: No provision was made for employee and director bonus remuneration in fiscal year 2022 due to the company's losses.

(IX) The company did not repurchase any of its own shares during the recent fiscal year or up to the date of printing the annual report

II. Status of Corporate Bond Issuance (including Overseas Corporate Bonds):

Type of corporate bonds		Fifth domestic unsecured converted bonds	Sixth domestic unsecured converted bonds
Issue date		August 4, 2021	March 7, 2024
Par value		Each bond has a par value of NT$100,000.	Each bond has a par value of NT$100,000.
Place of issue and trading		Domestic	Domestic
Issue price		NT$ 104.2900	NT$ 106.7400
Total amount		NT$ 700 million	NT$ 400 million
Coupon rate		Coupon rate 0%	Coupon rate 0%
Maturity		3-year term Maturity Date: August 4, 2024	3-year term Maturity Date: March 7, 2027
Guarantor		No	No
Trustee		Cathay United Bank	Land Bank of Taiwan Trust Department
Underwriter		126T Horizon Securities	126T Horizon Securities
Attesting lawyer		N/A	N/A
Attesting CPA		Deloitte & Touche CPA Chiu Meng-Chieh and Chang Ching-Hsia	Deloitte & Touche CPA Chiu Meng-Chieh and Chang Ching-Hsia
Redemption method		The bond will be redeemed in cash at 101.5% of the face value within ten business days after the maturity date.	The bond will be redeemed in cash at 101.5% of the face value within ten business days after the maturity date.
Unredeemed balance		NT$222,600,000	NT$400,000,000
Conditions for redemption or early redemption		Refer to the Company's bond issuance and conversion methods	Refer to the Company's bond issuance and conversion methods
Restrictive covenants		Refer to the Company's bond issuance and conversion methods	Refer to the Company's bond issuance and conversion methods
Name of rating agency, date and result of rating		No	No
Other rights attaching to the preferred shares	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	A request is being made to convert the par value of NT$477,400,000 into 3,464,356 common shares.	No
	The issuance and conversion, exchange, or subscription rules	Refer to the Company's bond issuance and conversion methods	Refer to the Company's bond issuance and conversion methods
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		Calculation is based on the current conversion price of NT$118.4 and the outstanding balance of NT$222,600,000, the equity dilution ratio is approximately 3.74%.	Calculation is based on the current conversion price of NT$90.2 and the outstanding balance of NT$400,000,000, the equity dilution ratio is approximately 8.4%.
Name of the custodian institution of the exchangeable underlying		No	No

Convertible Corporate Bonds

Type of corporate bonds		Fifth domestic unsecured convertible bonds		Sixth domestic unsecured convertible bonds
Item / Fiscal year		2023	As of April 30, 2024 of the current year	As of April 30, 2024 of the current year
Convertible Bond Exchange Market Price Company	Highest	NT$105	NT$103.4	NT$117
	Lowest	NT$96.5	NT$100.05	NT$99.9
	Average	NT$98.68	NT$101.64	NT$2021.74

Conversion price	NT$118.4	NT$118.4	NT$90.2
Issue (transaction) date and conversion price at issuance	Issued on August 4, 2021, with a conversion price of NT$138.3 at the time of issuance		Issued on March 7, 2024, with a conversion price of NT$90.2 at the time of issuance
Method for performance of conversion obligations	Issue new shares		Issue new shares

III. Preferred Shares: None.

IV. Global Depositary Receipts (GDR): None.

V. Employee Share Subscription Warrants:

(I) Employee Share Subscription Warrants: None.

(II) Names and Acquisition and Subscription Status of Managerial Officers Who Have Acquired Employee Share Subscription Warrants and the Top Ten Employees (Ranked by the Number of Subscriber Shares) Who Have Acquired Share Subscription Warrants: Not applicable.

VI. New Restricted Employee Shares: None.

VII. Merger or acquisition of other company shares has been conducted: None.

VIII. Execution Status of Capital Utilization Plan:

Fundraising				Execution Status of Capital Utilization Plan
Method	Fundraising Amount	Date of Full Payment	Purpose of Fundraising	
Sixth domestic unsecured converted bonds	426,953,500	2024/03/05	Repayment of Bank Loans	Achieved 100% progress in the first quarter of 2024

Chapter 5 Operational Overview

I. Business Content

(I) Business Scope

1. The company's business scope: Research and development, production, and sales
   1.1 Gaming, eSports, content creation, live streaming industry, AI training and inference, and industrial graphics cards
   1.2 FPGA Application Solutions
   1.3 Thunderbolt 3/4 High-Speed I/O Transmission Solution
   1.4 OEM/ODM Services for Electronics, Optics, and Biomedical
2. The company's current products, services, and their respective business proportions

Unit: in NT$1,000; %

Product items	2023	
	Net operating revenue	Business proportion (%)
Graphics card	4,972,190	91.87
Other	439,901	8.13
Total	5,412,091	100

3. Our company's current products include graphics cards, FPGA application solutions, and Thunderbolt 3/4 high-speed I/O transmission solutions. Among these, the sales in the year 2023 were mainly driven by graphics cards, accounting for approximately 91.87% of the net revenue. Here is an explanation of the main uses or functions of graphics cards:

Main products	Purpose or Function
Graphics Card	It is an interface card mainly used for: 1. Gaming, e-sports and creator computing; 2. High-speed computing and deep learning training; 3. Industrial application solutions for multiple displays, video walls and gaming machines.

4. Developing New Products

Year	Developing New Products
2024	AMD Radeon Navi RDNA4, Navi4 series, under development and launching. Used for 3D PC gaming, CAD drawing assistance, and AI applications that require high-speed floating-point calculations. Development of AI system platform using AMD ROCm, integrating a complete AMD Generative AI System Host. The Linux system is scheduled to be launched in Q3 2024, while support for the Windows system will be available in Q4 2024. Hardware development using Xilinx Kintex® UltraScale series programmable chips. The Intel ThunderBolt 4/5 Hoover Ridge/Barlow Ridge series supports ThunderBolt 5/USB4 interface docking. It is designed for MacBook/iMac and Windows laptops, as well as 8k high-resolution high-frequency displays.

(II) Industry Overview

1. Current Situation and Development of the Industry

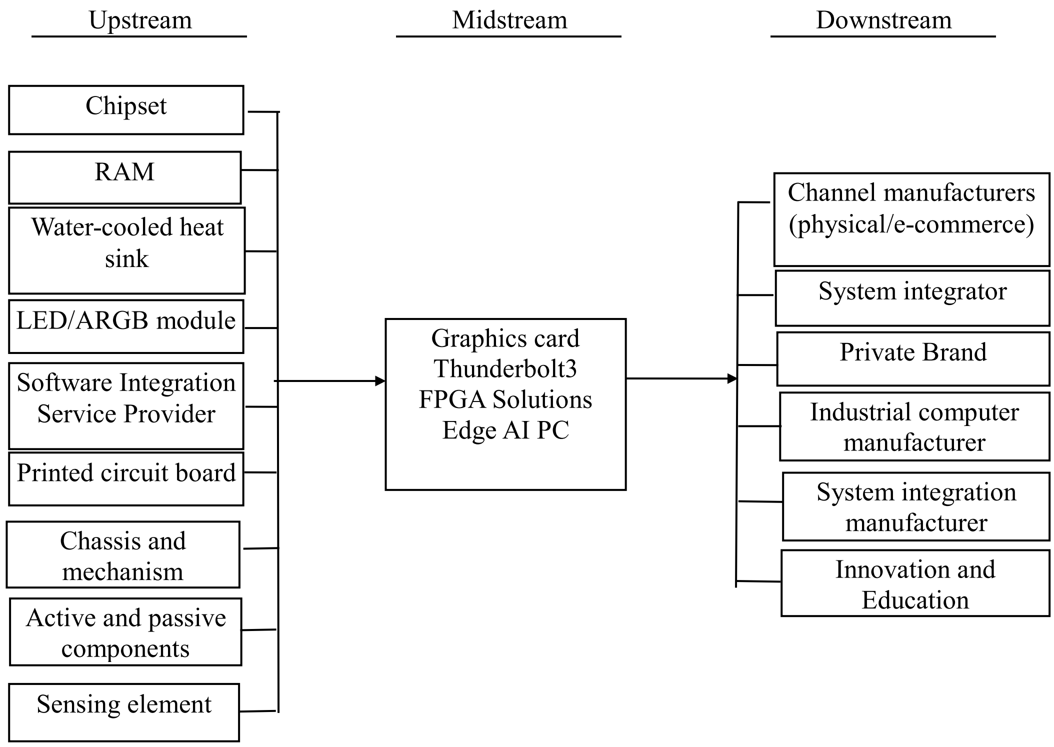
   Over the years, graphics cards have evolved from being primarily used for PC gaming to being widely utilized in various other industries and scenarios. Initially, graphics cards were designed to reduce the CPU's reliance on PCs, primarily focusing on accelerating graphics tasks. Therefore, when PC gaming became prevalent, graphics cards became the most critical component for gamers in building their gaming PCs. The specifications of the graphics card directly impact the smoothness of the game graphics, thereby affecting the players' performance in games.

In 2015, Microsoft released Windows 10, which provided a broader stage for Thunderbolt 3, a platform that had previously only been compatible with macOS operating systems. This latest version of the Windows operating system supports hot-plugging for external graphics cards for the first time. Creators and gamers can now effortlessly connect a lightweight laptop to a Thunderbolt 3 eGPU enclosure. This enables them to accomplish tasks that were previously limited to high-end desktop computers, as well as play games with demanding hardware requirements. Our core customer base has always been creators and gamers, and with our investment in Thunderbolt 3 development, we quickly earned an award from ODM customers.

In 2023, OpenAI launched ChatGPT, leading to various LLM. With continuous technological advancements, we can expect to see more amazing models emerging in different fields. This increases the demand for Local AI Computing, whether for training or inference, making standalone graphics cards even more indispensable.

2. Interconnectivity of the Upstream, Midstream, and Downstream Sectors in the Industry

Our company manufactures graphics cards, provides Thunderbolt 3/4 high-speed I/O transmission solutions, and offers FPGA application solutions. We work with upstream suppliers such as chipset manufacturers, memory suppliers, printed circuit board (PCB) providers, passive and active component suppliers, as well as thermal module suppliers. Alongside connectors and casings, after research and development by our company, we outsource manufacturing to produce finished products. These products are then supplied to channel partners, system integrators, own-brand vendors, and industrial computer manufacturers. The following is a diagram illustrating the relationships between the upstream, midstream, and downstream sectors of the industry:



3. Product development trends and competition

Although the total output value of the game industry has been growing, the main driving force is in mobile games. As for the desktop gaming segment, the hardware pie is shared by e-sports laptops, which are taking over the independent graphics card market. However, some environments contribute to the increase in sales volume and unit price of standalone graphics cards. In recent years, tabletop games have been pursuing higher user experience, and their game graphics design tends towards high resolution, high refresh rates, as well as more perfect physics and lighting calculations. As a result, gamers are constantly pursuing higher-specification independent graphics cards in pursuit of a better experience.

In areas other than the gaming market, graphics cards are playing an increasingly important role, including the creator market, live broadcast market, digital signage, mobile medical and other industrial applications.

In recent years, deep learning, a branch of machine learning, has helped popularize speech recognition and face recognition, and its image recognition capabilities have also taken a big step forward in fields such as factory automation and medical care. The two main steps of deep learning: training (TRAINING) and inference (INFERENCE), particularly require the high-speed computing power provided by the graphics card. In the training part, LLM mainly uses large graphics chips to perform calculations. However, in some LLMs with smaller data sets, the computing power of general desktop graphics chips is enough to complete the task. In the inference part, there are generally three solutions to choose from. One is the general desktop graphics chip, the second is the FPGA, and finally the ASIC solution that has been springing up recently.

(III) Status of Technology and Research and Development

Our company specializes in the development of PC graphics cards and has recently expanded into high-end gaming graphics cards. Since 2023, we have been consistently creating products that are compatible with Microsoft DirectX 12 Ultimate, a high-resolution 3D gaming specification for Microsoft Windows 10/11. Our single graphics card can currently support up to six displays simultaneously, allowing for independent window operation across multiple monitors. Additionally, it can be used as a single display using Eyefinity Technology, offering a resolution of up to 16Kx16K. This feature is particularly beneficial for high-end gaming setups. For instance, when playing games, utilizing four 4K displays can expand the field of view by four times.

In 2023, I joined the AMD ROCm software development team. ROCm is an open-source software stack that encompasses a range of programming models, tools, compilers, libraries, and runtimes for the development of AI and HPC solutions on AMD graphics cards.

1. R&D Expenses for the Most Recent Fiscal Year and up to the Date of Printing of the Annual Report Unit: NT$ Thousand

Year	2023	First quarter of 2024
Research and Development Expenses	46,647	10,609

2. The successful technologies or products developed during the current fiscal year and up until the printing date of the annual report.

Year	Technological and Product Development Achievements
2023	AMD Radeon Navi 3 Series Radeon RX7900 XTX/XT for 3D PC gaming. AI that requires high-speed floating-point operations, such as TensorFlow/PyTorch, OpenCL, and OpenGL. AMD Embedded GPU E9200 series multi-output PCIe graphics card, MXM graphics card application, this product is a customized product commissioned by the customer to develop and develop, mainly using one card for multiple displays, pursuing long-term stability (5 to 7 Years), mainly used in TV wall advertising, gaming machines and medical equipment displays. Customized Thunderbolt 3/4 eGPU enclosure designed for connecting GPU graphics cards to Windows 10/11 laptops and MacBook/iMac. Enhance image conversion processing, accelerate 3D graphics rendering speed, optimize the application of AI high-speed floating-point operations, and reduce computation time. Standardized ThunderBolt 3/4 Docking, USB 4 Docking peripheral platform, used to add high-speed I/O interface to laptops Windows10/11 and MacBook/iMAC. Xilinx - Zynq UltraScale+ MPSoc series and Kintex® UltraScale FPGA series.

(IV) Long and short term business development plans

1. Short and long term business development plans:
    (1) To establish a strong presence in the high-end product market, thereby increasing overall gross profit and expanding our product line, while maintaining a focus on brand and quality. Additionally, we aim to explore new international markets to strengthen recognition of our proprietary brand.
    (2) To promote Edge AI Computing and expand the Total Addressable Market (TAM) of standalone graphics cards by extending product reach to the startup and education markets.
    (3) Implement a multi-location production strategy to reduce trade barriers and market globally.
    (4) Strengthen the development of the creator market to increase the sales of graphics cards for new uses; continue to work on this market, and hope to increase the market share of Thunderbolt 3/4, whether it is eGPU or Docking.
2. Long term business development plans:
    (1) Strengthen product features and service quality, thereby enhancing brand awareness and loyalty to increase and stabilize international market share.
    (2) Develop and promote new products to existing customer groups.
    (3) Continuously striving to expand our presence in the industrial market, our goal is to improve product sales and services. In addition to industrial graphics cards, we also offer a wide range of products including industrial motherboards and FPGA boards.
    (4) We continue to cooperate with partners such as chip design and software integration services, with a view to widely applying Edge AI Computing in various industries.
    (5) Leveraging the advantages of our self-built factories, we are investing in the diverse field of precision medicine applications, embracing the new opportunities brought about by the cross-domain integration of technology and biomedicine industries.

II. Market and production and sales overview

(I) Market analysis

1. Sales regions for primary products

Sales regions \ Year		2021		2022		2023	
		Amount	%	Amount	%	Amount	%
Local		337,641	3.84	456,262	9.26	153,923	2.84
Export	America	2,842,688	32.34	1,513,368	30.71	1,841,509	34.03
	Europe	2,834,597	32.24	1,599,629	32.46	1,841,589	34.03
	Asia	2,403,349	27.34	1,216,517	24.69	1,461,635	27
	Other	372,374	4.24	141,692	2.88	113,435	2.1
Total		8,790,649	100	4,927,468	100	5,412,091	100

2. Market share

The company currently focuses on the production of graphics cards. With the increasing popularity of personal computers, the demand for multimedia products is expected to steadily grow in the future. The company operates in the highly popular segment of the information industry, specializing in multimedia products, particularly gaming graphics cards. These cards have recently been widely used to improve production efficiency and in the field of AI. Currently, the company sells its products under its own brand and has gained recognition from consumers both domestically and internationally. The company has established a strong brand presence in the international market. In the future, it will continue to invest in research and development of new products to maintain a competitive edge against its competitors. After comparing the operating income amount of the company and its peers in 2023 (as shown in the table below), the company's ratio to domestic peers is 49.8%, indicating that it has considerable competitive advantages.

Comparative table of revenue figures between TUL Corporation and domestic peers in 2023. Unit: NT$100,000

Company name	TUL Corporation	LEADTEK Research Inc.	Yuan High-Tech Development Co.,Ltd.	Total domestic peers
Net revenue	5,412	4,276	1,180	10,868
Ratio to domestic peers	49.8%	39.3%	10.9%	100%

Source: Public Information Observatory

(1) Market Future Supply and Demand Situation and Growth

As independent display chips are increasingly used in applications, including gaming, e-sports, creation, live broadcast, AI training, inference and scientific computing, according to the annual financial reports of AMD and Nvidia, their TAM can reach US$100 billion. It is inferred that the total independent graphics card market is also growing.

3. Competitive niche

The company has been recognized by customers in terms of product prices, services, etc., and its product diversification is ahead of other competitors in the same industry. This is an advantage that other competitors cannot obtain, and it can provide customers with a total solution that best meets their needs.

4. Advantages and disadvantages of development prospects and countermeasures
   (1) Advantages:
      A. Independent graphics cards are used for an increasingly wide range of applications, including gaming, e-sports, creation, live streaming, AI training, and inference and scientific computing.
      B. The integrated graphics card is unable to meet the computing speed requirements of mid to high-end users. As a result, the attach rate of discrete graphics cards has increased to over 50% compared to desktop computer shipments in recent years.
      C. The popularity of machine learning has led to increased demand for AI training and inference, expanding the total market for independent graphics cards and FPGAs.
   (2) Disadvantages:
      A. Integrated chips are already built into motherboards, so low-end market demand will decrease accordingly.
      B. The short product life cycle requires related chip manufacturers to quickly provide various mid-to-high-end chips. If a product lacks marketability, it can lead to wasted research and development costs and chips.
      C. In specific fields of AI Inference, dedicated ASICs have begun to replace GPUs as computing solutions.
5. Countermeasures
   (1) In order to enhance international marketing efforts and attract new customers, it is crucial to have a comprehensive understanding of market dynamics and user requirements. This knowledge will enable us to effectively expand our market share.
   (2) In order to meet market demand, it is important to develop niche products rapidly, minimize the research and development of products that are not marketable, and enhance the sales volume of high-margin products.
   (3) Collaborate with ASIC design manufacturers to develop domain-specific solutions.

(II) Purpose and Manufacturing Process of Main Products

1. Purpose
   Graphics Card: The graphics card serves as the interface between the motherboard and the display, enabling 2D/3D/AI computing.
2. Production Process
   R&D completes the design, then outsources the production order. Material preparation is done in-house before outsourcing the production. The finished goods are then warehoused. Our company is responsible for circuit design and material preparation, while the production is outsourced. The evaluation of partner factories for cooperation must meet the qualification criteria.

(III) Status of Main Raw Material Supply

Name of main/raw materials	Main Suppliers	Supply Status
Chip	AMD/Intel	Satisfactory

(IV) Main List of Sales and Purchase Customers

1. Customer Names, Amounts, and Proportions that Accounted for Over 10% of Net Sales in Any One of the Past Two Fiscal Years

Unit: in NT$1,000

2022				2023				First quarter of 2024			
Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the preceding quarter of the current fiscal year (%)	Relationship with the issuer
Customer A	407,397	10.97	No	Customer A	397,434	7.34	No	Customer A	109,342	8.3	No
Client B	649,734	6.29	No	Client B	1,093,089	20.2	No	Client B	237,338	18.01	No
Client C	503,769	4.01	No	Client C	639,632	11.82	No	Client C	131,669	9.99	No
Other	3,366,568	78.73		Other	3,281,936	60.64		Other	839,287	63.7	
Net sales	4,927,468	100		Net sales	5,412,091	100		Net sales	1,317,636	100	

The sales revenue in 2023 has increased compared to last year, primarily due to the development of AI-related applications and an increase in demand in the terminal market, resulting in revenue growth.
The clients, A, B, and C, are all located in the European and American markets, which are still significant this year.

2. Supplier Names, Amounts, and Proportions that Accounted for Over 10% of Net Purchase in the Past Two Fiscal Years

Unit: in NT$1,000

2022				2023				First quarter of 2024			
Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to the preceding quarter of the current fiscal year (%)	Relationship with the issuer
Vendor A	2,479,872	59.59	No	Vendor A	3,222,593	60.93	No	Vendor A	271,720	33.34	No
Vendor B	646,175	15.53	No	Vendor B	647,921	12.25	No	Vendor B	236,934	29.08	No
Other	1,035,327	24.88		Other	1,418,125	26.82		Other	306,244	37.58	
Net purchases	4,161,374	100		Net purchases	5,288,639	100		Net purchases	814,898	100	

Our company primarily purchases CHIP and DRAM raw materials from Vendor A, our largest supplier. B Company is its agent and has remained the second-largest supplier in 2022.

(V) Recent two-year production volume and production capacity. Production unit: thousand pieces; Production value unit: NT$ thousand.

Main products (or department) / Output / Fiscal year	2022			2023		
	Production capacity	Production Volume	Production value	Production capacity	Production Volume	Production value
Graphics card	-	551	4,874,382	-	555	5,112,845
Other	-	26	84,192	-	25	63,935

Total	-	577	4,958,574	-	580	5,176,780

Note:

1. The company also has outsourced manufacturing plants for production and shipment, so there are no constraints on production capacity.
2. The output value also includes purchased goods.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Sales Unit: thousand pieces; Sales Value Unit: thousand New Taiwan Dollars

Fiscal year / Sales / Main products (or department)	2022				2023			
	Local		Export		Local		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Graphics card	51	329,570	411	4,321,568	30	100,380	415	4,871,810
Other	3	126,692	22	149,638	16	53,543	5	386,358
Total	54	456,262	433	4,471,206	46	153,923	420	5,258,168

III. Employee Statistics for the Most Recent Two Fiscal Years up to the Annual Report Publication Date

Fiscal year		2022	2023	As of March 31, 2024
Number of employees	Research and development unit	46	32	33
	Business Unit	73	86	86
	Management Unit	54	50	50
	Total	173	168	169
Average Age		38.27	39.32	38.94
Average years of service		6.34	6.29	6.41
Education distribution percentage (%)	Ph.D.	0.64%	0 %	0 %
	Master's degree	32.5%	33.4%	34.1%
	College	19.1%	16.3%	16.1%
	University	46.56%	49.3%	48.9%
	Below senior high school	1.2%	1.0%	0.9%
	Total	100.0%	100.0%	100.0%

IV. Information on Environmental Spending

1. The Company has not suffered losses due to environmental pollution in the most recent year and as of the publication date of the annual report.
2. The company is primarily involved in the manufacturing and sale of graphics cards. However, the production process does not generate any polluting waste. As a result, the company does not expect to incur any significant environmental expenses in the next three years.
3. In response to the implementation of the European Union's Restriction of Hazardous Substances Directive, our company has completed review and improvement of the production process OEM and raw material supplier products according to the relevant requirements of the law to comply with the European Union's Restriction of Hazardous Substances Directive. Our company's products sold to the EU comply with RoHS II Directive 2011/65/EU and

Directive (EU) 2015/863 and REACH Regulation (EC) 1907/2006 environmentally hazardous substances and do not violate the relevant regulations and prohibitions. /Restricted substances (SVHC) regulations; 0.1 % by weight (1000 ppm).

Our company's products adhere to the following international environmental directives and regulations:

EU WEEE waste electronic and electrical product recycling (2002/96/EC)
EU RoHS Environmental Protection Directive (2011/65/EU)
EU REACH Environmental Protection Directive ((EC) No. 1907/2006)
China RoHS
Taiwan RoHS -CNS 15663
Conflicting minerals

Quality certification system:

Our company complies with ISO 9001& IECQ-QC 080000 Hazardous Substance Management System
Our company requires outsourcing factories to comply with ISO 14001

Occupational health and safety policy:

In view of the importance of the working environment and employee personal safety protection measures, the company, under the framework of social responsibility and environmental safety and health management systems,
Establish regulatory compliance management procedures
Establish a safe and hygienic working environment
Comply with safety and health regulations and systems
The environmental protection work in the office area is also based on energy conservation, garbage classification and recycling, low noise, carbon reduction and other environmental optimization goals to enhance a healthy working environment

V. Labor/Management Relations

1. List the company's various employee welfare measures, further education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights and interests protection measures
   (1) Employee welfare measures
   Employee stock trust, national health insurance, labor insurance, retirement pension allocation, group insurance, regular employee health check-ups, employee domestic and international travel, birthday bonus, and club activities.
   (2) Further education and training for employees
      A. Pre-employment training for new employees: Pre-employment training for new employees, including company organization and culture, introduction to operating systems and system operations, professional knowledge training and inheritance, etc.
      B. The company has developed the 'Education and Training Operation Procedure' and the 'Internal/External Education and Training Execution Guidelines'. Colleagues are expected to apply for internal or external training courses that align with their professional expertise and capabilities. This should be done in accordance with the company's annual development strategy or plan, with the aim of collectively achieving strategic objectives and plans. The content is summarized as follows:
         a. Training was conducted at the headquarters.
         b. Training Department: The Training Department is responsible for sending employees to professional training institutions, both domestically and

internationally. Employees are required to sign training consent forms or service commitment agreements, depending on the content of the training.

c. The statistics and expenditures related to employee training and education in the 2023 fiscal year of our company are as follows:

Education and Training	Internal Training	External Training
Number of trainees	938 individuals	160 persons
Expenditure	NT$389,000	NT$569,000
Course Name	New employee education and training, quality management system, blockchain, big data application, compliance knowledge, ISO series courses, statistical data analysis.	Quality Assurance, Inspection, Finance, Information Security, Production Management, Regulatory Compliance, Big Data Analysis, Industry Technology, and Employee Skills Training, ISO Series Courses.

(3) Retirement System and Its Implementation Status:

Employees of our company may request for retirement if they fall into any of the following circumstances:

A. Those who are over 55 years old and have worked in the company for more than 15 years.

B. Those who have continuously worked for twenty-five years or more.

C. Those who have served for more than ten years and are over sixty years old.

If an employee of the company falls into any of the following circumstances, the company may force him or her to retire:

A. Those who are over sixty-five years old.

B. A person who is mentally incapacitated or physically disabled and unable to perform their job duties.

(4) The status of agreements between labor and management and the measures for safeguarding various employee rights.

A. The company formulates relevant implementation measures in accordance with the Occupational Safety and Health Act, conducts labor safety and health work, prevents occupational hazards, and ensures the safety and health of employees.

B. Regularly conduct occupational safety and health education training and health check-ups for employees to promote their well-being.

C. Regularly conduct inspections of the workplace environment and related equipment to maintain the safety of company assets and personnel.

D. Apply for employee group insurance to improve the safety and security of employees.

2. The Company has not suffered losses due to labor dispute in the most recent year and as of the publication date of the annual report.

3. Protective measures for work environment and employee personal safety

(1) Workplace safety

A. To prevent occupational disasters and ensure the safety and health of all colleagues, we formulate an occupational safety and health management plan in accordance with the provisions of the Occupational Safety and Health Law.

B. Conduct firefighting drills and fire-fighting equipment testing and maintenance every year.

C. Environmental quality monitoring is carried out twice a year.

D. Regular inspections and reviews are carried out to achieve the goal of zero occupational accidents (no occupational accidents have occurred in 2023.)

(2) Access security

A. There is a strict access control and surveillance system in place 24/7.

B. Signing a contract with a security company for night time and holiday security maintenance.

(3) Mental and physical health

A. Health Check: Conduct regular health check-ups and provide health knowledge lectures for employees.

B. Workplace Hygiene: Implementing a comprehensive smoking ban as per regulations, organizing health seminars, and conducting regular office cleaning and disinfection.

C. Sexual Harassment Prevention: Establishing complaint procedures and disciplinary measures.

(4) Insurance and Medical Care Support

A. Legal Compliance with Insurance: Enrollment in labor insurance (including occupational injury insurance) and health insurance as mandated by law.

B. The company provides employees with accident insurance for work-related incidents. In cases of work-related disability or death, the insurance benefits support the employee or their beneficiaries.

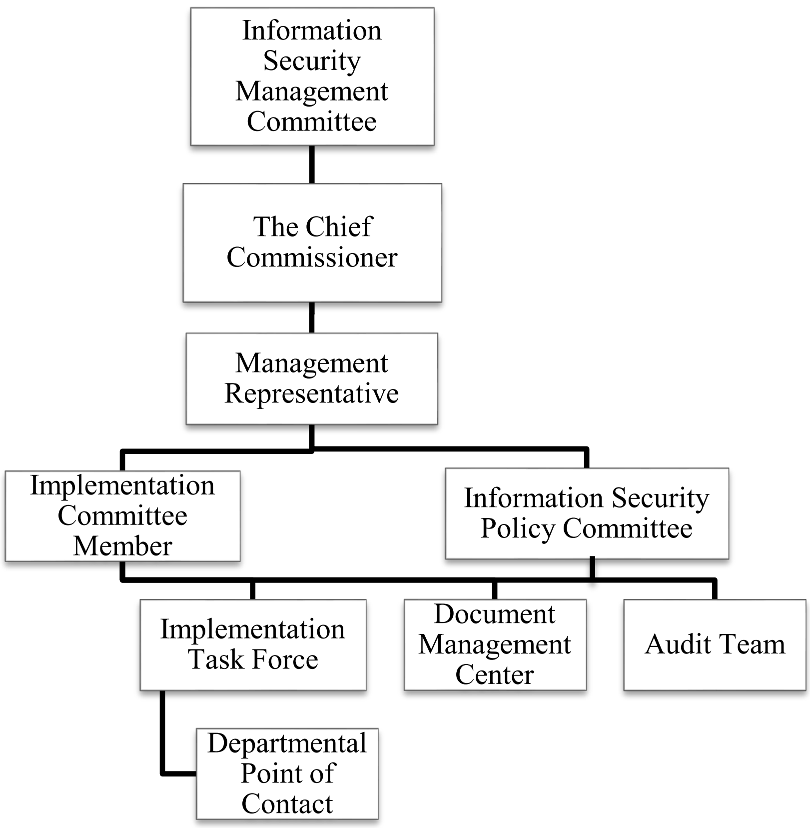
C. Providing financial assistance for hospitalization due to illness for employees, their parents, spouses, and children.

VI. Information Security Management

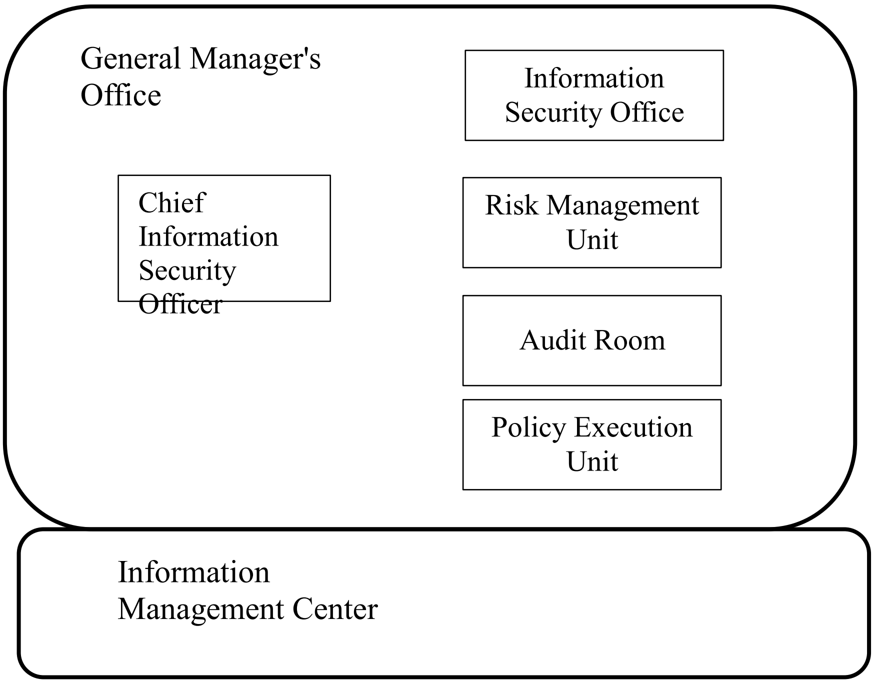
1. Detailing the information security risk management framework, information security policy, specific management plans, and the resources dedicated to information security management.

(1) Information Security Risk Management Framework

A. The enterprise information security governance organization: Our company has set up an Information Security Management Committee under the Information Security Office to conduct information security risk assessments for our company and implement control measures for medium to high-risk projects. The Information Security Management Committee is mainly composed of 1 Chief Commissioner (in 2023, filled by the General Manager), 1 Management Representative (in 2023, filled by the head of the Information Security Office), core system responsible persons, the MIS director as implementation committee members, and dedicated information security personnel from the Information Security Office as members of the Information Security Policy Team. The information security policy is formulated by the Information Security Office and then executed by the implementation committee members. They promote the policy to all colleagues, ensuring its comprehensive implementation. Finally, audit personnel conduct audits and report annually to the board of Director on the Information Security Management Report.



B. Information Security Organizational Structure:
The responsibility unit for information security in our company is planned by the head of the Information Security Office under the General Manager's Office, and implemented, promoted, and supervised by the colleagues of the Information Security Office in terms of relevant management matters and policy implementation. The Information Center colleagues assist in the execution of policy-related management measures.



(2) Information Security Policy

A. Access Control:

- Limiting access to information and information processing facilities.
- Ensuring authorized users can access while preventing unauthorized access to systems and services.
- Making users responsible for safeguarding their authentication information.
- Preventing unauthorized access to systems and applications.

B. Physical and Environmental Security:

- Preventing unauthorized physical access, damage, and interference to organizational information and information processing facilities.
- Preventing loss, damage, theft, or compromise of assets and ensuring continuity of organizational operations
- Regular maintenance and review of the physical security of the data center where information assets are stored

C. Information Asset Management:

- Identifying organizational assets and defining appropriate protection responsibilities.
- Ensuring that all assets are protected at an appropriate level based on their importance to the organization.
- Ensuring the confidentiality, availability, and integrity of information stored on media.

D. Data Transmission

- Ensuring data transmission traceability and non-repudiation.
- Maintaining the reliability and availability of transmission operations.
- Physical transmission using destruction trace or anti-destruction control measures.
- Data should be transmitted using approved electronic media as per regulations; unauthorized or improper media should not be used for the sake of convenience.
- Confidential or sensitive information should not be disclosed to other organizations or individuals through any means of transmission, messaging, speaking, or video unless authorized.
- The internal information website should grant appropriate permissions based on responsibilities and job requirements in order to regulate access to relevant documents.

E. Cybersecurity

- Once authorized, internet users can only access network resources within the authorized scope.
- Appropriate control measures should be implemented for computer connection lines used in internet systems to mitigate the risk of unauthorized system access or computer facility breaches.
- The network segmentation plan should adhere to the physical separation rules for internal and external networks. Additionally, personal wireless devices should be prohibited from compromising the security mechanisms of the physical separation between internal and external networks.
- Unauthorized use of wireless networks and private wired devices for network interconnection is strictly prohibited.

F. Information Security Incident Management:

- Ensuring consistent and effective practices for managing information security incidents, including reporting security events and vulnerabilities.
- Establishing a comprehensive information security incident reporting system.

G. Employee Training
- Information security personnel are required to undergo annual professional information security education and training in order to enhance their professional knowledge.
- Conducting regular information security education and training annually to enhance employees' awareness of cybersecurity.

H. Sustainable Business Management
- Ensuring system availability and data integrity in the event of external natural factors such as fires, earthquakes, or human factors.
- Regular backup/disaster recovery drills ensure the integrity and availability of systems and data after restoration.

(3) Specific Management Plans

A. Management Project Plan Computer Equipment Security Management
- The company's computer hosts, various application servers, and other equipment are all located in dedicated machine rooms, where access records are maintained for inspection.
- The computer room is equipped with independent air conditioning to maintain the computer equipment operating at the appropriate temperature. Additionally, it is equipped with gas-based fire suppression systems and gas room fire extinguishers, which are suitable for general fires or fires caused by electrical equipment. Regularly conduct fire safety inspections in the server room to maintain the operability of fire detection and equipment.
- Equip the server room's main machines with uninterruptible power supplies (UPS) and voltage stabilizers to prevent system crashes caused by sudden power outages from the electricity provider and to ensure that computer applications continue to operate during temporary power interruptions.

B. Network security management
- Install enterprise-grade firewalls at the entry points of external network connections to block unauthorized hacker intrusions.
- Employees accessing the company's internal network and core systems remotely must apply for a VPN account. They can only log in and use the systems through the secure VPN method, and all usage records are retained for auditing purposes.
- External partners accessing the company's core systems remotely must apply for a VDI account. They can only log in and use the systems through the VDI, and a screen recording tool is used to record their activities for future reference.
- Deploy internet behavior management and filtering equipment to control access to the internet. This can block harmful or policy-prohibited websites and content, enhancing network security and preventing improper use of bandwidth resources.

C. Antivirus Protection and Management
- Endpoint protection software is installed on both servers and employees' terminal devices to prevent unauthorized third-party access to the network, applications, or databases through these devices. It also helps protect endpoints from malware.
- All colleagues' computer equipment is installed with antivirus software and regularly updated with virus definitions to ensure the prevention of the latest known computer viruses.
- The email server is configured with email antivirus and spam filtering

mechanisms to block viruses or spam emails from reaching users' PCs.

D. System Access Control
- Employees' access to various application systems is governed by the company's internal system access control procedures. After applying for system permissions through the designated process, and upon approval by the responsible supervisors, the IT team assists in creating system accounts. Access is then granted by system administrators based on the requested functional permissions.
- Regularly review the password policy for account creation, specifying appropriate strength and length requirements, and mandating a mix of letters, numbers, and special characters for passwords to be accepted.
- When an employee undergoes a job transfer, they follow the HR notification to initiate the account modification process, which involves revoking access to various systems and making necessary account changes.
- When an employee leaves or goes on leave, they initiate the account modification process following HR's notification. This process involves revoking or deleting access to various systems.

E. To ensure the system's continuous operation
- System Backup: Implement a daily backup mechanism with three copies maintained. Utilize two different backup methods (such as tape backup, cloud backup, etc.), with one copy being stored off-site. This setup adheres to the "3-2-1 backup rule" to ensure the security of the system and data.
- Email and Organizational Backup: Companies can protect themselves by backing up data from emails and internal communication platforms. This allows them to retain relevant legal evidence and minimize losses caused by trade secret leaks.
- Disaster Recovery Drill: Conduct a quarterly drill for critical servers and host equipment. Once a restoration date reference point is selected, restore the backup media to the system host. After the backup has been restored, perform testing to verify integrity and accuracy.
- Using SD-WAN to manage external networks, having four lines set up as redundant backups to ensure uninterrupted network communication.

F. Cybersecurity Awareness and Education Training
- Remind and advocate for regular password changes among colleagues to maintain account security. Implement re-education and awareness programs for colleagues who have failed social engineering tests.
- Cybersecurity Awareness: Provide cybersecurity case study documents for colleagues as references.

(4) Invest resources into cybersecurity management

A. The workstations and main servers are equipped with a central console for early warning, undergo daily antivirus scans, and have regular updates of virus definitions.

B. Software systems such as endpoint protection systems, backup management software, network access control devices, VPN authentication, VDI remote virtual desktop systems, and server/system log management systems.

C. Hardware devices such as firewalls, intrusion prevention systems, and data center fire protection equipment.

D. Telecommunication services such as multiple lines, website WAF protection, and intrusion prevention systems.

E. Allocating manpower resources for tasks such as daily system status checks, weekly scheduled backups and testing backup media, conducting annual cybersecurity awareness education courses, quarterly system disaster recovery drills, annual internal audits of information circulation, and audits by accountants.

F. Install firewalls to interconnect various domains and servers, or require external-facing servers to have a virtual network connection with a specified cybersecurity level. Manage policies for BYOD, visitors, and guests accessing the network.

G. Devices accessing the network must have necessary antivirus software installed, as well as proper authentication.

H. Schedule annual vulnerability scans for servers and prioritize vulnerability remediation for those rated as medium to high risk or above.

I. Every year, employee social drills are conducted and information security education is provided to personnel who did not pass.

2. As of the most recent fiscal year and up until the printing date of the annual report, there have been no losses incurred due to significant cybersecurity events, nor have there been any potential impacts or response measures as a result of such events in the fiscal year 2023.

VII. Important Contracts

Currently still in force and important contracts that are due to expire in the past year include supply and sales, technical cooperation, engineering, long-term borrowing agreements, and other contracts that may impact investor rights (as shown in the table below).

Nature of contract	Parties	Contract start and end dates	Major content	Restrictive covenants
New types of insurance	Shinkong Insurance Co., Ltd.	2024/1/1~2025/1/1	Director and officers liability insurance	No

Chapter 6　Financial Overview

I. The balance sheet and income statement for the past five years (one consolidated and one individual each).

(I) Concise Balance Sheet

Concise Consolidated Balance Sheet (IFRS)

Unit: in NT$1,000

年度 項目		最近五年度財務資料（註1）					當年度截至113年3月31日會計師核閱財務資料（註3）
		108年	109年	110年	111年	112年	
流動資產		1,287,313	1,607,041	4,640,883	2,581,370	3,156,377	2,659,674
不動產、廠房及設備（註2）		137,366	136,123	740,050	939,675	938,937	930,143
無形資產		1,682	1,316	2,403	4,168	6,850	6,284
其他資產（註2）		148,673	154,426	147,454	151,796	159,228	164,827
資產總額		1,575,034	1,898,906	5,530,790	3,677,009	4,261,392	3,760,928
流動負債	分配前	1,171,286	1,028,365	2,795,581	1,631,986	2,603,293	1,715,443
	分配後	1,171,286	1,050,806	3,327,387	1,631,986	2,603,293	1,715,443
非流動負債		19,902	34,678	300,945	265,545	35,877	408,087
負債總額	分配前	1,191,188	1,063,043	3,096,526	1,897,531	2,639,170	2,123,530
	分配後	1,191,188	1,085,484	3,628,332	1,897,531	2,639,170	2,123,530
股　本		332,905	448,816	483,453	483,460	483,460	483,460
資本公積		196	307,514	792,407	792,496	791,911	840,250
保留盈餘	分配前	46,385	77,517	1,141,453	524,739	377,395	344,483
	分配後	46,385	55,076	609,647	524,739	377,395	344,483
其他權益		4,360	2,016	16,951	(21,217)	(30,544)	(30,795)
庫藏股票		0	0	0	0	0	0
權益總額	分配前	383,846	835,863	2,434,264	1,779,478	1,622,222	1,637,398
	分配後	383,846	813,422	1,902,458	1,779,478	1,622,222	1,637,398

Note1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note2: For the fiscal year in which assets were revalued, the date of revaluation and the amount of revaluation increment should be noted in the financial statements.

Note3: Companies listed or whose stocks are traded on securities firms should disclose financial information up to the previous quarter before the printing date of the annual report. Furthermore, it should be indicated whether the financial data has been audited, reviewed, or not by an accountant.

Note4: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the Board of Director or resolved in the next year's shareholders meeting.

Note5: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

Concise Individual Balance Sheet (IFRS)

Unit: in NT$1,000

項目＼年度		最近五年度財務資料（註1）				
		108 年	109 年	110 年	111 年	112 年
流動資產		1,250,964	1,539,356	4,373,309	2,418,056	2,812,479
不動產、廠房及設備（註2）		115,548	115,724	698,968	892,284	880,831
無形資產		1,682	1,116	2,296	4,153	6,762
其他資產（註2）		183,003	193,597	339,320	281,118	394,069
資產總額		1,551,197	1,849,793	5,413,893	3,595,611	4,094,141
流動負債	分配前	1,150,545	987,658	2,687,631	1,561,053	2,444,782
	分配後	1,150,545	1,010,099	3,219,437	1,561,053	2,444,782
非流動負債		16,980	26,919	300,947	262,019	29,966
負債總額	分配前	1,167,525	1,014,577	2,988,578	1,823,072	2,474,748
	分配後	1,167,525	1,037,018	3,520,384	1,823,072	2,474,748
股 本		332,905	448,816	483,453	483,460	483,460
資本公積		196	307,514	792,407	792,496	791,911
保留盈餘	分配前	46,385	77,517	1,141,453	524,739	377,395
	分配後	46,385	55,076	609,647	524,739	377,395
其他權益		4,186	1,369	8,002	(28,156)	(33,373)
庫藏股票		0	0	0	0	0
權益總額	分配前	383,672	835,216	2,425,315	1,772,539	1,619,393
	分配後	383,672	812,775	1,893,509	1,772,539	1,619,393

Note1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note2: For the fiscal year in which assets were revalued, the date of revaluation and the amount of revaluation increment should be noted in the financial statements.

Note3: Companies listed or whose stocks are traded on securities firms should disclose financial information up to the previous quarter before the printing date of the annual report. Furthermore, it should be indicated whether the financial data has been audited, reviewed, or not by an accountant.

Note4: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the Board of Director or resolved in the next year's shareholders meeting.

Note5: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

(II) Condensed Statement of Comprehensive Income

Condensed Statement of Comprehensive Income (IFRS consolidated)

Unit: in NT$1,000

年度 項目	最近五年度財務資料（註1）					當年度截至113年3月31日經會計師核閱財務資料(註2)
	108 年	109 年	110 年	111 年	112 年	
營業收入	3,024,514	3,776,428	8,790,649	4,927,468	5,412,091	1,317,636
營業毛利	131,624	270,852	1,866,279	204,752	174,229	41,915
營業淨(損)益	(83,608)	39,237	1,361,800	(98,420)	(165,548)	(52,518)
營業外收入及支出	(8,691)	8,263	9,967	19,478	(2,998)	3,981
稅前淨(損)益	(92,299)	47,500	1,371,767	(78,942)	(168,546)	(48,537)
本期淨(損)益	(81,061)	29,192	1,083,531	(88,970)	(140,309)	(32,543)
本期其他綜合損益（稅後淨額）	4,177	(877)	8,932	(34,782)	(16,021)	(620)
本期綜合損益總額	(76,884)	28,315	1,092,463	(123,752)	(156,330)	(33,163)
每股盈餘	(2.43)	0.77	24.00	(1.78)	(2.84)	(0.68)

Condensed Statement of Comprehensive Income (IFRS individual)

Unit: in NT$1,000

年度 項目	最近五年度財務資料（註1）				
	108 年	109 年	110 年	111 年	112 年
營業收入	2,982,067	3,723,798	8,428,614	4,846,816	5,487,306
營業毛利	81,966	225,929	1,735,489	183,110	98,566
營業淨利(損)	(94,100)	31,234	1,287,242	(6,388)	(142,265)
營業外收入及支出	(1,567)	8,714	65,313	(70,801)	(26,876)
稅前淨利(損)	(95,667)	39,948	1,352,555	(77,189)	(169,141)
本期淨利(損)	(81,061)	29,192	1,084,078	(86,284)	(137,282)
本期其他綜合損益（稅後淨額）	4,177	(877)	8,932	(34,782)	(15,279)
本期綜合損益總額	28,315	28,315	1,093,010	(121,066)	(152,561)
每股盈餘	(2.43)	0.77	24.00	(1.78)	(2.84)

Note:

1. If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.
2. Companies listed or whose stocks are traded on securities firms should disclose financial information up to the previous quarter before the printing date of the annual report. Furthermore, it should be indicated whether the financial data has been audited, reviewed, or not by an accountant.
3. For loss from discontinued operations, the net amount after deduction of income tax shall be stated.
4. If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

(III) Name and Audit Opinion of Visa Accountant for the Past Five Years

Fiscal year	Name of firm	Certified Public Accountant (CPA)	Audit Opinion
2019	Deloitte Taiwan	Chao Yuang-Shiang, Chiu Meng-Chieh	Unqualified Opinion
2020	Deloitte Taiwan	Chiu Meng-Chieh, Chao Yuang-Shiang	Unqualified Opinion
2021	Deloitte Taiwan	Chiu Meng-Chieh, Chang Ching-Hsia	Unqualified Opinion
2022	Deloitte Taiwan	Chiu Meng-Chieh, Chang Ching-Hsia	Unqualified Opinion
2023	Deloitte Taiwan	Chiu Meng-Chieh, Chang Ching-Hsia	Unqualified Opinion

II. Financial Ratio Analysis for the Last Five Years

(I) Financial Analysis (IFRS consolidated)

Analysis item (Note 3)	Fiscal year (Note 1)	Financial Analysis for the Last Five Years					
		2019	2020	2021	2022	2023	As of March 31, 2024 (Note 2)
Financial structure	Debt to assets ratio (%)	75.63	55.98	55.99	51.61	61.93	56.46
	Ratio of long-term capital to property, plant and equipment (%)	293.92	639.53	369.60	217.63	176.59	219.91
Solvency	Current ratio (%)	109.91	156.27	166.01	158.17	121.25	155.04
	Quick ratio (%)	65.33	102.83	115.28	87.11	60.66	83.82
	Times interest earned (Times)	(5.31)	5.77	198.38	(5.42)	(5.44)	(3.28)
Operating performance	Accounts receivable turnover (times)	9.77	8.25	8.88	4.40	6.37	6.04
	Average collection days	37	44	41	83	57	60
	Inventory turnover (times)	4.67	6.99	7.26	3.80	3.96	3.76
	Accounts payable turnover (times)	12.75	8.92	5.94	3.56	5.27	6.01
	Average days in sales	78	52	50	96	92	97
	Property, plant and equipment turnover (times)	21.87	27.62	20.07	5.87	5.76	5.64
	Total asset turnover (times)	1.94	2.17	2.37	1.07	1.36	1.31
Profitability	Return on total assets (%)	(4.44)	2.14	29.32	(1.72)	(3.01)	(0.58)
	Return on Equity (%)	(17.80)	4.79	66.27	(4.22)	(8.25)	(2.00)
	Ratio of income before tax to paid-in capital (%)	(27.73)	10.58	283.74	(16.33)	(34.86)	(10.04)
	Net profit margin (%)	(2.68)	0.77	12.33	(1.81)	(2.59)	(2.47)
	Earnings per share (NT$)	(2.43)	0.77	24.00	(1.78)	(2.84)	(0.68)
Cash flow	Cash flow ratio (%)	(1.11)	23.03	43.49	(35.53)	(13.48)	(15.16)
	Cash flow adequacy ratio (%)	8.33	23.62	65.40	25.37	17.09	8.97
	Cash reinvestment ratio (%)	(16.98)	25.07	42.28	(51.62)	(19.56)	(11.86)
Leverage	Operating leverage	(0.23)	4.10	1.25	(0.49)	0.12	0.24
	Financial leverage	0.85	1.34	1.01	0.89	0.86	0.82

Specify details:

1. Financial Structure: The purchase of new factory-related equipment has led to a decrease in the ratio of long-term funds to property, plant, and equipment.
2. Debt Repayment Capability: Due to increased losses, the debt repayment capability has decreased.
3. Operating Capability: Due to increased demand in the end market, inventory turnover has accelerated, and accounts receivable collection days have decreased. Additionally, due to continued purchases of new factory-related equipment in 2023 the turnover rate of property, plant, and equipment (times) has decreased.
4. Profitability: The decrease in product gross profit margin has led to a decline in profitability.
5. Cash Flow: This year, there has been a slight increase in cash inflows from operating activities, leading to an increase in cash flow-related ratios.
6. Leverage: This year, due to an increase in revenue, the operating leverage has increased.

(II) Financial Analysis (IFRS Individual)

Analysis item (Note 3) / Fiscal year (Note 1)		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	75.27	54.85	55.20	50.70	60.45
	Ratio of long-term capital to property, plant and equipment (%)	346.74	744.99	390.04	228.02	187.25
Solvency	Current ratio (%)	108.73	155.86	162.72	154.90	115.04
	Quick ratio (%)	73.98	115.98	113.24	93.08	71.84
	Times interest earned (Times)	(5.57)	5.06	199.12	(5.31)	(5.52)
Operating performance	Accounts receivable turnover (times)	6.57	6.06	7.87	4.06	4.52
	Average collection days	56	60	46	90	81
	Inventory turnover (times)	5.68	9.56	8.00	4.20	5.50
	Accounts payable turnover (times)	12.78	8.91	5.74	3.53	5.48
	Average days in sales	64	38	46	87	66
	Property, plant and equipment turnover (times)	25.56	32.20	20.69	6.09	6.19
	Total asset turnover (times)	1.93	2.19	2.32	1.08	1.43
Profitability	Return on total assets (%)	(4.50)	2.18	30.00	(1.70)	(3.03)
	Return on Equity (%)	(17.80)	4.79	66.50	(4.11)	(8.09)
	Ratio of income before tax to paid-in capital (%)	(28.74)	8.90	279.77	(15.97)	(34.99)
	Net profit margin (%)	(2.72)	0.78	12.86	(1.78)	(2.50)
	Earnings per share (NT$)	(2.43)	0.77	24.00	(1.78)	(2.84)
Cash flow	Cash flow ratio (%)	(1.56)	24.93	46.53	(20.03)	(18.32)
	Cash flow adequacy ratio (%)	9.48	28.73	68.13	35.94	26.84
	Cash reinvestment ratio (%)	(18.38)	26.50	43.80	(39.64)	(25.33)
Leverage	Operating leverage	0.01	5.19	1.27	(14.88)	(0.03)
	Financial leverage	0.87	1.33	1.01	0.34	0.85

Specify details:

1. Financial Structure: Due to ongoing purchase of new factory-related equipment has led to a decrease in the ratio of long-term funds to fixed assets.
2. Debt Repayment Capability: Due to increased losses, the debt repayment capability has decreased.
3. Operating Capability: Due to increased demand in the end market, inventory turnover has accelerated, and accounts receivable collection days have decreased. Additionally, due to continued purchases of new factory-related equipment in 2023 the turnover rate of property, plant, and equipment (times) has been stable.

   Profitability: The decrease in product gross profit margin has led to a decline in profitability.
4. Cash Flow: This year, there has been a slight increase in cash inflows from operating activities, leading to an increase in cash flow-related ratios.

5. Leverage: This year, due to an increase in revenue, the operating leverage has increased.

Note1: Financial information for the latest five fiscal years all have been audited and certified by an accountant.

Note2: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (net shareholder's equity + long-term liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on shareholder's equity = net income after tax / average net shareholder's equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 3)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other assets + working capital). (Note 4)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5).
   (2) Financial leverage = operating income / (operating income – interest expenses).

Note3: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If preferred shares are non-convertible cumulative preferred shares, their annual dividends (whether distributed or not) should be deducted from or added to the net profit after tax, or increase or decrease the net loss after tax. If the preferred shares are of a non-cumulative nature, in the presence of net profit after tax, the dividends on preferred shares should be deducted from the net profit after tax; if there is a net loss, no adjustment is necessary.

Note4: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note5: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

III. The audit committee's review report on the latest annual financial statements

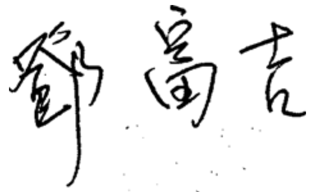
Tul Corp. Audit Committee’s Review Report

March 14, 2024

The Board of Directors has prepared the Tul Corp. (“the Company”) 2023 Business Report, financial statements, and proposal for earnings distribution. The CPA Meng-Chie Chiu and Ching-Hsia Chang from Deloitte & Touche were retained to audit the Company’s financial statements and have issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of Tul Corp. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

TUL Co., Ltd.

Chairperson of the Audit Committee: Teng Fu-Chi



March 14, 2024

IV. Recent Annual Financial Statements: Please refer to pages 89 to 167.

V. Consolidated Financial Statements for the most recent fiscal year, audited and certified by the accountants: Please refer to pages 168 to 242.

VI. In the company's recent annual and year-end reports, if there were any financial difficulties, the impact on the company's financial condition should be stated: None.

Independent Auditor's Report

To Tul Corp.:

Audit Opinion

We have duly audited the individual balance sheet of Tul Corp. as of December 31, 2023 and 2022, and the individual comprehensive income statement, individual statement of changes in equity and individual cash flow statement from January 1 to December 31, 2023 and 2022, as well as notes to the individual financial statements (including the summary of significant accounting policies).

In our opinion, the individual financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and are fairly stated in terms of the individual financial position of Tul Corp. as of December 31, 2023 and 2022, and the individual financial performance and individual cash flows from January 1 to December 31, 2023 and 2022.

Basis of Audit Opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards. Our responsibility under these standards will be further explained in the paragraph on our responsibility to review the individual financial statements. The staff of the firm to which we are affiliated, who are subject to the independence regulation, have maintained superior independence from Tul Corp. accordance with the Code of Ethics for Accountants, and have fulfilled other responsibilities under the Code. We believe that we have obtained sufficient and appropriate audit evidence to form the basis of our audit opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, are material to the examination of the individual financial statements of Tul Corp. for 2023. These matters have been considered in the process of examining the individual financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on these matters individually.

The key audit matters of the financial statements of Tul Corp. for 2023 are summarized as follows:

<u>Authenticity of sales revenue from major customers</u>

Tul Group is mainly engaged in the manufacturing and sales of computer display cards; this product has a short lifecycle and fierce market competition, and the main customer base has undergone significant changes. There was significant fluctuation in the business contribution of specific customer groups. The authenticity of revenue from sales of goods and whether revenue recognition follows appropriate accounting principles significantly impact financial performance. Therefore, emphasis is placed on the authenticity of sales targets and their transactions for the aforementioned customer groups, which are listed as key audit matters.

Please refer to note 4 for the accounting policies related to revenue.

Our audit procedures for them include:

1. Understand the internal control procedures related to Tul Group's sales transactions, and accordingly design internal control audit procedures in response to the risks to confirm and evaluate the effectiveness of the customer's related internal control operations for sales transactions.
2. Check whether the credit information, background, transaction amount, credit limit, and company size of the main sales customers of the year are reasonable.
3. Select appropriate samples from the sales details of the main sales customers, check the original orders, external transportation documents or customer receipts, and confirm the payment recovery situation.

Responsibility of the Management and Governance Unit to Individual Financial Statements

The responsibility of the management is to properly prepare individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports, and maintain essential internal controls related to the preparation of consolidated financial statements to ensure that there are no significant discrepancies in the individual financial statements due to fraud or error.

In preparing the individual financial statements, the management's responsibility also includes assessing Tul Corp's ability to continue as a going concern, the disclosure of related matters, and the adoption of the going concern accounting basis, unless the management intends to liquidate Tul Corp or to cease operations, or there is no practical alternative other than liquidation or cessation of operations.

The governance unit (including the Audit Committee) of Tul Corp. bears the responsibility of supervising the financial reporting process.

The Auditors' Responsibility to Audit the Individual Financial Statements

The purpose of our audit is to obtain reasonable assurance as to whether the overall individual financial statements are free from material misstatements due to fraud or error, and to issue a report thereon. Reasonable assurance refers to high assurance. However, an audit performed in accordance with the Generally Accepted Auditing Standards does not guarantee that material misstatements in the individual financial statements can be detected. Misstatements can be attributed to frauds or errors. Misrepresented individual or aggregate amounts are considered material if they can be reasonably expected to affect the economic decisions made by the users of the individual financial statements.

When conducting our audit in accordance with generally accepted auditing standards, we exercised our professional judgment and maintained our professional skepticism. We also performed the following tasks:

1. Identify and assess the risks of material misstatements of the individual financial statements arising from frauds or errors, design and implement appropriate responses to the risks assessed, and obtain sufficient and appropriate evidence to provide a basis for the audit opinion. Frauds may involve conspiracy, forgery, intentional omission, untruthful declaration or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtain an understanding of the internal control relevant to our 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 Tul Corp's internal control.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Based on the evidence obtained, make a conclusion on the appropriateness of the management's adoption of accounting of going concern basis, and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of Tul Corp to continue as a going concern. If we believe that there is a material uncertainty about such events or conditions, we need to draw the attention of users of the individual financial statements to the relevant disclosures in the audit report, or revise our audit opinion if such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause Tul Corp. to cease to have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the related notes, and whether the consolidated financial statements present fairly the related transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of the constituent entities of Tul Corp., in order to express an opinion on the individual financial statements. We are responsible for the direction, supervision and execution of the audit, and

for forming an opinion on the audit of Tul Corp.

The matters we communicated with the governance unit include the planned audit scope and time, and major audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governing unit with a statement that the independence-regulated personnel of the firm to which we are affiliated with have complied with the Code of Ethics for Accountants with respect to independence, and communicated with the governing unit about all relationships and other matters (including related safeguard measures) that may be considered to affect our independence.

From the matters communicated with the governance unit, we decided on the key audit items for the audit of the annual individual financial statements of Tul Corp. for 2023. We identified those matters in our audit report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances where we decided not to communicate those matters in our audit report, because the negative effect of such communication could be reasonably expected to outweigh the public interest that would be served.

Deloitte Taiwan

Chiu, Meng-Chie, CPA	Chang, Ching-Hsia, CPA
Financial Supervisory Commission's approval number Jin-Guan-Zheng-Shen-Zi No. 1020025513	Financial Supervisory Commission's approval number Jin-Guan-Zheng-Shen-Zi No. 1090347472

March 14, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. The English version of the consolidated financial statements which used for translation are not reviewed by the CPA.

Tul Corp.

Individual Balance Sheet

December 31, 2023 and 2022

Unit: NT$1,000

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (notes 4 and 6)	$ 248,627	6	$ 373,643	11
1110	Current financial assets at fair value through profit or loss (notes 4 and 7)	6,682	-	85,957	2
1136	Current financial assets at amortized cost (notes 4, 9 and 28)	5,247	-	35,185	1
1170	Accounts receivable, net (notes 4, 10 and 10)	353,722	9	325,288	9
1180	Accounts receivable due from related parties (notes 4, 10 and 27)	1,123,477	28	624,281	17
1200	Other receivables (note 4)	16,659	-	5,558	-
130X	Current inventories (notes 4 and 11)	1,028,965	25	929,776	26
1410	Prepayments (note 27)	27,257	1	35,193	1
1470	Other current assets	1,843	-	3,175	-
11XX	Total Current Assets	2,812,479	69	2,418,056	67
	Non-current assets				
1517	Fair Value Through Other Comprehensive Income (notes 4 and 8)	25,810	1	32,457	1
1550	Investments accounted for using equity method (notes 4 and 12)	220,104	5	130,349	4
1600	Property, plant and equipment (notes 4, 13 and 28)	880,831	22	892,284	25
1760	Investment property (notes 4, 14, and 28)	54,121	1	55,413	2
1780	Intangible assets (notes 4 and 15)	6,762	-	4,153	-
1840	Deferred tax assets (notes 4 and 22)	67,415	2	36,212	1
1920	Guarantee deposits paid (note 4)	14,865	-	14,874	-
1975	Net defined benefit asset (notes 4 and 19)	11,754	-	11,813	-
15XX	Total Non-Current Assets	1,281,662	31	1,177,555	33
1XXX	Total Assets	$ 4,094,141	100	$ 3,595,611	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities				
2100	Current borrowings (notes 16, 27, and 28)	$ 832,569	20	$ 411,923	12
2130	Contract liabilities	17,613	1	23,043	1
2170	Accounts payable (note 27)	1,113,766	27	851,895	24
2200	Other payables (note 18)	202,982	5	231,718	6
2230	Current income tax liabilities (note 4)	-	-	21,024	1
2250	Current provisions (note 4)	14,119	-	13,488	-
2320	Corporate bonds payable due within one year (note 17)	220,905	5	-	-
2399	Other current liabilities	42,828	1	7,962	-
21XX	Total Current Liabilities	2,444,782	59	1,561,053	44
	Non-current Liabilities				
2530	Corporate bonds payable (note 17)	-	-	218,060	6
2570	Deferred tax liabilities (notes 4 and 22)	16,721	1	8,803	-
2670	Other non-current Liabilities	13,245	-	35,156	1
25XX	Total Non-current Liabilities	29,966	1	262,019	7
2XXX	Total Liabilities	2,474,748	60	1,823,072	51
	Equity (note 20)				
3110	Common share capital	483,460	12	483,460	13
3200	Capital surplus	791,911	20	792,496	22
	Retained earnings				
3310	Legal reserve	148,988	3	148,988	4
3320	Special reserve	28,156	1	-	-
3350	Undistributed earnings	200,251	5	375,751	11
3300	Total retained earnings	377,395	9	524,739	15
	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(254)	-	(1,941)	-
3420	Unrealized gains and losses of financial assets at fair value through other comprehensive income	(33,119)	(1)	(26,215)	(1)
3400	Total Other Equity	(33,373)	(1)	(28,156)	(1)
3XXX	Total Equity	1,619,393	40	1,772,539	49
	Total Liabilities and Equity	$ 4,094,141	100	$ 3,595,611	100

The accompanying notes are a part of this individual financial report.

Chairman: Mao-Sung Chang Manager: Chien-Wei Chen Accounting supervisor: Wen-Bi Hsieh

Tul Corp.

Individual Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT$1,000, but NT$ for loss per share

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (notes 4 and 28)	$ 5,487,306	100	$ 4,846,816	100
5000	Operating costs (notes 11, 21 and 28)	(5,388,740)	(98)	(4,663,706)	(96)
5900	Gross profit	98,566	2	183,110	4
5910	Unrealized gains and losses on sales of goods with subsidiaries	7,346	-	18,801	-
5920	Realized gains and losses on sales of goods with subsidiaries	(18,801)	(1)	25,736	1
5950	Realized gross profit	87,111	1	227,647	5
	Operating expenses (notes 21 and 28)				
6100	Selling expenses	(93,698)	(1)	(88,027)	(2)
6200	Administrative expenses	(97,010)	(2)	(97,560)	(2)
6300	Research and development expenses	(40,786)	(1)	(49,066)	(1)
6450	Reversal of expected credit losses	2,118	-	618	-
6000	Total operating expenses	(229,376)	(4)	(234,035)	(5)
6900	Operating net loss	(142,265)	(3)	(6,388)	-
	Non-operating income and expenses (note 21)				
7100	Interest income	4,017	-	2,248	-
7010	Other income (note 28)	9,151	-	4,586	-
7020	Other gains and losses	8,504	-	25,762	-
7050	Financial costs	(25,929)	-	(12,236)	-
7070	Share of profit (loss) of associates accounted for using equity method (notes 4 and 12)	(22,619)	-	(91,161)	(2)
7000	Total non-operating income and expenses	(26,876)	-	(70,801)	(2)

(Continued on the next page)

(Continued from the previous page)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net loss before tax	($ 169,141)	(3)	($ 77,189)	(2)
7950	Income tax benefits (expenses) (note 4 and 22)	31,859	-	(9,095)	-
8200	Net loss for the year	(137,282)	(3)	(86,284)	(2)
	Other comprehensive income (notes 4, 19 and 22)				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(104)	-	1,720	-
8316	Unrealized gains of equity instrument investment at fair value through other comprehensive income	(6,904)	-	(36,042)	-
8320	Share of other comprehensive income of affiliates and joint ventures under equity method	(9,979)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	21	-	(344)	-
8310		(16,966)	-	(34,666)	-
	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	2,108	-	(145)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(421)	-	29	-
8360		1,687	-	(116)	-
8300	Current other comprehensive income (net of income tax)	(15,279)	-	(34,782)	-
8500	Total current comprehensive income	($ 152,561)	(3)	($ 121,066)	(2)

(Continued on the next page)

(Continued from the previous page)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Loss per share (note 23)				
9710	Basic	($ 2.84)		($ 1.78)	
9810	Diluted	($ 2.84)		($ 1.78)	

The accompanying notes are a part of this individual financial report.

Chairman: Mao-Sung Chang　　Manager: Chien-Wei Chen　　Accounting Supervisor: Wen-Bi Hsieh

Tul Corp.

Individual Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$1,000

		Share capital			Retained earnings			Other Equity		
Code		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized losses of financial assets at fair value through other comprehensive income	Total Equity
A1	Balance on January 1, 2022	$ 448,816	$ 34,637	$ 792,407	$ 40,350	$ -	$ 1,101,103	($ 1,825)	$ 9,827	$ 2,425,315
	2021 appropriation and distribution of retained earnings:									
B1	Legal reserve appropriated	-	-	-	108,638	-	(108,638)	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(531,806)	-	-	(531,806)
D1	2021 net loss	-	-	-	-	-	(86,284)	-	-	(86,284)
D3	2022 other comprehensive income, net of income tax	-	-	-	-	-	1,376	(116)	(36,042)	(34,782)
D5	2022 total comprehensive income	-	-	-	-	-	(84,908)	(116)	(36,042)	(121,066)
I1	Proceeds from conversion of convertible bonds (note 17)	34,644	(34,637)	89	-	-	-	-	-	96
Z1	Balance as of December 31, 2022	483,460	-	792,496	148,988	-	375,751	(1,941)	(26,215)	1,772,539
	2022 appropriation and distribution of retained earnings:									
B3	Provision of special reserve	-	-	-	-	28,156	(28,156)	-	-	-
D1	2023 net loss	-	-	-	-	-	(137,282)	-	-	(137,282)
D3	2023 other comprehensive income, net of income tax	-	-	-	-	-	(83)	1,687	(16,883)	(15,279)
D5	2023 total comprehensive income	-	-	-	-	-	(137,365)	1,687	(16,883)	(152,561)
M5	Difference between the Acquisition or Disposal Price of Subsidiary Shares and their Carrying Amount (note 24)	-	-	(585)	-	-	-	-	-	(585)
M7	Changes in ownership of and equity in subsidiaries	-	-	-	-	-	(9,979)	-	9,979	-
Z1	Balance as of December 31, 2023	$ 483,460	$ -	$ 791,911	$ 148,988	$ 28,156	$ 200,251	($ 254)	($ 33,119)	$ 1,619,393

The accompanying notes are a part of this individual financial report.

Chairman: Mao-Sung Chang

Manager: Chien-Wei Chen

Accounting Supervisor: Wen-Bi Hsieh

Tul Corp.

Individual Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$1,000

Code		2023	2022
	Net cash flows from (used in) operating activities		
A10000	Net loss before tax for the current year	($ 169,141)	($ 77,189)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	37,202	21,608
A20200	Amortization expense	3,190	2,264
A20300	Reversal of expected credit losses	(2,118)	(618)
A20400	Net benefit of financial assets measured at fair value through profit or loss	(1,695)	(2,551)
A20900	Financial costs	25,929	12,236
A21200	Interest income	(4,017)	(2,248)
A21300	Dividend income	(1,120)	(1,346)
A22400	Share of profit (loss) of associates accounted for using equity method	22,619	91,161
A22500	Losses on disposals of property, plant and equipment	15	13
A23100	Disposal of investment losses	1,341	-
A23700	Inventory valuation and retirement losses	85,122	67,660
A23900	Unrealized gains and losses on sales of goods with subsidiaries	(7,346)	(18,801)
A24000	Realized gains and losses on sales of goods with subsidiaries	18,801	(25,736)
A24100	Unrealized foreign currency exchange net gains and losses	6,503	6,997
A30000	Net change in operating assets and liabilities		
A31150	Accounts receivable, net	(26,802)	512,525
A31160	Accounts receivable due from related parties	(539,376)	15,628
A31180	Other receivables	(24,612)	13,206
A31200	Current inventories	(203,865)	296,182
A31230	Prepayments	7,658	(504)
A31240	Other current assets	1,319	(2,047)
A32125	Contract liabilities	35,626	(45,730)
A32150	Accounts payable	302,963	(945,857)
A32180	Other payables	(44,926)	(182,476)
A32200	Provisions	1,054	(31,741)
A32230	Other current liabilities	47,243	6,689
A32240	Net defined benefit asset	(45)	(1)
A32990	Other non-current Liabilities	(19,374)	(27,156)
A33000	Cash outflow from operating activities	(447,852)	(317,832)
A33100	Interest received	4,035	2,274

(Continued on the next page)

(Continued from the previous page)

Code		2023	2022
A33300	Interest paid	($ 22,414)	($ 7,595)
A33500	Income tax paid	(13,124)	(229,297)
AAAA	Net cash outflow from operating activities	(479,355)	(552,450)
	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(257)	(20,764)
B00050	Decrease in financial assets at amortized cost	29,938	73,270
B00100	Acquisition of financial assets at fair value through profit or loss	-	(170)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	80,547	50,129
B01800	Acquisition of associates	-	(7,000)
B02400	Return of share price of an invested company under the equity method	3,718	-
B02700	Acquisition of property, plant, and equipment	(36,439)	(193,177)
B02800	Gains on disposals of property, plant and equipment	33	-
B03700	Increase in refundable deposits	-	(1)
B03800	Decrease in refundable deposits	9	-
B04500	Acquisition of intangible assets	(5,877)	(2,671)
B07600	Receive other dividends	1,120	1,346
B09900	Dividends received from subsidiaries	1,682	1,500
BBBB	Net cash inflow (outflow) from investing activities	74,474	(97,538)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	431,745	211,252
C04500	Cash dividends paid	-	(531,806)
C05400	Acquisition of equity in subsidiaries	(29,026)	-
C09900	Net cash outflow from operating segment (note 12)	(122,978)	-
CCCC	Net cash flows from (used in) financing activities	279,741	(320,554)
DDDD	Effect of exchange rate changes on cash and cash equivalents	124	885
EEEE	Net decrease in cash and cash equivalents	(125,016)	(969,657)
E00100	Beginning cash and cash equivalents	373,643	1,343,300
E00200	Ending cash and cash equivalents	$ 248,627	$ 373,643

The accompanying notes are a part of this individual financial report.

Chairman: Mao-Sung Chang   Manager: Chien-Wei Chen   Accounting Supervisor: Wen-Bi Hsieh

Tul Corp.

Notes to Individual Financial Statements

January 1 to December 31, 2023 and 2022

(unless otherwise specified, the amount is in NT$ thousand)

I. Company History

Tul Corp. (hereinafter referred to as “The Company”) was established in October 1997, mainly engaged in the sales of computer display cards.

The Company's stock was traded on the GreTai Securities Market since March 2002.

On May 4, 2023, the Board of Directors resolved to divest the design and manufacturing services and embedded application business units to our wholly-owned subsidiary, Sparkle Computer Co., Ltd. (hereinafter referred to as "Sparkle Computer"), to implement specialized division of labor within the group. This aims to diversify operations and enhance overall operational performance and market competitiveness through independent operation.

The company will transfer the related business operations of the design and manufacturing services and embedded applications to Sparkle Computer. This transfer will serve as consideration for Sparkle Computer issuing new shares to our company. As a result of this division, Sparkle Computer has issued 11,000 ordinary shares at a par value of NT$10 per share, with the division base date being June 30, 2023.

This individual financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedure of the Financial Statements

This individual financial report was approved by the board of directors on March 14, 2024.

III. Application of New Standards, Amendments, and Interpretations

(I) The first application of the Financial Supervisory Commission (hereinafter referred to as the "FSC") recognized and issued International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations Announcements (SICs) (hereinafter referred to as "IFRS Accounting Standards").

The application of the revised IFRS Accounting Standards recognized and issued by the FSC will not result in significant changes in the accounting policies of the company.

(II) Applicable IFRS Accounting Standards recognized by the FSC for 2024

Newly Issued, Amended and Revised Standards and Interpretations	IASB release date
Amendment to IFRS 16 "Lease Liabilities Leased Back after Sale"	January 1, 2024 (note 2)
Amendment to IAS 1 "Liabilities Classified as Current or Non current"	January 1, 2024
Amendment to IAS 1 "Non current Liabilities with Contractual Terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (note 3)

Note 1: Unless otherwise specified, the newly issued, amended or revised standards or interpretations shall come into effect in the period of annual reporting starting after each such date.

Note 2: The seller-cum-lessee shall retroactively apply the amendment to IFRS 16 for post-sale leaseback transactions after the first application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the approval and release date of this standalone financial statement, the standalone entity assesses that the amendments to other standards and interpretations will not have a significant impact on the financial position and performance.

(III) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

Newly Issued, Amended and Revised Standards and Interpretations	IASB release date (note 1)
Amendments to IFRS 10 and IAS 28 "Asset Sale or Investment between the Investor and Its Related Enterprises or Joint Ventures"	Undetermined.
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Convertibility"	January 1, 2025 (note 2)

Note 1: Unless otherwise specified, the newly issued, amended or revised standards or interpretations shall come into effect in the period of annual reporting starting after each such date.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the date of publication of this individual financial report, the Company has continued evaluating the impact of amendments to other standards and interpretations on its financial condition and performance, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The individual financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

Other than financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the individual financial statements are prepared based on historical cost.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to the directly (i.e. price) or indirectly (i.e. derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

When preparing the individual financial report, the Company adopts the equity method for investment in subsidiaries. To ensure that the profit or loss, other comprehensive income, and equity for the current year in these standalone financial statements are consistent with the profit or loss, other comprehensive income, and equity attributable to the owners of the parent in the consolidated financial statements, adjustments have been made for certain accounting treatment differences between the standalone and consolidated bases. These adjustments are related to "Investments not affecting control" and "Share of profit or loss of subsidiaries and associates accounted for using the equity method," along with related equity items.

(III) Criteria for Distinguishing Current and Non-current Assets and Liabilities

Non-current assets include:

1. Assets held primarily for trading purposes.
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Current assets or liabilities not classified as current assets or liabilities are classified as non-current assets or non-current liabilities.

(IV) Loss of control over a business under common control

The company's divestiture of the design and manufacturing services and embedded application business unit, which resulted in the loss of control over this business, is treated as a transaction under common control, with no gains or losses recognized. The company has chosen to cease consolidating the related business unit of the design and manufacturing services and embedded application from the date control was lost in the standalone financial statements.

(V) Foreign currency

When preparing the financial statements, if transactions are conducted in a currency other than the company's functional currency (foreign currency), the amounts are translated into the functional currency based on the exchange rate on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period of occurrence.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the transaction dates and are not retranslated.

For the purpose of preparing individual financial statements, the assets and liabilities of the foreign operations (including subsidiaries that operate in countries using currencies different from the currency of the Company) are translated into New Taiwan dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at average exchange rate for the period, with the resulting exchange difference recorded in other comprehensive income.

(VI) Current inventories

Inventories include raw materials, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between costs and net realizable values are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested for completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VII) Investment in subsidiaries

The Company applies the equity method to investment in subsidiaries.

Subsidiaries refer to entities which the Company has control over.

Under the equity method, investments are initially recognized at cost, and the carrying amount is increased or decreased with the company's share of the subsidiaries and other comprehensive income or loss and profit distribution. In addition, the change in other interests of subsidiaries is recognized in proportion to the shareholding.

When changes in the company's ownership interest in a subsidiary do not result in a loss of control, they are treated as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the share of loss of the Company in its subsidiary is equal to or exceeds its equity in the subsidiary, the loss is recognized in proportion to its shareholding.

When the Company evaluates the impairment, it considers the cash generating units as a whole in the financial report and compares the recoverable amount along with the carrying amount. If the recoverable amount of the asset increases in the future, the reversal of the impairment loss shall be recognized as interest. However, the asset's carrying amount after the impairment loss reversal shall not exceed the amount of the asset's carrying amount after deducting the amortized amount that should be recognized without recognizing the impairment loss.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated in the individual financial report. The profit and loss arising from countercurrent and side-flow transactions between the Company and its subsidiaries are only recognized in the individual financial report to the extent that they are unrelated to the Company's equity in the subsidiaries.

(VIII) Investment in affiliated enterprises

Affiliated enterprises refer to enterprises which the Company has significant influence over, but are not subsidiaries or joint ventures.

The Company applies the equity method to investment in affiliated enterprises.

Under the equity method, investments in affiliated enterprises are initially recognized at cost, and the carrying amount is increased or decreased with the Company's share of the affiliated enterprises and other comprehensive income or loss and profit distribution. In addition, the change in the equity in affiliated enterprises is recognized in proportion to the shareholding.

When the loss share of the Company in the affiliated enterprise is equal to or exceeds its equity in the affiliated enterprise (including the carrying amount of investment in the affiliated enterprise using the equity method, and other long-term equity that is essentially a component of the consolidated company's net investment in the affiliated enterprise), further losses shall be immediately stopped from being recognized. The Company recognizes additional losses and liabilities only to the extent of legal obligations, constructive obligations, or payments that have been made on behalf of related enterprises.

When evaluating an impairment, the Company considers the overall carrying amount of the investment as an asset, and compares the recoverable amount with the carrying amount to conduct an impairment test. The recognized impairment loss also belongs to a part of the carrying amount of the investment. Any reversal of impairment losses shall be recognized to the extent that the recoverable amount of the investment continues to increase.

(IX) Property, Plants, and Equipment

Property, plant and equipment are recognized at cost, and later measured at cost less accumulated depreciation.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at the end of each year, at least, and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(X) Investment property

Investment property refers to property held for the purpose of earning rent and capital appreciation or both.

Investment property is initially measured at cost (including transaction costs), and later measured at cost minus accumulated depreciation. The Company adopts a straight-line basis for depreciation.

(XI) Intangible assets

1. Individual acquisition

Individually acquired intangible assets with finite useful lives are initially measured at cost and later measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at each year-end, at least, and defers the effect of changes in applicable accounting estimates.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in the current profit or loss.

(XII) Impairment of assets related to property, plant and equipment and intangible assets

The Company assesses on each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XIII) Financial instrument

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are not initially recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement type

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss, mandatorily measured at fair value and financial assets designated at fair value through profit or loss. Financial assets at fair value through profit or loss, mandatorily measured at fair value, include investments in equity instruments not designated at fair value through other comprehensive income.

Financial assets carried at fair value through profit or loss are measured at fair value. Dividends and interest arising from their remeasurement are recognized in other income and interest income, respectively, and gains or losses arising from their remeasurement are recognized in other gains or losses. For the determination of fair value, please refer to note 27.

B. Financial assets measured at amortized cost

The Company's investment in financial assets are classified as financial assets at amortized cost if both of the following two conditions are met.

a. They are held under an operating model in which financial assets are held for the purpose of receiving contractual cash flows; and
b. The terms of the contract generate cash flows on specific dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets carried at amortized cost (including cash and cash equivalents, accounts receivable and other receivables at amortized cost and guarantee deposits paid) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two situations:

a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
b. For financial assets with no credit impairment at acquisition or at time of impairment but later have credit impairment, interest

income shall be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period of the impairment.

Credit-impaired financial assets are those in which the issuer or the debtor has experienced significant financial difficulties, defaulted, or it is probable that the debtor will declare bankruptcy or go through other financial reorganization, or an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid and readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which contingent consideration is recognized by the acquirer of the non-business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of an investment, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the rights of the Company to receive payments are established, unless the dividends clearly represent a partial recovery of the cost of the investment. For the determination of fair value, please refer to note 27.

(2) Impairment of financial assets

The Company evaluates impairment losses of financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

Accounts receivable are recognized as an allowance for loss based on the expected credit loss in the period of existence. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months; if there is a significant increase, an allowance for loss is recognized based on the expected credit loss in the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the expected credit loss in the period of existence represents the expected credit loss arising from all possible defaults in the period of existence of the financial instrument.

For internal credit risk management purposes, the Company determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances.

A. There is internal or external information indicating that the debtor is unlikely to be able to pay off its debts.

B. More than 90 days past due, unless there is reasonable and supporting information indicating that the delayed default basis is more appropriate.

All impairment losses of financial assets are reversed by reducing the carrying amount through an allowance account.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and returns of ownership of the assets have been transferred to other enterprises.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost. When investment in equity instruments measured at fair value through other comprehensive income is derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

The resumption of the Company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible corporate bonds

The compound financial instruments (convertible bonds) issued by the Company are classified as financial liabilities and equity in accordance with the substance of the contractual agreements and the definitions of financial liabilities and equity instruments, respectively, at the time of initial recognition.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. The components of assets that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount of equity will be transferred to equity and capital surplus minus the issue premium. If the conversion right of convertible bonds are not exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus minus the issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability), the equity component (included in equity) and the derivative financial asset component (included in profit or loss) of the instrument in proportion to the total apportioned price.

(XIV) Provisions

The amount recognized as provision for liabilities is the best estimate of the expense required to settle the obligation on the balance sheet date, taking into account the risk and uncertainty of the obligation.

(XV) Revenue recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract, and recognizes revenue when each performance obligation is satisfied.

Revenue from merchandise sales

Revenue from merchandise sales is mainly derived from the sales of display cards. The Company recognizes revenue and accounts receivable at the time of delivery of display cards to the customer's designated location/shipment, when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

For outgoing material for processing, the ownership of the processed product is not transferred, so no revenue is recognized when the materials are delivered.

(XVI) Leases

The Company assesses whether the contract belongs to (or contains) a lease at the contract inception date.

1. The Company as lessor

When the lease term transfers almost all the risks and rewards attached to property ownership to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Under operating leases, the lease payment after the reduction of lease incentives is recognized as income on a straight-line basis during the relevant lease term. Therefore, the original direct cost incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis during the lease term.

2. The Company as the lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term.

The right-of-use asset is measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life and the end of the lease term

Lease liabilities are measured initially at the present value of lease payments (primarily fixed payments). Lease payments are discounted using the interest rate implied by the lease if it is readily identifiable. If the rate is not readily identifiable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost basis using the effective interest method, and interest expense is allocated over the lease term. If there is a change in future lease payments during the lease term, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheet.

(XVII) Employee welfare

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost (including service costs and compensation gain or loss for the period) and net interest on net defined benefit assets are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit assets represent the remainder after allocation of the defined benefit pension plan. The net confirmed benefit assets shall not exceed the present value of the refunded allocation from the plan or the possible reduction of future allocation.

(XVIII) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The Company determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction, and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year of the resolution of the shareholders’ meeting.

Adjustments to prior years' income tax payable are included in the current income tax.

2. Deferred income tax

Deferred income tax is computed on the temporary differences between the carrying amounts of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which income tax credits can be utilized for the temporary difference.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed on each balance sheet date, and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In adopting accounting policies, the Company’s management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

The management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future period.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 400	$ 449
Bank notes and demand deposit	248,227	303,194
Cash equivalents		
Time deposits with an original maturity within 3 months	-	70,000
	$ 248,627	$ 373,643

The interest rate range for bank deposits on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Bank deposits	0.00%-1.45%	0.00%-1.05%
Cash equivalents	-%	0.9%

VII. Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial assets		
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Derivatives (not specified for risk hedging)		
- redemption right for convertible bonds (note 17)	$ -	$ 45
Non-derivative financial assets		
- domestic TWSE (TPEx) listed stocks	846	882
- beneficiary certificates of mutual funds	5,836	85,030
	$ 6,682	$ 85,957

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Non-current		

	December 31, 2023	December 31, 2022
Domestic investment		
TWSE (TPEx) listed and emerging market stocks	$ 7,378	$ 10,767
TWSE (TPEx) unlisted stocks	18,432	21,690
	$ 25,810	$ 32,457

The Company invests in the ordinary shares of domestic companies for medium to long-term strategic purposes, and expects to make profits through long-term investments. In the opinion of the management of the Company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income.

The company purchased ordinary shares of domestic companies from January 1 to December 31, 2023 and 2022, with amounts of NT$257 thousand and NT$20,764 thousand, respectively. As investments for medium to long-term strategic purposes, they were designated to be measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current		
Pledged bank deposits	$ 5,247	$ 5,185
Time deposits with original maturity exceeding 3 months (1)	-	30,000
	$ 5,247	$ 35,185

(I) As of December 31, 2022, the interest rates of time deposits with original maturity exceeding 3 months was 1.155% per annum.

(II) Please refer to note 28 for information on financial assets measured at the amortized cost pledged.

X. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 359,088	$ 332,772
Less: loss allowance	(5,366)	(7,484)
	$ 353,722	$ 325,288

Accounts receivable measured at amortized cost

The average credit period of the Company for commodity sales is 60 days, and accounts receivable are not subject to interest. The policy adopted by the Company is to use other publicly available financial information and historical transaction records to rate major customers and, if necessary, purchase sufficient insurance to mitigate the risk of financial losses caused by default.

In order to reduce credit risk, the management of the Company has assigned a special team to be responsible for the decision of credit facilities, credit approval and other monitoring procedures to ensure that appropriate actions are being taken to recover overdue receivables. In addition, the Company will review the recoverable amounts of the receivables one by one on the balance sheet date to ensure that appropriate impairment loss has been provided for the receivables that cannot be recovered. Therefore, the management of the Company thinks that the credit risk of the consolidated company has been significantly reduced.

The Company shall recognize the loss allowance of accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence is calculated by a preparation matrix, which considers the past default records of customers, their current financial situation and the industrial economic situation. As the historical experience of credit loss of the Company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups, and only uses the overdue days of accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the consolidated company will directly write off the relevant receivables, but will continue recourse actions, and the amount recovered due to recourse will be recognized as income.

The Company measures the loss allowance of notes and accounts receivable according to the preparation matrix as follows:

December 31, 2023

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Expected credit loss rate	0.00%	0.00%	100%	
Total carrying amount	$ 1,397,394	$ 79,805	$ 5,366	$ 1,482,565
Loss allowance	-	-	(5,366)	(5,366)

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Cost after amortization	$ 1,397,394	$ 79,805	$ -	$ 1,477,199

December 31, 2022

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Expected credit loss rate	0.00%	0.00%~0.14%	1.27%~100%	
Total carrying amount	$ 813,664	$ 129,636	$ 13,753	$ 957,053
Loss allowance	-	(46)	(7,438)	(7,484)
Cost after amortization	$ 813,664	$ 129,590	$ 6,315	$ 949,569

Information on changes in loss allowance of accounts receivable is as follows:

	2023	2022
Beginning balance	$ 7,484	$ 8,102
Reversal of impairment loss in the current period	(2,118)	(618)
Ending balance	$ 5,366	$ 7,484

XI. Current inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 176,293	$ 124,208
Current work in progress and semi-finished goods	166,473	239,688
Raw materials and supplies	639,881	538,082
Inventory in transit	46,318	27,798
	$ 1,028,965	$ 929,776

The inventory-related cost of sales in 2023 and 2022 was NT$5,388,740 thousand and NT$4,663,706 thousand, respectively. Cost of sales for 2023 and 2022, including inventory valuation and scrap losses, were NT$85,122 thousand and NT$67,660 thousand, respectively.

XII. Investment accounted for using the equity method

	December 31, 2023	December 31, 2022
Investment in subsidiaries (1)	$ 219,702	$ 126,329
Investment in affiliated enterprises (2)	402	4,020
	$ 220,104	$ 130,349

(I) Investment in subsidiaries

	December 31, 2023	December 31, 2022

	December 31, 2023	December 31, 2022
TUL Corporation (HK) Limited (note 1)	$ -	$ 615
TUL Inc.	17,012	24,573
IOTU CORPORATION	4,908	54,892
TUL B.V.	11,707	8,720
Tul Biomedical Technology Co., Ltd.	31,069	34,571
Sparkle Computer Co., Ltd.	155,006	2,958
	$ 219,702	$ 126,329

Name of subsidiary	Percentage of ownership and voting rights December 31, 2023	Percentage of ownership and voting rights December 31, 2022
TUL Corporation (HK) Limited (note 1)	-%	100%
TUL Inc.	100%	100%
IOTU CORPORATION (note 2)	93.08%	92.31%
TUL B.V.	100%	100%
Tul Biomedical Technology Co., Ltd.	100%	100%
Sparkle Computer Co., Ltd. (note 3)	100%	100%

Note 1: The company passed a board resolution on November 4, 2021 to liquidate its subsidiary TUL Corporation (HK) Limited, and completed its deregistration on January 6, 2023.

Note 2: On March 10, 2023, the company did not subscribe to the equity of IOTU CORPORATION from a capital increase in cash based on its shareholding ratio, resulting in an increase in the shareholding ratio from 92.31% to 93.08%.

Note 3: On May 4, 2023, the Board of Directors of the Company resolved to divest the design and manufacturing services and embedded application business unit to Sparkle Computer Co., Ltd., a wholly-owned subsidiary of the Company. This move aimed to implement specialized division of labor within the group. In exchange for the divestiture, Sparkle Computer Co., Ltd. issued 11,000 new ordinary shares to the Company, with a par value of NT$10 per share. The division's base date was set for June 30, 2023, with the assets and liabilities related to the business operations as of the division base date listed as follows:

	Segmentation

	department
Current Assets	
Cash and cash equivalents (Net cash outflow from business department)	$ 122,978
Accounts receivable, net	24,503
Other accounts receivable	13,493
Current inventories	20,327
Prepayments	266
Non-current assets	
Property, Plants, and Equipment	6,265
Intangible assets	78
Deferred income tax assets	274
Current Liabilities	
Contract liabilities	(41,067)
Accounts payable	(10,561)
Other payables	(12,704)
Other current liabilities	(11,315)
Non-current Liabilities	
Provision for liabilities - non-current	(2,537)
Business value of the segment to be divided	$ 110,000

(II) Investment in affiliated enterprises

	December 31, 2023	December 31, 2022
Individual insignificant affiliated enterprises		
Investment in affiliated enterprises	$ 402	$ 4,020

Summary of individual insignificant affiliated enterprises

	2023	2022
The Company's share		
Net loss for the year	$ 468	$ 2,980

On April 7, 2022, the Company invested 700 thousand shares of Hechuang Intelligence Co., Ltd. with cash consideration of NT$7,000 thousand, and acquired 46.67% of the equity and served as a director. Classified as an affiliate of the company.

XIII. Property, Plants, and Equipment

	Land	Buildings and structures	Transportation equipment	Money-generating apparatus	Unfinished project and equipment pending acceptance	Total
Cost						
Balance on January 1, 2022	$ 294,254	$ 379,122	$ 652	$ 65,040	$ 28,942	$ 768,010
Addition	-	618	536	24,291	188,201	213,646
Disposal	-	-	-	(3,394)	-	(3,394)
Reclassification	-	974	3,442	36,352	(40,768)	-

Balance as of December 31, 2022	$ 294,254	$ 380,714	$ 4,630	$ 122,289	$ 176,375	$ 978,262
Accumulated depreciation						
Balance on January 1, 2022	$ -	$ 21,488	$ 45	$ 47,509	$ -	$ 69,042
Depreciation expense	-	7,553	514	12,250	-	20,317
Disposal	-	-	-	(3,381)	-	(3,381)
Balance as of December 31, 2022	$ -	$ 29,041	$ 559	$ 56,378	$ -	$ 85,978
Net on December 31, 2022	$ 294,254	$ 351,673	$ 4,071	$ 65,911	$ 176,375	$ 892,284
Cost						
Balance on January 1, 2023	$ 294,254	$ 380,714	$ 4,630	$ 122,289	$ 176,375	$ 978,262
Addition	-	14,990	-	13,239	3,314	31,543
Spin-off to the Company	-	-	-	(11,537)	-	(11,537)
Disposal	-	-	-	(8,753)	-	(8,753)
Reclassification	-	131,155	-	34,835	(167,314)	(1,324)
Balance as of December 31, 2023	$ 294,254	$ 526,859	$ 4,630	$ 150,073	$ 12,375	$ 988,191
Accumulated depreciation						
Balance on January 1, 2023	$ -	$ 29,041	$ 559	$ 56,378	$ -	$ 85,978
Depreciation expense	-	13,240	772	21,898	-	35,910
Spin-off to the Company	-	-	-	(5,272)	-	(5,272)
Disposal	-	-	-	(8,705)	-	(8,705)
Reclassification	-	-	-	(551)	-	(551)
Balance as of December 31, 2023	$ -	$ 42,281	$ 1,331	$ 63,748	$ -	$ 107,360
Net on December 31, 2023	$ 294,254	$ 484,578	$ 3,299	$ 86,325	$ 12,375	$ 880,831

Depreciation expenses are calculated on a straight-line basis based on the following years of service:

Buildings and structures	5 to 50 years
Transportation equipment	5 years
Money-generating apparatus	1 to 6 years

Please refer to note 28 for the amount of property and factory buildings designated as loan guarantees.

XIV. Investment property

	December 31, 2023	December 31, 2022
Cost		
Land	$ 35,886	$ 35,886
Buildings and structures	29,397	29,397
	65,283	65,283
Less: accumulated depreciation	(11,162)	(9,870)
	$ 54,121	$ 55,413

Investment property is depreciated on a straight-line basis over a useful life of 3 to 35 years.

The fair value of investment property has not been evaluated by independent evaluators, and is only measured by the management of the Company using commonly used evaluation models by market participants with the value of a level 3 input. This evaluation is based on market evidence such as property transaction prices, and the fair value obtained from the evaluation is as follows:

	December 31, 2023	December 31, 2022
Fair value	$ 89,751	$ 92,601

The total amount of lease payments that will be charged in the future for the rental of investment property under operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 2,479	$ 1,919
Year 2	1,919	1,919
Year 3	-	1,919
	$ 4,398	$ 5,757

Please refer to note 28 for the amount of investment property designated as loan guarantees.

XV. Intangible assets

	Patent rights	Trademark rights	Others	Total
Balance on January 1, 2022	$ 120	$ 155	$ 2,021	$ 2,296
Acquisition	-	-	2,671	2,671
Amortization expense	(41)	(50)	(2,173)	(2,264)
Reclassification	-	-	1,450	1,450
Balance as of December 31, 2022	$ 79	$ 105	$ 3,969	$ 4,153
Balance on January 1, 2023	$ 79	$ 105	$ 3,969	$ 4,153
Acquisition	-	-	5,877	5,877
Amortization expense	(31)	(37)	(3,122)	(3,190)
Spin-off to the Company	-	-	(78)	(78)
Balance as of December 31, 2023	$ 48	$ 68	$ 6,646	$ 6,762

Amortization expenses are calculated on a straight-line basis based on the following years of service:

Patent rights	9 to 20 years
Trademark rights	4 to 15 years
Others	1 to 5 years

Summary of amortization expenses by function:

	2023	2022
Operating costs	$ 26	$ 71
Selling expenses	49	14
Administrative expenses	2,513	1,254
Research and development expenses	602	925
	$ 3,190	$ 2,264

XVI. Borrowings

Short-term borrowings

	December 31, 2023	December 31, 2022
Secured loans (notes 27 and 28)		
Bank loans	$ 832,569	$ 411,923

The interest rates for bank revolving loans were 1.85% to 6.81% and 4.13% to 6.18% on December 31, 2023 and 2022, respectively.

XVII. Corporate bonds payable

	December 31, 2023	December 31, 2022
5th domestic unsecured convertible corporate bonds	$ 220,905	$ 218,060
Less: portion due within 1 year	(220,905)	-
	$ -	$ 218,060

5th domestic unsecured convertible corporate bonds

The Company issued its fifth domestic unsecured convertible corporate bond with a coupon rate of 0% on August 4, 2021, with a par value of NT$100,000 each, issued at full par value. The total number of bonds issued is 7,000, with a total issuance amount of NT$700 million and a term of three years.

Each holder of the corporate bond has the right to convert it at NT$138.3 per share into ordinary shares of the Company. If there is an anti-dilution clause on conversion price in the future, the price will be adjusted in accordance with the conversion measures. As of December 31, 2023, the conversion price of the bonds had been adjusted to NT$118.4 per share in accordance with the Regulations Governing Conversion, and the conversion period was from November 5, 2021 to August 4, 2024. If the corporate bonds have not been converted at the date of maturity, they will be repaid in cash at the par value of the bonds upon maturity. Other important terms include:

(I) The Company's redemption right

From the second day of three months after the issuance of the convertible corporate bonds (November 5, 2021) until 40 days before the expiration of the term (June 25, 2024), if the closing price of the Company's ordinary shares exceeds the conversion price by 30% (inclusive) for 30 consecutive business days, or the balance of the convertible company bonds outstanding is less than 10% of the original total issuance amount, the Company may redeem its outstanding convertible corporate bonds in cash at the par value in accordance with the measures.

This convertible corporate bond includes both debt and equity components, and the equity component is expressed in capital surplus－option under equity. The effective interest rate of the original recognition of the liability component is 1.3045%.

Issuing price (minus transaction costs of NT$5,000 thousand)	$725,023
Equity component (minus transaction cost of NT$185 thousand allocated to equity and related income tax impact of NT$37 thousand)	(56,055)
Deferred income tax assets	37
Derivative instruments for redemption and put rights (current financial assets at fair value through profit or loss) and transaction costs recognized in profit or loss	4,300
Liability component on the issuance date (minus NT$4,785 thousand transaction cost allocated to liabilities)	673,305
Interest calculated at an effective interest rate of 1.3045%	5,907
Conversion of corporate bonds into ordinary shares	(461,152)
Liability component on December 31, 2022	218,060
Interest calculated at an effective interest rate of 1.3045%	2,845
Conversion of corporate bonds into ordinary shares	-
Liability component on December 31, 2023	$ 220,905

As of December 31, 2023, the total par value of corporate bonds that have been converted by corporate bond holders is NT$477,400 thousand, and the total number of shares converted into is 3,464 thousand shares.

XVIII. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Processing fee payable	$ 30,223	$ 21,618
Salary and bonus payable	28,017	31,688
Employees' remuneration payable	58,591	87,989
Leave pay payable	547	1,099
Accounts payable, equipment	16,052	20,948
Others	69,552	68,376
	$ 202,982	$ 231,718

XIX. Post-employment benefit plan

(I) Defined contribution plans

The pension system of the "Labor Pension Regulations" applicable to the Company is a government-administered fixed appropriation retirement plan, with 6% of the employee's monthly salary allocated to the individual account of the Labor Insurance Bureau.

(II) Defined benefit plans

The pension system of the Company in compliance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 2% of the total monthly salary of the employees to the pension, and hands it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in a lump sum by the end of March of the next year. The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the individual balance sheet are shown below:

	December 31, 2023	December 31, 2022
Current value of defined benefit obligation	$ 1,139	$ 815

	December 31, 2023	December 31, 2022
Fair value of planned assets	(12,893)	(12,628)
Net defined benefit asset	($ 11,754)	($ 11,813)

Changes to net defined benefit assets are as follows:

	Current value of defined benefit obligation	Fair value of planned assets	Net defined benefit asset
Balance on January 1, 2022	$ 754	($ 10,846)	($ 10,092)
Service cost			
Service cost of the period	102	-	102
Interest expense (income)	8	(109)	(101)
Recognized in profit or loss	110	(109)	1

(Continued on the next page)

(Continued from the previous page)

	Current value of defined benefit obligation	Fair value of planned assets	Net defined benefit asset
Remeasurement			
Return on planned assets (in addition to the amount included in net interest)	$ -	($ 1,671)	($ 1,671)
Actuarial gain - changes in financial assumptions	(57)	-	(57)
Actuarial gain - experience adjustment	8	-	8
Recognized as other comprehensive income	(49)	(1,671)	(1,720)
Employer contribution	-	(2)	(2)
Balance as of December 31, 2022	$ 815	($ 12,628)	($ 11,813)
Balance on January 1, 2023	$ 815	($ 12,628)	($ 11,813)
Service cost			
Service cost of the period	101		101
Interest expense (income)	10	(156)	(146)
Recognized in profit or loss	111	(156)	(45)
Remeasurement			
Return on planned assets (in addition to the amount included in net interest)		(109)	(109)
Actuarial gain - experience adjustment	213		213
Recognized as other comprehensive income	213	(109)	104
Balance as of December 31, 2023	$ 1,139	($ 12,893)	($ 11,754)

The Company is exposed to the following risks as a result of the Labor Standards Act pension system:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the consolidated company's distributable amount of the plans' assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return

on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.

3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plans. Therefore, an increase in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary, with the following significant assumptions as of the measurement date:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.25%	2.25%

The amount by which the present value of the defined benefit obligation would increase (decrease) as follows if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 74)	($ 53)
0.25% decrease	$ 80	$ 57
Expected rate of salary increase		
0.25% increase	$ 349	$ 250
0.25% decrease	($ 267)	($ 193)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	December 31, 2023	December 31, 2022
Amount expected to be allocated within 1 year	$ -	$ -
Average period of defined benefit obligation to maturity	31.2 years	27.4 years

XX. Equity

(I) Common share capital

	December 31, 2023	December 31, 2022
Authorized number of shares (1,000 shares)	96,000	96,000
Authorized share capital	$ 960,000	$ 960,000
Number of issued shares fully paid for (1,000 shares)	48,346	48,346
Capital of issued shares	$ 483,460	$ 483,460

The par value of each issued ordinary share is NT$10, and each share has one voting right and the right to receive dividends.

As stated in note 17, the holders of the Company's corporate bonds exercised their conversion rights during January 1 to December 31, 2022, resulting in an increase of NT$34,644 thousand in share capital.

To strengthen operating liquidity and repay bank loans, the Company resolved at the Annual Shareholders' Meeting on June 14, 2023, to undertake a private placement of common stock as a cash capital increase. The intention is to issue up to 5,000 shares, divided into two tranches within one year from the date of the shareholders' meeting resolution.

(II) Capital surplus

	December 31, 2023	December 31, 2022
It may be used to compensate losses, distribute cash or replenish share capital (1)		
Overdue dividends not collected by shareholders	$ 196	$ 196
Premium from convertible bond conversion	768,289	768,289
Treasury stock transaction	8	8
Can only be used to compensate losses.		
Recognized change in ownership of and equity in subsidiaries (2)	5,593	6,178
Cannot be used for any other purpose.		
Convertible corporate bond options	17,825	17,825
	$ 791,911	$ 792,496

1. This type of capital surplus may be used to make up for losses, and when the Company has no losses, it may also be used to distribute cash or for capital appropriation; when used for capital appropriation, it is limited to a certain percentage of the paid-in capital every year.
2. This type of capital surplus is the impact of equity transactions recognized due to changes in the subsidiary when the Company has not actually acquired or disposed of the subsidiary equity.

(III) Retained earnings and dividend policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the final annual accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is a remaining balance, the board shall combine it with the cumulative undistributed surplus and formulate an earnings distribution proposal, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. Please refer to note 21(7) Employees' remuneration and directors' remuneration for the distribution policy of employees' remuneration and directors' remuneration stipulated in the articles of association.

In addition, according to the Company's articles of association, the dividend policy of the Company is based on current and future development plans, as well as assessment of the investment environment, capital needs and domestic and international competition, while taking into account shareholder interest. The distribution of dividends to shareholders can be done in cash or stock, with cash dividends not less than 50% of the total dividend.

The legal reserve shall be appropriated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company held general shareholders' meetings on June 14, 2023 and on July 9, 2022, respectively, and passed the following resolutions on the distribution of earnings for 2022 and 2021:

	2022	2021
Legal reserve	$ -	$ 108,638
Special reserve	$ 28,156	$ -
Cash dividends	$ -	$ 531,806
Cash dividend per share (NT$)	$ -	$ 11

XXI. Net loss before tax

(I) Interest income

	2023	2022
Bank deposits	$ 4,017	$ 2,248

(II) Other income

	2023	2022
Rent income	$ 3,825	$ 2,633
Dividend income	1,120	1,346
Others	4,206	607
	$ 9,151	$ 4,586

(III) Other gains and losses

	2023	2022
Net foreign exchange gain	$ 9,457	$ 29,929
Losses on disposals of property, plant and equipment	(15)	(13)
Gains (losses) on financial assets at fair value through profit or loss	1,695	(2,551)
Disposal of investment losses	(1,341)	-
Others	(1,292)	(1,603)
	$ 8,504	$ 25,762

(IV) Financial costs

	2023	2022
Bank loan interest	$ 28,881	$ 9,428
Corporate bond depreciation and amortization (note 17)	2,845	2,808
Total interest expense of financial liabilities measured at amortized cost	31,726	12,236
Less: Amounts included in the cost of eligible assets	(5,797)	-
	$ 25,929	$ 12,236
Amount of capitalized interest	$ 5,797	$ -
Interest rate of capitalized interest	1.30%~4.33%	-

(V) Depreciation and amortization

	2023	2022
Summary of depreciation expenses by function		
Operating costs	$ 21,507	$ 9,634
Operating expenses	14,403	10,683
Other losses	1,292	1,291
	$ 37,202	$ 21,608
Summary of amortization expenses by function		
Operating costs	$ 26	$ 71
Operating expenses	3,164	2,193
	$ 3,190	$ 2,264

(VI) Employee benefit expense

	2023	2022
Post-employment benefits		
Defined contribution plans	$ 7,022	$ 6,662
Defined benefit plans (note 19)	-	1
	7,022	6,663
Other employee benefits	175,888	190,300
Total employee benefits	$ 182,910	$ 196,963
Summary by function		
Operating costs	$ 59,622	$ 50,897
Operating expenses	123,333	146,066
Other income	(45)	-
	$ 182,910	$ 196,963

(VII) Compensation to employees and remuneration to directors

In accordance with the articles of association of the Company, the Company shall allocate no less than 3% of the year's pre-tax profit as employee remuneration and no more than 3% of the year's pre-tax profit as director remuneration; however, when the Company still has losses to make up, the compensation amount shall be retained first, and then the employees' remuneration and directors' remuneration shall be allocated according to the aforementioned proportion.

For the years 2023 and 2022, which resulted in a net loss before tax, it is not intended to accrue employee compensation and director remuneration in accordance with the provisions of the articles of incorporation.

If there is still any change in the amount after the issuance date of the annual individual financial statements, it shall be handled as a change of accounting estimate and adjusted and recorded in the next year.

For information on the employees' remuneration and directors' remuneration in accordance with the resolutions of the board meeting of the Company, please visit the MOPS of the Taiwan Stock Exchange.

(VIII) Foreign exchange gain or loss

	2023	2022
Total foreign exchange gain	$ 179,076	$ 247,178
Total foreign exchange loss	(169,619)	(217,249)
Net profit	$ 9,457	$ 29,929

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense (profit) are as follows:

	2023	2022
Current income tax		
Surtax on undistributed earnings	$ -	$ 21,024
Adjustment for income tax of previous years	(7,900)	783
	(7,900)	21,807
Deferred income tax		
Generated in the current period	(23,959)	(12,712)
Income tax expenses (benefits) recognized in profit or loss	($ 31,859)	$ 9,095

Adjustment to the accounting income and income tax expense (gain) is as follows:

	2023	2022
Net loss before tax	($ 169,141)	($ 77,189)
Income tax gain on net income (loss) before income tax at statutory tax rate	($ 33,828)	($ 15,438)
Non-deductible gains and expenses for tax purposes	6,558	7,729
Tax-exempt income	(563)	267
Loss on disposal of investment in foreign subsidiary	36	-
Surtax on undistributed earnings	-	21,024
Unrecognized loss allowance and deductible temporary differences	3,838	(5,270)
Current year's adjustment of previous year's income tax expenses (benefits)	(7,900)	783
Income tax expenses (benefits) recognized in profit or loss	($ 31,859)	$ 9,095

(II) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

	Beginning balance	Recognized in profit or loss	Recognized as other comprehensive income	Others	Ending balance
Deferred income tax assets					
Temporary difference					
Allowance for inventory valuation	$ 14,848	$ 8,453	$ -	($ 274)	$ 23,027
Allowance for warrantee liabilities	6,969	(3,875)	-	-	3,094
Others	6,506	8,648	(400)	-	14,754
	28,323	13,226	(400)	(274)	40,875
Loss allowance	7,889	18,651	-	-	26,540
	$ 36,212	$ 31,877	($ 400)	($ 274)	$ 67,415
Deferred tax liabilities					
Temporary difference					
Undistributed earnings of subsidiaries	$ 1,723	$ 2,006	$ -	$ -	$ 3,729
Defined benefit retirement plan	2,127	9	-	-	2,136
Others	4,953	5,903	-	-	10,856
	$ 8,803	$ 7,918	$ -	$ -	$ 16,721

2022

	Beginning balance	Recognized in profit or loss	Recognized as other comprehensive income	Others	Ending balance
Deferred income tax assets					
Temporary difference					
Allowance for inventory valuation	$ 10,212	$ 4,636	$ -	$ -	$ 14,848
Allowance for warrantee liabilities	12,401	(5,432)	-	-	6,969
Others	15,685	(8,864)	(315)	-	6,506
	38,298	(9,660)	(315)	-	28,323
Loss allowance	-	7,889	-	-	7,889
	$ 38,298	($ 1,771)	($ 315)	$ -	$ 36,212
Deferred tax liabilities					
Temporary difference					
Undistributed earnings of subsidiaries	$ 19,071	($ 17,348)	$ -	$ -	$ 1,723
Defined benefit retirement plan	2,119	8	-	-	2,127
Others	2,096	2,857	-	-	4,953
	$ 23,286	($ 14,483)	$ -	$ -	$ 8,803

(III) Loss allowance not used

The loss allowance information as of December 31, 2023 is as follows:

Balance of allowance not yet deducted	Final year of allowance deduction
$ 23,424	2032
109,277	2033
$ 132,701	

(IV) Income tax assessment status

The Company's profit seeking business income tax has been approved by the tax collection authority up to 2021.

XXIII. Loss per share

Unit: NT$/share

	2023	2022
Basic loss per share	($ 2.84)	($ 1.78)
Diluted loss per share	($ 2.84)	($ 1.78)

The net loss and the weighted average number of ordinary shares used to calculate the loss per share are as follows:

Net loss for the year

	2023	2022
Net loss used to calculate basic loss per share	($ 137,282)	($ 86,284)
Impact of potential ordinary shares with dilution effect:		
After-tax interest on convertible bonds	-	-
Net loss used to calculate diluted loss per share	($ 137,282)	($ 86,284)

Number of shares

Unit: 1,000 shares

	2023	2022
Weighted average number of ordinary shares used to calculate basic loss per share	48,346	48,346
Impact of potential ordinary shares with dilution effect:		
Convertible corporate bonds	-	-
Employees' remuneration	-	-
Weighted average number of ordinary shares used to calculate diluted loss per share	48,346	48,346

If the Company has the option to pay employees' remuneration in shares or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be paid in shares, and the weighted average number of outstanding shares will be included in the calculation of earnings per share when the potential ordinary shares have a dilution effect. When calculating the diluted earnings per share before paying employees' remuneration in shares in the next annual resolution, the dilution effect of such potential ordinary shares shall also be considered. The company had a net loss in 2023 and 2022, so the potential ordinary shares with an anti-dilution effect including those from convertible corporate bonds and employee remuneration were not included in the calculation.

XXIV. Equity transactions with non-controlling interests

On March 10, 2023, the Company acquired its 100 thousand shares of IOTU CORPORATION, and its shareholding increased from 92.31% to 93.08%.

As the aforementioned transactions did not change the Company's control over the subsidiary, the Company considered it to be an equity transaction. Please refer to note 27 in the Company's consolidated financial report for 2023 for a description of the acquisition of IOTU CORPORATION

XXV. Capital risk management

The Company conducts capital management to ensure that all enterprises within the Group can, on the premise of continuing operation, optimize the balance of debts and equity to maximize the return to shareholders.

The capital structure of the Company is composed of net debt (i.e. borrowings minus cash and cash equivalents) and equity (i.e. equity, capital surplus, retained earnings, and other equity items).

The Company does not need to comply with other external capital regulations.

XXVI. Financial instrument

(I) Fair value information－Financial instruments not measured at fair value

December 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	$ 220,905	$ 225,494	$ -	$ -	$ 225,494

December 31, 2022

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	$ 218,060	$ 212,472	$ -	$ -	$ 212,472

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic TWSE (TPEx) listed stocks	$ 846	$ -	$ -	$ 846
Beneficiary certificates of mutual funds	5,836	-	-	5,836
Total	$ 6,682	$ -	$ -	$ 6,682
Financial assets at fair value through other comprehensive income				
Equity instruments				
- TWSE (TPEx) listed and emerging market stocks	$ 7,378	$ -	$ -	$ 7,378
- TWSE (TPEx) unlisted ordinary stocks	-	-	18,432	18,432
	$ 7,378	$ -	$ 18,432	$ 25,810

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic TWSE (TPEx) listed stocks	$ 882	$ -	$ -	$ 882
Beneficiary certificates of mutual funds	85,030	-	-	85,030
Derivatives of redemption rights	-	45	-	45
Total	$ 85,912	$ 45	$ -	$ 85,957
Financial assets at fair value through other comprehensive income				
Equity instruments				
- TWSE (TPEx) listed and emerging market stocks	$ 10,767	$ -	$ -	$ 10,767
- TWSE (TPEx) unlisted ordinary stocks	-	-	21,690	21,690
	$ 10,767	$ -	$ 21,690	$ 32,457

There were no transfers between Level 1 and 2 fair value measurements in 2023 and 2022.

2. Adjustment of financial instruments measured at fair value at level 3

Financial assets at fair value through other comprehensive income	2023	2022
Beginning balance	$ 21,690	$ 31,727
Purchase	257	20,764
Revaluation gains (losses) on financial assets measured at fair value through other comprehensive income	(3,515)	(30,801)
Ending balance	$ 18,432	$ 21,690

3. Evaluation techniques and input values for level 2 fair value measurements

Financial instrument type	Evaluation techniques and input values
Derivatives of redemption rights	Binary tree convertible bond evaluation model: based on the evaluation-date stock price, stock price volatility, risk-free interest rate relative to the duration of the convertible bond, risk discount rate considering the credit premium, and reduced liquidity reduction factor.

4. Evaluation techniques and input values for level 3 fair value measurements

Financial instrument type	Evaluation techniques and input values
TWSE (TPEx) unlisted ordinary stocks	TWSE (TPEx) unlisted investment using the asset method The asset method is mainly applied to venture capital companies to evaluate their fair values by referring to their net asset values.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 6,682	$ 85,957
Financial assets measured at amortized cost (note 1)	1,762,597	1,378,829
Financial assets at fair value through other comprehensive income		
Equity instruments	25,810	32,457
Financial liabilities		
Measured at amortized cost (note 2)	2,283,375	1,593,128

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term borrowings, accounts payable, other payables, corporate bonds payable and guarantee deposits received.

(IV) Purpose and policy of financial risk management

The main financial instruments of the Company include equity and liability investments, accounts receivable, notes payable, accounts payable, loans and corporate bonds payable. The financial management department of the Company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages financial risks related to the operation of the consolidated company by analyzing the internal risk report according to the chance and level of risk. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risk from the operating activities of the Company leads to the consolidated company's foreign currency exchange rate change risk (refer to (1) below) and the interest rate change risk (refer to (2) below).

(1) Exchange rate risk

The Company engages in foreign currency denominated sales and purchase transactions, resulting in exposure to exchange rate change risk.

Please refer to note 32 for the carrying amounts of monetary assets and monetary liabilities of the Company denominated in non-functional currency on the balance sheet date

<u>Sensitivity Analysis</u>

The Company is mainly affected by the exchange rate fluctuation of the US dollar.

The following table details the sensitivity analysis when the exchange rate of the New Taiwan dollar (functional currency) against the US dollar changes by 1%. 1% is the sensitivity ratio used within the Company to report exchange rate risk to the key management, and also represents the management's assessment of the range of reasonably possible changes in foreign currency exchange rates. The sensitivity analysis only includes the monetary items that are outstanding, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. When NT$ appreciates by 1% relative to USD, the profit before tax in 2023 and 2022 will decrease by NT$(801) thousand and NT$(2,738) thousand, respectively. The impact of the exchange rate fluctuations above mainly comes from the receivable and payable items of the Company that are still outstanding on the balance sheet date which have not undergone cash flow risk hedging.

(2) Interest rate risk

Interest rate risk exposure is caused by the fact that the Company borrows funds at fixed and floating rates at the same time. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the Company subject to interest rate risk exposure on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
With interest rate risk in fair value		
- Financial assets	$ 5,247	$ 75,185
- Financial liabilities	612,960	577,900
With interest rate risk in cash flow		
- Financial assets	247,514	332,235
- Financial liabilities	440,514	52,083

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative instruments on the balance sheet date. For floating interest rate liabilities, it is assumed that the amount of liabilities outstanding on the balance sheet date is also outstanding during the reporting period. 25 basis points is the sensitivity rate used within the Company to report interest rate risk to the key management, and also represents the management's assessment of the range of reasonably possible changes in foreign currency interest rate.

If the interest rate increases/decreases by 25 basis points, and all other variables remain unchanged, the Company's net income before tax for 2023 and 2022 will decrease/increase by NT$483 thousand and increase/decrease by NT$700 thousand.

(3) Other price risks

Equity price risk exposure due to the Company's investment in TWSE/TPEx listed stocks. This equity investment is not held for trading but a strategic investment. The Company does not actively engage in such investment. The Company’s equity price risk is mainly concentrated in the equity instruments listed on TPEx in Taiwan.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price had increased/decreased by 15%, the pre-tax profit or loss for 2023 and 2022 would have increased/decreased by NT$1,002 thousand and NT$12,887 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before tax in 2023 and 2022 would have increased/decreased by NT$1,107 thousand and NT$1,615 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of the Company’s financial loss caused by default of contractual obligations of the trading counterparty. As of the balance sheet date, the maximum credit risk exposure of the Company due to the trading counterparty’s non-performance of obligations comes from the carrying amount of financial assets recognized on the individual balance sheet.

The customer base of the Company is vast and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to cover operating expenses and mitigate the impact of cash flow fluctuations. The management of the Company supervises the bank financing limits and ensures compliance with the loan contract terms.

Bank loans are an important source of liquidity for the Company. As of December 31, 2023 and 2022, the unused financing limits of the Company can be found in (2) Financing Limits below.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the Company. Therefore, the series of bank loans that the Company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities are prepared according to the agreed repayment dates.

December 31, 2023

	Immediate repayment or repayment in less than 1 month required	1~3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 432,437	$ 862,705	$ 21,606	$ -
Corporate bonds payable	-	-	222,600	-
Floating rate instruments	50,059	129,387	264,399	-
Fixed rate instruments	51,748	-	349,013	-
Financial guarantee liabilities	-	-	22,113	1,375
	$ 534,244	$ 992,092	$ 879,731	$ 1,375

December 31, 2022

	Immediate repayment or repayment in less than 1 month required	1~3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 680,018	$ 321,164	$ 82,431	$ -
Corporate bonds payable	-	-	-	222,600
Floating rate instruments	-	-	53,554	-
Fixed rate instruments	1,698	145,708	219,285	-
Financial guarantee liabilities	-	-	-	22,113
	$ 681,716	$ 466,872	$ 355,270	$ 244,713

The amount of the above-mentioned financial guarantee contact is the maximum amount that the Company may need to pay to fulfill the guarantee obligation if the holder of the financial guarantee contract requests repayment of the full amount from the guarantor. However, based on the balance sheet date expectation, the Company does not believe that the possibility of paying the total amount is high.

The amount of floating rate instruments for non-derivative financial assets and liabilities mentioned above will vary depending on the difference between the floating rate and the estimated interest rate on the balance sheet date.

(2) Financing limits

	December 31, 2023	December 31, 2022
Secured bank loan limit		
- Amount already used	$ 832,569	$ 411,923
- Amount not used	380,431	801,077
	$ 1,213,000	$ 1,213,000

XXVII. Related party transaction

Other than those disclosed in other notes, the transactions between the Company and other related parties are as follows:

(I) Names of related parties and their relationships

Name of related party	Relationship with the Company
TUL Inc.	Subsidiary
TUL B.V.	Subsidiary
IOTU CORPORATION	Subsidiary
Tul Biomedical Technology Co., Ltd.	Subsidiary
Sparkle Computer Co., Ltd.	Subsidiary
Hechuang Intelligence Co., Ltd.	Affiliated enterprise
Lithium Ion Battery Recycling Co., Ltd.	Affiliated enterprise of subsidiary
Rigo Global Co., Ltd.	Substantive related party
Midas Labs Inc.	Substantive related party
Neurobit Technologies	Substantive related party
Instant NanoBiosensors	Substantive related party
Allbio Life Co., Ltd.	Substantive related party
Tongxin Tang Pharmaceutical Shop	Substantive related party
Mao-Sung Chang	Chairman of the Company
Jian-wei Chen	President of the Company

(II) Operating Revenue

Accounting items	Type/name of related party	2023	2022
Sales revenue	Subsidiary		
	TUL Inc.	$ 1,840,146	$ 1,198,532
	TUL B.V.	1,484,575	655,703
	Shall and	169,769	8,356
	Others	3,143	47,897
	Substantive related party	-	10,423
		$ 3,497,633	$ 1,920,911

The transactions between the Company and the above-mentioned related party are subject to the agreed terms and conditions.

(III) Purchase

Type of related party	2023	2022
Subsidiary	$ 69,036	$ 1,871

The Company and the above-mentioned related parties have contracted materials processing transactions in accordance with the terms agreed by both parties and are not disclosed as purchase and sales accounting.

(IV) Accounts receivable from a related party

Accounting items	Type/name of related party	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	Subsidiary		
	TUL Inc.	$ 772,556	$ 487,248
	TUL B.V.	279,837	135,610
	Shall and	65,401	1,417
	Others	5,683	6
		$ 1,123,477	$ 624,281

No guarantee is collected for outstanding accounts receivable due from related parties. No loss allowance is allocated for accounts receivable due from related parties in 2023 and 2022.

(V) Prepayments

Type/name of related party	December 31, 2023	December 31, 2022
Affiliated enterprise of subsidiary	$ 5,714	$ -

(VI) Property, plant and equipment acquired

	Acquiring price	
Type of related party	2023	2022
Subsidiary	$ -	$ 1,514

(VII) Endorsements and guarantees

Endorsements and guarantees for others

Please refer to Schedule I for the Company's endorsements and guarantees for subsidiaries.

Endorsements and guarantees obtained

Type/name of related party	December 31, 2023	December 31, 2022
Mao-Sung Chang		
Guaranteed amount	$ 1,213,000	$ 1,213,000
Actual amount used (recognized as guaranteed bank loan)	(832,569)	(411,923)
	$ 380,431	$ 801,077

(VIII) Other related party transactions

Accounting items	Type of related party	2023	2022
Operating expenses	Subsidiary	$ 16	$ 10
Rent income	Subsidiary	1,941	737
		$ 1,957	$ 747

(IX) Compensation of key management

	2023	2022
Short-term employee benefits	$ 20,067	$ 22,624
Post-employment benefits	970	1,127
	$ 21,037	$ 23,751

The compensation of directors and other key management is determined by the Compensation Committee in accordance with individual performance and market trends.

XXVIII. Pledged assets

The following assets have been provided as collateral for short-term borrowings and letters of credit:

	December 31, 2023	December 31, 2022
Pledged bank deposits (recognized as financial assets measured at amortized cost)	$ 5,247	$ 5,185
Net of property, plant and equipment	778,832	645,927
Net of investment property	54,121	55,413
	$ 838,200	$ 706,525

XXIX. Significant contingent liabilities and unrecognized contract comments

The unrecognized contractual commitments of the Company are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant, and equipment	$ 6,803	$140,970

XXX. Other Matters

Affected by the Russo-Ukrainian War, global inflation, the global interest rate hike by the U.S. Central Bank, and the fluctuation of virtual currency, the market demand plummeted. As a result, the Company suffered an after-tax loss of NT$137,282 thousand in 2023, representing a decline of 59% year-on-year. The loss per share in 2023 was NT$2.84. The Company's operations in 2023 were still normal, and there were no significant asset reductions or fundraising risks arising from the aforementioned matters.

XXXI. Significant subsequent events

To repay bank loans and save on interest expenses, the company resolved, through a Board of Directors decision on December 21, 2023, to propose the issuance of the 6th domestic unsecured convertible corporate bonds. The total issuance amount is NT$400,000 thousand, with each convertible bond having a face value of NT$100 thousand, a coupon rate of 0%, and issued at full face value. The issuance will become effective starting from January 16, 2024.

XXXII. Foreign currency financial assets and liabilities with significant impact

The following information is summarized and expressed in foreign currencies other than the functional currency of the Company. The disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currency. Foreign currency financial assets and liabilities with significant impact are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 49,349	30.705 (USD:NTD)	$ 1,515,270
Non-monetary item			
Investment accounted for using the equity method	720	30.705 (USD:NTD)	$ 22,108
Foreign currency liabilities			
Monetary item			

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
USD	51,959	30.705 (USD:NTD)	$ 1,595,399

December 31, 2022

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 33,612	30.71 (USD:NTD)	$ 1,032,231
Non-monetary item			
Investment accounted for using the equity method	472	30.71 (USD:NTD)	$ 14,492

(Continued on the next page)

(Continued from the previous page)

Foreign currency liabilities	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 42,527	30.71 (USD:NTD)	$ 1,305,995

Foreign currency exchange gains and losses (realized and unrealized) with significant impact are as follows:

	2023		2022	
Foreign currency	Exchange rate	Net exchange gain or loss	Exchange rate	Net exchange gain or loss
USD	31.155 (USD:NTD)	$ 9,457	29.805 (USD:NTD)	$ 29,929

XXXIII. Disclosure notes

(I) Information about significant transactions:

1. Loans to others: None.
2. Endorsements/guarantees provided for others: Table 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Table 2.
4. Cumulative purchase or sale of the same securities reaching NT$300 million or 20% of the paid-in capital: none.
5. Amount of real estate acquired reaching NT$300 million or 20% of the paid-in capital: none.
6. Amount of real estate disposed of reaching NT$300 million or 20% of the paid-in capital: none.
7. Amount of purchases or sales with related parties reaching NT$100 million or 20% of the paid-in capital: Appendix 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Engagement in derivatives transactions. Appendix 7.

(II) Information related to reinvestment businesses: Appendix 5.

(III) Mainland China investment information: none.

(IV) Major shareholders' information: names, shareholdings and proportions of shareholders with a shareholding ratio of more than 5%: Appendix 6.

Tul Corp.

Endorsements and guarantees for others

December 31, 2023

Appendix 1

Unit: NT$1,000

Number (note 1)	Name of endorsing or guaranteeing company	Name of endorsed or guaranteed company		Limit of endorsement or guarantee for a single enterprise (note 2)	Maximum endorsement or guarantee balance of the period	Endorsement or guarantee balance at period end	Actual amount used	Endorsement and guarantee amount with assets as collateral	Accumulated endorsement and guarantee amount as a percentage (%) of the net value as in the latest financial statements	Maximum endorsement or guarantee limit (note 3)	Endorsements and guarantees provided to subsidiaries by the parent company	Endorsements and guarantees provided by subsidiaries to the parent company	Endorsements and guarantees provided to mainland China area
		Company name	Relationship										
0	Tul Corp.	IOTU CORPORATION	Subsidiary with over 50% ordinary share equity directly held by the Company	$ 323,879	$ 22,113	$ 22,113	$ 22,113	$	1%	$ 809,697	Y	N	N
0	Tul Corp.	Sparkle Computer Co., Ltd.	Subsidiary with over 50% ordinary share equity directly held by the Company	323,879	76,763	76,763	7,081	-	5%	809,697	Y	N	N

Note 1: The explanation of the number field is as follows:

Fill in 0 for the issuer.

Note 2: Calculated based on 20% of the Company's net value as in the financial statements dated December 31, 2023.

Note 3: Calculated based on 50% of the Company's net value as in the financial statements dated December 31, 2023.

Tul Corp.

Securities held at period end

December 31, 2023

Appendix 2

Unit: NT$1,000

Holding company	Name of security	Relationship with the securities issuer	Accounting subject	Period end: Number of shares/(1,000 shares)	Period end: Carrying amount	Period end: Shareholding percentage (%)	Period end: Fair value	Remarks
Tul Corp.	Stock							
	WPG Holdings Limited Preferred Share A	—	Current financial assets at fair value through profit or loss.	18	$ 846	-	$ 846	
	Clientron Corp.	—	Non-current financial assets at fair value through other comprehensive income.	476	7,378	1	7,378	
	Midas Labs Inc.	—	Non-current financial assets at fair value through other comprehensive income.	1,852	1,021	4	1,021	
	Neurobit Technologies	—	Non-current financial assets at fair value through other comprehensive income.	1,728	179	3	179	
	Instant NanoBiosensors	—	Non-current financial assets at fair value through other comprehensive income.	263	1,009	4	1,009	
	Inforcom Technology Inc.	—	Non-current financial assets at fair value through other comprehensive income.	760	10,004	4	10,004	
	CytoArm Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income.	385	1,555	1	1,555	
	Allbio Life Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income.	400	981	6	981	
	RFIC Technology Corporation	—	Financial assets at fair value through other comprehensive income	900	3,683	3	3,683	
	Beneficiary certificates - open-end funds							
	Manulife Global Technology Fund	—	Current financial assets at fair value through profit or loss.	18	5,836	-	5,836	

Note: Please refer to Appendix 6 for information on the investment in the equity of subsidiaries and related enterprises.

Tul Corp.

Amount of purchases or sales with related parties reaching NT$100 million or 20% of the paid-in capital.

January 1 to December 31, 2023

Appendix 3

Unit: NT$1,000

Selling company	Name of trading counterparty	Relationship	Transaction details				Circumstances and reasons why the trading conditions differ from those of ordinary trading		Accounts receivable		Remarks
			Sales	Amount	Percentage of total sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts receivable	
Tul Corp.	TUL Inc.	Subsidiary	Sales	$ 1,840,146	34%	OA 90 days	Cost markup	No significant difference	$ 772,556	52%	
	TUL B.V.	Subsidiary	Sales	1,484,575	27%	OA 120 days	Cost markup	No significant difference	279,837	19%	
	Sparkle Computer Co., Ltd.	Subsidiary	Sales	169,769	5%	OA 120 days	Cost markup	No significant difference	65,401	4%	

Tul Corp.

Receivables from related parties reaching NT$100 million or 20% of the paid-in capital.

December 31, 2023

Appendix 4

Unit: NT$1,000

Companies with accounts receivable	Trading counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount recovered after the due date of accounts receivable due from related parties	Allocation of allowance for bad debts	Remarks
					Amount	Handling method			
Tul Corp.	TUL Inc.	Subsidiary	$ 772,556	2.92	$ -	—	$ 296,088	$ -	
	TUL B.V.	Subsidiary	279,837	7.15	-	—	98,243	-	

Tul Corp.

Name of Investee company, location...etc.

January 1 to December 31, 2023

Appendix 5

Unit: NT$1,000

Name of Investment company	Name of Investee company	Location	Major business items	Initial investment amount		Holding at end of year			Investee company Net profit and loss of the current year	Recognized in the current year Investment profit or loss	Remarks
				End of year	Beginning of year	Number of shares (1,000 shares)	Percentage (%)	Carrying amount			
Tul Corp.	TUL Corporation (HK) Limited	Hong Kong	Product or business promotion and consulting services.	$ -	$ 1,730	$ -	-	$ -	$ -	$ -	Subsidiary
	TUL Inc.	USA	Sales of information software and hardware products.	3,042	3,042	100	100	17,012	1,940	1,940	Subsidiary
	IOTU CORPORATION	Taiwan	Contracting of information and communication projects.	121,026	120,000	12,100	93.08	4,908	(43,474)	(40,447)	Subsidiary
	TUL B.V.	Netherlands	Sales of information software and hardware products.	4,147	4,147	100	100	11,707	4,862	4,862	Subsidiary
	Tul Biomedical Technology Co., Ltd.	Taiwan	Medical equipment manufacturing and wholesale, and telecommunications equipment retail.	29,000	29,000	2,900	100	31,069	(3,502)	(3,502)	Subsidiary
	Sparkle Computer Co., Ltd.	Taiwan	Sales of information software and hardware products.	139,000	1,000	13,900	100	155,006	14,341	14,996	Subsidiary
	Hechuang Intelligence Co., Ltd.	Taiwan	Information and data processing.	3,850	7,000	385	46.67	402	(1,002)	(468)	Affiliated enterprise

Tul Corp.

Major shareholders' information

December 31, 2023

Appendix 6

List of Major Shareholders	Shares	
	Shares held (shares)	Shareholding percentage
Fen-Lan Liu	2,629,833	5.43%

Note: The major shareholders' information in this table is based on the calculation by the Central Depository & Clearing Corporation on the last business day at the end of the current quarter, where the total number of ordinary and preferred shares held by shareholders that have completed scripless registration and delivery (including treasury shares) exceeds 5%. The share capital recorded in the Company's individual financial report may differ from the actual number of shares with completion of scripless registration and delivery, possibly due to differences in preparation and calculation basis.

§DETAILS OF IMPORTANT ACCOUNTING ITEMS§

Tul Corp.

Detailed statement of cash and cash equivalents

December 31, 2023

Detailed Statement 1 | Unit: NT$1,000

Title	Summary	Amount
Cash on hand and petty cash		$ 400
Bank deposits		
Demand deposit		166,713
Foreign currency deposit	including USD 2,579 thousand, at Rate 30.705	80,801
Check deposits		713
Total		$ 248,627

Tul Corp.

Detailed statement of accounts receivable

December 31, 2023

Detailed Statement 2 Unit: NT$1,000

Customer name	Amount
SKYRIMTECH LIMITED	$ 84,145
POWERTECH ELECTRONICS GMBH	93,646
Huizhou Yingnuoda Photoelectric Technology Co., Ltd.	43,305
BAN LEONG TECHNOLOGIES LTD.	21,235
Other (summary of customers within 5%).	116,757
Subtotal	359,088
Less: loss allowance	(5,366)
Net	$ 353,722

Tul Corp.

Detailed inventory statement

December 31, 2023

Detailed Statement 3 Unit: NT$1,000

Item	Amount	
	Cost	Net realizable value
Finished good	$ 189,928	$ 198,469
Current work in progress and semi-finished goods	166,473	170,478
Raw materials	672,564	680,264
Net	$ 1,028,965	$ 1,049,211

Tul Corp.

Detailed statement of investment accounted for using the equity method

2023

Detailed Statement 4

Unit: NT$1,000

Title	Beginning balance: Number of shares (1,000 shares)	Beginning balance: Amount	Increase (decrease) in the year: Number of shares (1,000 shares)	Increase (decrease) in the year: Amount	Investment gain (loss)	Exchange differences on translation of foreign financial statements	Ending balance: Number of shares (1,000 shares)	Ending balance: Shareholding (%)	Ending balance: Amount	Net equity value	Provision of collateral or pledge
Ordinary shares of unlisted and TPEx listed companies											
TUL Corporation (HK) Limited	404	$ 615	(404)	($ 1,910)	$ -	$ 1,295	-	-%	$ -	$ -	None
TUL Inc.	100	24,573	-	(9,825)	1,940	324	100	100%	17,012	8,636	None
IOTU CORPORATION	12,000	54,892	100	(9,537)	(40,447)	-	12,100	93.08%	4,908	7,737	None
TUL B.V.	100	8,720	-	(2,364)	4,862	489	100	100%	11,707	13,472	None
Tul Biomedical Technology Co., Ltd.	2,900	34,571	-	-	(3,502)	-	2,900	100%	31,069	31,069	None
Sparkle Computer Co., Ltd.	100	2,958	13,800	137,052	14,996	-	13,900	100%	155,006	154,271	None
Hechuang Intelligence Co., Ltd.	700	4,020	(315)	(3,150)	(468)	-	385	46.67%	402	861	None
Total		$130,349		$110,266	($ 22,619)	$ 2,108			$220,104	$216,046	

Note 1: The increase for the year includes the net change from the price difference between the price and the book value of the subsidiary acquired or disposed of, increased cash capitalization of the investee, spin-off of business to subsidiary with issuance of new shares as consideration, and downstream transactions with subsidiaries.

Note 2: The decrease for the current year is due to derecognition after the completion of the subsidiary's liquidation, recognition of the net change in the ownership interest of the subsidiary on a pro rata basis, receipt of cash dividends of the subsidiary, receipt of stock payment returned by the capital reduction from the affiliated enterprise, and downstream transactions with the subsidiary.

Tul Corp.

Detailed statement of short-term borrowings

December 31, 2023

Detailed Statement 5

Unit: NT$1,000

Title	Loan period	Annual interest rate	Balance	Financing limits	Mortgage or guarantee
Secured bank loan					
Bank of Taiwan			$ -	$ 200,000	The Chairman is a joint guarantor of property and factory buildings.
Hua Nan Bank	112.10.31~113.05.29	1.85%~6.56%	191,427	200,000	The Chairman is a joint guarantor of property and factory buildings.
Taiwan Cooperative Bank	112.06.20~113.07.25	1.85%~6.70%	197,378	200,000	The Chairman is a joint guarantor of property and factory buildings.
Taiwan Business Bank	112.11.09~113.05.22	2.04%~6.73%	148,327	203,000	The Chairman is a joint guarantor of property and factory buildings.
Mega International Bank	112.09.15~113.05.29	6.64%~6.65%	56,514	110,000	The Chairman is a joint guarantor of property and factory buildings.
First Bank	112.10.06~113.05.08	2.10%~2.14%	114,000	150,000	The Chairman is a joint guarantor of property and factory buildings.
Land Bank of Taiwan	112.10.23~113.05.06	2.07%~6.81%	124,923	150,000	The Chairman is a joint guarantor of property and factory buildings.
Total			$ 832,569	$ 1,213,000	

Tul Corp.

Detailed statement of accounts payable

December 31, 2023

Detailed Statement 6 Unit: NT$1,000

Name of the manufacturer	Amount
AMD INTERNATIONAL SALES & SERVICE, LTD.	$ 571,005
IVY WELL TRADING PTE. LTD.	93,618
Auras Technology Co., Ltd.	85,145
Avnet (Taiwan), Singapore	62,761
Other (summary of manufacturer within 5%).	301,237
Total	$ 1,113,766

Tul Corp.

Detailed statement of net operating revenue

2023

Detailed Statement 7 Unit: NT$1,000

Title	Quantity (1,000 units)	Amount
Display card	794	$ 5,208,115
Other (summary of those within 10%).	3,604	279,191
		$ 5,487,306

Tul Corp.

Detailed statement of operating cost

2023

Detailed Statement 8 Unit: NT$1,000

Item	Amount
Cost of sales	
Raw materials at beginning of year	$ 538,156
Add: materials purchased in the year	5,261,791
Less: inventory at end of year	(672,564)
Others	(305,507)
Raw materials consumed in the year (1)	4,821,876
Director labor (2)	20,455
Manufacturing expenses (3)	208,980
Total manufacturing cost (1)+(2)+(3)	5,051,311
Add: current work in progress and semi-finished goods	240,601
Purchases in the year	20,642
Less: work in progress and semi-finished goods at end of year	(166,474)
Others	(84,534)
Cost of finished goods	5,061,546
Add: finished goods at beginning of year	151,019
Less: Purchases in the year	30,494
Finished goods at end of year	(189,928)
Others	(5,948)
Total sales cost	5,047,183
Add: raw materials sold	295,884
Add: semi-finished goods sold	54,811
Add: scrap	44,228
Add: others	(53,366)
Total operating cost	$ 5,388,740

Tul Corp.

Detailed statement of operating expenses

2023

Detailed Statement 9 Unit: NT$1,000

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Salary	$ 34,002	$ 52,105	$ 21,746	$107,853
Import and export expenses	18,831	-	-	18,831
Depreciation expense	5,112	7,647	1,644	14,403
Others (note)	35,753	37,258	17,396	90,407
Total	$ 93,698	$ 97,010	$ 40,786	$231,494

Note: None of the balances have exceeded 5% of the balance of this subject.

Tul Corp.

Summary of employee benefits, depreciation and amortization expenses incurred in the current period

January 1 to December 31, 2023 and 2022

Detailed Statement 10 Unit: NT$1,000

	2023			2022		
	Attributed to operating costs	Attributed to operating expenses	Total	Attributed to operating costs	Attributed to operating expenses	Total
Employee benefit expense (note 1)						
Salary expense	$ 49,736	$ 100,052	$ 149,788	$ 44,442	$ 121,305	$ 165,747
Labor and health insurance expense	3,973	9,814	13,787	3,006	11,333	14,339
Pension expense	1,760	5,262	7,022	1,387	5,276	6,663
Directors' remuneration	-	3,456	3,456	-	3,246	3,246
Other HR expenses	4,153	4,749	8,902	2,062	4,906	6,968
	$ 59,622	$ 123,333	$ 182,955	$ 50,897	$ 146,066	$ 196,963
Depreciation expense	$ 21,507	$ 14,403	$ 35,910	$ 9,634	$ 10,683	$ 20,317
Amortization expense	$ 26	$ 3,164	$ 3,190	$ 71	$ 2,193	$ 2,264

Note 1: As of December 31, 2023 and 2022, the number of employees of the Company was 176 and 168, respectively, of which 7 were directors who did not serve as employees concurrently.

Note 2: For companies whose stocks have been listed on the TWSE or TPEx, the following information shall be disclosed:

(1) The average employee benefits expense for the year was NT$1,062 thousand (Total employee welfare expense for the year - Total director remuneration/Number of employees for the year - Number of directors who not concurrently serving as employees).

The average employee welfare expense amounted to NT$1,203 thousand in the previous year. ((total employee welfare expenses for the previous year - total directors' remuneration) / (number of employees in the previous year - number of directors not concurrently serving as employees)).

(2) The average employee compensation this year is NT$886 thousand (total employee compensation this year / (number of employees this year - number of directors not concurrently serving as employees)).

The average employee compensation for the previous year was NT$1,029 thousand (total compensation for the previous year / (number of employees in the previous year - number of directors not concurrently serving as employees)).

(3) The average employee compensation adjustment is 13.90% ((average employee compensation this year - average employee compensation for the previous year) / average employee compensation for the previous year).

Note 3: According to the Company's articles of association, the board of directors is authorized to determine the remuneration of the Company's directors in accordance with the standard level in the same industry in the country. The Company's articles of association also stipulate that if the Company has a profit for the year, no less than 3% shall be allocated as employees' remuneration, and the objects or distribution shall include employees of affiliated companies who meet certain conditions. At the same time, the Company's board of directors may allocate from the profit above no more than 3% as directors' remuneration. However, if the Company still has an accumulated loss, the compensation amount shall be retained first, and then the employees' and directors' remuneration shall be allocated according to the proportions mentioned in the preceding paragraph. The distribution of employees' remuneration and directors' remuneration shall be reported at the shareholders' meeting.

Representation Letter

The entities that are required to be included in the combined financial statements of Tul Corp.as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “ Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Tul Corp.and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

TUL Corporation

Chang Mao-Sung

Chairman

March 14, 2024

Independent Auditor's Report

To Tul Corp.:

Audit Opinion

We have duly audited the consolidated balance sheet of Tul Corp. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement from January 1 to December 31, 2023 and 2022, as well as notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the consolidated financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretation Announcements recognized and released by the Financial Supervisory Commission, and are fairly stated in terms of the consolidated financial position of Tul Group as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022.

Basis of Audit Opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards. Our responsibility under these standards will be further explained in the paragraph on our responsibility to review the consolidated financial statements. The staff of the firm to which we are affiliated, who are subject to the independence regulation, have maintained superior independence from Tul Group in accordance with the Code of Ethics for Accountants, and have fulfilled other responsibilities under the Code. We believe that we have obtained sufficient and appropriate audit evidence to form the basis of our audit opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, are material to the examination of the consolidated financial statements of Tul Group for 2023. These matters have been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on these matters individually.

The key audit matters of the financial statements of Tul Group for 2023 are summarized as follows:

Authenticity of sales revenue from major customers

Tul Group is mainly engaged in the manufacturing and sales of computer display cards; this product has a short lifecycle and fierce market competition, and the main customer base has undergone significant changes. There was significant fluctuation in the business contribution of specific customer groups. The authenticity of revenue from sales of goods and whether revenue recognition follows appropriate accounting principles significantly impact financial performance. Therefore, emphasis is placed on the authenticity of sales targets and their transactions for the aforementioned customer groups, which are listed as key audit matters.

Please refer to note 4 for the accounting policies related to revenue.

Our audit procedures for them include:

1. Understand the internal control procedures related to Tul Group's sales transactions, and accordingly design internal control audit procedures in response to the risks to confirm and evaluate the effectiveness of the customer's related internal control operations for sales transactions.
2. Check whether the credit information, background, transaction amount, credit limit, and company size of the main sales customers of the year are reasonable.
3. Select appropriate samples from the sales details of the main sales customers, check the original orders, external transportation documents or customer receipts, and confirm the payment recovery situation.

Other Matters

Tul Corp. has prepared individual financial statements for the years 2023 and 2022, and we have issued an unqualified audit report on the table for reference.

Responsibility of the Management and Governance Unit to Consolidated Financial Statements

The responsibility of the management is to properly prepare consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretation Announcements recognized and released by the Financial Supervisory Commission, and maintain essential internal controls related to the preparation of consolidated financial statements to ensure that there are no significant discrepancies in the consolidated financial statements due to fraud or error.

In preparing the consolidated financial statements, the management's responsibility also includes assessing Tul Group’s ability to continue as a going concern, the disclosure of related matters, and the adoption of the going concern accounting basis, unless the management intends to liquidate Tul Group or to cease operations, or there is no practical alternative other than liquidation or cessation of operations.

The governance unit (including the Audit Committee) of Tul Group bears the responsibility of supervising the financial reporting process.

The Auditors’ Responsibility to Audit the Consolidated Financial Statements

The purpose of our audit is to obtain reasonable assurance as to whether the overall consolidated financial statements are free from material misstatements due to fraud or error, and to issue a report thereon. Reasonable assurance refers to high assurance. However, an audit performed in accordance with the Generally Accepted Auditing Standards does not guarantee that material misstatements in the consolidated financial statements can be detected. Misstatements can be attributed to frauds or errors. Misrepresented individual or aggregate amounts are considered material if they can be reasonably expected to affect the economic decisions made by the users of the consolidated financial statements.

When conducting our audit in accordance with generally accepted auditing standards, we exercised our professional judgment and maintained our professional skepticism. We also performed the following tasks:

1. Identify and assess the risks of material misstatements of the consolidated financial statements arising from frauds or errors, design and implement appropriate responses to the risks assessed, and obtain sufficient and appropriate evidence to provide a basis for the audit opinion. Frauds may involve conspiracy, forgery, intentional omission, untruthful declaration or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtain an understanding of the internal control relevant to our 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 Tul Group’s internal control.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Based on the evidence obtained, make a conclusion on the appropriateness of the management's adoption of accounting on a going concern basis, and whether there is any

material uncertainty about the events or circumstances that may cast significant doubt on the ability of Tul Group to continue as a going concern. If we believe that there is a material uncertainty about such events or conditions, we need to draw the attention of users of the consolidated financial statements to the relevant disclosures in the audit report, or revise our audit opinion if such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause Tul Group to cease to have the ability to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements present fairly the related transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of the constituent entities of Tul Group, in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the audit of Tul Group, and for forming an opinion on the audit of the Group.

The matters we communicated with the governance unit include the planned audit scope and time, and major audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governing unit with a statement that the independence-regulated personnel of the firm to which we are affiliated with have complied with the Code of Ethics for Accountants with respect to independence, and communicated with the governing unit about all relationships and other matters (including related safeguard measures) that may be considered to affect our independence.

From the matters communicated with the governance unit, we decided on the key audit items for the audit of the annual consolidated financial statements of Tul Group for 2023. We identified those matters in our audit report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances where we decided not to communicate those matters in our audit report, because the negative effect of such communication could be reasonably expected to outweigh the public interest that would be served.

Deloitte Taiwan

Chiu, Meng-Chie, CPA	Chang, Ching-Hsia, CPA
Financial Supervisory Commission's approval number Jin-Guan-Zheng-Shen-Zi No. 1020025513	Financial Supervisory Commission's approval number Jin-Guan-Zheng-Shen-Zi No. 1090347472

March 14, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. The English version of the consolidated financial statements which used for translation are not reviewed by the CPA.

Tul Corp. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT$1,000

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (notes 4 and 6)	$ 602,591	14	$ 445,552	12
1110	Current financial assets at fair value through profit or loss (notes 4 and 7)	6,682	-	85,957	2
1136	Financial assets at amortized cost - current (notes 4, 9, and 31)	5,447	-	35,185	1
1140	Current contract assets (notes 4 and 23)	16,344	-	31,736	1
1150	Notes receivable, net (notes 4, 10, and 23)	700	-	-	-
1170	Accounts receivable, net (notes 4, 10 and 23)	901,008	21	797,783	22
1200	Other receivables (note 4)	29,589	1	5,593	-
130X	Current inventories (notes 4 and 11)	1,536,973	36	1,109,167	30
1410	Prepayments (note 30)	40,350	1	50,529	1
1470	Other current assets	16,693	1	19,868	1
11XX	Total Current Assets	3,156,377	74	2,581,370	70
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (notes 4 and 8)	25,810	1	44,457	1
1550	Investments accounted for using equity method (notes 4 and 13)	702	-	4,020	-
1600	Property, plant and equipment (notes 4, 14 and 31)	938,937	22	939,675	26
1755	Right-of-use assets (notes 4 and 15)	3,635	-	5,544	-
1760	Investment property (notes 4, 16, and 31)	33,323	1	33,646	1
1780	Intangible assets (notes 4 and 17)	6,850	-	4,168	-
1840	Deferred tax assets (notes 4 and 25)	67,689	2	36,212	1
1920	Guarantee deposits paid (note 4)	16,315	-	16,104	1
1975	Net defined benefit asset (notes 4 and 21)	11,754	-	11,813	-
15XX	Total Non-Current Assets	1,105,015	26	1,095,639	30
1XXX	Total Assets	$ 4,261,392	100	$ 3,677,009	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities				
2100	Current borrowings (notes 18, 30, and 31)	$ 842,569	20	$ 411,923	11
2130	Contract liabilities (note 23)	90,359	2	27,378	1
2150	Notes payable	-	-	3,708	-
2170	Accounts payable (note 30)	1,130,249	26	854,052	23
2200	Other payables (note 20)	248,087	6	275,604	8
2230	Current tax liabilities	3,729	-	21,997	1
2250	Current provisions (note 4)	29,115	1	28,081	1
2280	Current lease liabilities (notes 4 and 15)	2,181	-	2,031	-
2320	Corporate bonds payable due within one year (notes 4 and 19)	220,905	5	-	-
2399	Other current liabilities	36,099	1	7,212	-
21XX	Total Current Liabilities	2,603,293	61	1,631,986	45
	Non-current Liabilities				
2530	Bonds payable (notes 4 and 19)	-	-	218,060	6
2570	Deferred tax liabilities (notes 4 and 25)	16,721	-	8,803	-
2580	Non-current lease liabilities (notes 4 and 15)	1,469	-	3,529	-
2670	Other non-current Liabilities	17,687	1	35,153	1
25XX	Total Non-current Liabilities	35,877	1	265,545	7
2XXX	Total Liabilities	2,639,170	62	1,897,531	52
	Equity attributable to owners of the company (note 22)				
3110	Common share capital	483,460	11	483,460	13
3200	Capital surplus	791,911	19	792,496	22
	Retained earnings				
3310	Legal reserve	148,988	3	148,988	4
3320	Special reserve	28,156	1	-	-
3350	Undistributed earnings	200,251	5	375,751	10
3300	Total retained earnings	377,395	9	524,739	14
	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(254)	-	(1,941)	-
3420	Unrealized gains and losses of financial assets at fair value through other comprehensive income	(33,119)	(1)	(26,215)	(1)
3400	Total Other Equity	(33,373)	(1)	(28,156)	(1)
31XX	Total equity of company owner	1,619,393	38	1,772,539	48
36XX	Non-controlling interests (notes 12 and 27)	2,829	-	6,939	-
3XXX	Total Equity	1,622,222	38	1,779,478	48
	Total Liabilities and Equity	$ 4,261,392	100	$ 3,677,009	100

The accompanying notes are a part of this consolidated financial report.

Chairman: Mao-Sung Chang　　Manager: Chien-Wei Chen　　Accounting supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries

Consolidated Comprehensive Income Statement

January 1 to December 31, 2023 and 2022

Unit: NT$1,000, but NT$ for loss per share

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenues (notes 4, 23, and 30)	$ 5,412,091	100	$ 4,927,468	100
5000	Operating costs (notes 11, 24, and 30)	(5,237,862)	(97)	(4,722,716)	(96)
5900	Gross profit	174,229	3	204,752	4
	Operating expenses (note 24)				
6100	Selling expenses	(194,109)	(3)	(156,097)	(3)
6200	Administrative expenses	(98,996)	(2)	(98,340)	(2)
6300	Research and development expenses	(46,647)	(1)	(49,066)	(1)
6450	Expected credit impairment reversal gain (impairment loss)	(25)	-	331	-
6000	Total operating expenses	(339,777)	(6)	(303,172)	(6)
6900	Operating net loss	(165,548)	(3)	(98,420)	(2)
	Non-operating income and expenses (note 24)				
7100	Interest income	5,232	-	2,486	-
7010	Other income	7,806	-	7,104	-
7020	Other gains and losses	11,597	-	25,164	-
7050	Financial costs (note 30)	(26,186)	-	(12,296)	-
7070	Share of profit or loss of associates using the equity method (notes 4 and 13)	(1,447)	-	(2,980)	-
7000	Total non-operating income and expenses	(2,998)	-	19,478	-
7900	Net loss before tax	(168,546)	(3)	(78,942)	(2)
7950	Income tax benefits (expenses) (notes 4 and 25)	28,237	-	(10,028)	-
8200	Net loss for the year	(140,309)	(3)	(88,970)	(2)

(Continued on the next page)

(Continued from the previous page)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (notes 4, 21 and 25)				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	($ 104)	-	$ 1,720	-
8316	Unrealized gains of equity instrument investment at fair value through other comprehensive income	(17,625)	-	(36,042)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	21	-	(344)	-
8310		(17,708)	-	(34,666)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	2,108	-	(145)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(421)	-	29	-
8360		1,687	-	(116)	-
8300	Current other comprehensive income (net of income tax)	(16,021)	-	(34,782)	(1)
8500	Total current comprehensive income	($ 156,330)	(3)	($ 123,752)	(3)
	Net loss attributable to:				
8610	Owners of parent	($ 137,282)	(3)	($ 86,284)	(2)
8620	Non-controlling Interests	(3,027)	-	(2,686)	-
8600		($ 140,309)	(3)	($ 88,970)	(2)
	Comprehensive income attributable to:				
8710	Owners of parent	($ 152,561)	(3)	($ 121,066)	(3)
8720	Non-controlling Interests	(3,769)	-	(2,686)	-
8700		($ 156,330)	(3)	($ 123,752)	(3)
	Loss per share (note 26)				
9710	Basic	($ 2.84)		($ 1.78)	
9810	Diluted	($ 2.84)		($ 1.78)	

The accompanying notes are a part of this consolidated financial report.

Chairman: Mao-Sung Chang Manager: Chien-Wei Chen Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$1,000

Code		Equity attributable to owners of the company										
		Share capital			Retained earnings			Other Equity				
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains and losses of financial assets at fair value through other comprehensive income	Total	Non-controlling Interests	Total Equity
A1	Balance on January 1, 2022	$ 448,816	$ 34,637	$ 792,407	$ 40,350	$ -	$ 1,101,103	($ 1,825)	$ 9,827	$ 2,425,315	$ 8,949	$ 2,434,264
	2021 appropriation and distribution of retained earnings											
B1	Legal reserve appropriated	-	-	-	108,638	-	(108,638)	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(531,806)	-	-	(531,806)	-	(531,806)
D1	2021 net loss	-	-	-	-	-	(86,284)	-	-	(86,284)	(2,686)	(88,970)
D3	2022 other comprehensive income, net of income tax	-	-	-	-	-	1,376	(116)	(36,042)	(34,782)	-	(34,782)
D5	2022 total comprehensive income	-	-	-	-	-	(84,908)	(116)	(36,042)	(121,066)	(2,686)	(123,752)
I1	Proceeds from conversion of convertible bonds (note 19)	34,644	(34,637)	89	-	-	-	-	-	96	-	96
O1	Increase in non-controlling interests (note 12)	-	-	-	-	-	-	-	-	-	676	676
Z1	Balance as of December 31, 2022	483,460	-	792,496	148,988	-	375,751	(1,941)	(26,215)	1,772,539	6,939	1,779,478
	2022 appropriation and distribution of retained earnings											
B3	Provision of special reserve	-	-	-	-	28,156	(28,156)	-	-	-	-	-
D1	2023 net loss	-	-	-	-	-	(137,282)	-	-	(137,282)	(3,027)	(140,309)
D3	2023 other comprehensive income, net of income tax	-	-	-	-	-	(83)	1,687	(16,883)	(15,279)	(742)	(16,021)
D5	2023 total comprehensive income	-	-	-	-	-	(137,365)	1,687	(16,883)	(152,561)	(3,769)	(156,330)
M5	Difference between the Acquisition or Disposal Price of Subsidiary Shares and their Carrying Amount (note 27)	-	-	(585)	-	-	-	-	-	(585)	585	-
N1	Decrease in non-controlling interests (notes 12 and 27)	-	-	-	-	-	-	-	-	-	(1,026)	(1,026)
O1	Increase in non-controlling interests (note 12)	-	-	-	-	-	-	-	-	-	100	100
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(9,979)	-	9,979	-	-	-
Z1	Balance as of December 31, 2023	$ 483,460	$ -	$ 791,911	$ 148,988	$ 28,156	$ 200,251	($ 254)	($ 33,119)	$ 1,619,393	$ 2,829	$ 1,622,222

The accompanying notes are a part of this consolidated financial report.

Chairman: Mao-Sung Chang　　Manager: Chien-Wei Chen　　Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$1,000

Code		2023	2022
	Cash flows from (used in) operating activities		
A10000	Net loss before tax for the current year	($ 168,546)	($ 78,942)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	43,271	25,898
A20200	Amortization expense	3,218	2,356
A20300	Expected credit impairment loss (gain on reversal)	25	(331)
A20400	Net benefit of financial assets measured at fair value through profit or loss	(1,695)	(2,551)
A20900	Financial costs	26,186	12,296
A21200	Interest income	(5,232)	(2,486)
A21300	Dividend income	(1,120)	(1,346)
A22300	Share of loss of associates accounted for using equity method	1,447	2,980
A22500	Disposal of property, plant and equipment (gains) losses	(1,390)	13
A23100	Disposal of investment losses	1,341	-
A23700	Inventory valuation and retirement losses	84,235	70,659
A24100	Unrealized foreign currency exchange gains and losses	(33,677)	7,172
A30000	Net change in operating assets and liabilities		
A31125	Contract asset	15,392	(12,744)
A31130	Notes receivable	(700)	-
A31150	Accounts receivable	(112,218)	654,929
A31180	Other receivables	(24,010)	13,206
A31200	Current inventories	(511,464)	193,954
A31230	Prepayments	10,385	(8,201)
A31240	Other current assets	2,575	706
A32125	Contract liabilities	62,970	(45,589)
A32130	Notes payable	(3,708)	3,708
A32150	Accounts payable	306,728	(943,439)
A32180	Other payables	(23,489)	(164,433)
A32200	Provisions	1,478	(33,432)
A32230	Other current liabilities	29,686	(4,498)
A32240	Net defined benefit asset	(45)	(1)
A32990	Other non-current Liabilities	(17,466)	(27,157)
A33000	Cash outflow from operating activities	(315,823)	(337,273)
A33100	Interest received	5,246	2,510

(Continued on the next page)

(Continued from the previous page)

Code		2023	2022
A33300	Interest paid	($ 22,440)	($ 7,596)
A33500	Income tax paid	(17,830)	(242,523)
AAAA	Net cash outflow from operating activities	(350,847)	(584,882)
	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(257)	(32,764)
B00050	Decrease in financial assets at amortized cost	29,738	73,270
B00100	Acquisition of financial assets at fair value through profit or loss	-	(170)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	80,547	50,129
B01800	Acquisition of associates	-	(7,000)
B02400	Proceeds from capital reduction of investments on investees under the equity method	3,150	-
B02700	Acquisition of property, plant, and equipment	(50,415)	(200,529)
B02800	Gains on disposals of property, plant and equipment	5,328	-
B03700	Increase in refundable deposits	(206)	-
B03800	Decrease in refundable deposits	-	252
B04500	Acquisition of intangible assets	(5,900)	(2,671)
B07600	Receive other dividends	1,120	1,346
BBBB	Net cash inflow (outflow) from investing activities	63,105	(118,137)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	441,745	211,252
C04020	Payments of lease liabilities	(2,182)	(1,954)
C04500	Cash dividends paid	-	(531,806)
C05800	Change in non-controlling Interests	(926)	676
CCCC	Net cash flows from (used in) financing activities	438,637	(321,832)
DDDD	Effect of exchange rate changes on cash and cash equivalents	6,144	(12,054)
EEEE	Net increase (decrease) in cash and cash equivalents	157,039	(1,036,905)
E00100	Beginning cash and cash equivalents	445,552	1,482,457
E00200	Ending cash and cash equivalents	$ 602,591	$ 445,552

The accompanying notes are a part of this consolidated financial report.

Chairman: Mao-Sung Chang Manager: Chien-Wei Chen Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(unless otherwise specified, the amount is in NT$ thousand)

I. Company History

Tul Corp. (hereinafter referred to as “The Company”) was established in October 1997, mainly engaged in the sales of computer display cards.

The Company's stock was traded on the GreTai Securities Market since March 2002.

On May 4, 2023, the Board of Directors resolved to divest the design and manufacturing services and embedded application business units to our wholly-owned subsidiary, Sparkle Computer Co., Ltd. (hereinafter referred to as "Sparkle Computer"), to implement specialized division of labor within the group. This aims to diversify operations and enhance overall operational performance and market competitiveness through independent operation.

The company will transfer the related business operations of the design and manufacturing services and embedded applications to Sparkle Computer. This transfer will serve as consideration for Sparkle Computer issuing new shares to our company. As a result of this division, Sparkle Computer has issued 11,000 ordinary shares at a par value of NT$10 per share, with the division base date being June 30, 2023.

This consolidated financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedure of the Financial Statements

This consolidated financial report was approved by the Board of Directors on March 14, 2024.

III. Application of New Standards, Amendments, and Interpretations

(I) The first application of the Financial Supervisory Commission (hereinafter referred to as the "FSC") recognized and issued International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations Announcements (SICs) (hereinafter referred to as "IFRS Accounting Standards").

The application of the revised IFRS Accounting Standards recognized and issued by the FSC will not result in significant changes in the accounting policies of the consolidated company.

(II) Applicable IFRS Accounting Standards recognized by the FSC for 2024

Newly Issued, Amended and Revised Standards and Interpretations	IASB release date
Amendment to IFRS 16 “Lease Liabilities Leased Back after Sale”	January 1, 2024 (note 2)
Amendment to IAS 1 “Liabilities Classified as Current or Non current”	January 1, 2024
Amendment to IAS 1 “Non current Liabilities with Contractual Terms”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024 (note 3)

Note 1: Unless otherwise specified, the newly issued, amended or revised standards or interpretations shall come into effect in the period of annual reporting starting after each such date.

Note 2: The seller-cum-lessee shall retroactively apply the amendment to IFRS 16 for post-sale leaseback transactions after the first application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the approval and release date of this consolidated financial statement, the consolidated entity assesses that the amendments to other standards and interpretations will not have a significant impact on the financial position and performance.

(III) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

Newly Issued, Amended and Revised Standards and Interpretations	IASB release date (note 1)
Amendments to IFRS 10 and IAS 28 "Asset Sale or Investment between the Investor and Its Related Enterprises or Joint Ventures"	Undetermined.
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Convertibility"	January 1, 2025 (note 2)

Note 1: Unless otherwise specified, the newly issued, amended or revised standards or interpretations shall come into effect in the period of annual reporting starting after each such date.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of this consolidated financial statement, the consolidated company continues to evaluate that the amendments to other standards and interpretations will not cause significant impact on the financial position and financial performance.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standard endorsed and issued into effect by the FSC.

(II) Basis of Preparation

Other than financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the consolidated financial statements are prepared based on historical cost.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to the directly (i.e. price) or indirectly (i.e. derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

(III) Criteria for Distinguishing Current and Non-current Assets and Liabilities

Non-current assets include:

1. Assets held primarily for trading purposes.
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months of the balance sheet date, and

3. Liabilities that cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Current assets or liabilities not classified as current assets or liabilities are classified as non-current assets or non-current liabilities.

For a construction project of the consolidated company, with its business cycle longer than one year, the assets and liabilities related to construction are classified as current or non-current based on the normal business cycle.

(IV) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of the subsidiaries have been adjusted, so that their accounting policies are consistent with those of the consolidated company. In the preparation of the consolidated financial statements, all transactions, account balances, income and expense among the entities have been eliminated. The total comprehensive income of the subsidiaries is attributable to the owners and is the non-controlling interest of the Company, even if the non-controlling interest becomes a loss.

Please refer to note 12 and Appendix 6 for the details of subsidiaries, shareholding ratios and business items.

(V) Foreign currency

When preparing the individual financial statements, if transactions are conducted in a currency other than the individual's functional currency (foreign currency), the amounts are translated into the functional currency based on the exchange rate on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period of occurrence.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the transaction dates and are not retranslated.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the foreign operations (including subsidiaries that operate in countries using currencies different from the currency of the Company) are translated into New Taiwan dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at average exchange rate for the period, with the resulting exchange difference recorded in other comprehensive income.

(VI) Current inventories

Inventories include raw materials, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between costs and net realizable values are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested for completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VII) Investment in affiliated enterprises

Affiliated enterprises refer to enterprises which the consolidated company has significant influence over, but are not subsidiaries or joint ventures.

The consolidated company applies the equity method to investment in affiliated enterprises.

Under the equity method, investments in affiliated enterprises are initially recognized at cost, and the carrying amount is increased or decreased with the consolidated company's share of the affiliated enterprises and other comprehensive income or loss and profit distribution. In addition, the change in the equity in affiliated enterprises is recognized in proportion to the shareholding.

When the loss share of the consolidated company in the affiliated enterprise is equal to or exceeds its equity in the affiliated enterprise (including the carrying amount of investment in the affiliated enterprise using the equity method, and other long-term equity that is essentially a component of the consolidated company's net investment in the affiliated enterprise), further losses shall be immediately stopped from being recognized. The consolidated company recognizes additional losses and liabilities only to the extent of legal obligations, constructive obligations, or payments that have been made on behalf of related enterprises.

When evaluating an impairment, the consolidated company considers the overall carrying amount of the investment as an asset, and compares the recoverable amount with the carrying amount to conduct an impairment test. The recognized impairment loss also belongs to a part of the carrying amount of the investment. Any reversal of impairment losses shall be recognized to the extent that the recoverable amount of the investment continues to increase.

(VIII) Property, Plants, and Equipment

Property, plant and equipment are recognized at cost, and later measured at cost less accumulated depreciation.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The consolidated company reviews the estimated useful lives, residual values and depreciation methods at the end of each year, at least, and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(IX) Investment property

Investment property refers to property held for the purpose of earning rent and capital appreciation or both.

Investment property is initially measured at cost (including transaction costs), and later measured at cost minus accumulated depreciation. The consolidated company adopts a straight-line basis for depreciation.

(X) Intangible Assets

1. Individual acquisition

Individually acquired intangible assets with finite useful lives are initially measured at cost and later measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at each year-end, at least, and defers the effect of changes in applicable accounting estimates.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in the current profit or loss.

(XI) Impairment of Property, Plant and equipment, Right-of-use Assets and Intangible Assets

The consolidated company assesses on each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XII) Financial instrument

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are not initially recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement type

The types of financial assets held by the consolidated company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss, mandatorily measured at fair value and financial assets designated at fair value through profit or loss. Financial assets at fair value through profit or loss, mandatorily measured at fair value, include investments in equity instruments not designated at fair value through other comprehensive income.

Financial assets carried at fair value through profit or loss are measured at fair value. Dividends and interest arising from their remeasurement are recognized in other income and interest income, respectively, and gains or losses arising from their remeasurement are recognized in other gains or losses. Please refer to Note 29 for the determination of fair value.

B. Financial assets measured at amortized cost

The consolidated company’s investment in financial assets are classified as financial assets at amortized cost if both of the following two conditions are met.

a. They are held under an operating model in which financial assets are held for the purpose of receiving contractual cash flows; and
b. The terms of the contract generate cash flows on specific dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets carried at amortized cost (including cash and cash equivalents, accounts receivable and other receivables at amortized cost and guarantee deposits paid) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two situations:

a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

b. For financial assets with no credit impairment at acquisition or at time of impairment but later have credit impairment, interest income shall be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period of the impairment.

Credit-impaired financial assets are those in which the issuer or the debtor has experienced significant financial difficulties, defaulted, or it is probable that the debtor will declare bankruptcy or go through other financial reorganization, or an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid and readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the consolidated company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which contingent consideration is recognized by the acquirer of the non-business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of an investment, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the rights of the consolidated company to receive payments are established, unless the dividends clearly represent a partial recovery of the cost of the investment. Please refer to Note 29 for the determination of fair value.

(2) Impairment of financial assets and contractual assets

The consolidated company evaluates impairment losses of financial assets (including accounts receivable) and contractual assets measured at amortized cost based on expected credit losses on each balance sheet date.

Accounts receivable and contractual assets are recognized as an allowance for loss based on the expected credit loss in the period of existence. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months; if there is a significant increase, an allowance for loss is recognized based on the expected credit loss in the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the expected credit loss in the period of existence represents the expected credit loss arising from all possible defaults in the period of existence of the financial instrument.

For internal credit risk management purposes, the consolidated company determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances.

A. There is internal or external information indicating that the debtor is unlikely to be able to pay off its debts.

B. More than 90 days past due, unless there is reasonable and supporting information indicating that the delayed default basis is more appropriate.

All impairment losses of financial assets are reversed by reducing the carrying amount through an allowance account.

(3) Derecognition of Financial Assets

The consolidated company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and returns of ownership of the assets have been transferred to other enterprises.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost. When investment in equity instruments measured at fair value through other comprehensive income is derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized at the acquisition price less direct issue costs.

The resumption of the consolidated company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible corporate bonds

The compound financial instruments (convertible bonds) issued by the consolidated company are classified as financial liabilities and equity in accordance with the substance of the contractual agreements and the definitions of financial liabilities and equity instruments, respectively, at the time of initial recognition.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. The components of assets that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount of equity will be transferred to equity and capital surplus minus the issue premium. If the conversion right of convertible bonds are not exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus minus the issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability), the equity component (included in equity) and the derivative financial asset component (included in profit or loss) of the instrument in proportion to the total apportioned price.

(XIII) Provisions

The amount recognized as provision for liabilities is the best estimate of the expense required to settle the obligation on the balance sheet date, taking into account the risk and uncertainty of the obligation.

(XIV) Revenue recognition

The consolidated company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract, and recognizes revenue when each performance obligation is satisfied.

1. Revenue from merchandise sales

Revenue from merchandise sales is mainly derived from the sales of display cards. The consolidated company recognizes revenue and accounts receivable at the time of delivery of display cards to the customer's designated location/shipment, when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

For outgoing material for processing, the ownership of the processed product is not transferred, so no revenue is recognized when the materials are delivered.

2. Project revenue

During the process of project investment, the property is subject to construction contracts controlled by the customer, and the consolidated company gradually recognizes the revenue over time. As there is a direct correlation between the cost invested in the project and the degree of completion of the agreed obligations, the consolidated company measures the completion progress based on the proportion of actual investment costs to the expected total costs. The consolidated company gradually recognizes contract assets during the project investment process, and converts them into accounts receivable when issuing the invoice If the project payment received exceeds the amount recognized as revenue, the difference is recognized as a contractual liability. The project retention money withheld by the customer according to the contract terms is to ensure that the consolidated company completes all contractual obligations, which are recognized as contract property until the consolidated company fulfills the agreed obligations.

If there is no reliable measurement method for the results of fulfilling the agreed obligations, the project income is recognized only within the expected recoverable range of the cost incurred for fulfilling the agreed obligations.

(XV) Leases

The consolidated company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The consolidated company as the lessor

When the lease term transfers almost all the risks and rewards attached to property ownership to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Under operating leases, the lease payment after the reduction of lease incentives is recognized as income on a straight-line basis during the relevant lease term. Therefore, the original direct cost incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis during the lease term.

2. The consolidated company as the lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term.

The right-of-use asset is measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life and the end of the lease term

Lease liabilities are measured initially at the present value of lease payments (primarily fixed payments). Lease payments are discounted using the interest rate implied by the lease if it is readily identifiable. If the rate is not readily identifiable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost basis using the effective interest method, and interest expense is allocated over the lease term. If there is a change in future lease payments due to changes in the lease period, the consolidated company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheet.

(XVI) Employee welfare

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost (including current service cost) and net interest on net defined benefit assets are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit assets represent the remainder after allocation of the defined benefit pension plan. The net confirmed benefit assets shall not exceed the present value of the refunded allocation from the plan or the possible reduction of future allocation.

(XVII) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The consolidated company determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction, and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year of the resolution of the shareholders' meeting.

Adjustments to prior years' income tax payable are included in the current income tax.

2. Deferred income tax

Deferred income tax is computed on the temporary differences between the carrying amounts of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which income tax credits can be utilized for the temporary difference.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed on each balance sheet date, and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In adopting accounting policies, the consolidated company’s management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

The management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future period.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 420	$ 468
Bank notes and demand deposit	592,371	370,184
Cash equivalents		
Time deposits with an original maturity within 3 months	9,800	74,900
	$ 602,591	$ 445,552

The market interest rate range for bank deposits on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Bank deposits	0.00%-1.45%	0.00%-1.05%
Cash equivalents	1.16%	0.9%-1.035%

VII. Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial assets		
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Derivatives (not specified for risk hedging)		
- redemption right for convertible bonds (note 19)	$ -	$ 45
Non-derivative financial assets		
- domestic TWSE (TPEx) listed stocks	846	882
- beneficiary certificates of mutual funds	5,836	85,030
	$ 6,682	$ 85,957

VIII. Financial assets at fair value through other comprehensive income

Equity instruments

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
TWSE (TPEx) listed and emerging market stocks	$ 7,378	$ 10,767
TWSE (TPEx) unlisted stocks	18,432	33,690
	$ 25,810	$ 44,457

The consolidated company invests in the ordinary shares of domestic companies for medium to long-term strategic purposes, and expects to make profits through long-term investments. In the opinion of the management of the consolidated company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income.

The consolidated company purchased ordinary shares of domestic companies from January 1 to December 31, 2023 and 2022, with amounts of NT$257 thousand and NT$32,764 thousand, respectively. As investments for medium to long-term strategic purposes, they were designated to be measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current		
Pledged bank deposits	$ 5,247	$ 5,185
Pledged time deposit (I)	200	-
Time deposits with original maturity exceeding 3 months (1)	-	30,000
	$ 5,447	$ 35,185

(I) As of December 31, 2023 and 2022, both the pledged time deposit and the time deposit with an original maturity date of more than 3 months had an interest rate of 1.575% per annum.

(II) Please refer to Note 31 for information on financial assets measured at amortized cost pledged.

X. Notes receivable and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 700	$ -
Less: loss allowance	-	-
	$ 700	$ -
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 908,876	$ 805,638
Less: loss allowance	(7,868)	(7,855)
	$ 901,008	$ 797,783

Accounts receivable measured at amortized cost

The average credit period of the consolidated company for commodity sales is 60 days, and accounts receivable are not subject to interest. The policy adopted by the consolidated company is to use other publicly available financial information and historical transaction records to rate major customers and, if necessary, purchase sufficient insurance to mitigate the risk of financial losses caused by default.

In order to reduce credit risk, the management of the consolidated company has assigned a special team to be responsible for the decision of credit facilities, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the consolidated company will review the recoverable amounts of the receivables one by one on the balance sheet date to ensure that appropriate impairment loss has been provided for the receivables that cannot be recovered. Therefore, the management of the consolidated company thinks that the credit risk of the consolidated company has been significantly reduced.

The consolidated company shall recognize the loss allowance of accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence is calculated by a preparation matrix, which considers the past default records of customers, their current financial situation and the industrial economic situation. As the historical experience of credit loss of the consolidated company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups, and only uses the overdue days of accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the consolidated company will directly write off the relevant receivables, but will continue recourse actions, and the amount recovered due to recourse will be recognized as income.

The consolidated company measures the loss allowance of notes and accounts receivable according to the preparation matrix as follows:

December 31, 2023

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Expected credit loss rate	0.00%~0.20%	0.00%~1.31%	1.27%~100%	
Total carrying amount	$ 690,837	$ 210,803	$ 7,936	$ 909,576
Loss allowance	(535)	(1,687)	(5,646)	(7,868)
Cost after amortization	$ 690,302	$ 209,116	$ 2,290	$ 901,708

December 31, 2022

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Expected credit loss rate	0.00%~0.20%	0.00%~1.31%	1.27%~100%	
Total carrying amount	$ 576,849	$ 214,845	$ 13,944	$ 805,638
Loss allowance	(85)	(214)	(7,556)	(7,855)
Cost after amortization	$ 576,764	$ 214,631	$ 6,388	$ 797,783

Information on changes in loss allowance of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Beginning balance	$ 7,855	$ 8,197
Impairment loss recognized (reversed) in the current year	25	(331)
Foreign currency translation difference	(12)	(11)
Ending balance	$ 7,868	$ 7,855

XI. Current inventories

	December 31, 2023	December 31, 2022
Finished good	$ 671,179	$ 303,345
Work in process	167,368	239,688
Raw materials	639,883	538,082
Inventory in transit	58,543	28,052
	$ 1,536,973	$ 1,109,167

The nature of operating cost is as follows:

	December 31, 2023	December 31, 2022
Cost of inventories sold	$ 5,121,102	$ 4,611,176
Project cost	32,525	40,881
Inventory valuation and retirement losses	84,235	70,659
	$ 5,237,862	$ 4,722,716

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The subjects of the consolidated financial statements are as follows:

Name of Investment company	Name of Subsidiary	Nature of Business	Percentage of equity held December 31, 2023	Percentage of equity held December 31, 2022
The Company	TUL Corporation (HK) Limited (note 1)	Product or business promotion and consulting services.	-	100
The Company	TUL Inc.	Sales of information software and hardware products.	100	100
The Company	IOTU CORPORATION (note 2 and 3)	Contracting of information and	93.08	92.31

Name of Investment company	Name of Subsidiary	Nature of Business	Percentage of equity held	
			December 31, 2023	December 31, 2022
		communication projects.		
The Company	TUL B.V.	Sales of information software and hardware products.	100	100
The Company	Tul Biomedical Technology Co., Ltd.	Health food sales, medical machine OEM, computer peripheral equipment agency management and sales.	100	100
The Company	Sparkle Computer Co., Ltd. (note 4)	Sales of information software and hardware products.	100	100

Note 1: The consolidated company passed a board resolution on November 4, 2021 to liquidate its subsidiary TUL Corporation (HK) Limited, and completed its deregistration on January 6, 2023.

Note 2: IOTU CORPORATION has signed an equity agreement with its suppliers, which stipulates to provide IOTU CORPORATION with a purchase discount within a certain period of time. This will be considered the supplier's investment in IOTU CORPORATION. As of December 31, 2023, the total investment amount of NT$2,465 thousand has not been completed for registration change.

Note 3: On March 10, 2023, the consolidated Company acquired its 100 thousand shares in IOTU CORPORATION, resulting in an increase of shareholding from 92.31% to 93.08%.

Note 4: On May 4, 2023, the Board of Directors of the consolidated company resolved to divest the design and manufacturing services and embedded application business unit to Sparkle Computer Co., Ltd., a wholly-owned subsidiary of the consolidated company. This move aimed to implement specialized division of labor within the group. In exchange for the divestiture, Sparkle Computer Co., Ltd. issued 11,000 new ordinary shares to the consolidated company, with a par value of NT$10 per share. The division's base date was set for June 30, 2023, with the assets and liabilities related to the business operations as of the division base date listed as follows:

	Segmentation department
Current Assets	
Cash and cash equivalents	$ 122,978
Accounts receivable, net	24,503
Other accounts receivable	13,493
Current inventories	20,327
Prepayments	266
Non-current assets	
Property, Plants, and Equipment	6,265
Intangible assets	78
Deferred income tax assets	274
Current Liabilities	
Contract liabilities	(41,067)
Accounts payable	(10,561)
Other payables	(12,704)
Other current liabilities	(11,315)
Non-current Liabilities	
Provision for liabilities - non-current	(2,537)
Business value of the segment to be divided	$ 110,000

(II) Subsidiaries not included in the consolidated financial statements: None.

XIII. Investment accounted for using the equity method

	December 31, 2023	December 31, 2022
Individual insignificant affiliated enterprises		
Investment in affiliated enterprises	$ 702	$ 4,020

Summary of individual insignificant affiliated enterprises

	2023	2022
Share of the consolidated company		
Net loss for the year	$ 1,447	$ 2,980

On April 7, 2022, the consolidated Company invested 700 thousand shares of Hechuang Intelligence Co., Ltd. with cash consideration of NT$7,000 thousand, and acquired 46.67% of the equity and served as a director. Classified as an affiliate of the consolidated company.

On August 3, 2022, the consolidated Company invested NT$12,000 thousand in cash for 302 thousand shares of Lithium Ion Battery Recycling Co., Ltd. to acquire 10% of the equity, which was measured at fair value through other comprehensive income; on September 26, 2023, has a significant influence on the company due to the acquisition of one of the four seats on the board of directors of the company. Therefore, the financial assets measured at fair value through other comprehensive income on the date of acquisition of the significant influence are classified as an associate of the consolidated company.

XIV. Property, Plants, and Equipment

	Land	Buildings and structures	Transportation equipment	Money-generating apparatus	Other equipment	Unfinished project and Equipment to be inspected	Total
Cost							
Balance on January 1, 2022	$ 315,200	$ 398,894	$ 5,384	$ 70,637	$ 198	$ 29,203	$ 819,516
Addition	-	618	536	25,930	207	194,317	221,608
Disposal	-	-	-	(3,574)	-	-	(3,574)
Net exchange differences	1,098	777	518	180	11	-	2,584
Reclassification	-	974	3,442	36,540	-	(40,956)	-
Balance as of December 31, 2022	$ 316,298	$ 401,263	$ 9,880	$ 129,713	$ 416	$ 182,564	$ 1,040,134
Accumulated depreciation							
Balance on January 1, 2022	$ -	$ 24,998	$ 4,065	$ 50,329	$ 74	$ -	$ 79,466
Depreciation expense	-	8,802	1,247	13,572	50	-	23,671
Disposal	-	-	-	(3,561)	-	-	(3,561)
Net exchange differences	-	301	469	105	8	-	883
Balance as of December 31, 2022	$ -	$ 34,101	$ 5,781	$ 60,445	$ 132	$ -	$ 100,459
Net on December 31, 2022	$ 316,298	$ 367,162	$ 4,099	$ 69,268	$ 284	$ 182,564	$ 939,675
Cost							
Balance on January 1, 2023	$ 316,298	$ 401,263	$ 9,880	$ 129,713	$ 416	$ 182,564	$ 1,040,134
Addition	-	14,990	6,064	19,430	1,071	3,354	44,909
Disposal	-	-	(3,961)	(13,917)	-	-	(17,878)
Net exchange differences	(2)	(1)	(39)	-	-	-	(42)
Reclassification	-	131,155	-	37,568	3,070	(173,117)	(1,324)
Balance as of December 31, 2023	$ 316,296	$ 547,407	$ 11,944	$ 172,794	$ 4,557	$ 12,801	$ 1,065,799
Accumulated depreciation							
Balance on January 1, 2023	$ -	$ 34,101	$ 5,781	$ 60,445	$ 132	$ -	$ 100,459
Depreciation expense	-	14,507	1,358	24,196	792	-	40,853
Disposal	-	-	(3,961)	(9,979)	-	-	(13,940)
Net exchange differences	-	(8)	57	(8)	-	-	41
Reclassification	-	-	-	(551)	-	-	(551)
Balance as of December 31, 2023	$ -	$ 48,600	$ 3,235	$ 74,103	$ 924	$ -	$ 126,862
Net on December 31, 2023	$ 316,296	$ 498,807	$ 8,709	$ 98,691	$ 3,633	$ 12,801	$ 938,937

Depreciation expenses are calculated on a straight-line basis based on the following years of service:

Buildings and structures	5 to 50 years
Transportation equipment	4 to 5 years
Money-generating apparatus	2 to 6 years
Other equipment	3 to 5 years

Please refer to Note 31 for the amount of property and plant pledged as collateral for borrowings.

XV. Lease agreement

(I) right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 3,635	$ 5,544
Addition of right-of-use assets	$ 159	$ 6,228
Depreciation expenses of right-of-use assets		
Buildings	$ 2,095	$ 1,902

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 2,181	$ 2,031
Non-current	$ 1,469	$ 3,529

The range of discount rate of lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	1.03%~6.00%	1.03%~6.00%

(III) Other lease information

	2023	2022
Short term lease expenses	$ 9,203	$ 4,997
Lease expenses of low value assets	$ 43	$ 50
Total cash outflow for leases	($ 11,538)	($ 7,060)

The consolidated company chooses to exempt the recognition of certain equipment leases meeting the low value asset lease requirement, and does not recognize the relevant right-of-use assets and lease liabilities.

XVI. Investment property

	December 31, 2023	December 31, 2022
Cost		
Land	$ 24,970	$ 24,970
Buildings and structures	16,728	16,728
	41,698	41,698
Less: accumulated depreciation	(8,375)	(8,052)
	$ 33,323	$ 33,646

Investment property is depreciated on a straight-line basis over a useful life of 8 to 35 years.

The fair value of investment property has not been evaluated by independent evaluators, and is only measured by the management of the consolidated company using commonly used evaluation models by market participants with the input of level 3 value. This evaluation is based on market evidence such as property transaction prices, and the fair value obtained from the evaluation is as follows:

	December 31, 2023	December 31, 2022
Fair value	$ 64,783	$ 66,003

The total amount of lease payments that will be charged in the future for the rental of investment property under operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 1,919	$ 1,919
Year 2	1,919	1,919
Year 3	-	1,919
	$ 3,838	$ 5,757

All investment properties of the consolidated company are its own equity. Please refer to Note 31 for the amount of investment property pledged for loans.

XVII. Intangible assets

	Patent rights	Trademark rights	Others	Total
Balance on January 1, 2022	$ 120	$ 155	$ 2,128	$ 2,403
Individual acquisition	-	-	2,671	2,671
Amortization expense	(41)	(50)	(2,265)	(2,356)
Reclassification	-	-	1,450	1,450
Balance as of December 31, 2022	$ 79	$ 105	$ 3,984	$ 4,168
Balance on January 1, 2023	$ 79	$ 105	$ 3,984	$ 4,168
Individual acquisition	-	-	5,900	5,900
Amortization expense	(31)	(37)	(3,150)	(3,218)
Balance as of December 31, 2023	$ 48	$ 68	$ 6,734	$ 6,850

Amortization expenses are calculated on a straight-line basis based on the following years of service:

Patent rights	9 to 20 years
Trademark rights	4 to 15 years
Others	1 to 5 years

Summary of amortization expenses by function:

	2023	2022
Operating costs	$ 26	$ 71
Selling expenses	77	106
Administrative expenses	2,513	1,254
R&D expenses	602	925
	$ 3,218	$ 2,356

XVIII. Borrowings

Short-term borrowings

	December 31, 2023	December 31, 2022
Secured loans (notes 30 and 31)		
Bank loans	$ 832,569	$ 411,923
Unsecured loans (note 30)		
Loans from related parties	$ 10,000	$ -

(I) As of December 31, 2023 and 2022, the interest rates on bank loans for operating turnover ranged from 1.85% to 6.81% and 4.13% to 6.18%, respectively.

(II) The related party loans are borrowed by the consolidated Company from the substantive related parties. The interest expense from January 1 to December 31, 2023 is calculated by multiplying the balance of outstanding loans by the annual interest rate of 1.47% to 1.595%.

XIX. Corporate bonds payable

	December 31, 2023	December 31, 2022
5th domestic unsecured convertible corporate bonds	$ 220,905	$ 218,060
Less: portion due within 1 year	(220,905)	-
	$ -	$ 218,060

5th domestic unsecured convertible corporate bonds

The Company issued its fifth domestic unsecured convertible corporate bond with a coupon rate of 0% on August 4, 2021, with a par value of NT$100,000 each, issued at full par value. The total number of bonds issued is 7,000, with a total issuance amount of NT$700 million and a term of three years.

Each holder of the corporate bond has the right to convert it at NT$138.3 per share into ordinary shares of the Company. If there is an anti-dilution clause on conversion price in the future, the price will be adjusted in accordance with the conversion measures. As of December 31, 2023, the conversion price of the Company's bonds has been adjusted to NT$118.4 per share in accordance with the Regulations on Conversion, and the conversion period is from November 5, 2021 to August 4, 2024. If the corporate bonds have not been converted at the date of maturity, they will be repaid in cash at the par value of the bonds upon maturity. Other important terms include:

The Company’s redemption right

From the second day of three months after the issuance of the convertible corporate bonds (November 5, 2021) until 40 days before the expiration of the term (June 25, 2024), if the closing price of the Company's ordinary shares exceeds the conversion price by 30% (inclusive) for 30 consecutive business days, or the balance of the convertible company bonds outstanding is less than 10% of the original total issuance amount, the Company may redeem its outstanding convertible corporate bonds in cash at the par value in accordance with the measures.

This convertible corporate bond includes both debt and equity components, and the equity component is expressed in capital surplus－option under equity. The effective interest rate of the original recognition of the liability component is 1.3045%.

Issuing price (minus transaction costs of NT$5,000 thousand)	$ 725,023
Equity component (minus transaction cost of NT$185 thousand allocated to equity and related income tax impact of NT$37 thousand)	(56,055)
Deferred income tax assets	37
Derivative instruments for redemption and put rights (current financial assets at fair value through profit or loss) and transaction costs recognized in profit or loss	4,300
Liability component on the issuance date (minus NT$4,785 thousand transaction cost allocated to liabilities)	673,305
Interest calculated at an effective interest rate of 1.3045%	5,907
Conversion of corporate bonds into ordinary shares	(461,152)
Liability component on December 31, 2022	218,060
Interest calculated at an effective interest rate of 1.3045%	2,845
Conversion of corporate bonds into ordinary shares	-
Liability component on December 31, 2023	$ 220,905

As of December 31, 2023, the total par value of corporate bonds that have been converted by corporate bond holders is NT$477,400 thousand, and the total number of shares converted into is 3,464 thousand shares.

XX. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Processing fee payable	$ 30,223	$ 21,618
Salary and bonus payable	31,877	35,472
Employees' remuneration payable	59,870	89,658
Leave pay payable	547	1,180
Accounts payable, equipment	16,052	21,558
Others	109,518	106,118
	$ 248,087	$ 275,604

XXI. Post-employment benefit plan

(I) Defined contribution plans

The pension system of the "Labor Pension Regulations" applicable to the Company and the Taiwanese subsidiary is a government-administered fixed appropriation retirement plan, with 6% of the employee's monthly salary allocated to the individual account of the Labor Insurance Bureau.

(II) Defined benefit plans

The pension system of the Company in compliance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 2% of the total monthly salary of the employees to the pension, and hands it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in a lump sum by the end of March of the next year. The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are shown below:

	December 31, 2023	December 31, 2022
Current value of defined benefit obligation	$ 1,139	$ 815

	December 31, 2023	December 31, 2022
Fair value of planned assets	(12,893)	(12,628)
Net defined benefit asset	($ 11,754)	($ 11,813)

Changes to net defined benefit assets are as follows:

	Current value of defined benefit obligation	Fair value of planned assets	Net defined benefit asset
Balance on January 1, 2022	$ 754	($ 10,846)	($ 10,092)
Service cost			
Service cost of the period	102	-	102
Interest expense (income)	8	(109)	(101)
Recognized in profit or loss	110	(109)	1
Remeasurement			
Return on planned assets (in addition to the amount included in net interest)	-	(1,671)	(1,671)
Actuarial gain - changes in financial assumptions	(57)	-	(57)
Actuarial gain - experience adjustment	8	-	8
Recognized as other comprehensive income	(49)	(1,671)	(1,720)
Employer contribution	-	(2)	(2)
Balance as of December 31, 2022	$ 815	($ 12,628)	($ 11,813)
Balance on January 1, 2023	$ 815	($ 12,628)	($ 11,813)
Service cost			
Service cost of the period	101		101
Interest expense (income)	10	(156)	(146)
Recognized in profit or loss	111	(156)	(45)
Remeasurement			
Return on planned assets (in addition to the amount included in net interest)		(109)	(109)
Actuarial gain - experience adjustment	213		213
Recognized as other comprehensive income	213	(109)	104
Balance as of December 31, 2023	$ 1,139	($ 12,893)	($ 11,754)

The Company is exposed to the following risks as a result of the Labor Standards Act pension system:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank

deposits through self-operation and entrusted management, but the consolidated company's distributable amount of the plans' assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.

2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.
3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plans. Therefore, an increase in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary, with the following significant assumptions as of the measurement date:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.25%	2.25%

The amount by which the present value of the defined benefit obligation would increase (decrease) as follows if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 74)	($ 53)
0.25% decrease	$ 80	$ 57
Expected rate of salary increase		
0.25% increase	$ 349	$ 250
0.25% decrease	($ 267)	($ 193)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	December 31, 2023	December 31, 2022
Amount expected to be allocated within 1 year	$ -	$ -
Average period of defined benefit obligation to maturity	31.2 years	27.4 years

XXII. Equity

(I) Common share capital

	December 31, 2023	December 31, 2022
Authorized number of shares (1,000 shares)	96,000	96,000
Authorized share capital	$ 960,000	$ 960,000
Number of issued shares fully paid for (1,000 shares)	48,346	48,346
Capital of issued shares	$ 483,460	$ 483,460

The par value of each issued ordinary share is NT$10, and each share has one voting right and the right to receive dividends.

As stated in note 19, the holders of the Company's corporate bonds exercised their conversion rights during January 1 to December 31, 2022, resulting in an increase of NT$34,644 thousand in share capital.

To strengthen operating liquidity and repay bank loans, the Company resolved at the Annual Shareholders' Meeting on June 14, 2023, to undertake a private placement of common stock as a cash capital increase. The intention is to issue up to 5,000 shares, divided into two tranches within one year from the date of the shareholders' meeting resolution.

(II) Capital surplus

	December 31, 2023	December 31, 2022
It may be used to compensate losses, distribute cash or replenish share capital (1)		
Overdue dividends not collected by shareholders	$ 196	$ 196
Premium from convertible bond conversion	782,389	768,289
Treasury stock transaction	8	8
Can only be used to compensate losses.		
Recognized change in ownership of and equity in subsidiaries (2)	5,593	6,178
Cannot be used for any other purpose.		
Convertible corporate bond options	17,825	17,825
	$ 791,911	$ 792,496

(1) This type of capital surplus may be used to make up for losses, and when the Company has no losses, it may also be used to distribute cash or for capital appropriation; when used for capital appropriation, it is limited to a certain percentage of the paid-in capital every year.

(2) This type of capital surplus is the impact of equity transactions recognized due to changes in the subsidiary when the Company has not actually acquired or disposed of the subsidiary equity.

(III) Retained earnings and dividend policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the final annual accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is a remaining balance, the board shall combine it with the cumulative undistributed surplus and formulate an earnings distribution proposal, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. Please refer to note 24(7) Employees' remuneration and directors' remuneration for the distribution policy of employees' remuneration and directors' remuneration stipulated in the articles of association.

In addition, according to the Company's articles of association, the dividend policy of the Company is based on current and future development plans, as well as assessment of the investment environment, capital needs and domestic and international competition, while taking into account shareholder interest. The distribution of dividends to shareholders can be done in cash or stock, with cash dividends not less than 50% of the total dividend.

The legal reserve shall be appropriated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company held general shareholders' meetings on June 14, 2023 and on June 9, 2022, respectively, and passed the following resolutions on the loss compensation for 2022 and the distribution of earnings for 2021:

	2022	2021
Legal reserve	$ -	$ 108,638
Special reserve	$ 28,156	$ -
Cash dividends	$ -	$ 531,806
Cash dividend per share (NT$)	$ -	$ 11

XXIII. Income

	2023	2022
Contractual revenue from customers		
Revenue from merchandise sales	$ 5,410,358	$ 4,909,029
Construction revenue	1,733	18,439
	$ 5,412,091	$ 4,927,468

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 700	$ -	$ -
Accounts receivable	$ 901,008	$ 797,783	$ 1,442,017
Contract asset			
Construction revenue	$ 16,344	$ 31,736	$ 18,992
Less: loss allowance	-	-	-
Current contract assets	$ 16,344	$ 31,736	$ 18,992
Contract liabilities			
Merchandise sales	$ 86,740	$ 23,165	$ 71,108
Engineering construction	3,619	4,213	1,585
Current contract liabilities	$ 90,359	$ 27,378	$ 72,693

The consolidated company recognizes the loss allowance of contract assets according to the expected credit loss during the period of existence. Contract assets will be converted into accounts receivable when the bill is issued, and their credit risk characteristics are the same as those of accounts receivable generated by similar contracts. Therefore, the consolidated company believes that the expected credit loss rate of accounts receivable can also be applied to contract assets.

	December 31, 2023	December 31, 2022
Expected credit loss rate	-%	-%
Total carrying amount	$ 16,344	$ 31,736
Loss allowance (expected credit loss during the existence period)	-	-
	$ 16,344	$ 31,736

XXIV. Net loss before tax

Net loss before tax includes the following items:

(I) Interest income

	2023	2022
Bank deposits	$ 5,232	$ 2,486

(II) Other income

	2023	2022
Rent income	$ 1,884	$ 1,896
Compensation income	11	41
Dividend income	1,120	1,346
Others	4,791	3,821
	$ 7,806	$ 7,104

(III) Other gains and losses

	2023	2022
Net foreign exchange gain	$ 10,307	$ 30,310
Gains (losses) from the disposal of property, plant and equipment	1,390	(13)
Financial assets income measured at fair value through profit or loss	1,695	2,551
Disposal of investment losses	(1,341)	-
Others	(454)	(7,684)
	$ 11,597	$ 25,164

(IV) Financial costs

	2023	2022
Bank loan interest	$ 29,028	$ 9,429
Corporate bond depreciation and amortization (note 19)	2,845	2,808
Lease liability interest	110	59
Total interest expense of financial liabilities measured at amortized cost	31,983	12,296
Less: Amounts included in the cost of eligible assets	(5,797)	-
	$ 26,186	$ 12,296

Information on interest capitalization is as follows:

	2023	2022
Amount of capitalized interest	$ 5,797	$ -
Interest rate of capitalized interest	1.30%~4.33%	-

(V) Depreciation and amortization

	2023	2022
Summary of depreciation expenses by function		
Operating costs	$ 21,507	$ 9,632
Operating expenses	21,441	15,941
Other losses	323	325
	$ 43,271	$ 25,898
Summary of amortization expenses by function		
Operating costs	$ 26	$ 71
Operating expenses	3,192	2,285
	$ 3,218	$ 2,356

(VI) Employee benefit expense

	2023	2022
Post-employment benefits		
Defined contribution plans	$ 8,072	$ 7,277
Defined benefit plan (note 21)	-	1
	8,072	7,278
Other employee benefits	233,198	226,166
Total employee benefits	$ 241,270	$ 233,444

(Continued on the next page)

(Continued from the previous page)

	2023	2022
Summary by function		
Operating costs	$ 59,622	$ 50,897
Operating expenses	181,693	182,547
Other income	(45)	-
	$ 241,270	$ 233,444

(VII) Compensation to employees and remuneration to directors

In accordance with the articles of association of the Company, the Company shall allocate no less than 3% of the year's pre-tax profit as employee remuneration and no more than 3% of the year's pre-tax profit as director remuneration; however, when the Company still has losses to make up, the compensation amount shall be retained first, and then the employees' remuneration and directors' remuneration shall be allocated according to the aforementioned proportion.

For the years 2023 and 2022, which resulted in a net loss before tax, it is not intended to accrue employee compensation and director remuneration in accordance with the provisions of the articles of incorporation.

If there is still any change in the amount after the issuance date of the annual consolidated financial statements, it shall be handled according to the change of accounting estimate and adjusted and recorded in the next year.

For information on the employees' remuneration and directors' remuneration in accordance with the resolutions of the board meeting of the Company, please visit the MOPS of the Taiwan Stock Exchange.

(VIII) Foreign exchange gain or loss

	2023	2022
Total foreign exchange gain	$ 195,240	$ 248,256
Total foreign exchange loss	(184,933)	(217,946)
Net profit	$ 10,307	$ 30,310

XXV. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense (profit) are as follows:

	2023	2022
Current income tax		
Generated in the current period	$ 3,622	$ 933
Surtax on undistributed earnings	-	21,024

(Continued on the next page)

(Continued from the previous page)

	2023	2022
Adjustment for income tax of previous years	(\$ 7,900)	\$ 783
	(4,278)	22,740
Deferred income tax		
Generated in the current period	(23,959)	(12,712)
Income tax expenses (benefits) recognized in profit or loss	(\$ 28,237)	\$ 10,028

Adjustment to the applicable tax rate of accounting income and income tax expense (gain) is as follows:

	2023	2022
Profit (loss) before tax	(\$ 168,546)	(\$ 78,942)
Income tax expense (gain) on net income (loss) before income tax at statutory tax rate	(\$ 33,672)	(\$ 20,205)
Non-deductible gains and expenses for tax purposes	6,579	7,729
Tax-exempt income	(563)	267
Loss on disposal of foreign subsidiary (HK)	36	-
Surtax on undistributed earnings	-	21,024
Unrecognized loss allowance and deductible temporary differences	8,028	430
Current year's adjustment of previous year's income tax expenses (benefits)	(7,900)	783
Others	(745)	-
Income tax expenses (benefits) recognized in profit or loss	(\$ 28,237)	\$ 10,028

(II) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

	Beginning balance	Recognized in profit or loss	Recognized as other comprehensive income	Ending balance
Deferred income tax assets				
Temporary difference				
Allowance for inventory valuation	\$ 14,848	\$ 8,453	\$ -	\$ 23,301
Allowance for warrantee liabilities	6,969	(3,875)	-	3,094
Others	6,506	8,648	(400)	14,754
	28,323	13,226	(400)	41,149
Loss allowance	7,889	18,651	-	26,540
	\$ 36,212	\$ 31,877	(\$ 400)	\$ 67,689

(Continued on the next page)

(Continued from the previous page)

	Beginning balance	Recognized in profit or loss	Recognized as other comprehensive income	Ending balance
Deferred tax liabilities				
Temporary difference				
Undistributed earnings of subsidiaries	$ 1,723	$ 2,006	$ -	$ 3,729
Defined benefit retirement plan	2,127	9	-	2,136
Others	4,953	5,903	-	10,856
	$ 8,803	$ 7,918	$ -	$ 16,721

2022

	Beginning balance	Recognized in profit or loss	Recognized as other comprehensive income	Ending balance
Deferred income tax assets				
Temporary difference				
Allowance for inventory valuation	$ 10,212	$ 4,636	$ -	$ 14,848
Allowance for warrantee liabilities	12,401	(5,432)	-	6,969
Others	15,685	(8,864)	(315)	6,506
	38,298	(9,660)	(315)	28,323
Loss allowance	-	7,889	-	7,889
	$ 38,298	($ 1,771)	($ 315)	$ 36,212
Deferred tax liabilities				
Temporary difference				
Undistributed earnings of subsidiaries	$ 19,071	($ 17,348)	$ -	$ 1,723
Defined benefit retirement plan	2,119	8	-	2,127
Others	2,096	2,857	-	4,953
	$ 23,286	($ 14,483)	$ -	$ 8,803

(III) Deductible temporary differences and unused loss carryforwards of deferred income tax assets not recognized in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Subsidiaries' loss allowance		
Due in 2029	$ 4,616	$ 4,616
Due in 2030	17,212	17,212
Due in 2031	13,074	13,074
Due in 2032	34,918	34,918
Due in 2033	42,461	-
	$112,281	$ 69,820

(IV) Loss allowance not used

The loss allowance information as of December 31, 2023 is as follows:

Tul Corp.	Final year of allowance deduction
$ 23,424	2032
109,277	2033
$132,701	

IOTU CORPORATION	Final year of allowance deduction
$ 4,616	2029
17,212	2030
13,074	2031
34,918	2032
42,461	2033
$112,281	

(V) Income tax assessment status

The profit seeking business income taxes of the domestic subsidiaries IOTU CORPORATION and Tul Biomedical Technology Co., Ltd. and this company have been approved by tax collection authorities up to 2021.

XXVI. Loss per share

Unit: NT$/share

	2023	2022
Basic loss per share	($ 2.84)	($ 1.78)
Diluted loss per share	($ 2.84)	($ 1.78)

The net profit and the weighted average number of ordinary shares used to calculate the earnings and loss per share are as follows:

Net loss for the year

	2023	2022
Net loss used to calculate basic loss per share	($ 137,282)	($ 86,284)
Impact of potential ordinary shares with dilution effect:		
After-tax interest on convertible bonds	-	-
Net loss used to calculate diluted loss per share	($ 137,282)	($ 86,284)

Number of shares Unit: 1,000 shares

	2023	2022
Weighted average number of ordinary shares used to calculate basic loss per share	48,346	48,346
Impact of potential ordinary shares with dilution effect:		
Convertible corporate bonds	-	-
Employees' remuneration	-	-
Weighted average number of ordinary shares used to calculate diluted loss per share	48,346	48,346

If the consolidated company has the option to pay employees' remuneration in shares or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be paid in shares, and the weighted average number of outstanding shares will be included in the calculation of earnings per share when the potential ordinary shares have a dilution effect. When calculating the diluted earnings per share before paying employees' remuneration in shares in the next annual resolution, the dilution effect of such potential ordinary shares shall also be considered. The consolidated company had a net loss in 2023 and 2022, so the potential ordinary shares with an anti-dilution effect including those from convertible corporate bonds and employee remuneration were not included in the calculation.

XXVII. Equity transactions with non-controlling interests

On March 10, 2023, the Company acquired its 100 thousand shares of IOTU CORPORATION, and its shareholding increased from 92.31% to 93.08%.

As the aforementioned transactions did not change the consolidated company's control over the subsidiary, the consolidated company considered it to be an equity transaction.

	IOTU CORPORATION
Consideration paid	($ 1,026)
Net asset carrying amount of the subsidiary calculated based on the change in relative equity which should be transferred to non-controlling equity	441
Difference in equity transaction	($ 585)
Adjustment of difference in equity transaction	
Capital surplus - recognition of change in equity ownership of subsidiary	($ 585)

XXVIII. Capital risk management

The consolidated company conducts capital management to ensure that all enterprises within the Group can, on the premises of continuing operation, optimize the balance of debts and equity to maximize the return to shareholders.

The capital structure of the consolidated company is composed of net debt (i.e. borrowings minus cash and cash equivalents) and equity (i.e. equity, capital surplus, retained earnings, and other equity items).

The consolidated company does not need to comply with other external capital regulations.

XXIX. Financial instrument

(I) Information on fair value - financial instruments not measured at fair value

December 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	$220,905	$225,494	$ -	$ -	$225,494

December 31, 2022

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	$218,060	$212,472	$ -	$ -	$212,472

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic TWSE (TPEx) listed stocks	$ 846	$ -	$ -	$ 846
Beneficiary certificates of mutual funds	5,836	-	-	5,836
Total	$ 6,682	$ -	$ -	$ 6,682
Financial assets at fair value through other comprehensive income				
Equity instruments				
- TWSE (TPEx) listed and emerging market stocks	$ 7,378	$ -	$ -	$ 7,378
- TWSE (TPEx) unlisted ordinary stocks	-	-	18,432	18,432
	$ 7,378	$ -	$ 18,432	$ 25,810

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic TWSE (TPEx) listed stocks	$ 882	$ -	$ -	$ 882
Beneficiary certificates of mutual funds	85,030	-	-	85,030
Derivatives of redemption and put rights	-	45	-	45
Total	$ 85,912	$ 45	$ -	$ 85,957
Financial assets at fair value through other comprehensive income				
Equity instruments				
- TWSE (TPEx) listed and emerging market stocks	$ 10,767	$ -	$ -	$ 10,767
- TWSE (TPEx) unlisted ordinary stocks	-	-	33,690	33,690
	$ 10,767	$ -	$ 33,690	$ 44,457

There were no transfers between Level 1 and 2 fair value measurements in 2023 and 2022.

2. Adjustment of instruments measured at fair value at level 3

Financial assets at fair value through other comprehensive income	2023	2022
Beginning balance	$ 33,690	$ 31,727
Purchase	257	32,764
Disposal	(1,279)	-
Revaluation gains (losses) on financial assets measured at fair value through other comprehensive income	(14,236)	(30,801)
Ending balance	$ 18,432	$ 33,690

3. Evaluation techniques and input values for level 2 fair value measurements

Financial instrument type	Evaluation techniques and input values
Derivatives of redemption rights	Binary tree convertible bond evaluation model: based on the evaluation-date stock price, stock price volatility, risk-free interest rate relative to the duration of the convertible bond, risk discount rate considering the credit premium, and reduced liquidity reduction factor.

4. Evaluation techniques and input values for level 3 fair value measurements

Financial instrument type	Evaluation techniques and input values
TWSE (TPEx) unlisted ordinary stocks	TWSE (TPEx) unlisted investment using the asset method The asset method is mainly applied to venture capital companies to evaluate their fair values by referring to their net asset values.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 6,682	$ 85,957
Financial assets measured at amortized cost (note 1)	1,559,050	1,303,617
Financial assets at fair value through other comprehensive income		
Equity instruments	25,810	44,457
Financial liabilities		
Measured at amortized cost	2,349,822	1,637,342

	December 31, 2023	December 31, 2022
(note 2)		

Note 1: The balances include cash and cash equivalents, financial assets at amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits and other financial assets at amortized cost.

Note 2: The balance includes financial liabilities measured at amortized cost such as accounts and notes payable, other payables, corporate bonds payable and guarantee deposits received.

(IV) Purpose and policy of financial risk management

The main financial instruments of the consolidated company include equity and liability instrument investment, accounts receivable, notes payable, accounts payable, loans and corporate bonds payable. The financial management department of the consolidated company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages financial risks related to the operation of the consolidated company by analyzing the internal risk report of the exposure according to the risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risk from the operating activities of the consolidated company leads to the consolidated company's foreign currency exchange rate change risk (refer to (1) below) and the interest rate change risk (refer to (2) below).

(1) Exchange rate risk

The consolidated company engages in foreign currency denominated sales and purchase transactions, resulting in exposure to exchange rate change risk.

Please refer to note 35 for the carrying amounts of monetary assets and monetary liabilities (including monetary items written off under non-functional currency in the consolidated financial statements) of the consolidated company denominated in non-functional currency on the balance sheet date.

Sensitivity Analysis

The consolidated company is mainly affected by the exchange rate fluctuation of US dollar.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of New Taiwan dollar (functional currency) against US dollar changes by 1%. 1% is the sensitivity ratio used within the Group to report exchange rate risk to the key management, and also represents the management's assessment of the range of reasonably possible changes in foreign currency exchange rates. The sensitivity analysis only includes the monetary items that are outstanding, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. When NTD appreciates by 1% against USD, the pre-tax profit for 2023 and 2022 will increase by NT$(373) thousand and NT$(2,738) thousand, respectively. The impact of the exchange rate fluctuations above mainly comes from the receivable and payable items of the consolidated company that are still outstanding on the balance sheet date which have not undergone cash flow risk hedging.

(2) Interest rate risk

Interest rate risk exposure is caused by the fact that entities in the consolidated company borrow funds at fixed and floating rates at the same time. The consolidated company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the consolidated company subject to interest rate risk exposure on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
With interest rate risk in fair value		
- Financial assets	$ 15,047	$ 80,085
- Financial liabilities	616,610	583,460
With interest rate risk in cash flow		
- Financial assets	591,859	399,227
- Financial liabilities	450,514	52,083

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative instruments on the balance sheet date. For floating interest rate liabilities, it is assumed that the amount of liabilities outstanding on the balance sheet date is also outstanding during the reporting period. 25 basis points is the sensitivity rate used within the Group to report interest rate risk to the key management, and also represents the management's assessment of the range of reasonably possible changes in foreign currency interest rate.

If the interest rate increases/decreases by 25 basis points, and all other variables remain unchanged, the consolidated Company's net income before tax for 2023 and 2022 will increase/decrease by NT$353 thousand and NT$868 thousand, respectively.

(3) Other price risks

Equity price risk exposure due to the consolidated company's investment in TWSE/TPEx listed stocks. This equity investment is not held for trading but a strategic investment. The consolidated company does not actively engage in such investment. The consolidated company's equity price risk mainly concentrates in the equity instruments listed on TPEx in Taiwan.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price had increased/decreased by 15%, the pre-tax profit or loss for 2023 and 2022 would have increased/decreased by NT$1,002 thousand and NT$12,887 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before tax in 2023 and 2022 would have increased/decreased by NT$1,107 thousand and NT$1,615 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of the Group’s financial loss caused by default of contractual obligations of the trading counterparty. As of the balance sheet date, the maximum credit risk exposure of the consolidated company due to the trading counterparty’s non-performance of obligations comes from the carrying amount of financial assets recognized in the consolidated balance sheet.

The customer base of the consolidated company is vast and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to cover operating expenses and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises bank financing limits and ensures compliance with loan contract terms.

Bank loans are an important source of liquidity for the consolidated company. For the consolidated Company's unused financing facilities as of December 31, 2023 and 2022, please refer to the description of (2) Financing facilities below.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the consolidated company. Therefore, the series of bank loans that the consolidated company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities are prepared according to the agreed repayment dates.

December 31, 2023

	Immediate repayment or repayment in less than 1 month required	1~3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 494,025	$ 862,705	$ 21,606	$ -
Lease liabilities	187	561	1,524	1,500
Corporate bonds payable	-	-	222,600	-
Floating rate instruments	50,059	129,387	264,399	-
Fixed rate instruments	51,748	6,000	353,013	-
	$ 596,019	$ 998,653	$ 863,142	$ 1,500

Further information on the analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	15 to 20 years
Lease liabilities	$ 2,272	$ 1,500	$ -	$ -

December 31, 2022

	Pay on demand or Less than 1 month	1~3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 726,061	$ 324,872	$ 82,431	$ -
Lease liabilities	176	528	1,435	3,645
Corporate bonds payable	-	-	-	222,600
Floating rate instruments	-	-	53,554	-
Fixed rate instruments	1,698	145,708	219,285	-
	$ 727,935	$ 471,108	$ 356,705	$ 226,245

Further information on the analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	15 to 20 years
Lease liabilities	$ 2,139	$ 3,645	$ -	$ -

The amount of floating rate instruments for non-derivative financial assets and liabilities mentioned above will vary depending on the difference between the floating rate and the estimated interest rate on the balance sheet date.

(2) Financing limits

	December 31, 2023	December 31, 2022
Secured bank loan limit		
- Amount already used	$ 832,569	$ 411,923
- Amount not used	380,431	801,077
	$ 1,213,000	$ 1,213,000

XXX. Related party transaction

Transactions, account balances, income and expenses and impairments between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full at the time of consolidation, so they are not disclosed in this note. Other than those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows:

(I) Names of related parties and their relationships

Name of related party	Relationship with the consolidated company
Hechuang Intelligence Co., Ltd.	Affiliated enterprise
Lithium Ion Battery Recycling Co., Ltd.	Affiliated enterprise
Rigo Global Co., Ltd.	Substantive related party
Midas Labs Inc.	Substantive related party
Neurobit Technologies	Substantive related party
Instant NanoBiosensors	Substantive related party
Allbio Life Co., Ltd.	Substantive related party

(Continued on the next page)

(Continued from the previous page)

Name of related party	Relationship with the consolidated company
Tongxin Tang Pharmaceutical Shop	Substantive related party
Mao-Sung Chang	Chairman of the Company
Chien-Wei Chen	President of the Company
Peng-Chun Chen	Substantive related party

(II) Operating Revenue

Accounting items	Type of related party	2023	2022
Sales revenue	Substantive related party	$ 2,557	$ 14,755

The transactions between the consolidated company and the above-mentioned related party are subject to the agreed terms and conditions.

(III) Purchase

Type of related party	2023	2022
Substantive related party	$ 213	$ 228

The transactions between the consolidated company and the above-mentioned related party are subject to the agreed terms and conditions.

(IV) Accounts receivable from a related party

Accounting items	Type of related party	December 31, 2023	December 31, 2022
Accounts receivable	Substantive related party	$ 47	$ -

No guarantee is collected for outstanding accounts receivable due from related parties. No loss allowance is allocated for accounts receivable due from related parties in 2023 and 2022.

(V) Payables to related parties

Accounting items	Type of related party	December 31, 2023	December 31, 2022
Accounts payable	Substantive related party	$ 214	$ 228

(VI) Prepayments

Type/name of related party	December 31, 2023	December 31, 2022
Affiliated enterprise	$ 5,714	$ -

(VII) Loans from related parties

Type/name of related party	December 31, 2023	December 31, 2022
Substantive related party		
Peng-Chun Chen	$ 10,000	$ -

Interest expenses

Type/name of related party	2023	2022
Substantive related party		
Peng-Chun Chen	$ 146	$ -

The interest rate of the consolidated company's borrowings from the related parties is equivalent to the market interest rate. All borrowings from substantive related parties are unsecured borrowings

(VIII) Endorsements and guarantees

Endorsements and guarantees obtained

Type/name of related party	December 31, 2023	December 31, 2022
Mao-Sung Chang		
Guaranteed amount	$ 1,213,000	$ 1,213,000
Actual amount used (recognized as guaranteed bank loan)	(832,569)	(411,923)
	$ 380,431	$ 801,077

(Note) The loan is jointly guaranteed by the Chairman and President of the Company.

(IX) Compensation of key management

	2023	2022
Short-term employee benefits	$ 20,301	$ 22,870
Post-employment benefits	970	1,127
	$ 21,271	$ 23,997

The compensation of directors and other key management is determined by the Compensation Committee in accordance with individual performance and market trends.

XXXI. Pledged assets

The following assets have been provided as collateral for short-term borrowings and letters of credit:

	December 31, 2023	December 31, 2022
Pledged bank deposits (recognized as financial assets measured at amortized cost)	$ 5,247	$ 5,185
Pledged time deposit (recorded as financial assets at amortized cost)	200	-
Net of property, plant and equipment	799,630	667,694
Investment property	33,323	33,646
	$838,400	$706,525

XXXII. Significant contingent liabilities and unrecognized contract comments

The unrecognized contractual commitments of the consolidated company are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant, and equipment	$ 6,803	$140,970

XXXIII. Other Matters

Due to the Russo-Ukrainian War, global inflation, the global interest rate hikes by the U.S. central banks, and the sharp fall in virtual currencies, the market demand plummeted. As a result, the consolidated Company's consolidated after-tax loss for 2023 was NT$140,309 thousand, a decline of 58% compared to the same period last year. The loss per share in 2023 was NT$2.84. The consolidated Company's operations in 2023 were normal, and there was no significant asset impairment and financing risks arising from the aforementioned matters.

XXXIV. Significant subsequent events

To repay bank loans and save on interest expenses, the consolidated company resolved, through a Board of Directors decision on December 21, 2023, to propose the issuance of the 6th domestic unsecured convertible corporate bonds. The total issuance amount is NT$400,000 thousand, with each convertible bond having a face value of NT$100 thousand, a coupon rate of 0%, and issued at full face value. The issuance will become effective starting from January 16, 2024.

XXXV. Foreign currency financial assets and liabilities with significant impact

The following information is summarized and expressed in foreign currencies other than the functional currency of each entity of the consolidated company. The disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currencies. Foreign currency financial assets and liabilities with significant impact are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 50,976	30.705 (USD:NTD)	$ 1,565,203
Foreign currency liabilities			
Monetary item			
USD	52,276	30.705 (USD:NTD)	$ 1,602,483

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 33,612	30.71 (USD:NTD)	$ 1,032,231
Foreign currency liabilities			
Monetary item			
USD	42,527	30.71 (USD:NTD)	$ 1,305,995

Foreign currency exchange gains and losses (realized and unrealized) with significant impact are as follows:

	2023		2022	
Functional currency	Functional currency to expressing currency	Net exchange gain or loss	Functional currency to expressing currency	Net exchange gain or loss
USD	31.155 (USD:NTD)	($ 1,241)	29.805 (USD:NTD)	$ 374
NTD	1 (NTD:NTD)	11,547	1 (NTD:NTD)	29,935
HKD	3.980 (HKD:NTD)	1	3.806 (HKD:NTD)	1
		$ 10,307		$ 30,310

XXXVI. Disclosure notes

(I) Information about significant transactions:

1. Loans to others: None.
2. Endorsements/guarantees provided for others: Table 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Table 2.

4. Cumulative purchase or sale of the same securities reaching NT$300 million or 20% of the paid-in capital: none.
5. Amount of real estate acquired reaching NT$300 million or 20% of the paid-in capital: none.
6. Amount of real estate disposed of reaching NT$300 million or 20% of the paid-in capital: none.
7. Amount of purchases or sales with related parties reaching NT$100 million or 20% of the paid-in capital: Appendix 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Engagement in derivatives transactions. Appendix 7.
10. Others: Business relationship between the parent and the subsidiary companies and among subsidiary companies, as well as important transactions and amounts: Appendix 5.

(II) Information related to reinvestment businesses: Appendix 6.

(III) Mainland China investment information: none.

(IV) Major shareholders' information: names, shareholdings and proportions of shareholders with a shareholding ratio of more than 5%: Appendix 7.

XXXVII. Departmental Information

Providing information to the main business decision-makers to allocate resources and evaluate departmental performance, focusing on the type of product or service delivered or provided. The reportable departments of the consolidated company are as follows:

Display card manufacturing and sales business.

Construction engineering business

Other businesses

(I) Department revenue and operating results

The revenue and operating results of the consolidated company are analyzed as follows according to the reportable department:

	Segment revenue		Segment profit and loss	
	2023	2022	2023	2022
Display card manufacturing and sales business.	$ 5,405,810	$ 4,848,212	($ 119,261)	($ 65,937)
Construction business	1,733	18,454	(42,516)	(35,081)
Others	4,548	60,802	(3,771)	2,598
Total amount of continuing operating units	$ 5,412,091	$ 4,927,468	(165,548)	(98,420)
Non-operating Income and expenses			(2,998)	19,478
Net loss before tax			($ 168,546)	($ 78,942)

All the departmental revenue reported above is generated from transactions with internal and external customers. The Interdepartmental sales for 2023 and 2022 have been eliminated during the consolidation process. The Interdepartmental sales are based on the conditions agreed upon by both parties.

Department income refers to the profit earned by each department, excluding non-operating income and expenses and income tax expenses. This measured amount is to serve as a reference for key business decision-makers to allocate resources to departments and evaluate their performance.

(II) Information by Region

The consolidated company's revenue from external customers' operating units is presented as follows, based on the operating location and non-current assets by asset location:

	Income from external clients		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 153,923	$ 456,262	$ 972,450	$ 975,584
Americas	1,841,509	1,513,368	24,784	21,803
Asia	1,461,635	1,216,517	-	-
Europe	1,841,589	1,599,629	1,826	1,750
Others	113,435	141,692	-	-
	$ 5,412,091	$ 4,927,468	$ 999,060	$ 999,137

Non-current assets do not include financial instruments, deferred income tax assets, and net defined benefit assets.

(III) Major client information

Customers with revenue contribution reaching 10% of the total revenue of the consolidated company:

	2023	2022
Company A	$ 1,093,089	$ 649,734
Company B	639,632	503,769
	$ 1,732,721	$ 1,153,503

Tul Corp. and Subsidiaries

Endorsements and guarantees for others

December 31, 2023

Appendix 1 Unit: NT$1,000

Number (note 1)	Name of endorsing or guaranteeing company	Name of endorsed or guaranteed company		Limit of endorsement or guarantee for a single enterprise (note 2)	Maximum endorsement or guarantee balance of the period	Endorsement or guarantee balance at period end	Actual amount used	Endorsement and guarantee amount with assets as collateral	Accumulated endorsement and guarantee amount as a percentage (%) of the net value as in the latest financial statements	Maximum endorsement or guarantee limit (note 3)	Endorsements and guarantees provided to subsidiaries by the parent company	Endorsements and guarantees provided by subsidiaries to the parent company	Endorsements and guarantees provided to mainland China area
		Company name	Relationship										
0	Tul Corp.	IOTU CORPORATION	Subsidiary with over 50% ordinary share equity directly held by the Company	$ 323,879	$ 22,113	$ 22,113	$ 22,113	$	1%	$ 809,697	Y	N	N
0	Tul Corp.	Sparkle Computer Co., Ltd.	Subsidiary with over 50% ordinary share equity directly held by the Company	323,879	76,763	76,763	7,081	-	5%	809,697	Y	N	N

Note 1: The explanation of the number field is as follows:

Fill in 0 for the issuer.

Note 2: Calculated based on 20% of the Company's net value as in the financial statements dated December 31, 2023.

Note 3: Calculated based on 50% of the Company's net value as in the financial statements dated December 31, 2023.

Tul Corp. and Subsidiaries

Securities held at period end

December 31, 2023

Appendix 2

Unit: NT$1,000

Holding company	Name of security	Relationship with the securities issuer	Accounting subject	Period end				Remarks
				Number of shares/(1,000 shares)	Carrying amount	Shareholding percentage (%)	Fair value	
Tul Corp.	Stock							
	WPG Holdings Limited Preferred Share A	—	Current financial assets at fair value through profit or loss.	18	$ 846	-	$ 846	
	Clientron Corp.	—	Non-current financial assets at fair value through other comprehensive income.	476	7,378	1	7,378	
	Midas Labs Inc.	—	Non-current financial assets at fair value through other comprehensive income.	1,852	1,021	4	1,021	
	Neurobit Technologies	—	Non-current financial assets at fair value through other comprehensive income.	1,728	179	3	179	
	Instant NanoBiosensors	—	Non-current financial assets at fair value through other comprehensive income.	263	1,009	4	1,009	
	Inforcom Technology Inc.	—	Non-current financial assets at fair value through other comprehensive income.	760	10,004	4	10,004	
	CytoArm Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income.	385	1,555	1	1,555	
	Allbio Life Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income.	400	981	6	981	
	RFIC Technology Corporation	—	Financial assets at fair value through other comprehensive income	900	3,683	3	3,683	
	Beneficiary certificates - open-end funds							
	Manulife Global Technology Fund	—	Current financial assets at fair value through profit or loss.	18	5,836	-	5,836	

Note: Please refer to Appendix 6 for information on the investment in the equity of subsidiaries and related enterprises.

Tul Corp. and Subsidiaries

Amount of purchases or sales with related parties reaching NT$100 million or 20% of the paid-in capital.

January 1 to December 31, 2023

Appendix 3

Unit: NT$1,000

Selling company	Name of trading counterparty	Relationship	Transaction details				Circumstances and reasons why the trading conditions differ from those of ordinary trading		Accounts receivable		Remarks
			Sales	Amount	Percentage of total sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts receivable	
Tul Corp.	TUL Inc.	Subsidiary	Sales	$ 1,840,146	34%	OA 90 days	Cost markup	No significant difference	$ 772,556	52%	
	TUL B.V.	Subsidiary	Sales	1,484,575	27%	OA 120 days	Cost markup	No significant difference	279,837	19%	
	Sparkle Computer Co., Ltd.	Subsidiary	Sales	169,769	5%	OA 120 days	Cost markup	No significant difference	65,401	4%	

Note: The transactions above have been written off during the preparation of the consolidated financial statements.

Tul Corp. and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of the paid-in capital.

December 31, 2023

Appendix 4

Unit: NT$1,000

Companies with accounts receivable	Trading counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount recovered after the due date of accounts receivable due from related parties	Allocation of allowance for bad debts	Remarks
					Amount	Handling method			
Tul Corp.	TUL Inc.	Subsidiary	$ 772,556	2.92	$ -	—	$ 296,088	$ -	
	TUL B.V.	Subsidiary	279,837	7.15	-	—	98,243	-	

Note: The transactions above have been written off during the preparation of the consolidated financial statements.

Tul Corp. and Subsidiaries

Business relationship between the parent and the subsidiary companies and among subsidiary companies, as well as important transactions and amounts

January 1 to December 31, 2023

Appendix 5

Unit: NT$1,000

Number (Note 1)	Name of trader	Trade partner	Relationship with the trader (note 2)	Trading situation			
				Subject	Amount	Trade conditions	As a percentage of consolidated total revenue or total assets (note 3)
0	Tul Corp.	TUL Inc.	1	Accounts receivable	$ 772,556	OA 90 days	18%
				Sales revenue	1,840,146	OA 90 days	34%
		TUL B.V.	1	Accounts receivable	279,837	OA 120 days	7%
				Sales revenue	1,484,575	OA 120 days	27%
		Sparkle Computer Co., Ltd.	1	Accounts receivable	65,401	OA 120 days	1%
				Sales revenue	169,769	OA 120 days	4%

Note 1: The business transactions between the Company and its subsidiaries should be indicated separately in the number field, and the method for filling in the number is as follows:

1. Fill in "0" for the Company.
2. Subsidiaries are numbered in sequence in each company type starting from the number 1.

Note 2: There following two types of relationships with the trader exist; just indicate the type:

1. The Company to a subsidiary.
2. Subsidiary to the Company.

Note 3: The transactions above have been written off during the preparation of the consolidated financial statements.

Tul Corp. and Subsidiaries

Name of Investee company, location...etc.

January 1 to December 31, 2023

Appendix 6

Unit: NT$1,000

Name of Investment company	Name of Investee company	Location	Major business items	Initial investment amount		Holding at end of year			Current profit or loss of the investee company	Investment profit or loss recognized in the year	Remarks
				End of year	Beginning of year	Number of shares (1,000 shares)	Percentage (%)	Carrying amount			
Tul Corp.	TUL Corporation (HK) Limited	Hong Kong	Product or business promotion and consulting services.	$ -	$ 1,730	$ -	-	$ -	$ -	$ -	Subsidiary
	TUL Inc.	USA	Sales of information software and hardware products.	3,042	3,042	100	100	17,012	1,940	1,940	Subsidiary
	IOTU CORPORATION	Taiwan	Contracting of information and communication projects.	121,026	120,000	12,100	93.08	15,798	(42,495)	(39,536)	Subsidiary
	TUL B.V.	Netherlands	Sales of information software and hardware products.	4,147	4,147	100	100	11,707	4,862	4,862	Subsidiary
	Tul Biomedical Technology Co., Ltd.	Taiwan	Medical equipment manufacturing and wholesale, and telecommunications equipment retail.	29,000	29,000	2,900	100	31,069	(3,502)	(3,502)	Subsidiary
	Sparkle Computer Co., Ltd.	Taiwan	Sales of information software and hardware products.	139,000	1,000	13,900	100	155,006	14,341	14,996	Subsidiary
	Hechuang Intelligence Co., Ltd.	Taiwan	Information and data processing.	3,850	7,000	385	46.67	402	(1,002)	(468)	Affiliated enterprise
IOTU CORPORATION	Lithium Ion Battery Recycling Co., Ltd. (note 2)	Taiwan	Lithium-ion battery regeneration	12,000	12,000	302	10	300	(9,793)	(979)	Affiliated enterprise

Note 1: All subsidiaries in the table above have been consolidated into the consolidated statements, and related investments and gains and losses have been written off.

Note 2: On August 3, 2022, the consolidated Company invested NT$12,000 thousand in cash for 302 thousand shares of Lithium Ion Battery Recycling Co., Ltd. to acquire 10% of the equity, which was measured at fair value through other comprehensive income; on September 26, 2023, has a significant influence on the company due to the acquisition of one of the four seats on the board of directors of the company. Therefore, the financial assets measured at fair value through other comprehensive income on the date of acquisition of the significant influence are classified as an associate of the consolidated company.

Tul Corp.

Major shareholders' information

December 31, 2023

Appendix 7

List of Major Shareholders	Shares	
	Shares held (shares)	Shareholding percentage
Fen-Lan Liu	2,629,833	5.43%

Note: The major shareholders' information in this table is based on the calculation by the Central Depository & Clearing Corporation on the last business day at the end of the current quarter, where the total number of ordinary and preferred shares held by shareholders that have completed scripless registration and delivery (including treasury shares) exceeds 5%. The share capital recorded in the Company's consolidated financial report may differ from the actual number of shares with completion of scripless registration and delivery, possibly due to differences in preparation and calculation basis.

Chapter 7 Review and analysis of financial condition and operating results, along with risk factors

I. Financial Condition

Unit: in NT$1,000

Item \ Fiscal year	2022	2023	Increase (decrease) amount	Percentage Change (%)
Current assets	2,581,370	3,156,377	575,007	22.28
Investment	44,457	25,810	(18,647)	(41.94)
Property, Plant and Equipment	939,675	938,937	(738)	(0.08)
Other assets	111,507	140,268	28,761	25.79
Total assets	3,677,009	4,261,392	584,383	15.89
Current liabilities	1,631,986	2,603,293	971,307	59.52
Other liabilities	265,545	35,877	(229,668)	(86.49)
Total liabilities	1,897,531	2,639,170	741,639	39.08
Share capital	483,460	483,460	0	0.00
Capital surplus	792,496	791,911	(585)	(0.07)
Retained earnings	524,739	377,395	(147,344)	(28.08)
Other equity	(21,217)	(30,544)	(9,327)	43.96
Treasury shares	0	0	0	0
Total shareholders' equity	1,779,478	1,622,222	(157,256)	(8.84)

Explanation of items with a change in amount of more than ten percent and an amount exceeding one percent of the total assets for the current year are as follows:

1. Increase in Current Assets/Total Assets: Due to an increase in orders in Q4 of this fiscal year, leading to a significant buildup of inventory.
2. Increase in Current Liabilities/Total Liabilities: Due to an increase in demand orders in Q4 of this fiscal year, leading to a increase in buildup.
3. Decrease in Retained Earnings and Total Shareholders' Equity: Due to an increase in operating losses for this fiscal year.

II. Operating Results

(I) Comparative Analysis of Operating Results for the Past Two Fiscal Years

Unit: in NT$1,000

Item \ Fiscal year	2022	2023	Increase (Decrease) Amount	Percentage Change (%)
Operating revenue	4,927,468	5,412,091	484,623	9.84
Operating Costs	4,722,716	5,237,862	515,146	10.91
Gross operating profit	204,752	174,229	(30,523)	(14.91)
Operating Expenses	303,172	339,777	36,605	12.07
Net Operating Profit	(98,420)	(165,548)	(67,128)	68.21
Non-operating income and expenses	19,478	(2,998)	(22,476)	(115.39)
Profit Before Income Tax	(78,942)	(168,546)	(89,604)	113.51
Income Tax Benefit (Expense)	(10,028)	28,237	38,265	(381.58)
Net Profit for the Current Year	(88,970)	(140,309)	(51,339)	57.70
Other comprehensive income (loss) for the current year (net of Income Tax)	(34,782)	(16,021)	18,761	(53.94)
Net Profit or Loss	(123,752)	(156,330)	(32,578)	26.33

I. Increase/Decrease Percentage Change Analysis Explanation:
1. Increase in operating revenue and operating costs: The development of AI-related applications in the current year has led to an increase in demand in the terminal market. As a result, there has been an increase in operating revenue, accompanied by a corresponding increase in costs.
2. Decrease in Gross Profit: The decrease in high-end graphics card shipments in the current year has led to a shift in focus towards mid-range graphics cards, resulting in a decline in both gross profit and net profit.

II. Expected sales volume and basis for the next fiscal year, potential impacts on the company's future financial operations, and corresponding plans:
1. Expected Sales Volume and Basis: Based on the company's operational plans and industry development trends, it is estimated that the sales volume of graphics cards for the fiscal year 2024 will be approximately 600,000 units.
2. Potential Impact on the Company's Future Financial Operations and Response Plan: The company will continue to promote and improve the supply speed and service quality of mining, gaming, and industrial graphics cards to enhance overall gross profit. Additionally, we will strengthen inventory and accounts receivable management.

(II) Analysis of Changes in Operating Gross Profit Already Realized:

Item	Increase/Decrease in Operating Gross Profit from Previous to Current Period	Reasons for the Discrepancy			
		Difference in Selling Prices	Difference in Cost Prices	Difference in Sales Mix	Quantity Variance
Operating Gross Profit Already Realized:	(30,523)	736,023	(752,456)	(8,220)	(5,870)
Specify details	1. Price Variance: As the year comes to an end and interest rates rise, the consumer market is gradually improving, leading to favorable price variances. 2. Cost Price Variance, Sales Mix Variance: This fiscal year saw an increase in manufacturing costs, along with additional provisions for inventory write-downs and obsolescence losses, resulting in unfavorable variances in cost prices and sales mix.				

III. Cash Flow

Unit: New Taiwan Dollars (NT$) in Thousands

Beginning Cash Balance	Net cash flow from operating activities for the entire year	Total Cash Inflows (Outflows) for the Year	Cash Surplus (Shortfall) Amount	Remedial Measures for Cash Shortages	
				Investment Plan	Financial Planning
445,552	(350,847)	507,886	602,591	-	-

Analysis of Cash Flow Changes for the Current Year:

1. Operating Activities: The decrease in net profit was primarily due to a reduction in gross profit margin, resulting in a net cash outflow.
2. Investing Activities: The net cash inflow was mainly generated from the disposal of financial assets.
3. Financing Activities: The net cash inflow was primarily due to obtaining operational funding through bank financing.

Improvement Plan for Insufficient Liquidity: N/A.

Cash Flow Liquidity Analysis for the Coming Year:

Beginning Cash Balance	Expected net cash flow from operating activities for the entire year	Expected total cash inflows (outflows) for the year	Expected cash surplus (shortfall) amount	Expected remedial measures for cash shortages	
				Investment Plan	Financial Planning
602,591	(128,056)	248,652	723,187	-	-

Projected net cash flow from operating activities for the year: It is anticipated that there will be a net cash outflow as a result of an increase in inventory and accounts receivable.

Estimated total cash inflows for the year: The net cash inflow was primarily due to obtaining operational funding through bank financing.

IV. Impact of major capital expenditures on financial operations in the most recent fiscal year: none

V. Recent fiscal year reinvestment policy, primary reasons for profits or losses, improvement plans, and investment plans for the coming year:

The company's reinvestment policy primarily focuses on strategic investments to expand the parent company's business, with the main consideration being to enhance competitiveness. the investment loss recognized using the equity method for the fiscal year 2023 amounted to NT$22,619 thousand, mainly due to operating expenses required for subsidiary IOTU Corporation. In the future, the company and its subsidiaries will continue to prudently evaluate reinvestment plans, adhering to the principle of long-term strategic investment.

VI. Risk management analysis and evaluation items

(I) Impact of interest rate changes, exchange rate fluctuations, and inflation on the company's profit and loss, and future countermeasures

1. Impact on the Company's Profit and Loss:

Item	2023 (in New Taiwan Dollars, in thousands; %)
Net Interest Income (Expense)	(26,186)
Net Exchange Loss/Gain	10,307
Net Interest Income Ratio to Net Revenue	(0.48)%
Net Interest Income Ratio to Net Revenue Before Tax	15.54%
The ratio of Net Foreign Exchange (Loss) Gain to Net Revenue	0.19%

Item	2023 (in New Taiwan Dollars, in thousands; %)
The ratio of Net Foreign Exchange (Loss) Gain to Net Revenue Before Tax	6.12%

(1) Interest Rate Fluctuations: The company borrows funds at both fixed and floating interest rates, resulting in interest rate risk. The company manages interest rate risk by maintaining an appropriate mix of fixed and floating interest rate borrowings.

(2) Exchange Rate Fluctuation: Our company primarily utilizes natural hedging for exchange rate management. This entails denoting our sales and purchase quotations in US dollars. If there is a disparity between our net assets and net liabilities in US dollars, we address it by obtaining US dollar loans. Due to the current sufficient USD borrowing limit from banks, as long as we monitor exchange rate fluctuations closely, we can adjust the USD net assets and USD net liabilities ratio flexibly. Therefore, the exchange rate risk is very low.

(3) Inflation: In the most recent fiscal year, global inflation rates have increased significantly, leading to substantial fluctuations in raw material and energy prices, thereby affecting production costs. The company will monitor price fluctuations closely and maintain good relationships with suppliers and customers to mitigate the adverse effects of inflation on the company.

2. Future Response Measures:

(1) Measures to respond to changes in interest rates: The company has entered into short-term financing agreements with its partner banks, which have been in cooperation for many years. These agreements include preferential interest rates. Currently, the company's net interest income represents a small portion of its net revenue. Therefore, any changes in interest rates are expected to have a minimal impact on the company's profit and loss statement.

(2) Exchange Rate Fluctuation: Our company primarily utilizes natural hedging for exchange rate management. This entails denoting our sales and purchase quotations in US dollars. If there is a disparity between our net assets and net liabilities in US dollars, we address it by obtaining US dollar loans. Due to the current sufficient USD borrowing limit from banks, as long as we monitor exchange rate fluctuations closely, we can adjust the USD net assets and USD net liabilities ratio flexibly. Therefore, the exchange rate risk is very low.

(3) Measures to Address Inflation: As our company primarily deals with electronic products, our inventory turnover is rapid due to frequent product replacements. This enables us to promptly adjust our selling prices in response to fluctuations in raw material costs. By efficiently managing our inventory, we can mitigate the impact of inflation on our gross profit margin. In addition, in recent years, the company has reviewed various expenditures and improved processes to enhance efficiency, thereby controlling expenses and adhering to the principle of sustainable operation.

(II) Policy on engaging in high-risk, high-leverage investments, lending funds to others, endorsements and guarantees, and derivative trading; primary reasons for profits or losses; and future response measures: The company did not engage in high-risk, high-leverage investments or lending funds to others in the fiscal year 2023. In May of the same year, a new endorsement guarantee of USD 2.5 million was added for the subsidiary IOTU Corporation, which was processed according to the company's "Funds Lending and Endorsement Guarantee Operations Procedures."

(III) Future Research and Development (R&D) Plans and Estimated R&D Expenses to be Invested

The company has outlined its research and development projects for the year 2024 in the table below:

Project Name	Plan Explanation	Current Progress	Time for Mass Production Completion	The Main Factors of Success
AMD Radeon Navi4,RX 8000 Series	RX8000 high-efficiency high-end graphics gaming card.	Under development	Expected to start mass production in early 2025.	1. Support for AMD RDNA 4 2. TSMC's latest semiconductor process chip design
The AI system platform has been developed using AMD ROCM and utilizes the AMD Radeon Navi series, which includes Navi31, Navi32, and Navi33	Integrating a complete AMD Generative AI System Host.	Under development	Launched Linux system in Q3 2024. Support for Windows system in Q4 2024.	1. AMD ROCm™ software provides a set of optimized techniques for handling AI workloads 2. Including large-scale language models (LLMs), image and video detection and recognition, life sciences and drug discovery, autonomous driving, and robotics. 3. To support a broader AI software ecosystem, which includes open architecture, models, and tools.
Xilinx Kintex® UltraScale	VU33P/VU35P	Under development	Design for Manufacturability	High-throughput data processing
Intel Hoover Ridge USB4	USB4 Docking device	Under development	Mass production in Q2 2024.	USB4 20GB device，High PD
Intel ThunderBolt 5 Barlow Ridge	eGPU box	Under development	Mass production in Q2 2024.	1. The rate can reach 80Gbps in symmetrical transmission mode 2. To meet the high demand for high-resolution displays from professional users, such as gamers and video producers 3. The power wattage can reach a maximum of 240W 4. Enhance the AI and image processing capabilities of MacBook and Windows notebooks, and improve the functionality of multiple display outputs
Intel ThunderBolt 5 Barlow Ridge	Docking device	Under development	Mass production in Q1 2025.	Provide USB4 and Thunderbolt 3/4/5 high-speed, versatile I/O capabilities for laptops, as well as 8K high-resolution and high-frequency display

Estimated R&D expenses for new product development and equipment acquisition in 2024:

The future is all about high-speed computing and high-resolution, wide-bandwidth image transmission. For products in development, accuracy and reliability in fast and large data transmission are the key competitive advantages. Therefore, the design of excellent products requires the use of precise instruments to ensure competitiveness and rapid production of products.

Product Series	Development Plan	Product-related equipment	Relevance to Research and Development	R&D Expenses for the year 2024 (in thousands of New Taiwan Dollars)
Card	HDMI2.1/DP2.1/PCIe5.0	Measurement peripheral fixture	Measurement of GPU Card PCIe Bus and Display Output	10,000
Internet Communication	5G, WiFi 6, True Bluetooth, high-speed Ethernet	1. 2.4GHz, 5GHz Network Analyzer 2. 2.5/10/100 G Gigabit Ethernet Network	1. Wireless Module Physical Layer (PHY) Testing Solution 2. Integrated Toolset for Ethernet Network System Development and Debugging	17,000

(IV) There have been no significant domestic or international policy or legal changes that have affected the company's financial operations. As a result, no specific actions have been taken in response.

(V) Impact of technological changes (including cybersecurity risks) and industry changes on the company's financial operations and response measures:

Due to the following two trends in the graphics card industry, we are preparing the following response measures:

1. Integrated chips are already built into motherboards, so market demand will decrease accordingly.
2. The short product life cycle requires related chip manufacturers to quickly provide various mid-to-high-end chips. If a product lacks marketability, it can lead to wasted research and development costs and chips.

Countermeasures:

1. In order to enhance international marketing and explore new usage scenarios, as previously mentioned, it is crucial for us to comprehend the requirements of our current game users and expand our user base to encompass all potential market segments. This will enable us to effectively cater to the needs of creators, live streamers, and AI applications. TUL Corporation will continue to deepen its presence in the existing market and use it as a foundation to expand into the global market. We aim to achieve a top-five position in terms of brand recognition.

2. In order to meet market demand, it is important to develop niche products rapidly, minimize the research and development of products that are not marketable, and enhance the sales volume of high-margin products.

The company has implemented a robust network and computer security system to ensure that information security activities and services comply with the company's operations and relevant legal regulations. This system aims to prevent the impact and influence of information security risks on the company. Regular assessments are conducted for new systems or changes in operating environments, and appropriate response measures are developed and implemented. Continuous updates are made to improve the effectiveness of these measures. There were no major information security incidents resulting in losses during the 2023 fiscal year.

(VI) The impact of changes in corporate image on crisis management and response measures: Our company has been committed to enhancing and maintaining its image over the years. As of now, no events significant enough to affect the corporate image have occurred. If any event occurs that affects the corporate image, we will immediately form a dedicated task force to address it.

(VII) There are no anticipated benefits, potential risks, or response measures associated with the merger and acquisition.

(VIII) There are no anticipated benefits, potential risks, or response measures associated with expanding the factory premises.

(IX) Risks and Measures for Inventory or Sales Concentration:

In the fiscal year 2023, our company's largest sales customer did not account for more than 30% of the revenue. Additionally, the sales ratio of other customers in recent years has also not been high. Therefore, there does not appear to be a significant concentration of sales. In terms of purchases, our company's purchases from AMD accounted for 59.59% in the fiscal year 2022 and 60.93% in the fiscal year 2023. This is because the highest proportion of materials for graphics cards is the chip and memory. Currently, the graphics card chips are mainly dominated by the two giants, AMD and NVIDIA, which leads to a concentrated purchasing characteristic among professional graphics card manufacturers. However, due to several years of collaboration with AMD, the current supply remains stable.

(X) There is no significant impact, risk, or measures to be taken on the company as a result of a substantial transfer or change of ownership by Director or shareholders holding more than ten percent of the shares.

(XI) No impact, risks, or response measures are noted regarding changes in management rights.

(XII) There are no significant litigation or non-litigation events involving the company, Director, supervisors, general manager, substantial responsible person, major shareholders with a shareholding exceeding ten percent, or subsidiary companies that have been definitively judged or are pending, and whose outcomes may have a significant impact on shareholder equity or security prices. Therefore, there is no disclosure required regarding disputed facts, amounts involved, litigation commencement date, main parties involved, or handling status up to the date of the annual report printing.

(XIII) Other Important Risks and Countermeasures:

Other important risks related to the company's operations and response measures can be found in the section 'Favorable and Unfavorable Factors Affecting Development Prospects and Relevant Response Measures' in the operational overview of this year's report. Please refer to that for detailed information.

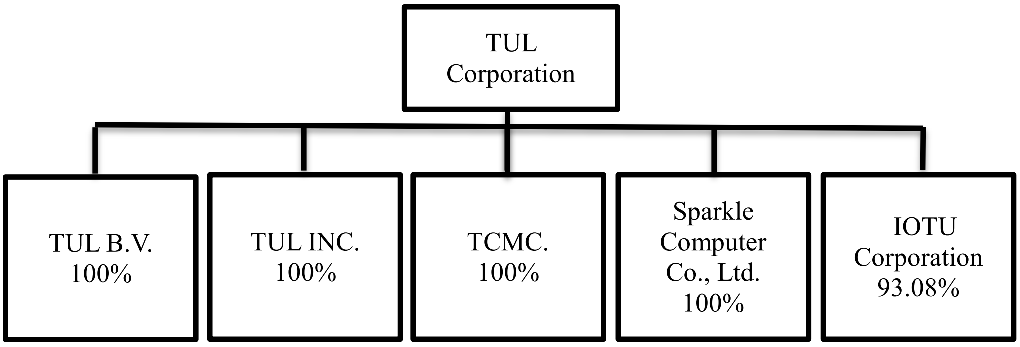
VII. Other important matters: None.

Chapter 8 Special Note

I. Related information about related companies:

(I) Related business merger business report

1. Related business organization chart



2. Information about related companies

December 31, 2023 Unit: in NT$

Company Name	Date of establishment	Address	Paid-in capital	Main business and product items
TUL B.V.	2004/07/26	TELEVISIEWEG 55,1322AJ ALMERE, The Netherlands.	EUR 100,000	European Sales and Logistics Center
TUL INC.	2008/05/16	663 Brea Canyon rd., suite 6, Walnut ,CA 91789,USA	USD100,000	American Sales Center
Technology Created Medicine Corporation	2015/12/30	7-7F, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NTD29,000,000	Information Technology Services Industry
Sparkle Computer Co., Ltd.	2016/10/07	5-7F, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NTD139,000,000	Information Technology Services Industry
IOTU Corporation	2018/10/22	7-7F, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NTD130,000,000	Smart building system

3. Information on the same shareholders as those presumed to have controlling and subordinate relationships: None.

4. Information on Director, supervisors and general managers of related companies

December 31, 2023 Unit: in NT$1,000; shares; %

Company Name	Job title	Name or representative	Shares held	
			Shares	Shareholding ratio
TUL CORPORATION(HK) LIMITED	Director	Liu Feng-Lan	-	-
	Director	Chen Sheng-Wei	-	-
	General Manager	Chen Chien-Wei	-	-
TUL B.V.	Director	Chen Chien-Wei	-	-
TUL INC.	Director	Chen Chien-Wei	-	-
IOTU Corporation	Chairman	TUL Corporation Representative: Chang Mao-Sung	12,100,000	93.08%
	Director	TUL Corporation Representative: Liang Zheng-Zhi	12,100,000	93.08%
	Director	TUL Corporation Representative: Chen Jei-Wen	12,100,000	93.08%
	Supervisor	Lin Jian-Chang	-	-
Technology Created Medicine Corporation	Director	TUL Corporation Representative: Chen Jei-Wei	2,900,000	100%
Sparkle Computer Co., Ltd.	Director	TUL Corporation Representative: Chen Jei-Wei	13,900,000	100%

5. Operation overview of each related enterprise

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

Company Name	Capital	Total Asset Value	Total Liabilities	Net Asset Value	Net operating revenue	Operating profit	Profit and loss for the current period (after tax)	Earnings per share (yuan) (after tax)
TUL B.V.	4,147	327,888	314,416	13,472	1,416,565	5,902	4,862	48.62
TUL INC.	3,042	810,815	802,178	8,637	1,744,459	(142,264)	(137,281)	(1,372.81)
Technology Created Medicine Corporation	29,000	36,670	5,605	31,065	4,586	(3,880)	(3,500)	(1.21)
Sparkle Computer Co., Ltd (Original company name: Lipei Information Co., Ltd.)	139,000	348,137	194,520	153,617	257,207	15,134	14,341	1.03
IOTU Corporation	130,000	34,135	26,399	7,736	5,607	(47,277)	(43,474)	(3.34)

(II) Related Party Consolidated Financial Statements: As per the 'Guidelines for the Preparation of Related Party Consolidated Financial Statements, Related Party Consolidated Financial Statements and Related Party Reports in the Business Report of the Company for the Year 2023', the Company is required to include the companies that need to be included in the consolidated financial statements of parent and subsidiary companies, as per Financial Accounting Standards Bulletin No. 7. The relevant information to be disclosed in the related party consolidated financial statements has already been disclosed in the consolidated financial statements of parent and subsidiary companies mentioned above. Therefore, there is no need to prepare separate related party consolidated financial statements (refer to Statement on page 146 for more details).

(III) Relationship Report: None.

II. In the most recent year and as of the publication date of the annual report, the situation of private placement securities is as follows:

The company's regular shareholders' meeting on June 14, 2023 passed a resolution to increase cash capital and issue common shares through private placement, which will expire one year on June 13, 2024. However, it has not been implemented because it has not yet found a suitable strategic investor. The board of Director passed a resolution on March 14, 2024 not to continue the process. On March 14, 2024, our company made the decision to carry out a private placement of securities through a board resolution. However, this decision has not yet been approved by the annual general meeting of shareholders for the year 2024. The following are the details:

Item	The first private placement amount in 2024: no more than 5,000,000 shares Release date: Not yet released
Type of private placement securities	Common shares
Date of approval by the shareholders meeting and amount approved	This private placement of common shares has been approved by the board of Director on March 14, 2024, and is expected to be submitted to the 2024 shareholders' meeting for resolution, with the amount limited to no more than 50,000,000 shares.
Basis and rationality of the price setting	1. The determination of the price per share for this private placement of common shares shall be set at no less than 80% of the higher of the following two benchmarks calculated as of the Company's price determination date. (1) The simple average closing price of the common shares for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (2) The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. 2. The actual pricing date and the actual price of private placement shall not be lower than the percentage determined by the shareholders' meeting. The Board of Director is authorized to determine the aforementioned pricing based on arrangements with specific parties and market conditions in the future 3. The pricing method for this private placement is determined based on the regulations of "Directions for Public Companies Conducting Private Placements of Securities". Considering the company's future prospects, strict restrictions on the transfer timing, counterparties, and quantity of the privately placed securities, prohibition from applying for listing on the over-the-counter market for a period of three years, and poor liquidity, the pricing of this private placement is deemed reasonable and will not significantly impact shareholders' equity.
The means of selecting the specified persons	The selection of private placement targets is limited to specific individuals in accordance with Article 43-6 of the Securities and Exchange Act and relevant letters and regulations, such as letter No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002. Priority consideration is given to strategic investors who can contribute to the long-term development and the interests of existing shareholders of the company. Currently, no offerees have been confirmed.
Reason for necessity of private placement	Considering the current conditions of the capital market, the costs of issuance, the timeliness and feasibility of raising funds through private placement, as well as the restrictions on the free transfer of privately placed stocks within three years, it is deemed more feasible to ensure and strengthen long-term close cooperative relationships with strategic partners. Therefore, public offering is

	not held this time and instead cash capital increase and issue new shares through private placement are proposed.				
Share payment completion date	N/A				
Information on the placees	Counterparty of the private placement	Qualifications	Subscription quantity	Relationship with the Company	Participation in the Company's operations
	N/A	N/A	N/A	N/A	N/A
Actual subscription (or conversion) price	N/A				
Difference between actual subscription (or conversion) price and reference price	N/A				
The impact of private placement on shareholders' equity	There is no significant impact				
Fund utilization of private placement and project implementation progress	N/A				
Private placement benefits	N/A				

III. Holding or Disposal of the Company's Shares by Subsidiaries of the Company in the Most Recent Fiscal Year and Up to the Publication Date of the Annual Report: None.

IV. Other important supplementary matters: None.

Chapter 9 In the most recent year and up to the date of publication of the annual report, if there are any events that have a significant impact on shareholders' equity or securities prices as specified in paragraph 2 of Article 36 of this Law: None.

TUL Corporation

Chairman: Chang Mao-Sung