

Ticker Symbol: : 3276



**T-Flex Techvest PCB CO., LTD.**

**2023**

# **Annual Report**

**Printed on May 15, 2024**

**For information about the Annual Report :**

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

**[http://www.tht-pcb.com.tw/shareholders\\_meeting.html](http://www.tht-pcb.com.tw/shareholders_meeting.html)**

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- VI. Company website: <http://www.tht-pcb.com.tw>

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## One. Letter to Shareholders

Dear Shareholders and Ladies and Gentlemen,

In 2023, the consolidated revenue of the Company was NT\$1,289,657,000, a decline of 3.17% from the previous year. In 2023, due to the impact of the monetary policy tightening and high interest rate in the U.S., trading activities were weak. In addition, due to the geopolitical risk and high inflation in major countries worldwide, the global terminal product demand was weak, resulting in the slowing down of manufacturing industry activities in various countries.

Since March 2023, the Company's monthly revenue has shown improvement; however, the terminal demand indicates no prominent growth, such that revenue is still under adjustment and yet to be recovered. The whole-year consolidated net income before tax was NT\$47,979,000, a decline of 44.37% from last year. The total net income after tax attributable to owners of the parent company for the current period was NT\$54,815,000, decreased by NT\$5,578,000 from last year, and earnings per share (EPS) was NT\$0.79.

### I. 2022 Business Report

#### (I) Accomplishments in Implementation of Operation Plan

Unit: NTD thousand

Items	2023	2022	Increased (Decreased) value	%
Operating revenues	1,289,657	1,331,914	-42,257	-3.17%
Cost of sales	1,235,940	1,227,528	8,412	0.69%
Gross operating profit	53,717	104,386	-50,669	-48.54%
Operating expenditure	72,173	82,936	-10,763	-12.98%
Profit from operations	-18,456	21,450	-39,906	-186.04%
Net non-operating income (expenditure)	66,435	64,803	1,632	2.52%
Pre-tax profit	47,979	86,253	-38,274	-44.37%
Profit after tax	46,898	71,358	-24,460	-34.28%
Net profit of current term attributable to the owner of the parent company	54,815	60,393	-5,578	-9.24%

(II) Budget Implementation Status: This is not applicable as the Company does not disclose to the public its financial forecast.

(III) Income and Expenditure and Profitability Analysis

Unit: NTD thousand

Items		2023	2022
Financial income and expenditure	Operating revenues	1,289,657	1,331,914
	Gross operating profit	53,717	104,386
	Profit after tax	46,898	71,358
Profitability	Return on Assets (%)	2.97	4.13
	Return on Shareholder Equity (%)	4.97	7.78
	Operating Profit to Paid-in Capital Size (%)	-2.65	3.08
	Pre-tax Net Profit to Paid-in Capital Size (%)	6.88	12.37
	Net profit rate (%)	3.64	5.36
	Basic earnings per share (\$)	0.79	0.87
	Diluted earnings per share (\$)	0.78	0.86

#### (IV) Research and Development Status

To address customers' needs for mainstream products and technologies being developed to meet the demand on the market, the Company has been sparing no effort in the research and development of new technologies and major accomplishments are provided below:

1. Utilize process and technology advantages, actively develop thin and high level boards and inner layered products with fine circuits, in order to increase the added values of products.
2. Improve equipment automation, reduce labor demand, and stabilize production quality.

## II. Overview of 2024 Business Plan

### (I) Operation Policy

The Company is deep-ruited in the printed circuit board (PCB) industry and develops different product customers. Through increase of product depth and breadth, utilization of group resources and improvement of production quality and production output, the Company actively enhances market competitiveness and market share along with improvement of customer service quality.

### (II) Sales Volume Forecast and Basis

Looking into the year of 2024, economic forecast institutions hold a relatively conservative view on the global economic outlook in comparison to the last year. Under the impact of the increasing geopolitical risk, on-going wars in some parts of the world and the delay of interest rate cut by the central banks in Europe and the U.S. to suppression inflation. the global economic performance is expected to be relatively weaker than 2023, and IMF is the only

institute that holds an optimistic view that the economic growth rate this year will maintain at 3.1% comparable to the rate of last year.

Taiwan Printed Circuit Association (TPCA) indicated that the imbalance of supply and demand under the impact of COVID-19 pandemic in 2021 and 2022 caused the over-inflation of the global consumption, such that companies faced the pressure of destocking and increase of interest rate adopted to suppress inflation. As a result, the PCB industry worldwide encountered significant decline in 2023. According to the estimate of the Industry, Science and Technology International Strategy Center (ISTI) of Industrial Technology Research Institute (ITRI), the global PCB production value in 2023 was US\$73.9 billion, a decrease of 15.6%. Nevertheless, since the base period of 2023 is relatively lower, the overall electronic industry is expected to achieve higher growth in 2024. The sales volume and value of the Company in 2023 will focus on the following items to seek its growth:

1. Increase sales channels leveraging the Group's technologies, resource integration with customers, and other cooperating methods.
2. Continue to expand product categories to cope with the market trend and product diversity.

### (III) Important Production and Sales Policies

1. Utilize the Group's advantage in large quantity purchase in order to reduce purchase cost and to reduce purchase lead time, thus improving production competitiveness.
2. Enhance process improvement, improve manufacturing yield rate, reduce production cost, and achieve highest operational efficiency.
3. Utilize Group's overseas factories for production in order to reduce production cost and to achieve maximum operational efficiency.

### III. Impacts from External Competition, Regulatory Environment, and Overall Operational Setting

Looking into 2024, the market general holds a relatively conservative view on the economic outlook in comparison to last year due to the increasing geopolitical risk and on-going wars in some regions. Accordingly, it is expected that under the high interest rate and low productivity, the overall economic growth will still be below the average level of previous years. The objective of the Company for 2024 is to secure the existing market and to increase the revenue growth with best effort.

Finally, I sincerely thank you for your support and encouragement over the years of the Company. We will continue to fulfill our respective operational goals and render even better results in the future in return for your support and to meet the expectations of all investors and enable them to share the fruits together.

Chairman: Hsu, Cheng-Min



## **Two. Company Profile**

### **I. Established on December 29, 1999**

### **II. Company History**

1. December 1999: T-Flex Techvest PCB CO., LTD. was established in 1999 with a registered capital of NT\$40 million. The main products were PCB inner and outer lamination OEM, and the production capacity at the beginning was 400 thousand square feet of inner lamination circuit boards per month.
2. December 2000: Executed capital increase by cash of NT\$24 million, and the paid-in capital became NT\$64 million. An additional inner lamination production line was further established, and the inner lamination circuit board's monthly production capacity was increased to 800 thousand square feet.
3. November 2001: Executed capital increase by cash of NT\$16 million, capital increase by surplus earnings of NT\$52,634,170, and the paid-in capital became NT\$132,634,170. To develop HDI products, the Company newly added one inner and outer lamination circuit board common production line in June, and the monthly production capacity for inner and outer lamination circuit boards was increased by 300 thousand square feet.
4. June 2002: Executed capital increase by cash of NT\$47,220,000, capital increase by surplus earnings of NT\$26,526,830, and the paid-in capital became NT\$206,381,000. In addition, newly added one inner and outer lamination circuit board common production line, and the monthly total production capacity for inner and outer lamination circuit boards was increased to 1.5 million square feet.
5. September 2002: Qualified the ISO9001 international quality certification. In addition, purchased one inner lamination circuit board production line, and the inner and outer lamination circuit board monthly total production capacity reached 1.9 million square feet.
6. October 2002: Qualified the ISO14001 international environmental certification. In addition, newly purchased two units of AOI fully automatic optical inspection equipment to improve the inner lamination circuit board inspection for customer OEM business, thus increasing operating revenue.
7. November 2002: Newly purchased one unit of film plotter, and the original film OEM operation changed to internal plotting, thus reducing product manufacturing cost and increase process control ability.
8. January 2003: Further purchased one unit of AOI fully automated optical inspection equipment.
9. March 2003: Executed capital increase by cash of NT\$7,000,000, and paid-in capital became NT\$213,381,000.
10. April 2003: Public offering of the Company's stocks was approved.
11. July 2003: Executed capital crease by surplus earnings and employee bonuses of NT\$ 52,038,840, and the paid-in capital became NT\$265,419,840.
12. August 2003: Further purchased two units of AOI fully automated optical inspection

equipment.

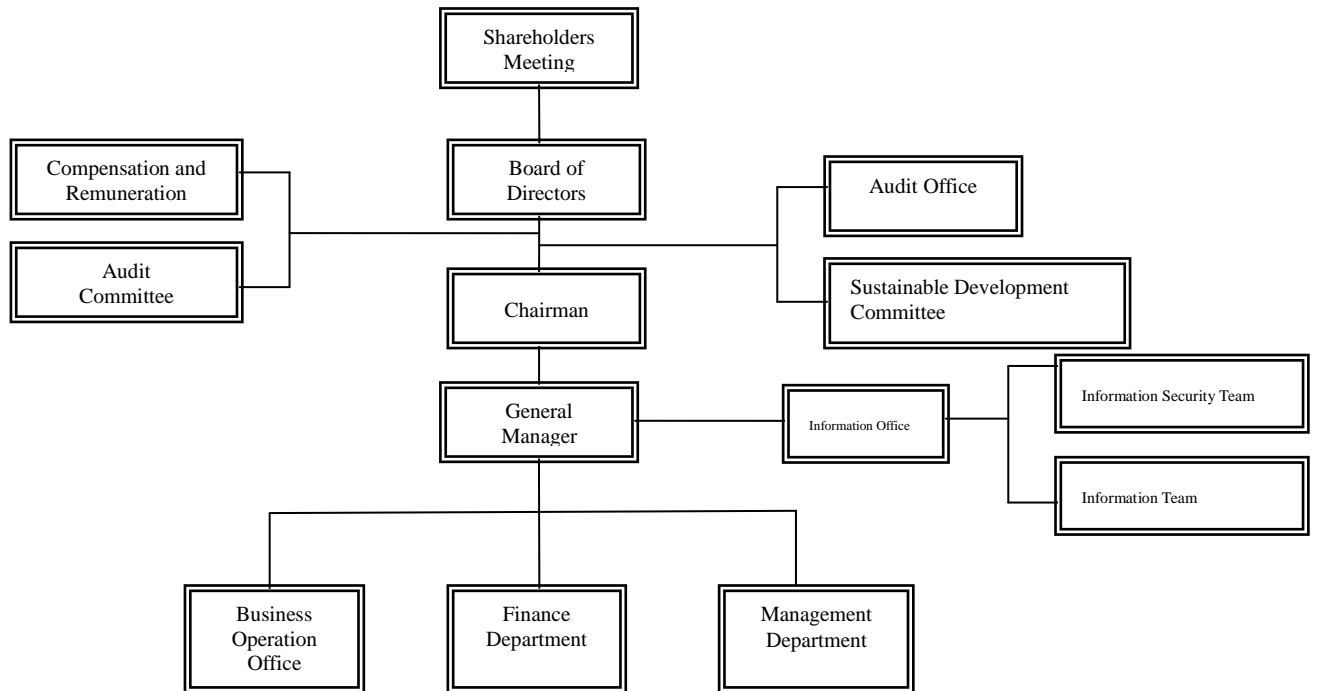
13. September 2003: Purchased one inner lamination circuit board production line, and the inner and outer lamination circuit board monthly total production capacity reached 3.2 million square feet.
14. October 2003: Executed capital increase by cash of NT\$70,000,000, stocks issued at premium of NT\$25 per share and paid-in capital became NT\$335,419,840. Purchased land and facility for FPC business preparatory division of Business Unit II.
15. November 2003: Purchased the process equipment of three units of laminator and two units of mask aligners, and the inner and outer lamination circuit board production capacity increased to 3.6 million square feet.
16. December 2003: Registered as an emerging stock at Taipei Exchange (TPEX), and constructed the facility for FBC Business Division of Business Unit II.
17. July 2004: Obtained approval from the public offering application review board of TPEX.
18. August 2004: Executed capital crease by surplus earnings and employee bonuses of NT\$123,870,190, and the paid-in capital became NT\$459,290,030.
19. September 2004: Established FPC Business Department and implemented mass production. Main products referred to single-side, double-side/multi-layer (including HDI) flexible PCBs.
20. January 2005: Executed capital increase by cash of NT\$47,800,000, stocks issued at premium of NT\$35 per share and paid-in capital became NT\$507,090,030. Purchased machineries and equipment for FPC Business Department. The Company's stocks officially listed in TPEX for trading.
21. August 2005: Executed capital crease by surplus earnings and employee bonuses of NT\$112,339,950, and the paid-in capital became NT\$619,429,980.
22. March 2006: Executed capital crease by employee stock options of NT\$1,263,000, and the paid-in capital became NT\$620,692,980.
23. April 2007: Executed capital increase by cash of NT\$165,000,000, stocks issued at premium of NT\$12 per share and paid-in capital became NT\$785,692,980. Repaid bank loans.
24. September 2010: Taiwan PCB Techvest Co., Ltd. invested in the Company, thus strengthening the operation system, replenished working capital and enhanced the financial structure of the Company.
25. November 2010: Re-elected the Chairman of the Board of the Company, and the new Chairman of the Board was Mr. Cheng-Min Hsu.
26. December 2010: Executed capital reduction for loss compensation, and paid-in capital became NT\$597,126,660.
27. January 2011: Executed private placement cash capital increase, and the paid-in capital became NT\$697,126,660.
28. May 2011: Indirectly invested in Chi Chau Printed Circuit Board (Suining) Co., Ltd. (USD 8.5 million) in China via third area.

29. June 2013 Re-elected the Chairman of the Board of the Company, and the new Chairman of the Board was Mr. Shih-Hsien Chen.
30. August 2015: Executed private placement of NT\$100,000,000, and obtained approval of TPEx for start of OTC trading.
31. June 2016: Purchased 60% of the equity of tgt Techvest Co., Ltd. from the parent company Taiwan PCB Techvest Co., Ltd.
32. June 2016: Mr. Shih-Hsien Chen continued the term of office of the Chairman of the Board consecutively.
- 33 December 2016, Disposed the land and building of Zhongli Plant.
34. April 2018: Subscribed 7,227 thousand shares of 2018 first capital increase with issuance of new shares of tgt Techvest Co., Ltd., and the accumulated shareholding reached 15,257 thousand shares.
35. March 2019: The Board of Directors reached the resolution on non-renewal of facility lease contract upon expiration of such contract.
36. June 2019: Re-elected the Chairman of the Board of the Company, and the new Chairman of the Board was Mr. Cheng-Min Hsu.
37. July 2021: Subscribed 11,500 thousand shares of 2021 first capital increase with issuance of new shares of tgt Techvest Co., Ltd., and the accumulated shareholding reached 26,757 thousand shares.

### Three. Corporate Governance Report

#### I. Organizational System

##### (I) Organizational Structure



(II) Responsibilities of Main Segments:

Segment		Main Responsibilities
President's Office		Manage the planning and execution of overall business, production, sales and business objectives of the Company.
Management Department		<ol style="list-style-type: none"> <li>1. Purchase of raw materials and office supplies, etc.</li> <li>2. Access control, administrative affairs, personnel, salary, education and training, general affairs, etc.</li> <li>3. Manage and handle the establishment of information system of each unit of the Company and provide assistance to the execution of such system. ( Information Division)</li> <li>4. Perform maintenance and provide technical support to the computer software and hardware equipment.( Information Division)</li> <li>5. Comprehensive management of plant-wide information security policies, information security standards and information security planning. Improve information security awareness, implement management and control mechanisms, and verify implementation results. ( Information Division)</li> <li>6. Handle environment, environmental protection plan and audit management related affairs.</li> <li>7. Handle wastewater and wastes.</li> </ol>
Sales Department		<ol style="list-style-type: none"> <li>1. Perform product market analysis and investigation, and execute sales target.</li> <li>2. Develop and expand customer groups.</li> <li>3. Provide quotation, sign contract, negotiate order and payment collection services according to customer demands.</li> <li>4. Handle customer complaint and product return or supplement related matters.</li> <li>5. Perform order schedule planning.</li> </ol>
Financial Department		<ol style="list-style-type: none"> <li>1. Execute financial policy implementation and execution.</li> <li>2. Execute taxation operation planning and execution.</li> <li>3. Perform cost analysis, budget planning and differential analysis.</li> <li>4. Handle cashier service and capital management and movement.</li> </ol>
Sustainable Development Committee		<ol style="list-style-type: none"> <li>1. Responsible for the proposal and execution of sustainable development policy or system.</li> </ol>
Audit Office		<ol style="list-style-type: none"> <li>1. Audit the soundness, reasonableness and effectiveness of the Company's internal control.</li> <li>2. Audit and assess the work plan execution status and target achievement rate evaluation of each unit.</li> <li>3. Perform other relevant evaluations and follow-ups.</li> </ol>
Information Office	Information Security Team	Coordination of the information security policy, information security standard and information security planning for the entire plant, improvement of personnel's awareness on information security, implementation of control mechanism, and verification of implementation outcome, etc.
	Information Team	Computer software/hardware maintenance and management.

## II. Information of Directors, General Manager, Vice General Manager, Assistant Vice General Manager, and Heads of Various Departments and Branches

### (I) Director Information

April 23, 2024

Job Title	Nationality or Registered Location	Name	Gender / Age	Date Elected	Tenure	Date First Elected	Shares held upon inauguration		Shares currently held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Main experience/education	Current positions served at the Company and other companies	Other supervisors or directors who are the spouse or a relative within the second degree of kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Chairman	R.O.C.	Taiwan Printed Circuit Board Techvest Co., Ltd	None	June 17, 2022		2010/11/5	30,821,897	44.21%	30,821,897	44.21%	0	0	0	0	Not applicable	Not applicable	None	None	None	Note1
	R.O.C.	Representative HSU, CHENG-MIN	Male 71	June 17, 2022	3	November 5, 2010 Note1	0	0	0	0	0	0	0	0	Department of Mechanical Engineering, Feng Chia University Deputy Manager of Manufacturing Department, Compeq Manufacturing Co., Ltd. General Manager of Pacific Technology Co., Ltd. General Manager of Precision Industry, Vertex Precision Electronics INC. General Manager of tgt Techvest Co., Ltd. Chairman of Sinact (Hong Kong) International Company Limited Chairman of Sinact Electronics Co., Ltd. Chairman of Sin Siang (Xiamen) Technology Co., Ltd.	Chairman &CEO of Taiwan Printed Circuit Board Techvest Co., Ltd. Chairman &CEO of tgt Techvest Co., Ltd Chairman &CEO of T-Mac Techvest PCB Co., Ltd. Chairman of CATAE Electronic (Zhongshan) Co., Ltd. Chairman of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Chairman of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Chairman of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Yang An International (Samoa) Co. Ltd. Director of Chi Chau International Co.,Ltd. Chairman of Chi Yang Investment Ltd. Director of Chang Tai International Limited Director of Chi Yao Limited Director of TPT International Co.,Ltd. Director of Chi Chen Investment Co.,Ltd. Director of Brilliant Star Holdings Limited Director of CHI CHAU (THAILAND) CO., LTD. Director of CHI CHAU PRINTED CIRCUIT BOARD (VIETNAM) CO., Ltd.	Director	Hsu, Ming-Chieh	Son	
	R.O.C.	Taiwan Printed Circuit Board Techvest Co., Ltd	None	June 17, 2022		November 5, 2010	30,821,897	44.21%	30,821,897	44.21%	0	0	0	0	Not applicable	Not applicable	None	None	None	
Director	R.O.C.	Representative LEE, MING-HIS	Male 60	June 17, 2022	3	June 19, 2013	0	0	0	0	0	0	0	0	Department of Chemical Engineering, Tatung Institute of Technology Manager of Pacific Technology Co., Ltd. General Manager of T-Flex Techvest PCB Co., Ltd. General Manager of Sinact Electronics Co., Ltd. General Manager of T-Mac Techvest (Wuxi) PCB Co., Ltd.	Director of Taiwan Printed Circuit Board Techvest Co., Ltd. General Manager of Taiwan Printed Circuit Board Techvest Co., Ltd. Director of tgt Techvest Co., Ltd Director &General Manager of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Director of CHI CHAU (THAILAND) CO., LTD. General Manager of CHI CHAU PRINTED CIRCUIT BOARD (VIETNAM) CO., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of CATAE Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd. General Manager of T-Flex Techvest PCB Co., Ltd.	None	None	None	

Job Title	Nationality or Registered Location	Name	Gender / Age	Date Elected	Tenure	Date First Elected	Shares held upon inauguration		Shares currently held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Main experience/education	Current positions served at the Company and other companies	Other supervisors or directors who are the spouse or a relative within the second degree of kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Director	R.O.C.	Taiwan Printed Circuit Board Techvest Co., Ltd	None	June 17,2022		November 5,2010	30,821,897	44.21%	30,821,897	44.21%	0	0	0	0	Not applicable	Not applicable	None	None	None	
Director	R.O.C.	Representative HSU, MING-CHIEH	Male 42	June 17,2022	3	June 19,2013	53,000	0.08%	53,000	0.08%	0	0	0	0	Shih Hsin University Manager of Sales Department and Manufacturing Department, T-Flex Techvest PCB Co., Ltd. Director of T-Mac Techvest PCB Co., Ltd. Head of Manufacturing Department, tgt Techvest Co., Ltd.	Executive Assistant of the Financial, Taiwan Printed Circuit Board Techvest Co., Ltd. Director of Taiwan Printed Circuit Board Techvest Co., Ltd. Director of T-Mac Techvest(Wuxi) PCB Co., Ltd.	Chairman	Hsu, Cheng-Min	Father	
Director	R.O.C.	HU, HSIU-HSING	Female 62	June 17,2022	3	November 5,2010	0	0	0	0	0	0	0	0	Graduate Institute of Business Administration, National Taiwan University Senior Assistant Vice General Manager at the Department of Direct Investment, China Development Industrial Bank Vice General Manager of Hui Hong Consulting Corporation Vice General Manager of WT Microelectronics Co., Ltd. Supervisor of WT Microelectronics Co., Ltd.	Vice General Manager of at the Department of Finance, Taiwan Printed Circuit Board Techvest Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Director of Chi Yao Limited Director of CATAC Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd. Vice General Manager of at the Department of Finance, T-Flex Techvest PCB Co., Ltd.	None	None	None	
Independent Director	R.O.C.	HU, CHIA-LI	Female 62	June 17,2022	3	June 17,2022	0	0	0	0	0	0	0	0	MBA of University of Missouri-Columbia Campus CFO of Lifemax Biotechnology, INC General Manager of Bora Pharmaceutical Laboratories Inc. Senior Assistant Vice General Manager at the Department of Investment,China Development Industrial Bank and Other Positions	Executive Director of Lifemax Biotechnology, INC.	None	None	None	
Independent Director	R.O.C.	TSENG, HSIU-MIN	Female 63	June 17,2022	3	June 17,2022	0	0	0	0	0	0	0	0	Graduate Institute of Business Administration, National Taiwan University Senior Assistant Vice General Manager of CDIB Capital Group	None	None	None	None	
Independent Director	R.O.C.	WU, YA-CHUAN	Female 62	June 17,2022	3	June 17,2022	0	0	0	0	0	0	0	0	EMBA of National Cheng Kung University Business Administration, National Taiwan University CFO of ChongDah Health Co., Ltd. Underwriting Department,of Master Link Securities Co., Ltd. Qualified Certified Public Accountant	Responsible Person of Ya-Chuan Wu Accounting Firm Supervisor pf ADVANCED FLEXIBLE CIRCUITS CO., LTD. Independent Director of MACAUTO INDUSTRIAL CO., LTD.	None	None	None	

Note 1: Responsible Person of Taiwan PCB Techvest Co., Ltd.: Mr. Cheng-Min Hsu's term of office was interrupted during the period of June 19,2013~June 20,2019.

1. Professional Qualifications of Directors and Independent Information of Independent Directors :

Title	Name	Professional Qualifications and Work Experience	Independent Facts	Number of independent directors concurrently serving in other public companies	Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies	Remarks
Chairman	HSU, CHENG-MIN	1.Served as General Manager for Pacific Technology Co., Ltd., General Manager of Precision Industry, Vertex Precision Electronics INC. Has more than five years of work experience in management, commercial and corporate business. 2.None of the circumstances in Article 30 of the Company Act.	Not Applicable	0	0	
Director	LEE, MING-HIS	1.Served as Manager for Pacific Technology Co., Ltd. Has more than five years of work experience in management, commercial and corporate business. 2.None of the circumstances in Article 30 of the Company Act.		0	0	
Director	HSU, MING-CHIEH	1. Served as the Manager of the Sales Department of T-Flex Techvest PCB Co., Ltd and the Head of the Manufacturing Department of tgt Techvest Co., Ltd., with more than five years of work experience in management and corporate business. 2.None of the circumstances in Article 30 of the Company Act.		0	0	
Director	HU, HSIU-HSING	1.Served as the Senior Assistant Vice General Manager at the Department of Direct Investment, China Development Industrial Bank , Vice General Manager of Hui Hong Consulting Corporation , Vice General Manager of WT Microelectronics Co., Ltd.,Supervisor of WT Microelectronics Co., Ltd., with more than five years of work experience in management, finance and accounting. 2.None of the circumstances in Article 30 of the Company Act.		0	0	
Independent Director	HU, CHIA-LI	1. Served as the CFO of Lifemax Biotechnology, INC,General Manager of Bora Pharmaceutical Laboratories Inc.,Senior Assistant Vice General Manager at the Department of Investment,China Development Industrial Bank and Other Positions,with more than five years of work experience in management, finance and accounting. 2.None of the circumstances in Article 30 of the Company Act.		0	0	Note1
Independent Director	TSENG, HSIU-MIN	1. Served as the Senior Assistant Vice General Manager of CDIB Capital Group,with more than five years of work experience in management, finance and accounting. 2.None of the circumstances in Article 30 of the Company Act.	1.There are no cases in which I, my spouse or relatives within the second degree of kinship are directors, supervisors or employees of the Company or the Company's subsidiaries. 2.No shares of the Company are held by me, my spouse, or my relatives within the second degree of kinship, (or in the name of others). 3.Do not hold a position as director, supervisor or employee of a company that has a specific relationship with the Company. 4.During the past two years, there has not been	0	0	Note2



Title	Name	Professional Qualifications and Work Experience	Independent Facts	Number of independent directors concurrently serving in other public companies	Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies	Remarks
Independent Director	WU,YA-CHUAN	1.Served as the CFO of ChongDah Health Co., Ltd.,Underwriting Department,of Master Link Securities Co., Ltd.,with more than five years of work experience in management, finance and accounting. 2. Qualified Certified Public Accountant. 3.None of the circumstances in Article 30 of the Company Act.	any case where the Company or its subsidiary received compensation for commercial, legal, financial, accounting or related services provided.	1	1	Note2

Note 1: Has been the convener of the Audit Committee and the Compensation & Remuneration Committee of the Company.

Note 2: Has been a member of the Audit Committee and the Compensation & Remuneration Committee of the Company.

## 2. Diversity and Independence of the Board of Directors

### (1) Diversity of the Board of Directors

According to Chapter 3 of the Company's "Corporate Governance Best Practice Principles", Directors should generally possess the knowledge, skills and qualities necessary for the execution of their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following competencies:

(A) Ability to make operational judgments. (B) Ability to perform accounting and financial analysis. (C) Ability to conduct management administration. (D) Ability to conduct crisis management. (E) Knowledge of the industry. (F) International market perspective. (G) Ability to lead. (H) Ability to make policy decisions.

The Company attaches importance to gender equality in the composition of the Board of Directors, and the seats of female directors is targeted to be over two, while the current seats of female directors is four. In addition, the current members of the Board of Directors have extensive experience and expertise in the fields of finance, business and management, and guide the Company's various businesses.

The following table shows the implementation of the diversity of the Board of Director.

Name	Basic requirements and values						Professional knowledge and skills											
	Gender	Age			Nationality	Adjunct Employee	Tenure of Service of Independent Directors	operational judgments	accounting and financial analysis	management administration	crisis management	Knowledge of the industry	international market perspective	leadership	policy decisions	Marketing	Investment and Finance	
		41 - 50	51 - 60	61 - 70			less than 3 years											
HSU, HENG-MIN	M			✓	R.O.C.	✓		✓		✓	✓	✓	✓	✓				
LEE, MING-HIS	M		✓				✓		✓		✓	✓	✓	✓	✓			
HSU, MING-CHIEH	M	✓							✓		✓						✓	
HU, HSIU-HSING	F			✓		✓			✓				✓					✓
HU, CHIA-LI	F			✓			✓		✓	✓			✓		✓	✓		✓
TSENG,HSIU-MIN	F			✓			✓		✓									✓
WU,YA-CHUAN	F			✓			✓		✓	✓								

(2) Independence of the Board of Directors

(A)The Board of Directors of the Company has 7 directors, including three independent directors, and the proportion of independent directors is 42.86%. Not more than one-half of the directors are adjunct employees, and not more than half of the directors are spouses or relatives within the second degree of kinship. Given the foregoing, the Board of Directors should be independent in exercising its functions and powers.

(B) There is no direct relationship among the directors of the Company as stipulated in Paragraph 3 of Article 26-3 of the Securities and Exchange Act. In addition, the Company has established an Audit Committee in place of the Supervisors, therefore, the provisions of Paragraph 4 of Article 26-3 of the Securities and Exchange Act are not applicable.

### 3. Major shareholders of institutional shareholders

April 23, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding Ratio
Taiwan Printed Circuit Board Techvest Co., Ltd.	Macquarie Bank Limited - MAIN	4.87
	Hui Min Investment Co., Ltd.	3.95
	Hocheng Corporation	2.42
	Prosperity Tieh Enterprise Co., Ltd.	1.35
	JPMorgan Chase Bank N.A., Taipei Branch Is entrusted custody for Vanguard Stock Index Fund account	1.33
	Capital Securities Hong Kong Trust Corporation Entrusted by Capital Securities	1.30
	Rensheng Investment Co., Ltd.	1.26
	CHASE Bank is entrusted custody for Vanguard Total International Stock Index Fund, Vanguard Star Funds	1.25
	Lin, Gao-Huang	1.11
	Jie-Hong Investment Co., Ltd.	1.10

### 4. Primary shareholder of major shareholders of institutions that are legal entities

April 23, 2024

Name of legal entity	Major shareholders of the legal entity and Shareholding Ratio
Hui Min Investment Co., Ltd.	Chen, Hui-Yao 100%
Hocheng Corporation	Bokai Aixinye Co., Ltd. 4.94%、Yuhong Co., Ltd. 3.81%、Chiu, Li-Chien 3.48%、Li,Kai-Ping 2.65%、Chiu Lin,Tsui 2.65%、Chiu,Chun-Chieh2.41%、Chiu,Hunh-Yu 2.34%、Chiu Chen,Hui-Mei1.96%、Yishuitang Investment Co., Ltd. 1.81%、Chiu,Shih-Kai 1.62%、Po Shie Investment Co., Ltd2.03%
Prosperity Tieh Enterprise Co., Ltd.	Liancheng Investment Development Co., Ltd. 15.53%、Longwei Investment Development Co., Ltd. 15.51%、Hancheng Investment Co., Ltd. 4.67%、Lin, Gaohuang 1.59%
Rensheng Investment Co., Ltd.	Liao,Jia-Qun 12.50%、Liao,Jia -Qi 12.50%、Liao,Zhen-Ren 12.50%、Liao,Yu-Xia 12.50%
Jie-Hong Investment Co., Ltd.	Chen, Hui-Yao

(II) Profile of General Manager, Vice General Manager, Assistant Vice General Manager, and Heads of Various Departments and Branches  
April 23, 2024

Job Title	Nationality	Name	Gender	Date Effective	Shares Held		Shares held by spouse and minor child(ren)		Shares held in someone else's name		Main experience/education	Current positions at other companies	Managerial officer who is the spouse or relative within the second degree of kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relation	
General Manager	R.O.C	Hsu, Cheng-Min	M	June 21, 2019	0	0	0	0	0	0	Department of Mechanical Engineering, Feng Chia University Deputy Manager of Manufacturing Department, Compeq Manufacturing Co., Ltd. General Manager of Pacific Technology Co., Ltd. General Manager of Precision Industry, Vertex Precision Electronics INC. General Manager of tgt Techvest Co., Ltd. Chairman of Sinact (Hong Kong) International Company Limited Chairman of Sinact Electronics Co., Ltd. Chairman of Sin Siang (Xiamen) Technology Co., Ltd.	Chairman & CEO of Taiwan Printed Circuit Board Techvest Co., Ltd. Chairman & CEO of tgt Techvest Co., Ltd. Chairman & CEO of T-Mac Techvest PCB Co., Ltd. Chairman of CATAC Electronic (Zhongshan) Co., Ltd. Chairman of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Chairman of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Chairman of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Yang An International (Samoa) Co. Ltd. Director of Chi Chau International Co., Ltd. Chairman of Chi Yang Investment Ltd. Director of Chang Tai International Limited Director of Chi Yao Limited Director of TPT International Co., Ltd. Director of Chi Chen Investment Co., Ltd. Director of Brilliant Star Holdings Limited Director of CHI CHAU (THAILAND) CO., LTD. Director of CHI CHAU PRINTED CIRCUIT BOARD (VIETNAM) CO., Ltd.	None	None	None	Note 1
General Manager	R.O.C	LEE, MING-HIS	M	November 13, 2023	0	0	0	0	0	0	Department of Chemical Engineering, Tatung Institute of Technology Manager of Pacific Technology Co., Ltd. General Manager of T-Flex Techvest PCB Co., Ltd. General Manager of Sinact Electronics Co., Ltd. General Manager of T-Mac Techvest (Wuxi) PCB Co., Ltd.	Director of Taiwan Printed Circuit Board Techvest Co., Ltd. General Manager of Taiwan Printed Circuit Board Techvest Co., Ltd. Director of tgt Techvest Co., Ltd. Director & General Manager of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Director of CHI CHAU (THAILAND) CO., LTD. General Manager of CHI CHAU PRINTED CIRCUIT BOARD (VIETNAM) CO., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of CATAC Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd.	None	None	None	Note 1

Job Title	Nationality	Name	Gender	Date Effective	Shares Held		Shares held by spouse and minor child(ren)		Shares held in someone else's name		Main experience/education	Current positions at other companies	Managerial officer who is the spouse or relative within the second degree of kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Position	Name	Relation	
Vice General Manager	R.O.C	Hu, Hsiu-Hsing	F	February 1, 2021	0	0	0	0	0	0	Graduate Institute of Business Administration, National Taiwan University Senior Assistant Vice General Manager at the Department of Direct Investment, China Development Industrial Bank Vice General Manager of Hui Hong Consulting Corporation Vice General Manager of WT Microelectronics Co., Ltd. Supervisor of WT Microelectronics Co., Ltd.	Vice General Manager of at the Department of Finance, Taiwan Printed Circuit Board Techvest Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Director of Chi Yao Limited Director of CATAC Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd.	None	None	None	
Chief officer of the finance and accounting division	R.O.C	Chiu, Li-Chen	F	April 22, 2019	0	0	0	0	0	0	Graduate department of Banking Insurance, Ming Chuan college Manager of at the Department of Finance, Yangtek Co., Ltd.	Manager of at the Department of Finance and Accounting, T-Mac Techvest PCB Co., Ltd. Manager of at the Department of Finance and Accounting, tgt Techvest Co., Ltd	None	None	None	Note2
Chief officer of the finance and accounting division	R.O.C	Liu, Chu-Chen	F	October 24, 2023	0	0	0	0	0	0	Graduated from the Department of Accounting, Chung Yuan University, with a master's degree in business Assistant Manager of at the Department of Finance and Accounting TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.	Financial officer and Accounting officer of T-Mac Techvest PCB Co., Ltd. Financial officer and Accounting officer of tgt Techvest Co., Ltd	None	None	None	Note2

Note 1: According to the resolution of the Board of Directors on November 13, 2023, based on the Group's consideration of the overall operational needs, job duty was adjusted, and Mr. Cheng-Min Hsu, former President of the Company, was replaced by Mr. Ming-His Li to act as the President of the Company.

Note 2: October 24, 2023, due to the internal job duty adjustment of the Company, Ms. Li-Chen Chiu, former Financial and Accounting Officer, was replaced by Ms. Chu-Chen Liu to act as the Financial and Accounting Officer, approved by the Board of Directors on November 13, 2023

### III .Remuneration for Directors, General Manager, and Vice General Manager

#### (I) Remuneration for the Director and Independent Director

December 31,2023 Unit: NTD 000's

Job title	Name	Remuneration for directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as employee								Sum of A+B+C+D+E +F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profitsharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolid ated entities	The Company	All consoli dated entities	The Company	All consolida ted entities	The Company	All consolid ated entities	The Company	All consolid ated entities	The Company	All consolid ated entities	The Company	All consolid ated entities	The Company		All consolidated entities		The Company	All consolid ated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Taiwan Printed Circuit Board Techvest Co., Ltd Representative Hsu, Cheng-Min	0	0	0	0	0	0	108	156	108	156	0	3,323	0	0	0	0	0	0	108	3,479	Note2
Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative Lee, Ming-His																					
Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative Hsu, Minf-Chieh																					
Director	Hu, Hsiu-Hsing																					
Independent Director	Hu, Chia-Li	0	0	0	0	0	0	804	804	804 / 1.47	804 / 1.47	0	0	0	0	0	0	0	0	804 / 1.47	804 / 1.47	None
Independent Director	Tseng,Hsiu-Min																					
Independent Director	Wu, Ya-Chuan																					

Note 1. Please describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.:

- (1) Fixed remuneration: According to the “Regulations for Remuneration of Directors and Supervisors and Remuneration Distribution”, the independent directors of the Company execute works independently according to their job duties and participates in the corporate governance. Accordingly, they are entitled to receive remuneration within the range of not less than NT\$10,000 and not higher than NT\$30,000, as a fixed remuneration for execution of job duties. For the fixed remuneration of independent directors and supervisors executing independent job functions, the Remuneration Committee proposes evaluation recommendation to the Board of Directors for approval. The same requirement is applied to adjustment of their remuneration.
- (2) Transportation allowance: Transportation allowance refers to the traffic and transportation fee collected by directors and supervisors for proceeding to the Company for the meeting. Directors and supervisors attending meetings may collect transportation allowance within the range not higher than NT\$15,000 in principle.
- (3) Remuneration of directors and supervisors appropriated from surplus earning: According to the Articles of Incorporation of the Company, when the Company has a surplus earning for a fiscal year, for the net profit before tax of the Company after deducting the remuneration of directors and supervisors and the remuneration of employees, an amount less than 3% of the remaining amount shall be appropriated as the remuneration of directors and supervisors, and 5%~15% of the remaining amount shall be appropriated as the remuneration of employees. For the remuneration of independent directors, an independent director's participation level in the operation of the Company and his/her contribution are evaluated, following which the Remuneration Committee reviews the result and submits to the Board of Directors for resolution.

Note 2. Except as disclosed in the above table, the remuneration received by the Company's Directors for providing services to all companies in the financial statements (such as serving as a consultant in the parent company/all companies in the financial statements/investees in a non-employee capacity) in the most recent year: In 2023, the distribution of remuneration of Directors officers of the parent company was discussed and approved by the Remuneration Committee and approved as a resolution by the Board on May 13, 2024; general Directors shall receive NT\$104,882,000 .

Ranges of remuneration paid to each of the Company's directors	Name of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities(H)	The Company	Parent company and all investee enterprises.(I)
Less than NT\$1,000,000	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, CHENG-MIN、Taiwan Printed Circuit Board Techvest Co., Ltd Representative : LEE, MING-HIS、Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, MING-CHIEH、Hu, Hsiu-Hsing、Hu, Chia-Li、Tseng,Hsiu-Min、Wu,Ya-Chuan	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, CHENG-MIN、Taiwan Printed Circuit Board Techvest Co., Ltd Representative : LEE, MING-HIS、Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, MING-CHIEH、Hu, Hsiu-Hsing、Hu, Chia-Li、Tseng,Hsiu-Min、Wu,Ya-Chuan	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : LEE, MING-HIS、Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, MING-CHIEH、Hu, Hsiu-Hsing、Hu, Chia-Li、Tseng,Hsiu-Min、Wu,Ya-Chuan	Hu, Chia-Li、Tseng,Hsiu-Min、Wu,Ya-Chuan
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)				
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)			Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, CHENG-MIN	
\$3,500,000 (incl.) ~\$5,000,000 (excl.)				
\$5,000,000 (incl.) ~\$10,000,000 (excl.)				Hu, Hsiu-Hsing
\$10,000,000 (incl.) ~\$15,000,000 (excl.)				
\$15,000,000 (incl.) ~\$30,000,000 (excl.)				Taiwan Printed Circuit Board Techvest Co., Ltd Representative : LEE, MING-HIS、Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, MING-CHIEH
\$30,000,000 (incl.) ~\$50,000,000 (excl.)				
\$50,000,000 (incl.) ~\$100,000,000 (excl.)				Taiwan Printed Circuit Board Techvest Co., Ltd Representative : HSU, CHENG-MIN
\$100,000.000 and above				
Total	7	7	7	7

(II) Remuneration for the General Manager and Vice General Manager

December 31, 2023 Unit: NTD 000's

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note)
		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	Hsu, Cheng-Min	0	3,314	0	0	0	0	0	0	0	0	6.05	89,392	
General Manager	LEE, MING-HIS													
Vice General	Hu, Hsiu-Hsing													

\* Disclosures must be made for all persons in positions equivalent to general manager or assistant general manager, regardless of job title (e.g., president, chief executive officer, chief administrative officer...etc.)

Ranges of remuneration paid to each of the Company's General Manager and Vice General Manager	Names of General Manager and Vice General Manager	
	The Company	Parent company and all investee enterprises.E
Less than NT\$1,000,000	Hsu, Cheng-Min 、LEE, MING-HIS 、Hu, Hsiu-Hsing	
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)		
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)		
\$3,500,000 (incl.) ~ \$5,000,000 (excl.)		
\$5,000,000 (incl.) ~ \$10,000,000 (excl.)		Hu, Hsiu-Hsing
\$10,000,000 (incl.) ~ \$15,000,000 (excl.)		
\$15,000,000 (incl.) ~ \$30,000,000 (excl.)		LEE, MING-HIS
\$30,000,000 (incl.) ~ \$50,000,000 (excl.)		
\$50,000,000 (incl.) ~ \$100,000,000 (excl.)		Hsu, Cheng-Min
\$100,000,000 and above		
Total	3	3



### (III) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

December 31, 2023

	Job title (Note 1)	Name (Note 1)	Amount in stock	Amount in cash	Total	As a % of net profit
Managerial officers	General Manager	Hsu, Cheng-Min	0	0	0	0
	General Manager	LEE, MING-HIS				
	Vice General Manager	Hu, Hsiu-Hsing				
	Chief officer of the finance and accounting division	Chiu, Li-Chen				
	Chief officer of the finance and accounting division	Liu, Chu-Chen				

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: The applicable scope of “managerial officers” is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions:

- (1) General manager(s) and equivalent level positions
- (2) Assistant general manager(s) and equivalent level positions
- (3) Deputy assistant general manager(s) and equivalent level positions
- (4) Chief officer of the finance division
- (5) Chief officer of the accounting division
- (6) Other persons who have the power to manage affairs and sign for the Company

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

1. Analysis of ratios of total remunerations paid to directors, supervisors, the General Manager, and the Vice General Manager of the Company for the past two years to the after-tax net profit

Job title	2023		2022	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	1.66	7.81	3.79	6.36
Supervisor	0.00	0.00	0.54	0.59
General Manager and Vice General Manager	0.00	6.06	0.00	2.51

Note: (1) In 2023, the total remuneration of directors and supervisors increased from 2022, and it was mainly due to the increase in the remuneration collected by the directors with concurrent position of employees. However, since the profit after tax in 2023 decreased from last year, no remuneration of directors was distributed in 2023, and the President and Vice President did not collect any remuneration in 2023. In addition, Mr. Cheng-Min Hsu, the former President of the Company concurrently acted as the CEO of a subsidiary such that he also collected the managerial officers salary from the company.

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

(1) For the remuneration of directors of the Company, according to Article 23 of the Articles of Incorporation of the Company, the Board of Directors is authorized to determine the remuneration of directors and supervisors of the Company based on their participation level in the operation of the Company and contribution value along with the common standard adopted in the same industry. Accordingly, the remunerations specified in the “Regulations for Remuneration of Directors and Supervisors and Remuneration Distribution” reviewed by the Remuneration Committee and approved by the Board of Directors of the Company are as follows:

A. Fixed remuneration:

Only independent directors of the Company execute works independently according to their job duties and participates in the corporate governance. are entitled to receive remuneration within the range of not less than NT\$10,000 and not higher than NT\$30,000, as a fixed remuneration for execution of job duties. However, regular directors and supervisors shall not collect fixed remuneration.

B. Transportation allowance:

It refers to the traffic and transportation fee collected by directors and supervisors for proceeding to the Company for meeting. Only directors and supervisors attending meetings in person may collect transportation allowance within the range not higher than NT\$15,000 in principle.

C. Remuneration of directors and supervisors:

When the Company has a surplus earning for a fiscal year, according to Article 32 of the Articles of Incorporation of the Company, an amount less than 3% of the surplus earning is appropriated as the remuneration of directors and supervisors. The Company periodically assesses the remuneration of directors and supervisors according to the “Rules for Performance Evaluation of Board of Directors”, and relevant performance evaluation and salary reasonableness are reviewed by the Remuneration Committee and the Board of Directors.

(2) The salary structure for the Presidents and Vice Presidents of the Company includes the base salary, allowance for job positions, allowance for job duties, difference determined according to individual educational background, experience, performance and seniority, along with the consideration of the standard adopted in the same industry and the “Regulations for Managerial Officer Salary Standard, Year-End Bonus and Employee Remuneration Distribution” in order to pay salaries to Presidents and Vice Presidents on a monthly basis. In addition, when the Company has a surplus earning for a fiscal year, an amount of 5%~15% of the surplus earning is appropriated as the remuneration of employees according to Article 32 of the Articles of Incorporation of the Company. For any adjustment of the Regulations for Managerial Officer Salary Standard, Year-End Bonus and Employee Remuneration Distribution, the Remuneration Committee shall propose evaluation recommendation, and the approval of the Board of Directors shall be obtained, the same requirement is applied to adjustment thereof.

(3). The combination of remuneration payment of the Company is specified according to the Remuneration Committee Charter and includes cash remuneration, stock option, profit sharing and stock ownership, pension welfare and severance pay, various allowances and other measures for substantial rewards. Its scope is consistent with the remuneration of directors and managerial officers specified in the Regulations

(4). Procedure for remuneration establishment:

- A. To periodically evaluate the remuneration of directors and managerial officers, the evaluation results performed according to the “Rules for Performance Evaluation of Board of Directors” and the “Evaluation and Performance Management Regulations” applicable to managerial officers and employees are used as the determination basis.
- B. All of the self-evaluation results of the 2023 Board of Directors, Board members, and Remuneration Committee member's performance indicated they were above the standard. In addition, the 2023 net income before tax of the Company decreased from 2022, such that managerial officers did not collect any remuneration
- C. Relevant performance evaluation and remuneration reasonableness of directors and managerial officers of the Company are periodically evaluated and reviewed by the Remuneration Committee and the Board of Directors annually. In addition to the review of individual performance achievement rate and contribution to the Company, the overall operation performance, industry future risk and development trend of the Company are also considered. Furthermore, the actual operation status and relevant laws and regulations are reviewed timely with respect to the remuneration system, and the current corporate governance trend is comprehensively considered, in order to provide reasonable remuneration, thus achieving balance between sustainable operation and risk control of the Company. In 2023, due to the decrease of profit after tax, no remuneration of directors was distributed in 2023.

5. Correlation between business performance and future risk:

- A. The review of the remuneration policy related payment standard and system of the Company is mainly based on the overall operation status of the Company, and the payment standard is determined according to the performance achievement rate and contribution level, in order to improve the performance of the Board of Directors and management. In addition, the remuneration standard adopted in the industry is also considered, in order to ensure that the remuneration for the management of the Company is competitive, thus retaining outstanding management talents.
- B. The managerial officer performance goal of the Company is linked to each relevant human resource and relevant remuneration policy according to the rating result of actual performance evaluation. For important decisions made by the management of the Company, various risk factors are considered in advance, and the performance of relevant decisions reflect in the profit status of the Company.

#### IV. Implementation of Corporate Governance

##### (I) Operational Status of the Board of Directors :

The number of board meetings held in the most recent fiscal year was:8(A)

The attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person B	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Chairman	Taiwan Printed Circuit Board Techvest Co., Ltd Representative Hsu, Cheng-Min	8	0	100.00	
Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative Lee, Ming-His	7	1	87.50	
Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative Hsu, Ming-Chieh	7	1	87.50	
Independent Director	Hu, Chia-Li	6	2	75.00	
Independent Director	Tseng, Hsiu-Min	8	0	100.00	
Independent Director	Wu, Ya-Chuan	8	0	100.00	

Other matters required to be recorded:

- I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:
- Matters specified in Article 14-3 of Securities and Exchange Act: Please refer to pages 29.
  - Except for the aforementioned matters, other resolutions of board meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements: None.
- II. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of recusal and participation in voting shall be described:
- 5th meeting of 9th term held on March 14, 2023  
Proposal to lift restrictions on non-competition of directors and their representatives : Representative of Taiwan Printed Circuit Board Techvest Co., Ltd. Chairman Cheng-Min Hsu, representative of Taiwan Printed Circuit Board Techvest Co., Ltd. Director Lee, Ming-His, and representative of Taiwan Printed Circuit Board Techvest Co., Ltd. Director Ming-Chieh Hsu, due to conflict of interest, recused themselves from the discussion and resolution of such proposal. After the acting chair of the meeting requesting for the consents of remaining attending directors, this proposal was approved as proposed without any objections.
  - 5th meeting of 9th term held on March 14, 2023  
Proposal for removing the non-compete restriction of managerial officers of the Company: Representative of Taiwan Printed Circuit Board Techvest Co., Ltd. Chairman Cheng-Min Hsu and representative of Taiwan Printed Circuit Board Techvest Co., Ltd. Director Ming-Chieh Hsu, due to conflict of interest, recused themselves from the discussion and resolution of such proposal. After the acting chair of the meeting requesting for the consents of remaining attending directors, this proposal was approved as proposed without any objections.
  - 6th meeting of 9th term held on April 28, 2023  
For the proposal for the establishment of a corporate management officer, Director Hu, Hsiu-Hsing, due to conflict of interest, recused him/herself from the discussion and resolution of such proposal. After the Chair of the meeting requested for the consent of the remaining attending Directors, the proposal was approved as proposed without any objections.
  - 6th meeting of 9th term held on April 28, 2023  
Proposal to lift restrictions on non-competition of directors and their representatives : Representative of Taiwan Printed Circuit Board Techvest Co., Ltd. Director Lee, Ming-His due to conflict of interest, recused himself from the discussion and resolution of such proposal. After the chair of the meeting requested for the consents of remaining attending directors, this proposal was approved as proposed without any objections.
  - 9th meeting of 9th term held on November 13, 2023  
For the proposal on the change of job duty of President of the Company, due to the conflict of interest of Director Ming-His Li, representative of Taiwan PCB Techvest Co., Ltd., he recused himself from the discussion and resolution of such proposal. After the Chair of the meeting requested for the consent of the remaining attending Directors, the proposal was approved as proposed without any objections.
  - 9th meeting of 9th term held on November 13, 2023  
For the proposal on cancellation of non-compete restriction of directors and representatives, due to the conflict of interest of Director Ming-His Li, representative of Taiwan PCB Techvest Co., Ltd., he recused himself from the discussion and resolution of such proposal. After the acting chair of the meeting requesting for the consents of remaining attending directors, this proposal was approved as proposed without any objections.
  - 9th meeting of 9th term held on November 13, 2023  
For the proposal on the cancellation of non-compete restriction of managerial officers of the Company, due to the conflict of interest of Director Ming-His Li, representative of Taiwan PCB Techvest Co., Ltd., he recused himself from the discussion and resolution of such proposal. After the acting chair of the meeting requesting for the consents of remaining attending directors, this proposal was approved as proposed without any objections.
  - 12th meeting of 9th term held on May 13, 2024  
For the proposal on the cancellation of non-compete restriction of directors and representatives, due to the

conflict of interest of Chairman Cheng-Min Hsu, representative of Taiwan PCB Techvest Co., Ltd. and Director Ming-Chieh Hsu, representative of Taiwan PCB Techvest Co., Ltd., they recused themselves from the discussion and resolution of such proposal. After the acting chair of the meeting requesting for the consents of remaining attending directors, this proposal was approved as proposed without any objections.

III. The Company shall disclose the information on the evaluation cycle and period, evaluation scope, method and evaluation content, etc. of the self-evaluation (or peer evaluation) of the board of directors, and the board evaluation execution status shall be described in the following table.

IV. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for the establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year: The operation of the board of directors of the Company is executed according to the "Rules of Procedure for Board of Directors Meetings". For material resolutions, please refer to pages 60~61, and the Remuneration Committee was established on December 15, 2011. Re-appointment of the committee members was made to cope with the re-election of directors held on June 17, 2022. The 5th term of the Remuneration Committee consists of three independent directors, and the independent director Chia-Li Hu acts as the convener and the chair. Please refer to page 39 for details of its operation status. The Audit Committee was established on June 17, 2022, and the independent director Hu, Chia-Li acts as the convener and the chair. Please refer to page 38 for details of its operation status.

## Implementation of Evaluations of the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Assessment Result
Once per year (before the end of each January)	January 1 to December 31, 2023	Entirety of board of directors	Internal self-evaluation of board of directors	Measurement items for the performance evaluation of board of directors include 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control.	The evaluation result score of 87 points is higher than the standard score, indicating that the board of directors bears the responsibilities for providing proper guidance and supervising strategies, major business and risk management of the Company, and is also able to establish proper internal control system, to improve overall operation status and to comply with the requirements of corporate governance.
		Individual board member	Board member self-evaluation	Measurement items for the self-performance evaluation of board members include 1. Alignment of the goals and mission of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.	The evaluation result score of 89.55 points (average) is higher than the standard score, indicating that each director receives positive evaluation result in the operational efficiency and outcome for all indicators.
		Functional committees(Audit Committee)	Internal self-evaluation of board of directors	Measurement items for the performance evaluation of functional committee include 1. Participation level in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the audit committee; 4. Composition of the functional committee and election of its members; 5.Internal control.	The evaluation result score of 89 points is higher than the standard score, indicating that the functional committee overall operation status is complete and complies with the requirements of corporate governance, such that it is able to effectively enhance the functions of the board of directors.
		Functional	Internal	Measurement items for	The evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Assessment Result
		committees(Compensation and Remuneration Committee)	self-evaluation of board of directors	the performance evaluation of functional committee include 1. Participation level in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the compensation and remuneration committee; 4. Composition of the functional committee and election of its members; 5.Internal control.	result score of 87 points is higher than the standard score, indicating that the functional committee overall operation status is complete and complies with the requirements of corporate governance, such that it is able to effectively enhance the functions of the board of directors.

(II) Operation of the Audit Committee :

The number of audit committee meetings held in the most recent fiscal year was: 8 (A)

The attendance by the independent directors was as follows:

Job Title	Name	Attendance in person (B)	Attendance through proxy	Ratio of attendance in person 【 B / A 】	Remarks
Independent Director	Hu, Chia-Li	6	2	75.00	
Independent Director	Tseng, Hsiu-Min	8	0	100.00	
Independent Director	Wu, Ya-Chuan	8	0	100.00	

Note: The first term of the Audit Committee of the Company was established on June 17, 2022 to replace the original functions of the supervisors, and the three independent directors were the ex-officio members, and Ms. Chia-Li Hu was elected to act as the committee convener and the meeting chair.

**Other information required to be disclosed:**

1. 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 directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(1) Any matter under Article 14-5 of the Securities and Exchange Act. : Refer to Pages 29~30 for details.

(2) 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 directors : None.

2. Implementation of recusals of independent directors 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.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external 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.)

(1) The head of internal audit, after the audit report and the follow-up report have been submitted for approval, delivers them to each independent director by the end of the month following completion of the audits for the latter's review. If independent directors need further information about how the audit is implemented and the follow-up outcome, they may contact the head of the audit at any time. The head of internal audit is also seated in the Board of Directors' meeting to report the audit operation and answer questions and take part in discussions.

(2) Independent Directors carried out communication with the audit officer for the execution progress of the quarterly audit plan in 2023 and partial execution details on May 12, 2023, August 11, 2022, November 13, 2023, and March 15, 2024. The audit unit did not find any material anomaly or violation that shall be immediately reported to Independent Directors when executing the items under the audit plan in 2023 .

(3) On March 8, 2024, CPAs invited the corporate governance unit of the Company to engage in communication of the 2023 financial report. The Company's Independent Directors (HU, CHIA-LI 、 TSENG, HSIU-MIN 、 WU, YA-CHUAN) and the audit officer attended the meeting discussion. The 2023 financial report has been approved by the Board of Directors through resolution and has been published in a timely manner.



Important decisions of the Audit Committee: :

Date Session	Content summary	Audit Committee member's opinion	The Company's handling	Matters specified in Article 14-5 of the Securities and Exchange Act
March 14, 2023 4th Meeting of 1st Term	1. Proposal for the 2022 business report and financial statements.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	Yes
	2. Formulation of the general principles for non-assurance service policies approved in advance of the Company.			Yes
	3. Proposal for the amendment to some provisions of the "Rules Governing Financial and Business Matters Between This Corporation and its Affiliated Enterprises".			Yes
	4. Proposal for the 2022 "Internal Control System Effectiveness Evaluation" and "Internal Control System Declaration".			Yes
	5. Proposal for the removal of non-competition restrictions for Directors and their representatives.			Yes
	6. Proposal for the removal of non-competition restrictions for managerial officers of the Company.			Yes
	7. Proposal for the appointment of CPAs of the Company.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	Yes
April 25, 2023 5th Meeting of 1st Term	1. Proposal for the 2022 distribution of earnings of the Company.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	Yes
	2. Proposal for the removal of non-competition restrictions for Directors and their representatives,			Yes
	3. Proposal for change in the audit officer of the Company.			Yes
	4. Proposal for amendments to the partial clauses of the "Internal Audit System" and "Internal Control Operation Regulations" ("Internal Audit System" of other management cycle - Prevention of insider trading management and internal major information processing audit operations," Standard Operating Procedures for Handling Directors' Requests")			Yes
May 12, 2023 6th Meeting of 1st Term	Proposal for the 2022 Q1 consolidated financial statements.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	No
	1. Proposal for the 2023 Q2 consolidated financial statements.	After the chair	Approved by	Yes

Date Session	Content summary	Audit Committee member's opinion	The Company's handling	Matters specified in Article 14-5 of the Securities and Exchange Act
August 11, 2023 7th Meeting of 1st Term	2. Proposal for amendment to parts of the provisions of the "Regulations for Reporting of Illegal and Unethical Conducts or Handling of Unethical Conduct Cases".	requested for consents of all attending committee members, the proposal was approved as proposed without objections.	directors participating in the discussion and voting in the board meeting.	Yes
	3. Proposal for amendment to parts of the provisions of the "Internal Control System".			Yes
November 13, 2023 8th Meeting of 1st Term	1. Proposal for change of the Financial and Accounting Officer of the Company.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	Yes
	2. Proposal for the 2023 Q3 consolidated financial statements.			No
	3. Proposal for the establishment of the "Regulations Governing Audit Committee Operation" and "Regulations Governing Remuneration Committee Operation".			Yes
	4. Proposal for amendment to parts of the provisions of the "Computer Cycle" Internal Control System and Enforcement Rules for Internal Audit.			Yes
	5. Proposal for the 2024 audit plan of the Company.			Yes
	6. Proposal for review of 2023 CPA's professional fee.			Yes
	7. Proposal for the cancellation of non-compete restrictions for Directors and their representatives.			Yes
	8. Proposal for cancellation of non-compete restriction for managerial officers of the Company.			Yes
March 15, 2024 9th Meeting of 1st Term	1. Proposal for 2023 financial statements.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	Yes
	2. Proposal for the 2023 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System".			Yes
	3. Proposal for the appointment of 2024 CPAs of the Company.			Yes
April 22, 2024 10th Meeting of 1st Term	1. Proposal for 2023 business report of the Company.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	Yes
	2. Proposal for the 2023 distribution of earnings of the Company.			Yes
May 13, 2024 11th Meeting of 1st Term	1. Proposal for the 2023 Q1 consolidated financial statements.	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections.	Approved by directors participating in the discussion and voting in the board meeting.	No
	2. Proposal for the cancellation of non-compete restrictions for Directors and their representatives.			Yes
	3. Proposal for cancellation of non-compete restriction for managerial officers of the Company.			Yes

(III) Corporate Governance Implementation Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the “Corporate Governance Best Practice Principles” in order to protect the interests of the shareholders, to strengthen the functions of board of directors, to respect the interests of stakeholders and to improve the information transparency etc. according to relevant regulations. In addition, relevant content has been disclosed on the Company’s website and the Market Observation Post System (MOPS).	No difference
<b>2.Shareholding Structure and Shareholders’ Rights</b>				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The Company has established the “Procedures for Preventing Insider Trading and Handling Material Inside Information”. Spokesperson and deputy spokesperson shall uniformly handle the shareholders’ recommendations, doubts, disputes and litigations, and may also invite attorneys for discussion when it is considered necessary. In addition, the Company has also set up the stakeholders section and shareholders contact window on the Company’s website, in order to allow shareholders/investors to submit recommendations or questions.	No difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		The stock affairs of the Company are entrusted to stock affairs agency for handling. In addition, personnel are staffed to maintain contact with shareholders, in order to effectively manage and control the list of major shareholders of the Company and to maintain proper relationship with all major shareholders.	No difference
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The Company has established the “Financial and Business Related Operations Among Affiliated Enterprises” and the “Regulations for Transactions Between Group Enterprise Specific Company and Related Parties” as the operational rules regulating the finance and business with affiliated enterprises. In addition, the Company has established the “Regulations for Supervision and Management of Subsidiaries”, such that comprehensive risk control mechanism and firewall are established for transactions with affiliated enterprises.	No difference
(4) Has the Company established internal rules prohibiting insider	✓		The Company has established the “Procedures for Preventing Insider	No difference

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
trading of securities based on undisclosed information?			Trading and Handling Material Inside Information” to regulate that insiders must not engage in purchase or sale of the Company's stocks or other of equity-type securities before public announcement of material information. Please refer to the corporate governance implementation status of the Company’s website for relevant education and training information.	
<b>3. Composition and responsibilities of the board of directors</b>				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		<p>1. The Company has established the diversity policy in Chapter 3 “Enhancement of Functions and Powers of Board of Directors” of the “Corporate Governance Best Practice Principles”. The nomination and election of board members of the Company comply with the requirements specified in the Articles of Incorporation, and the candidate nomination system is adopted. In addition to the evaluation of the educational background and experience qualification of each candidate, the opinions of stakeholders are also considered, and the “Regulations for Election of Directors” and “Corporate Governance Best Practice Principles” are complied, in order to ensure the diversity and independence of board members.</p> <p>2. Board member management goal: The goal for female directors is at least two, and presently, there are four female directors.</p> <p>3. For the 9th term of board of directors of the Company, there are seven directors, including three independent directors. Among the total number of directors, there are four female directors.</p> <p>4. Ratio of independent directors is 42.86%, the ratio of female directors is 57.14%. Three independent directors with the seniority of term of office less than 3 years. Please refer to the Company's website for details. Five directors are at the age of 61~70 years old, one director is at the age of 51~60 years old, and one director is at the age of 41~50 years old.</p> <p>5. All board members are experts in the industry and the financial sector, and they are equipped with diverse professional competence with industry</p>	No difference

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			experience and expertise in finance, financial business and accounting that are complementary to each other, thus satisfying the board diversity policy and management objectives. (Please refer to pages 12~14 board member diversity and the Company's website). All board members actively attend board meetings. The attendance rate of board members attending meetings in person in 2023 reached more than 90%. In addition, board members perform supervision and understand business plan execution properly.	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		The Company has established the Remuneration Committee and the audit committee according to the law and has also established the Sustainable Development Committee in 2018. The operation of the committee is handled by each department according to its responsibilities and authorities.	No difference
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		1. The Company regularly examines the functions of the Board, improves the corporate governance level period by period, has established Regulations for Evaluations of Board Performance and the evaluation methods, and makes examinations and amendments annually 2. Please refer to page 26~27 for the evaluation cycle, period, scope, method, content and result.	No difference
(4) Does the Company regularly evaluate its external auditors' independence?	✓		The Financial Department of the Company self-evaluates the independence of CPAs before the end of January each year, and the result is reported to the Board of Directors (2024/3/15). According to the evaluation, CPA Chen Yi-Chun and CPA Lien Shu-Ling from KPMG are determined to comply with the independence evaluation standard of the Company; in addition, the Company acquired the AQIs of CPAs for 2022 to serve as a reference to evaluate the re-appointment of CPAs; they are adequate to act as the CPAs of the Company. Please refer to page 37 for details of the evaluation standard.	No difference
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with	✓		1. The Board of the Company approved and established the position of the corporate governance officer, who is the top management for affairs related to corporate governance, and allocated adequate personnel to handle corporate	No difference

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			governance matters on April 28, 2023. 2. The corporate governance officer is responsible for supervising, and the stock affairs unit and the Finance Department shall execute affairs related to corporate governance in the preceding paragraph, including providing information required by Directors for the execution of business, handling matters related to Board meetings and shareholders' meetings according to the law, carrying out corporate registration and alteration registration, and preparing minutes of Board meetings and shareholders' meetings. 3. The position of the corporate governance office is concurrently held by Hu, Hsiu-Hsing, the Vice President of the Finance Department, who possesses an extensive financial background and professional, practical managing experiences.	
5. 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?	✓		The Company has assigned relevant department personnel to handle affairs with correspondent financial institutions and creditors, and also provides sufficient information. In addition, the Company also provides proper communication channel to allow stakeholders to have sufficient information to make judgment, in order to protect their rights and interests.	No difference
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company entrusts the Shareholders Service Department of Grand Fortune Securities Co., Ltd. for handling the shareholders' meeting affairs.	No difference
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		Disclosures of information on financial, business, and corporate governance are made on the Company's website ( <a href="http://www.tht-pcb.com.tw">http://www.tht-pcb.com.tw</a> ).	No difference
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		The Company has appointed dedicated personnel to be responsible for the collection and disclosure of information and has implemented the spokesperson system according to the requirements.	No difference
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and	✓		Presently, the Company makes announcement and declares financial report before the specified time-limit for each quarter, and also timely	No difference

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?			discloses the monthly business operation status.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>1. Employees' rights and interests and care of employees: The human resource management system of the Company complies with the Labor Standards Act and relevant laws and regulations. To promote communication with employees, the Company provides diverse communication channel, in order to ensure that information is timely conveyed in a transparent manner. Furthermore, employees are able to submit recommendations to the Company in order to use such recommendations as the basis for various improvement of measures. Please refer to pages 75~77 for details.</p> <p>2. Investor relations: The Company convenes shareholders' meeting according to the law annually in order to provide question and proposal submission opportunities to shareholders. In addition, the Company has also set up the spokesperson system to handle the shareholders' recommendation, doubt and dispute matters, as well as to provide various information that may affect the decisions of shareholders on the Market Observation Post System.</p> <p>3. Supplier relations and customer policy implementation status: The cooperation of the Company with customers and suppliers is established based on the foundation of sustainable operation cooperating partners, and all business dealings and transactions follow the principle of legal compliance. In addition, for customer complaints, the Company also communicates with customers timely and performs review and improvement during the production and sales meeting.</p> <p>4. Stakeholders' rights: To protect the rights and interests of stakeholders, the Company has established various proper and smooth communication channels, and upholds the integrity</p>	No difference

Evaluation item	Operation		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Summary
			<p>principle and responsible attitude for proper handling. In addition, the Company also fulfills corporate social responsibilities.</p> <p>5. Directors of the Company participate in continuing education courses according to the requirements, and the Company also provides appropriate education course information to all directors and supervisors irregularly. Please refer to the description on page 37~38 for details.</p> <p>6. Risk management policy and risk measurement standard implementation status: The Company has established various management procedures of “Procedures for Acquisition and Disposal of Assets”, “Procedures for Making Endorsements/Guarantees”, and “Procedures for Loaning Funds to Others”, in order to serve as the basis for the executing unit and audit unit of the Company to perform risk control and risk measurement on the aforementioned duties and services.</p> <p>7. The Company has purchased appropriate liability insurances for directors and managerial officers. The 2024 insurance amount reached USD 20,000 thousand, equivalent to NT\$614,100 thousand, and has been reported to the board of directors on 2024/03/15.</p>	
9.Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement：				
Evaluation item	Actual improvements in 2023		Priorities in 2024	
Strengthen the structure and operation of the Board of Directors	Chairman and President were the same person, and the Board Directors approved the proposal for change of President on 2023/11/13.		The Board of Directors reviews the audit quality indicator periodically (once annually) to evaluate the independence and competence of the CPAs, and the evaluation procedure is disclosed in the annual report.	



The evaluation standards for the independence and adequacy of CPAs and evaluation results are as follows:

Evaluation Item	Assessment Result	Whether CPAs comply with independence and adequacy?
Whether CPAs have a direct financial interest or material indirect financial interest in the Company?	No	Yes
Whether CPAs have loans or guarantees from the Company or its Directors?	No	Yes
Whether CPAs have a close business relationship or potential employment negotiation with the Company?	No	Yes
Whether CPAs or any member of the audit team have been a Director, manager, or an employee of the Company who is in a position to exert significant influence over the audit engagement within the most recent two years?	No	Yes
Whether CPAs provide non-audit service items to the Company that may directly affect the audit work?	No	Yes
Whether CPAs are agents of stocks and other securities issued by the Company?	No	Yes
Whether CPAs are appointed to act as an advocate in support of the Company's position or opinions or represent the Company to coordinate the conflict with a third party?	No	Yes
Whether CPAs have any relative relationship with Directors, managers, or employees of the Company who are in positions to exert significant influence over the audit engagement?	No	Yes
Whether the Company has engaged the same CPA without replacement for seven years consecutively, or has the CPA been subject to disciplinary action or other circumstances prejudicial to the CPA's independence?	No	Yes
Whether CPAs were punished by the competent authority or CPA Association of the R.O.C., or were punished according to Paragraph 3, Article 37 of the Securities and Exchange Act?	No	Yes
Whether the service quality and timeliness for audit and taxation comply with the requirements?	Yes	Yes
Whether CPAs maintain healthy communication with the management, Directors, and supervisors of the Company?	Yes	Yes
Whether CPAs proposed active recommendations and keep records for the systems and the internal audit of the Company?	Yes	Yes
Whether CPAs regularly and actively provide updates related to taxation, laws and regulations of securities management, and new amendments to IFRS to the Company?	Yes	Yes
Whether members of the audit team are stable?	Yes	Yes
Whether CPAs have evaluated the existing or potential risks of the Company?	Yes	Yes

#### Continuing education for directors, Managerial officers of the Company:

Job Title	Name	Date of inauguration	Date		Organizer	Course title	Hours involved	Remarks
			Start	End				
Independent Director	Hsiu-Min Tseng	2022/06/17	2023/04/27	2023/04/27	TPEX	Promotional seminar on sustainable development action plan for TWSE (TPEX) listed companies	3	
Independent Director	Chia-Li Hu	2022/06/17	2023/08/07	2023/08/07	TPEX	Promotional Session of Insider's Equity for Companies Listed on the TPEX and the Emerging Stock Market	3	
			2023/04/27	2023/04/27	TPEX	Promotional seminar on sustainable development action plan for TWSE (TPEX) listed companies	3	
Director	Hsiu-Hsing Hu	2022/06/17	2024/02/26	2024/02/26	Accounting Research and Development Foundation	Analysis on common deficiencies and important internal control regulation practices in financial report review	6	
			2024/01/11	2024/01/11	Accounting Research and Development Foundation	Common internal control management deficiencies in corporates and actual case study and analysis	6	

Job Title	Name	Date of inauguration	Date		Organizer	Course title	Hours involved	Remarks
			Start	End				
Director	Hsiu-Hsing Hu	2022/06/17	2023/10/05	2023/10/05	Accounting Research and Development Foundation	Financial and tax planning practice for international and diverse operation and case study	3	
			2023/06/20	2023/06/20	Securities & Futures Institute	Internal audit and control practice for corporate employee reward and incentive system	6	
			2023/06/09	2023/06/09	Accounting Research and Development Foundation	Process and practice for enterprise's self-preparation of financial report	3	
			2023/05/29	2023/05/29	Accounting Research and Development Foundation	Audit regulatory compliance practice for corporate governance personnel establishment according to requirements of competent authority	6	
			2023/05/12	2023/05/12	Accounting Research and Development Foundation	Analysis on common taxation planning strategy and relevant legal liabilities for corporates	3	
			2023/05/11	2023/05/11	Accounting Research and Development Foundation	Question and answer for latest financial and accounting laws and standards and analysis on common mistakes in financial statements	3	

#### (IV) Compensation and Remuneration Committee

1. Membership of Compensation and Remuneration Committee : Please refer to page 12~14.

2. Information on the Operational Status of the Compensation and Remuneration Committee

(1) The Company's Compensation and Remuneration Committee consists of 3 members in total.

(2) Term of office of 5th term of committee members: 2022.06.17~2025.06.16

(3) Attendance of members in the 3 meetings held by the Compensation and Remuneration Committee in the past year up to the date the Annual Report was printed is as follows:

Job Title	Name	Attendance in person	Attendance through proxy	Attendance in person (%)	Remarks
Convener	Hu, Chia-Li	2	1	66.67	
Member	Tseng, Hsiu-Min	3	0	100.00	
Member	Wu, Ya-Chuan	3	0	100.00	

Other details to be documented:

1. Formation and responsibility of Remuneration Committee:

(1) Formation: The Remuneration Committee of the Company was established on December 15, 2011. The 4th term of Remuneration Committee members consisted of two independent directors and one committee member. The 5th term of Remuneration Committee members consist of three independent directors.

(2) Responsibility: Establish and periodically review the performance evaluation of directors, supervisors and managerial officers as well as the policy, system, standard and structure for the remuneration. Periodically evaluate and prescribe the remuneration of directors and managerial officers.

2. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): Please refer to the following table for further explanation.

3. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

4. The operation of the Remuneration Committee is executed according to the Remuneration Committee Charter.

#### Discussion and resolution results of Remuneration Committee and the Company's handling for opinions of Remuneration Committee

Remuneration Committee	Proposal content and subsequent handling	Resolution result	Board of directors	Company's handling for opinions of Remuneration Committee
March 14, 2023 (2th meeting of 5th term)	Proposal for review of 2022 distribution of remuneration of employees and remuneration of directors and supervisors	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections	2023/03/14 (5th meeting of 9th term of board of directors)	For proposal at the board of directors' meeting, after the chair requested for consents, all attending directors agree with the proposal without objections, this case is passed as proposed. (Consistent with the resolution of the Remuneration Committee)
May 12, 2023 (3th meeting of 5th term)	Proposal for 2022 distribution of remuneration of directors and supervisors	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections	2023/05/12 (7th meeting of 9th term of board of directors)	For proposal at the board of directors' meeting, after the chair requested for consents, all attending directors agree with the proposal without objections, this case is passed as proposed. (Consistent with the resolution of the Remuneration Committee)
March 15, 2024 (4th meeting of 5th term)	Proposal for review of 2023 distribution of remuneration of employees and remuneration of directors and supervisors	After the chair requested for consents of all attending committee members, the proposal was approved as proposed without objections	2024/03/15 (10th meeting of 9th term of board of directors)	For proposal at the board of directors' meeting, after the chair requested for consents, all attending directors agree with the proposal without objections, this case is passed as proposed. (Consistent with the resolution of the Remuneration Committee)

(V) The state of the Company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance

Implementation Items	Implementation Status			The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	Summary Description	
1. Whether the company has established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, which is delegated by the Board of Directors to senior management, and supervised by the Board of Directors	✓		<p>1. The Company established the Sustainability Committee on August 8, 2017 through the enactment of the "Organizational Regulations of the Sustainability Committee" by the Board of Directors. The Committee comprises four groups, namely the Corporate Governance Group, the Social Good Group, the Environmental Sustainability Group and the Management and Promotion of Integrity Group.</p> <p>2. At present, for the Sustainable Development Committee, the Chairman calls upon directors of relevant departments or appoints personnel to be responsible for the planning and execution of the sustainable development policies, systems, management policies, and substantial promotion, and reporting to the Board once a year regarding the economic, environmental, social, and sustainable development issues arising from operating activities.</p> <p>3. The Sustainable Development Committee has reported to the Board on March 15, 2024 on the performance for the fiscal year 2023 and the Board has a firm understanding of the results of the performance but reminded that the greenhouse gas inventory and verification should be planned and implemented as soon as possible.</p>	No difference
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations under the materiality principle, and formulates relevant risk management policies or strategies?	✓		<p>Risk assessment boundary is mainly for the Company, and the scope includes the subsidiary TGT Techvest Co., Ltd. The greenhouse gas inspection and verification schedule planning has been reported to the board of directors on May 6, 2022, and it is controlled quarterly. The inspection is scheduled to be completed in 2026 and the certification is to be completed in 2028. The greenhouse gas inspection and certification of subsidiaries are expected to be reported to the board of directors</p>	No difference

Implementation Items	Implementation Status			The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	Summary Description	
			<p>before first quarter of 2024.</p> <p>According to the risk assessed, relevant risk management policies or strategies have been established as follows:</p> <p>1. Environmental protection The Company engages in printed circuit board (PCB) purchase and sales businesses and is not involved in any manufacturing. Accordingly, the Company is not subject to any environmental pollution related matters. The Company requests suppliers to obtain necessary environmental permit licenses with implementation of ISO14000 and to perform maintenance and update periodically. In addition, the Company also requests suppliers to identify and manage the release of substances that may cause hazards to the environment, in order to ensure that these substances are safely treated, transported, stored, used, recycled, reused and disposed while complying with the RoHS standard established by the EU.</p> <p>2. Product liability All products of the Company comply with various product and service regulations specified by the Company and also comply with the EU's RoHS standard such that there is no hazardous substance. In addition, through rigorous quality system management, stable product quality is provided to customers. Furthermore, to ensure the customer service quality and to improve customer satisfaction, the Company has set up the customer service direct line and communication website. The Company also actively conducts periodic customer service satisfaction survey annually, in order to enhance the cooperation with customers.</p> <p>Relationship: Through the mutual benefit and co-prosperity relationship with customers, the cornerstone for the corporate sustainable development is established.</p> <p>3. Labor-management relations Employment follows the annual plan of each department and human resource planning is also</p>	

Implementation Items	Implementation Status			The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	Summary Description	
			<p>implemented. Please refer to the section of labor-management relations for further details.</p> <p>4. Anti-corruption The Company has established the Sustainable Development Committee to provide periodic report on the implementation of ethical management of previous year once annually, in order to assist the board of directors to examine and assess whether the preventive measures established for ethical management operate effectively. The Company has established the “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conducts” and “Procedures for Ethical Management and Guidelines for Conduct”, “Regulations for Handling Reported Cases of Illegal, Immoral or Unethical Conducts”, in conjunction with internal audit operation and internal control self-assessment operation as well as report channels, in order to thoroughly implement anti-corruption.</p> <p>5. Customer privacy During the assumption of term of office, the directors, supervisors and managerial officers are requested to sign “Non-disclosure Agreement” and employees of the Company are also requested to sign “Non-disclosure Contract” upon on-board of the job. Accordingly, personnel of the Company are required to bear non-disclosure obligation for the information of the Company and its customers unless information is authorized or required to be disclosed according to the law. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.</p> <p>6. Social and economic regulatory compliance The Company complies with all laws and regulations, and all products of the Company comply with the international safety standards, environmental protection rules and import/export regulations,</p>	

Implementation Items	Implementation Status		The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	
			in order to ensure that the business operation is environmentally friendly and complies with the code of ethical conducts. In addition, the Company also organizes internal training courses to provide education on laws and regulations. Please refer to pages82~83 of the annual report for details.
3.Environmental Issues			
(1)Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		Presently, the Company engages in the business of PCB purchase and sales without own production site. The Company has canceled the factory registration and environmental protection related permits with the competent authority. Nevertheless, based on the principle of fulfilling social responsibility, the Company requests all suppliers to obtain the ISO14000 certification and to commit to implement social responsibility requirements jointly with the Company. In case of any violators, the Company has the right to request them to improve or to terminate contracts. Subsidiary TGT Techvest Co., Ltd. has implemented the ISO14000 environmental management system and the ISO45000 safety and health management system. In addition, environmental safety and health policies have been established to serve as the standard for the protection of employees and working environment as well as the implementation of social responsibility. Operation procedures have been established and environmental safety and health management system have been implemented according to the government laws, ISO international standards and relevant regulations, in order to convey our environmental safety policy and relevant requirements to all employees, suppliers, contractors, general public and relevant organizations.
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		The Company upholds the principle of equal importance for industrial development and environmental protection, and also considers the utilization of best technologies for

Implementation Items	Implementation Status		The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance																								
	Y	N																									
			all production processes and eco-friendly equipment, along with the commitment in the use of RoHS and halogen-free materials, in order to achieve environmental protection with green products and protection of Earth’s ecological resources.																								
(3)Does the company assess the potential risks and opportunities of climate change in its present and future operations, and take measures to respond to climate-related issues?	✓		The Company promotes office environmental protection and installs water saving, electricity saving and energy saving devices, in order to contribute effort in the energy saving and carbon reduction.																								
(4)Has the company conducted an assessment on greenhouse gas, water consumption and waste for the last two years, and established company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water-saving and waste management?	✓		<div>The GHG emissions (tCO2e), water consumption, and the total weight of waste of the Group in the past two years are as follows:</div> <table><tr><td></td><td>112</td><td>111</td></tr><tr><td>Direct Emissions</td><td>1,634.9207</td><td>3,440.941</td></tr><tr><td>Indirect Emissions</td><td>34,056.2783</td><td>14,646.984</td></tr><tr><td>Water Consumption (ton)</td><td>302.015</td><td>285.249</td></tr><tr><td>Hazardous Waste</td><td>2,500.7</td><td>2,006.854</td></tr><tr><td>Non-hazardous Waste</td><td>217.9</td><td>237.526</td></tr><tr><td>Recycling Rate (%)</td><td>92</td><td>89.45</td></tr><tr><td>Total Weight of Waste (ton)</td><td>2,718.5</td><td>2,244.380</td></tr></table> <div>Note: The GHG emissions were not verified by a third-party certifying institution.</div> <div>1.The production process of printed circuit boards requires a large amount of water, so our company has taken the following measures to save water:</div> <div>(1)The equipment is equipped with a water and power-saving device that automatically turns off the power and water supply when there is no production.</div> <div>(2)Control the water consumption of the on-site unit and notify the unit immediately when the standard is exceeded.</div> <div>2. Energy saving and carbon reduction measures:</div> <div>Reduce the pressure of the air compressor, additionally install storage barrel for equipment requiring high pressure, reduce electricity consumption, in order to achieve the effect of carbon emission reduction. Such carbon reduction measure is able to reduce 458.86GJ of energy consumption and to further reduce carbon emissions by approximately 63.093 tonne of CO2e.</div>		112	111	Direct Emissions	1,634.9207	3,440.941	Indirect Emissions	34,056.2783	14,646.984	Water Consumption (ton)	302.015	285.249	Hazardous Waste	2,500.7	2,006.854	Non-hazardous Waste	217.9	237.526	Recycling Rate (%)	92	89.45	Total Weight of Waste (ton)	2,718.5	2,244.380
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4.Social Issues																											
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company recognizes and voluntarily complies with the internationally recognized human rights standards of the “UN																								



Implementation Items	Implementation Status			The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	Summary Description	
			Universal Declaration of Human Rights”, “UN Global Compact”, “UN Guiding Principles on Business and Human Rights”, “UN International Labour Organization”, and has also established and implemented human rights policies, including workplace diversity, reasonable working hours, healthy workplace, labor-management communication, privacy protection and human rights education and training, etc. In 2023, the Company and subsidiaries jointly organized human rights related training for a total of 41 courses, 1,015 trainees and a total training hours of 1,109 hours.	
(2) Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	✓		Please refer to the section of labor-management relations for further details of the employee welfare measures of the Company.	No difference
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees regularly?	✓		<p>1. The Company engages in the business of PCB purchase and sale without manufacturing. Nevertheless, the Group actively invests in operating environment systemization and standardization for employees in order to create a friendly workplace. In addition, comprehensive safety and health management is also implemented to create a safe and comfortable working environment. Please refer to the section of labor-management relations for further details.</p> <p>2. Subsidiaries entrusted external professional institution to perform labor working environment monitoring and testing twice annually, and all of the results have indicated compliance with regulatory requirements.</p> <p>3. In 2023, there was no case of occupational disaster. In 2023, 91 sessions of occupational safety training were organized, with 402 participants and total training hours of 987 hours.</p> <p>4. No fire accident in 2023.</p>	No difference
(4) Does the company provide its employees with career development and training sessions?	✓		The Company has established the “Regulations for Job Qualification and Employment”, and employees are encouraged to participate in comprehensive learning. In 2023,	No difference

Implementation Items	Implementation Status			The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	Summary Description	
			the Company and subsidiaries organized a total of 97 training courses with a total of 2,061 trainings and a total training hours of 2,365 hours.	
(5) Does the company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulate relevant policies and procedures to protect consumer rights and handling complaints?	✓		1. The Company has established the "Customer Complaint and Sales Return Management Procedures" and "Customer Satisfaction Control Procedures". Accordingly, relevant units communicate with customers properly in order to achieve the effect of prompt and effective handling of customer complaints. 2. The Company has set up a stakeholder area on its website so that customers can contact the Company at any time if they have a complaint.	No difference
(6) Does the company formulate and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	✓		The Company's suppliers must pass the ISO 9001 Quality Management System third-party certification and provide a certificate within the validity period; if they are unable to obtain verification of the quality management system, they must be audited annually by the Company's management department. In addition, our company also conducts audits on suppliers from time to time, including risk evaluation, surveillance for the supplier, development of supplier quality management system, audit, manufacturing process audit, etc.	No difference
5. Does the company prepare non-financial disclosure reports such as sustainability reports in accordance with international reporting standards or guidelines? Has the report obtained validation or assurance from a third-party verification unit?	✓		Although the Company has not yet obtained the accreditation or assurance statement of a third-party verification organization taking into account the interests of stakeholders. However, we have established and implemented the "Code of Practice for Sustainable Development" to consider the interests of our stakeholders, treat our customers fairly and reasonably, and require our suppliers to comply with the norms of the Social Environment Responsibility agreement, etc.	No difference
6. If the Company makes its own corporate social responsibilities principles according to the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies, please state the differences: None.				
7. Other important information to facilitate the understanding of the execution status of promotion of sustainable development: A. Environmental protection: The Company upholds the principle of "equal importance for industrial development and environmental protection", and also considers the utilization of best technologies for all production processes and				

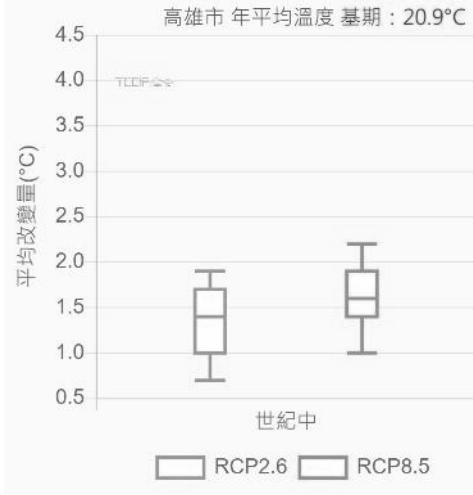
Implementation Items	Implementation Status		The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Y	N	
			Summary Description
<p>eco-friendly equipment, along with the commitment in the use of RoHS and halogen-free materials, in order to achieve environmental protection with green products and protection of Earth's ecological resources.</p> <p>B. Community participation: Company deep-rooted in Taiwan: We are committed to become a “friendly neighbor” for the surrounding community of the plant, and we communicate with local residents and provide various assistance with best effort. Subsidiaries also plant roadside trees at the surrounding areas of the plant and performs maintenance periodically in order to achieve environmental greening.</p> <p>C. Consumer rights and interests: All products of main suppliers and subsidiaries of the Company qualify the ISO 9001, ISO 14001 and ISO45001 certification along with the investments in the operating environment systematization and standardization, in order to ensure that all employees are able to provide quality service and products, thus protecting the rights and interests of consumers.</p> <p>D. Protect human rights of employees and implement safety and health measures: This part has been described in detail in the “Labor-management relations”, and please refer to pages 82~83 of the annual report for further details.</p>			
<p>8. When the corporate social responsibility (CSR) report of the Company involves the qualification or relevant inspection standards of certification institutions, explanations shall be provided: None</p> <p>All products of main suppliers and subsidiaries of the Company qualify the ISO 9001, ISO 14001 and ISO45001 certification along with the investments in the operating environment systematization and standardization, as well as the implementation of comprehensive safety and health management, in order to establish safe and comfortable working environment and to ensure that all employees are able to provide quality service and products, thus protecting the rights and interests of consumers.</p>			

(VI) Implementation of climate-related information

Item	Implementation status																												
1.Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The Sustainable Development Committee calls members responsible for environment related risks to engage in discussion on potential impacts of various topics on the internal and external of the organization, including identification and assessment of the climate change risk and response to climate impact. After climate-related impacts are identified, meeting with senior officers is convened to discuss the climate-related risks and opportunities. For hazards that may be caused by the risk, improvement recommendation and measures are proposed, in order to adjust and mitigate the climate-related financial risk and to also find corresponding climate-related financial opportunities.</p> <p>The Sustainable Development Committee reports the sustainable development implementation related status, including various topics, to the Board of Directors annually.</p>																												
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>The company is proactively planning for future climate actions by conducting scenario simulations to understand potential climaterelated financial impacts. It incorporates these potential impacts into overall operational considerations, assesses the probability and severity of risks, and develops risk response and mitigation plans, as well as crisis management mechanisms. Based on business types, risk strategies, and financial planning, it identifies physical and transitional risks and opportunities. This includes promoting green energy and environmental policies, resource recycling and reuse, and developing innovative carbon reduction technologies. The goal is to comprehensively reduce the carbon footprint of the company's operations and products in response to global climate change and its environmental impacts. In addition to implementing energy-saving and carbon reduction measures, the company purchases and switches to products with energy-saving and environmental labels reduces waste, and practices green procurement following government regulations, striving to achieve energy efficiency and carbon reduction. The main short-, medium-, and long-term risks and opportunities for the company can be found in the "Impact of Climate-Related Risks and Opportunities on Finance" section:</p> <p>1. Climate-Related Risks and Financial Impact</p> <table><tr><th>TYPE</th><th>Climate-Related Risks</th><th>Impact Period</th><th>Risk Content Description</th><th>Potential Financial Impact</th><th>Adaptation and Coping Measures</th></tr><tr><td rowspan="3">Transition Risks</td><td colspan="5">Policies and Regulations</td></tr><tr><td>Legal Standards for Energy-Efficient Products</td><td>Long-term</td><td>1. According to the Renewable Energy Development Act, which came into effect in 2021, electricity consumers with contract capacities of 5,000 kW (kilowatts) or more are required to self-generate 10% of their electricity from green sources within five years.</td><td>1.Increased energy costs 2.Potential fines</td><td>1.Implemented energy-efficient carbon reduction equipment in the factories, such as high-efficiency air compressors, and chillers, and the addition and replacement of energy-saving lighting fixtures. 2.Air fouling is continuously monitored for the pH value of the scrubber, and lye is automatically added for neutralization control when it is below pH6.</td></tr><tr><td>Local Regulations</td><td>Mid-term</td><td>1. New “Climate Change Response Act” in Taiwan</td><td>1.Increased carbon reduction costs 2.Potential fines</td><td></td></tr><tr><td></td><td colspan="5">Immediate</td></tr></table>	TYPE	Climate-Related Risks	Impact Period	Risk Content Description	Potential Financial Impact	Adaptation and Coping Measures	Transition Risks	Policies and Regulations					Legal Standards for Energy-Efficient Products	Long-term	1. According to the Renewable Energy Development Act, which came into effect in 2021, electricity consumers with contract capacities of 5,000 kW (kilowatts) or more are required to self-generate 10% of their electricity from green sources within five years.	1.Increased energy costs 2.Potential fines	1.Implemented energy-efficient carbon reduction equipment in the factories, such as high-efficiency air compressors, and chillers, and the addition and replacement of energy-saving lighting fixtures. 2.Air fouling is continuously monitored for the pH value of the scrubber, and lye is automatically added for neutralization control when it is below pH6.	Local Regulations	Mid-term	1. New “Climate Change Response Act” in Taiwan	1.Increased carbon reduction costs 2.Potential fines			Immediate				
TYPE	Climate-Related Risks	Impact Period	Risk Content Description	Potential Financial Impact	Adaptation and Coping Measures																								
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	Immediate																												

Item		Implementation status				
	Physical risks			1.Potential production line shutdowns. 2.Impact on employee attendance. 3.Disruption in transportation and potential loss of goods. 4.Typhoons may lead to water and power outages, which could result in production interruptions and impact equipment functionality.	1.Annual budget allocation for insurance premiums. 2.Project timelines affected. 3.Equipment and personnel losses. 4..If there is a shortage of water, water needs to be purchased for emergency	1.Properly plan for product insurance to mitigate losses from extreme weather events. 2.Increase safety stock levels to address delivery delays and default risks resulting from logistics disruptions or production stoppages. 3.Implement adequate safety measures for critical equipment to reduce financial losses due to damage from wind and water.
		Long- term				
		Increase in annual average temperature	Long-term	1.Reduced lifespan of equipment and machinery. 2.Increased demand for air conditioning due to higher cooling requirements. 3.Summer peak electricity demand causes factory power outages, leading to production stoppages and product wastage.	1.Increased equipment procurement expenses. 2.Higher electricity costs. 3.Reduced production capacity.	1.Replace air conditioning equipment with more energy-efficient units to reduce energy consumption. 2.Improve insulation in newly constructed buildings to lower energy consumption by air conditioning systems. 3.Regularly inspect and maintain equipment to extend its lifespan. 4.Prepare backup power generation equipment to address power limitations and outages.
2. Climate-Related Occurrences and Financial Impacts						
	Type	Climate-Related Occurrences		Potential Financial Impacts	Coping Measures	
	Product and Service	1.Providing real-time updates and improving service quality in response to climate change risks. 2.Developing and/or increasing the availability of low-carbon products and services. 3.Investing in research and innovation for the development of new products and services.		1.Offering diverse services and products that meet market demands to enhance the company's reputation and visibility. 2.Creating opportunities for new products or services, leading to increased revenue.	1.Utilizing design modifications to streamline processes and reduce production steps, resulting in lower energy consumption during manufacturing. 2.WPNL deploys large typesetting operations to reduce production frequency and minimize energy usage in the manufacturing process.	
	Resilience	1.Consolidating climate change risks and response strategies to enhance the company's resilience.		1.Strengthening corporate resilience to reduce losses from climate change and mitigate customer losses as well.	1.We will continue to invest in climate change mitigation measures at various stages of our internal value chain, such as adopting energy-efficient equipment, energy-efficient design, and carbon reduction processes. We will also require our suppliers to meet relevant environmental-friendly standards, working together with partners to create a sustainable supply chain.	

Item	Implementation status
3. Describe the impact of extreme climate event and transformation action on the finance.	<p>For the climate risks and opportunities identified, the potential financial impacts on the aspects of revenue, cost and asset, etc. have been considered. › In terms of annual temperature, even though the county where the Kaohsiung City is located may reach a 2°C increase before mid-century in various scenarios, it could still have potential impacts such as increased air conditioning costs, reduced lifespan of instruments and equipment, accelerated depreciation of existing assets, increased infrastructure costs, and the possibility of reduced production for certain goods.</p> <p>The analysis estimates that by the end of the century, the increase in average maximum daily rainfall will not exceed the "3D Disaster Potential Map" hazard standard of 650 millimeters of rainfall in 24 hours. Therefore, the company does not face an immediate risk of flooding due to heavy rainfall. However, there is still the potential for disruptions caused by natural disasters such as typhoons, including site shutdowns, transportation difficulties, supply chain interruptions, and employee absenteeism.</p>
4. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	<p>To identify and assess material impact or risk related to operations, the Sustainable Development Committee will periodically assess the climate change risks in the future, in order to understand the actual potential financial impact, and to such information as the basis for policy and goal establishment, thereby stipulating climate management procedure and monitoring the climate risk management outcome and implementation status continuously.</p>
5. If the scenario analysis is used to assess the resilience against the climate change risk, it is necessary to describe the scenario, parameters, assumptions, analysis factors used and the key financial impact.	<p>The scenario of climate risk analysis considered and referenced includes the transformation scenarios of National Determined Contributions (NDCs) and Science Based Target (SBT) and the physical scenarios of RCP 2.6 and RCP 8.5, etc. The Company performs risk and opportunity analysis on the aspects of transformation, reputation and physical risks associated with policy, regulation, market and technology under different scenarios. For information on relevant parameters, assumptions, analysis factors and key financial impact:</p> <p>1. Transitional Climate Risk Scenario</p> <p>In response to the Paris Agreement's NDCs (Nationally Determined Contributions) and domestic regulations (such as the Greenhouse Gas Reduction and Management Act and the Renewable Energy Development Act), company conducted a scenario analysis to estimate the financial impact on electricity costs in Taiwan in the future. Under the target of reducing greenhouse gas emissions by 50% from BAU levels by 2030, if the proportion of renewable energy in Taiwan increases from 5.6% in 2019 to the 40% planned by the National Energy Conservation Policy in 2030, the cost of electricity in Taiwan is expected to rise. As renewable energy costs more in Taiwan, the unit price of electricity for Taipower is projected to increase from New Taiwan Dollars 2.63 per kWh in 2019 to New Taiwan Dollars 3.88 per kWh in 2030. This would increase the cost of purchased electricity in the Taiwan region. Based on this scenario analysis, in response to the potential impact of externally purchased electricity, company will continue to implement various energy-saving measures to mitigate the impact of increased electricity costs.</p> <p>2. Climate Scenario Analysis</p> <p>Physical Climate Risk Scenarios</p> <p>The Sustainability Development Committee assesses the potential impacts of climate disasters that may occur within the range of 2.4°C to 4.4°C based on the RCP climate scenarios selected by company in 2022. The assessment is conducted using publicly available climate models and charts, such as the "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform" and "3D Disaster Potential Map." The climate scenarios considered are within the range of RCP2.6 to RCP8.5. › estimate the average maximum daily rainfall and annual mean temperature change over the course of the century.</p> <p>Types of IPCC RCP Climate Scenarios and Relevant Indicators Used by the Company</p>

Item	Implementation status		
	Scenario		
Climate-Related Data Indicators	temperature	The average annual temperature of the subsidiary's Kaohsiung plant will increase by about 0.7~1.9°C, and the average annual temperature is expected to reach 21.6°C~22.8°C.	The average annual temperature of the subsidiary's Kaohsiung plant will increase by about 1~2.2°C, and the average annual temperature is expected to reach 21.9°C~23.1°C.
	rainfall	The maximum daily rainfall of the subsidiary Kaohsiung plant is estimated to be about -8.4%~28.9%, and the actual rainfall is about 204.4mm~287.6mm.	The maximum daily rainfall of the subsidiary Kaohsiung plant is estimated to be about -13.8%~40.2%, and the actual rainfall is about 192.3mm~312.8mm.
<p>In terms of annual temperature, even though the county where the Kaohsiung factory is located may reach a 2°C increase before mid-century in various scenarios, it could still have potential impacts such as increased air conditioning costs, reduced lifespan of instruments and equipment, accelerated depreciation of existing assets, increased infrastructure costs, and the possibility of reduced production for certain goods.</p> <p>Estimation of annual mean temperature change subsidiary :Kaohsiung factory</p>  <p>(Data source: Taiwan Climate Change Estimation Information and Adaptation Knowledge Platform) The analysis estimates that by the end of the century, the increase in average maximum daily rainfall will not exceed the "3D Disaster Potential Map" hazard standard of 650 millimeters of rainfall in 24 hours. Therefore, the company does not face an immediate risk of flooding due to heavy rainfall. However, there is still the potential for disruptions caused by natural disasters such as typhoons, including site shutdowns, transportation difficulties, supply chain interruptions, and employee absenteeism.</p> <p>Maximum Daily Rainfall Estimates subsidiary :Kaohsiung factory</p>			





Item	Implementation status
to explain the price establishment basis.	
<p>8. If climate-related goal has been set up, it is necessary to describe the information of activity covered, greenhouse gas (GHG) emissions scope, plan schedule, annual achievement progress, etc. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the carbon reduction source and quantity for the offset or the quantity of renewable energy certificates (RECs).</p>	<p>Please refer to the description provided in the following 1-1 and 1-2.</p>
<p>9. GHG inventory inspection and assurance status, and <u>reduction goal, strategy and specific action plan</u> (please provide information in 1-1 and</p>	<p>Please refer to the description provided in the following 1-1 and 1-2.</p>

Item	Implementation status
1-2).	

1-1. GHG inventory inspection and assurance status of the Company in the most recent two years

1-1-1 GHG inventory inspection information:

The GHG emissions table is as shown in the following, and its scope covers the subsidiary Kaohsiung Plant (TGT Techvest)

項目	2022		2023	
	Emissions (tonne of CO2e)	Intensity (tonne of CO2e/ NT\$ million of revenue)	Emissions (tonne of CO2e)	Intensity (tonne of CO2e/ NT\$ million of revenue)
Direct emissions (Scope 1)	1, 509. 433	1. 17	1, 632. 358	1. 23
Indirect emissions (Scope 2)	14, 244. 120	11. 04	15, 881. 283	11. 92
Other indirect emissions (Scope 3)	None	0	18, 198. 127	13. 66
Revenue (NT\$ million)	1, 290		1, 332	

1-1-2 GHG assurance information: The Company expects to complete the GHG external verification in 2028; subsidiaries will be completed in 2029.

Assurance institution	2022	2023
The Company and subsidiaries	None	None

1-2 GHG reduction goal, strategy and specific action plan:

According to Jin-Guan-Zheng-Fa-Zi No. 11203852314 Decree of the Financial Supervisory Commission (FSC) dated November 13, 2023, the Company is not required to disclose such information.

**(VII) Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons**

Assessed Item	Operation		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons	
	Y	N		Summary
1. Establishment of Ethical Corporate Management Policy and Proposal				
(1)Has the Company defined ethical corporate management policies approved by the Board of Directors and declared its ethical corporate management policies and procedures as well as the commitment of its Board of Directors and high-ranking management to implementing the management policies in its rules and external documents?	✓		The Company’s Board of Directors has defined the ethical corporate management principle and related operating procedures and included related ethical corporate management policies in explicit words and as part of its system. Related operating procedures are released on the Company’s website for the investors’ information.	No difference
(2)Has the Company established an evaluation mechanism for unethical behavioral risks that helps periodically analyze and evaluate business activities of relatively high unethical behavioral risks within the scope of operation and defined a solution to prevent unethical behaviors accordingly that covers at least the preventive measures against respective acts under Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” to help periodically analyze and evaluate business activities at relatively high risk of unethical behaviors within the scope of its operation to prevent each of the said unethical behaviors.	No difference
(3)Has the Company specified the operating procedures, behavioral guide, punishment for violators, and the disciplinary and complaint-filing system in case of violation in the proposal to prevent unethical behaviors, enforced them, and periodically reflected upon and amended the foregoing solution?	✓		The Company has defined the guidelines for reporting illegal and immoral or unethical behaviors and provides new hires with educational training to remind them of precisely following the ethical behavioral guide. In case of any violation of the ethical behavioral guide, the employee will be subject to punishment that varies in extent reflective of the severity of the circumstance according to the disciplinary measure and will be discussed internally.	No difference
2. Consolidation of Ethical Corporate Management				
(1)Has the Company evaluated the ethical records of parties it does business with and specified terms about ethical behavior in business contracts?	✓		The Company fulfills contracts on business activities fairly and ethically and in compliance with applicable regulatory requirements and contract provisions. In case of unethical behavior, contract provisions may be terminated or dismissed at any time.	No difference

Assessed Item	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
(2)Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)?	✓		<p>The “Procedures for Ethical Management and Guidelines for Conduct” of the Company explicitly specifies that the “Sustainable Development Committee” is under the board of directors. In addition, the Company has established the “Sustainable Development Committee Charter” on August 8,2017, and the committee consists of a chairperson and one to four members. The Chairman of the Board assumes the positions of the committee chairperson, and other members (Management Department and Financial Department heads) are assigned by the Chairman of the Board. Committee meeting is convened at least once annually. The committee is responsible for the establishment, supervision and execution of the ethical management policy and preventive plans, and the committee shall also report the compliance status to the board of directors once annually. A meeting convened on March 13, 2024 and the 2023 ethical management implementation status was reported to the 10th meeting of 9th term of board of directors on March 15,2024 of the Company. (1. Education and training of the Company: The Company and subsidiaries organized internal and external education and trainings related to ethical management topics in 2023 (including ethical management regulatory compliance, environmental safety and health management, accounting system and internal control system related courses) for a total of 56 classes with 1046rainees and a total of 1,256 hours. 2. Periodic inspection of the Company: 2023Disciplinary actions for violation against the Ethical Corporate Management Best Practice Principles (Complaint filing case: 0 case, report mailbox: 0 case, corruption and fraud case: 0 case)</p>	No difference

Assessed Item	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
(3)Has the Company established policies to prevent conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		Spontaneous recusal is expected for matters involving conflicting interests that require a recusal. This is specified in Article 28 of the Corporate Governance Best Practice Principles, the Ethical Code of Conduct, and Article 15 of the Rules of Procedure for Board of Directors' Meetings. In the event that any director or managerial officer violates the Ethical Code of Conduct, the Company shall address it according to the disciplinary measures specified in the Ethical Code of Conduct and disclose in real-time the title and name of the violator, date of violation, cause of the violation, the guidelines involved in the violation, and management in the Market Observation Post System.	No difference
(4)Has the Company created effective accounting and internal control systems to consolidate ethical corporate management and does the internal audit unit stipulates related audit plans according to the evaluation results of unethical behavioral risks and inspect compliance with the solution to prevent unethical behaviors or authorize the CPAs to perform inspections?	✓		The Company has set up the Audit Office to take charge of investigating and evaluating the deficiencies of the internal control system and evaluating the operating efficiency and adequately providing improvement advice to ensure that the internal control system gets to be effectively enforced continuously and to help the Board of Directors and the management precisely fulfill their duties. No incidents of corruption have occurred in the Company.	No difference
(5)Does the Company hold internal and external educational training on ethical corporate management regularly?	✓		The "Employee Code of Ethical Conduct" has specified the rules for implementation and the "Work Rules" have also specified regulations related to disciplinary actions, and educational promotion is also implemented during new employee orientation and on-job employee training. In 2023, the Company and subsidiaries organized integrity related trainings (compliance with ethical management regulations, environmental safety and health management, accounting system and internal audit system) for 56 classes with 1,046trainees and a total 1,256hours.	No difference
3.Whistle-blowing System of the Company				

Assessed Item	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
(1) Does the Company have substantial reporting and incentive systems in place, provide convenient whistle-blowing channels, and assign appropriate specialists to investigate reported matters?	✓		The Company has established the “Employee Complaint Filing System” and “Regulations for Handling Reported Cases of Illegal, Immoral or Unethical Conducts”, and convenient reporting and complaint filing channels are provided. The spokesperson and deputy spokesperson are responsible for the receipt and handling of complaints filed by stakeholders, including shareholders and investors. The President's Office and audit officer are responsible for the receipt and handling of complaints filed by internal employees, customers, suppliers and contractors of the Company.	No difference
(2) Has the company established any standard operating procedures, subsequent measures to be adopted after the investigation is completed, or confidentiality mechanisms for handling reported matters?	✓		The Company has established the “Employee Complaint Filing System”, and responsible supervisor is in charge of the receipt of such cases, and designated staff is assigned to handle the investigation. All cases are handled confidentially. To protect the rights of complaint case counterparty and to prevent any threats or revenge acts from others, the Company provides appeal opportunity to the counterparty, and Personnel Review Committee meeting is convened for hearing when it is considered necessary. When a case is verified to be true, it will be handled according to the laws and relevant procedures of the Company. However, when a case is verified to be deceptive due to improper reporting of the reporter, it will also be handled according to the aforementioned procedures.	No difference
(3) Does the Company assure employees who reported on malpractices that they will not be improperly treated for making such reports?	✓		It is strictly forbidden to disclose the conditions of any case to any person who is not relevant. Even if the conditions of a case may require to be discussed with relevant personnel due to the requirements of the investigation, discussion may only be made regarding the relevant part of the conditions of the case with the person. Those who fail to keep confidentiality or disclose case conditions to non-relevant personnel will be reported for discussion and prosecution.	No difference
4. Reinforced Information Disclosure Has the company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS.?	✓		The Company has uploaded the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” to the Company’s website, in order to disclose ethical management related information and status. In addition, currently, the reporting system for violation of moral and ethical conducts published on the Company's website is presented in Chinese. In addition, staff of the Management Department are responsible for the collection and disclosure of relevant information of the Company. The personnel unit provides	

Assessed Item	Operation		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	
			teaching material and examine questions annually in order to implement internal training, education and testing.
5.If the company has its own ethical corporate management principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the defined principles: no significant differences were found.			
6.Other important information that will help understand ethical corporate management in the Company: The Company negotiates with customers and fulfills contract requirements in honor of integrity and honesty and seeks, negotiates, and fulfills all contracts fairly and morally.			

(VIII)

When the Company establishes corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed: MOPS / corporate governance / relevant regulations and rules of corporate governance established or visit the Company's website

([http://www.tht-pcb.com.tw/Corporate\\_governance.html](http://www.tht-pcb.com.tw/Corporate_governance.html)) for further inquiries.

(IX)

Other important information for further understanding of the corporate governance implementation status of the Company: The Company has established the “Procedures for Preventing Insider Trading and Handling Material Inside Information” in order to serve as a basis for the material information handling and disclosure of the Company. In addition, the Company also irregularly reviews these procedures in order to comply with the current law and management requirements. Furthermore, relevant information is also published on the bulletin system of the internal Management Department of the Company and the Company’s website for review and access by the managerial officers and employees at any time. Moreover, the internal personnel of the Company are also informed of internal material information precautions irregularly.

(X) Internal control system implementation status

1. Internal Control Declaration: Please refer to page 95 (Appendix 1).
2. When CPA is retained to review the internal control, the reason, CPA’s review opinion, the Company’s improvement measures and deficiency improvement status shall be disclosed: None.

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

(XII) Important decisions reached in shareholders meetings and made by the Board of Directors in the past year up to the date the Annual Report was printed :

## 1.Board of Directors :

Session Meeting	Date	Important matters for a decision
9 <sup>th</sup> Session 5 <sup>th</sup> meeting	March 14,2023	1. Proposal for 2022 distribution of remuneration of employees and remuneration of Directors and supervisors. 2. Proposal for the 2022 business report and financial statements. 3. Formulation of the general principles for non-assurance service policies approved in advance of the Company. 4. Proposal for the amendment to some provisions of the “Rules Governing Financial and Business Matters Between This Corporation and its Affiliated Enterprises“. 5. Proposal for the 2022 “Internal Control System Effectiveness Evaluation” and “Internal Control System Declaration”. 6. Proposal for the removal of non-competition restrictions for Directors and their representatives. 7. Proposal for the removal of non-competition restrictions for managerial officers of the Company. 8. Proposal for the amendment to some provisions of the “Rules and Procedure of Shareholders’ Meetings”. 9. Proposal for the amendment to some provisions of the “Corporate Governance Best Practice Principles” and “Sustainable Development Best Practice Principles”. 10. Proposal for specifying matters related to the convention of the 2023 Annual General Shareholders’ Meeting of the Company. 11. 2023 business plan. 12. Proposal for the appointment of CPAs of the Company. 13. Proposal for application of a loan modification due to business needs.
9 <sup>th</sup> Session 6 <sup>th</sup> meeting	April 28,2023	1. Proposal for 2022 distribution of earnings of the Company 2. Proposal for 2022 distribution of cash dividends of the Company 3.Proposal for additional reasons of convention of 2023 annual general shareholders’ meeting of the Company 4. Proposal for the establishment of a corporate governance officer of the Company. 5. Proposal for the removal of non-competition restrictions for Directors and their representatives. 6. Proposal for change in the audit officer of the Company. 7. Proposal for amendments to the partial clauses of the “Internal Audit System” and “Internal Control Operation Regulations” (“Internal Audit System” of other management cycle - Prevention of insider trading management and internal major information processing audit operations,” Standard Operating Procedures for Handling Directors' Requests”)
9 <sup>th</sup> Session 7 <sup>th</sup> meeting	May 12,2023	1. Proposal for 2023 first quarter consolidated financial statements 2. Proposal for 2022 distribution of remuneration of directors and supervisors
9 <sup>th</sup> Session 8 <sup>th</sup> meeting	August 11,2023	1. Proposal for the 2023 Q2 consolidated financial statements. 2. Proposal for application of a loan extension due to business needs. 3. Proposal for amendment to the organizational chart of the Company. 4. Proposal for amendment to the provisions of the “Regulations for Reporting of Illegal and Unethical Conducts or Handling of Unethical Conduct Cases”. 5. Proposal for the amendment to some provisions of the “Regulations for Internal Control”.
9 <sup>th</sup> Session 9 <sup>th</sup> meeting	November 13,2023	1. Proposal for change of the Financial and Accounting Officer of the Company. 2. Proposal for the 2023 Q3 consolidated financial statements. 3. Proposal for the amendment to parts of the provisions of the “Sustainable Development Best Practice Principles”. 4. Proposal for the establishment of the “Regulations Governing Audit Committee Operation” and “Regulations Governing Remuneration Committee Operation”. 5. Proposal for amendment to parts of the provisions of the “Computer Cycle” Internal Control System and Enforcement Rules for Internal Audit. 6. Proposal for the 2024 audit plan of the Company. 7. Proposal for application of a loan extension due to business needs. 8. Proposal for review of 2023 CPA’s professional fee. 9. Proposal for change of the job duties of the President.



Session Meeting	Date	Important matters for a decision
9 <sup>th</sup> Session 9 <sup>th</sup> meeting	November 13, 2023	10. Proposal for the cancellation of non-compete restrictions for Directors and their representatives. 11. Proposal for cancellation of non-compete restriction for managerial officers of the Company. 12. Proposal for change of the Deputy Spokesperson of the Company.
9 <sup>th</sup> Session 10 <sup>th</sup> meeting	March 15, 2024	1. Proposal for 2023 remuneration of employees and directors. 2. Proposal for 2023 financial statements. 3. Proposal for the 2023 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System". 4. Proposal for specifying matters related to the convention of the 2024 annual general shareholders' meeting of the Company. 5. 2024 Business plan. 6. Proposal for the appointment of CPAs of the Company. 7. Proposal for application of a loan extension due to business needs.
9 <sup>th</sup> Session 11 <sup>th</sup> meeting	April 22, 2024	1. 2023 Business Report 2. Proposal for the 2023 distribution of earnings of the Company. 3. Proposal for 2023 distribution of cash dividends of the Company. 4. Proposal for amendment to parts of the provisions of the "Articles of Incorporation". 5. Proposal for additional reasons of convention of 2024 annual general shareholders' meeting of the Company. 6. Proposal for application of a loan extension due to business needs.
9 <sup>th</sup> Session 12 <sup>th</sup> meeting	May 13, 2024	1. Proposal for the 2023 Q1 consolidated financial statements. 2. Proposal for the cancellation of non-compete restrictions for Directors and their representatives. 3. Proposal for cancellation of non-compete restriction for managerial officers of the Company.

## 2. General shareholders meeting

Type of meeting	Date	Important matters for a decision	Decision and implementation status
General Shareholders meeting	June 19, 2023	Proposal for 2022 business report and financial statements	This proposal was approved as proposed according to the voting result of attending shareholders.
		Proposal for 2022 distribution of earnings of the Company	This proposal was approved as proposed according to the voting result of attending shareholders. The date of July 3, 2023 was set to be the dividend distribution base date, and the distribution was completed on July 19, 2023 (cash dividend of NT\$0.5 was issued for each share)
		Proposal for amendment to parts of the provisions of the "Rules of Procedure for Shareholders' Meetings"	This proposal was approved as proposed according to the voting result of attending shareholders, and public information was announced on June 19, 2023.
		Proposal for removal of non-compete restrictions for new directors and their representatives	This proposal was approved as proposed according to the voting result of attending shareholders, and material information announcement was made on June 19, 2023.

(XIII) Different opinions of directors that are recorded and stated in writing on important decisions made by the Board of Directors in the past year up to the date the Annual Report was printed: None.

(V) Summary of resignations and dismissals of parties involved in financial statements (including the Chairman, General Manager, head of accounting, and head of internal control, etc.) in the past year up to the date the Annual Report was printed:

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
President	Cheng-Min Hsu	June 21, 2019	November 13, 2023	Change of internal job duties of the Group
Accounting Officer/Financial officer	Li-Chen Chiu	April 22, 2019	October 24, 2023	Change of internal job duties of the Group
head of internal control	Lin, Shu-yu	August 29, 2012	April 28, 2023	Change of internal job duties of the Group

## (VI) Certified Public Accountant (CPA) Fee Information

Unit: NTD thousands

Name of Accounting Firm	Name of CPA	Duration of Inspection	Audit-oriented public expenditure	Non-audit-oriented public expenditure	Total	Remark
KPMG	Chen, Yi-Chun	January 1, 2023~December 31, 2023	1,800	730	2,530	
	Lian, Shu-Ling					

Note : The non-audit service fee refers to the taxation certification of NT\$600 thousand and the salary information checklist of full-time employees of non-supervisor positions of NT\$30 thousand.

- (I) When the accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year, the audit public expenditures before and after the replacement and the reasons shall be disclosed: Not applicable.
- (II) When the audit public expenditure is reduced by more than 15% from the preceding year, the value reduced, the ratio, and the cause shall be disclosed: None.

## VII. Information on Replacement of CPAs: None.

## VIII. Disclosure of the name, position, and duration of service at firms or their associated

enterprises in the past year of Company Chairman, General Manager, and Managerial Officers in charge of financial or accounting affairs: None.

## IX. Changes in the transfer and pledge of equity among directors, managerial officers, and shareholders with a holding ratio exceeding 10% in the past year and up to the date the Annual Report was printed

- (I) Changes in the Equity of Directors, Managerial Officers, and Major Shareholders

Unit: Share

Job Title	Name	2023		As of April 23, 2024	
		Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged	Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged
Chairman	Taiwan Printed Circuit Board Techvest Co., Ltd: Hsu, Cheng-Min	0	0	0	0
		0	0	0	0
Director	Taiwan Printed Circuit Board Techvest Co., Ltd: Lee, Ming-His	0	0	0	0
		0	0	0	0
Director	Taiwan Printed Circuit Board Techvest Co., Ltd: Hsu, Ming-Chieh	0	0	0	0
		0	0	0	0
Director	Hu, Hsiu-Hsing	0	0	0	0
Independent Director	HU, CHIA-LI	0	0	0	0
Independent Director	TSENG, HSIU-MIN	0	0	0	0
Independent Director	WU, YA-CHUAN	0	0	0	0
Major Shareholder	Taiwan Printed Circuit Board Techvest Co., Ltd	0	0	0	0
General Manager	Hsu, Cheng-Min(Note1)	0	0	0	0
General Manager	LEE, MING-HIS(Note1)	0	0	0	0
Vice General Manager	Hu, Hsiu-Hsing	0	0	0	0
Chief officer of the finance and accounting division	Chiu, Li-Chen(Note2)	0	0	0	0
Chief officer of the finance and accounting division	Chiu, Li-Chen(Note2)	0	0	0	0

Note 1: According to the resolution of the Board of Directors on November 13, 2023, based on the Group's consideration of the overall operational needs, job duty was adjusted, and Mr. Cheng-Min Hsu, former President of the Company, was replaced by Mr. Ming-His Li to act as the President of the Company.

Note 2: October 24, 2023, due to the internal job duty adjustment of the Company, Ms. Li-Chen Chiu, former Financial and

Accounting Officer, was replaced by Ms. Chu-Chen Liu to act as the Financial and Accounting Officer , approved by the Board of Directors on November 13, 2023

- (II) Information on Transfer of Equity: No equity was transferred to related parties.
- (III) Information on Pledge of Equity: No equity was pledged to related parties.

**X. Information on the relationship among Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship**

April 23, 2024; Unit: Share; %

Name	Shares held in person		Shares held by spouse and minor child(ren)		Shares held in someone else's name		The title or name and relationship among shareholders in the Top shareholding list who are related, spouse to each other, or relatives within the second degree of kinship		Remark
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
Taiwan Printed Circuit Board Techvest Co., Ltd : HSU, CHENG-MIN	30,821,897	44.21	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
CHU,MIN-XIONG	2,527,000	3.63%	0	0	0	0	None	None	None
ZHAO,GUO-LIANG	2,121,000	3.04%	751,000	1.08%	0	0	LIAO,JIA-MEI ZHAO,JUN-PEI	couple father and daughter	None
ZHAO,JUN-PEI	1,039,000	1.49%	0	0	0	0	ZHAO,GUO-LIANG LIAO,JIA-MEI	father and daughter mother and daughter	None
LIAO,JIA-MEI	751,000	1.08%	2,121,000	3.04%	0	0	ZHAO,GUO-LIANG ZHAO,JUN-PEI	couple mother and daughter	None
HUANG,GUAN-WEN	711,000	1.02%	0	0	0	0	None	None	None
Citibank Entrusted Berkeley Capital SBL/PB Investment Account	477,000	0.68%	0	0	0	0	None	None	None
Fu Sheng Industrial Co., Ltd.	445,187	0.64%	0	0	0	0	None	None	None
Yen-Yen Hsu	400,000	0.57%	0	0	0	0	None	None	None
I-Yin Yang	302,000	0.43%	0	0	0	0	None	None	None

**XI. Number of shares held by the Company, the Company's directors, managerial officers, and directly or indirectly controlled businesses and the consolidated general holding ratio**

Unit: Share; %

Re-invested business (Note1)	Investments made by the Company		Directors, managerial officers, and directly or indirectly controlled businesses (Note2)		Comprehensive investment	
	Shares	Holding ratio	Shares	Holding ratio	Shares	Holding ratio
Chi Chen Investment Co., Ltd.	8,500,000	19.27	35,600,000	80.73	44,100,000	100.00
tgt Techvest Co.,Ltd.	26,757,000	57.21	10,204,114	21.82	36,961,114	79.03

Note 1: It is the investment of the Company applying the equity method.

Note 2: The information documented in the roster of shareholders from the most recent book closure date of each company to the date the Company's Annual Report was printed.

## Four. Fund-raising

### I. Capital and Shares

#### (I) Source of Capital Stock

Unit: NTD; Shares

Date	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Approved capital stock	Paid-in capital stock	Remarks	Approved capital stock	Paid-in capital stock	Using properties other than cash to write off the stock value	Approved capital stock
1999.12	10	4,000,000	40,000,000	4,000,000	40,000,000	Founding capital	0	1999.12.29 Jing (88) Zhong-Zi No. 88507682
2000.12	10	6,400,000	64,000,000	6,400,000	64,000,000	Capital increase by cash of NT\$24,000,000	0	2001.01.17 Jing-Shou-Shang-Zi No. 09031592460
2001.11	10	13,263,417	132,634,170	13,263,417	132,634,170	Capital increase by cash of NT\$16,000,000	0	2002.01.01 Jing-Shou-Shang-Zi No. 09001519680
2002.06	10	20,638,100	206,381,000	20,638,100	206,381,000	Capital increase by cash of NT\$47,220,000	0	2002.08.06 Jing-Shou-Shang-Zi No. 09101308750
2003.03	10	21,338,100	213,381,000	21,338,100	213,381,000	Capital increase by cash of NT\$7,000,000	0	2003.04.02 Jing-Shou-Shang-Zi No. 09201092730
2003.07	10	42,000,000	420,000,000	26,541,984	265,419,840	Capital increase by retained earnings and employee bonuses of NT\$52,038,840	0	2003.07.21 Tai-Tsai-Zheng-Yi-Zi No. 0920132744
2003.1	25	42,000,000	420,000,000	33,541,984	335,419,840	Capital increase by cash of NT\$70,000,000	0	2003.09.30 Tai-Tsai-Zheng-Yi-Zi No. 0920146179
2004.08	10	77,000,000	770,000,000	45,929,003	459,290,030	Capital increase by retained earnings and employee bonuses of NT\$123,870,190	0	2004.07.09 Jin-Guan-Zheng-Yi-Zi No. 0930130532
2005.01	35	77,000,000	770,000,000	50,709,003	507,090,030	Capital increase by cash of NT\$47,800,000	0	2004.11.29 Jin-Guan-Zheng-Yi-Zi No. 0930153669
2005.08	10	77,000,000	770,000,000	61,942,998	619,429,980	Capital increase by retained earnings and employee bonuses of NT\$112,339,950	0	2005.07.01 Jin-Guan-Zheng-Yi-Zi No. 0940126486
2006.03	13.53	77,000,000	770,000,000	62,069,298	620,692,980	Employee stock warrants converted to common shares of NT\$1,263,000	0	2006.06.15 Jing-Shou-Shang-Zi No. 09501114090
2007.04	12	150,000,000	1,500,000,000	78,569,298	785,692,980	Capital increase by cash of NT\$198,000,000	0	2007.04.20 Jing-Shou-Shang-Zi No. 0960019257
2010.12		150,000,000	1,500,000,000	59,712,666	597,126,660	Capital deduction to cover accumulated loss of NT\$188,566,320	0	2011.01.25 Jing-Shou-Shang-Zi No. 10001017970
2011.01	12.51	150,000,000	1,500,000,000	69,712,666	697,126,660	Private placement of cash capital increase of NT\$100,000,000	0	2011.01.25 Jing-Shou-Shang-Zi No. 10001017970

April 23, 2024; Unit: Thousand Shares

Type of share	Approved capital stock			Remark
	Circulating shares	Shares yet to be issued	Total	
Registered common stock	69,713	80,287	150,000	None

(II) Shareholder Structure

April 23, 2024; Unit: Person; Share; %

Shareholder structure Quantity	Government agency	Financial institution	Other corporations	Individual	Foreign institution and outsider	Total
Number of people	–	–	171	27,781	23	27,975
Number of shares held	–	–	31,559,317	37,191,232	962,117	69,712,666
Shareholding ratio	0.00%	0.00%	45.27%	53.35%	1.38%	100.00%

(III) Diversification of Equity

April 23, 2024; Unit: Person; Share: %

Shareholding classification	Number of shareholders	No. of shares held	Holding ratio
1 To 999	23,433	222,008	0.32%
1,000 To 5,000	3,456	7,454,113	10.69%
5,001 To 10,000	549	4,486,760	6.44%
10,001 To 15,000	154	2,019,321	2.90%
15,001 To 20,000	117	2,201,913	3.16%
20,001 To 30,000	89	2,293,116	3.29%
30,001 To 40,000	49	1,743,360	2.50%
40,001 To 50,000	38	1,794,000	2.57%
50,001 To 100,000	54	3,941,991	5.66%
100,001 To 200,000	23	3,286,000	4.71%
200,001 To 400,000	5	1,377,000	1.98%
400,001 To 600,000	2	922,187	1.32%
600,001 To 800,000	2	1,462,000	2.09%
800,001 To 1,000,000	–	–	0.00%
1,000,001 and more	4	36,508,897	52.37%
Total	27,975	69,712,666	100.00%

(VI) List of Major Shareholders

Shareholders that hold at least 5% of the equity or those whose holding ratio is one of the Top 10, their names, the number of shares held, and the holding ratio

April 23, 2024; Unit: Share: %

Name of major shareholder	No. of shares held	Holding ratio
Taiwan Printed Circuit Board Techvest Co., Ltd : HSU, CHENG-MIN	30,821,897	44.21
CHU,MIN-XIONG	2,527,000	3.63
ZHAO,GUO-LIANG	2,121,000	3.04
ZHAO,JUN-PEI	1,039,000	1.49
LIAO,JIA-MEI	751,000	1.08
HUANG,GUAN-WEN	711,000	1.02
Citibank Entrusted Berkeley Capital SBL/PB Investment Account	477,000	0.68
Fu Sheng Industrial Co., Ltd.	445,187	0.64
Yen-Yen Hsu	400,000	0.57
I-Yin Yang	302,000	0.43

(V) Related information on the market price per share, net value, earnings, and dividends for the past two years

Unit: NTD; 000 shares

Item		Year	2022	2023	For the year up to March 31, 2024 (Note 5)
Market value per share	Maximum		19.90	28.80	24.90
	Minimum		10.70	11.90	19.35
	Average		15.00	16.79	22.17
Net value per share	Before distribution		11.35	11.44	11.50
	After distribution		10.85	Note4	Not applicable
Earnings per share	Weighted mean shares		69,713	69,713	69,713
	Before retroactive adjustment		0.87	0.79	-0.12
	After retroactive adjustment		Not applicable	Not applicable	Not applicable
Dividend per share (Note 4)	Cash dividend		0.50	0.20	Not applicable
	Free share assignment	Earnings share assignment	0	0	Not applicable
		Capital reserve share assignment	0	0	Not applicable
	Accumulated unpaid dividend		0	0	Not applicable
Analysis of return on investment	Price to earnings ratio (Note 1)		17.24	21.25	Not applicable
	Price to dividend ratio (Note 2)		30	83.95	Not applicable
	Cash dividend yield (Note 3)		0.03	0.01	Not applicable

Note 1: Price to Earnings ratio = Mean closing price per share of the year/Earnings per share.

Note 2: Price to Dividend ratio = Mean closing price per share of the year/Cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Mean closing price per share of the year.

Note 4: The distribution of 2023 earnings was approved by the Board of Directors on April 22, 2024. Once the dividend payout base date is approved, the shareholder dividend distribution ratio will be adjusted according to the actual outstanding shares of the Company.

Note 5: The net value per share and earnings per share are the data reviewed by approved by CPAs for the first quarter of 2024.

## (VI) Company's Dividend Policy and Implementation

### 1. Dividend policy defined in the Articles of Incorporation

For annual earnings concluded by the Company, besides taxation as required by law, they shall be prioritized for offsetting prior deficits. Secondly, 10% of the remainder will be the legal reserve unless the legal reserve has reached the overall capital size and provision or reversal of special reserve reflective of operational demand may be done. In case of any surplus, the Board of Directors may combine it with prior ones and prepare the distribution proposal and introduce it during the Shareholders Meeting for a decision prior to actual distribution.

The Company may distribute dividends, bonuses or legal reserve in whole or in part of the capital surplus. If the distribution is to be made by cash and authorized for by two-thirds of the Board of Directors attending the meeting, it must be approved with a majority vote and will be reported at the Shareholders Meeting.

In light of steady developments and a sound financial structure, the distribution of surpluses of the Company is not to be below 10% of distributable surpluses after prior surpluses are subtracted. When it is below 1% of the paid-in capital size, however, it may be decided that all the remaining surpluses will continue to be retained and not be distributed.

Upon distribution of earnings, the cash dividend may not be below 10% of the overall dividends.

### 2. Current distribution of of dividends

The proposal for the 2023 earnings distribution of the Company was approved by the Board as a resolution on April 22, 2024; after adding the remeasurements of the defined benefit plan and the changes in the period and appropriating 10% for the legal reserve and the special reserve, earnings available for distribution are as follows:

- (1) NTD 0 distributed as a share dividend for shareholders.
- (2) NTD13,942,533 distributed as cash dividend for shareholders.
- (3) Cash dividend distributed with the earnings (NTD/Share): NTD0.2.
- (4) Information on expected major changes to the dividend policy: None.

## (VII) Remuneration for employees and that for directors and supervisors

### 1. Percentage or range of remuneration for the employees and that for the directors and supervisors as stated in the Company's Articles of Incorporation

After the pre-tax net profit of the current term before the remuneration for directors and that for employees are subtracted from the profit for the current year of the Company, less than 3% shall be set aside to be the remuneration for directors and 5% to 15% shall be that for employees. In cases of pending cumulative deficits borne by the Company, an amount sufficient to offset the deficits shall be retained first.

The employees' compensation may be made in form of shares and cash to the employees of the Parent or subsidiaries of the Company who meet certain criteria. The criteria and the method of subscription shall be authorized by the resolution of the Board of Directors.

The company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or cash; and in addition, thereto a report of such distribution shall be submitted to the Shareholders Meeting.

### 2. Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration for employees and that for directors and the basis for calculating the number of shares included in the distribution of share bonus, and the actual value distributed and their estimates of the current term:

- (1) The Company estimates the amount of remuneration for employees and that for directors based on the policy defined in the Company's Articles of Incorporation and with reference to how it was distributed in prior years.



(2) The basis for estimating the amount of remuneration for employees and that for directors in 2023 is to multiply the pre-tax net profit by 5% which is expected for employees and 3% for directors. The basis for calculating the number of shares for distribution of stock bonus is the closing price on the day before the Board of Directors' meeting. In 2023, however, the employee stock bonus was not distributed.

(3) Differences between the actual value decided to be distributed by the Board of Directors and the estimate, if any, are considered as variations in accounting estimates and will be recognized as the profit or loss of 2024.

3. Remuneration Distribution Approved by the Board:

A. The Amount of Remuneration of Employees and Remuneration of Directors and Supervisors Distributed in Cash or Shares:

According to the Articles of Incorporation of the Company, when the Company has surplus earnings for a fiscal year, an amount less than 3% of the amount shall be appropriated as the remuneration of Directors and supervisors, and 5%-15% of the amount shall be appropriated as the remuneration of employees. However, if the Company has cumulative losses, it shall preserve the amount for compensation. The remuneration of employees in the preceding paragraph may be made in shares or cash, and the distribution targets include employees, who fulfill certain conditions, of domestic and foreign companies under control or subordinated companies, and the Board is authorized to formulate such conditions.

In 2023 and 2022, NT\$2,942,000 and NT\$3,279,000 were estimated for the remuneration of employees of the Company, NT\$ 0 and NT\$1,967,000 were estimated for the remuneration of Directors and supervisors of the Company. The estimation basis is calculated by deducting the cumulative losses from net profit before tax of the period (before deducting the remuneration of employees and remuneration of Directors and supervisors) and multiplying by the distribution ratio of remuneration of employees, Directors, and supervisors as intended in the Articles of Incorporation, and the amount is presented as operating expenses for the period. For relevant information, please visit the MOPS for inquiries. The remuneration of employees, Directors, and supervisors resolved by the Board for distribution above has no difference from the estimated amount in the parent company only financial statements of the Company in 2023 and 2022.

B. Amount of remuneration of employees distributed in shares and the ratio to net profit after tax stated in the parent company only or separate financial statements of the period, and the ratio to total remuneration of employees: None.

4. Actual distribution of the remuneration of employees, Directors, and supervisors (including the number of shares and amount distributed and stock price); if there is any difference from the remuneration of employees, Directors, and supervisors recognized, the difference, reason, and handling conditions shall be specified: In 2023, the Company distributed employees' bonuses and remuneration of Directors and supervisors, which were equivalent to the employees' bonuses and remuneration of Directors and supervisors recognized in the 2022 parent company only financial statements of the Company.

(VIII) Buyback of the Company's Shares: None.

II. Corporate Bonds: None.

- III. Preferred Stock: None.
- IV. Global Depositary Receipt: None.
- V. Employee Stock Options: None.
- VI. Employee Restricted Stock: None.
- VII. New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.
- VIII. Implementation of Capital Utilization Plan: None.

## Five.Operational Status

### I. Scope of Operation

#### (I) Scope of Operation

1. Main contents of the business : Producing, processing and selling electronic components and printed circuit boards.
2. Present product items and business ratio

Unit: NT\$ thousand; %

Main products	2023		2022	
	Sales value	%	Sales value	%
Printed circuit board	1, 214, 843	94. 20	1,249,554	93.82
Income from processing	74, 814	5. 80	82,360	6.18
Total	1, 289, 657	100. 00	1,331,914	100.00

#### 3. New Products to be Developed

New procedure technologies and new products of the Company to be developed are as follows:

- (1) Continue to develop PCBs related to infotainment and HMI applications and EVs to expand the market.
- (2) Continue to explore customers of product applications related to biotechnologies. At present, we have commenced pilot production and small-amount production; we will continue to follow customers' production plans and explore other machine models.
- (3) Cooperate with existing distributors to grasp the market trends and requirements and jointly explore other product categories.

#### (II) Industry Overview

Manufacturing and sales are primarily attributed to printed circuit boards (PCB). Applications include LCD TVs, monitors, NBs, control panels and LED light bars. PCBs are substrates that carry electronic components, while the core material of the inner layer acts as an insulator (e.g. glass fiber) the outer layer is supplemented with a conductor (e.g. copper foil). According to the circuit design of the end product, the circuit pattern is applied to the substrate by chemical etching and electroplating. Given that the electrical circuit (wiring) connects the various electronic component and provides electrical conductivity to transmit power and signals, this enables the function of each component to be performed. PCBs are regarded as one of the most essential components of electronic products. In general, PCBs are categorized into rigid circuit boards (R-PCB), flexible printed circuits (FPC), high density interconnect boards (HDI), and IC carrier boards. If classified under the number of conductive layers, these can be divided into single-sided, double-sided and multi-layer panels. The downstream applications for these types of PCBs are as follows:

Classification	Terminal Products	Characteristics
R-PCB	Automotive electronics, servers/storage, desktop computers, notebooks, displays, hard drives, TVs, game consoles, and so on.	Non-flexible, wide range of board thickness, and able to carry large currents.
FPC	Wearable devices, mobile phones, tablet PCs, notebooks, digital cameras, TFT-LCD panels, touch panels, and so on.	Flexible, easy to bend, lightweight and thin.
HDI	Wearable devices, mobile phones, tablet PCs, ultra-thin notebooks, digital single-lens reflex cameras, handheld game	Small in size, high density of circuit distribution, and

	consoles, data cards, and so on.	excellent transmission performance.
IC Carrier Board	Application processors, baseband chips, power management chips, NFC chips, RF chips, graphics chips, power amplifiers, flash memory, MEMS, and so on.	Lighter, smaller in size, and has excellent quality stability and information channels.

In summary, PCBs can be applied to an extensive range of products, hence the name of “mother of all electronic products”. PCBs can be used in almost everything in terms of electronic components. Their applications include wearable devices, communications, tablet PCs, automotive electronics, servers/storage, networking, personal computers, various consumer electronics products, and so on. Therefore, the prosperity in the terminal electronics market directly affects the market demand for PCBs.

### 1. Industry status and development trends

The imbalance of supply and demand under the impact of COVID-19 pandemic in 2021 and 2022 caused the over-inflation of the global consumption, such that companies faced the pressure of destocking and increase of interest rate adopted to suppress inflation. As a result, the PCB industry worldwide encountered significant decline in 2023. In the newsletter announced by Taiwan Printed Circuit Association (TPCA), according to the estimate of the Industry, Science and Technology International Strategy Center (ISTI) of Industrial Technology Research Institute (ITRI), the global PCB production value in 2023 was US\$73.9 billion, a decrease of 15.6%.

Looking into 2024, according to the latest information released by International Monetary Fund (IMF), due to the reasons of strong economic growth in the U.S. and the revitalization policies implemented by the Chinese government, the global economic growth forecast is adjusted upward, and the new estimation indicates that the growth rate for this year is expected to reach 3.1%, an increase of 0.2% from the original forecast. The growth rate for 2025 is expected to be slightly increased to 3.2%. In addition to the top two largest economies in the world, IMF further indicates that the large emerging economies of India, Russia and Brazil demonstrate higher growth than expected.

According to the ISTI of ITRI, the global PCB output value in 2024 is expected to return to US\$78.2 billion, a growth of 6.3% from 2023. As the growth dynamics of the overall consumption market approaches the global economic performance gradually, the speed of growth of global PCB output value will also return to the long-term average standard of 4% to 5%.

### 2. Current status and development trend of Taiwan industry

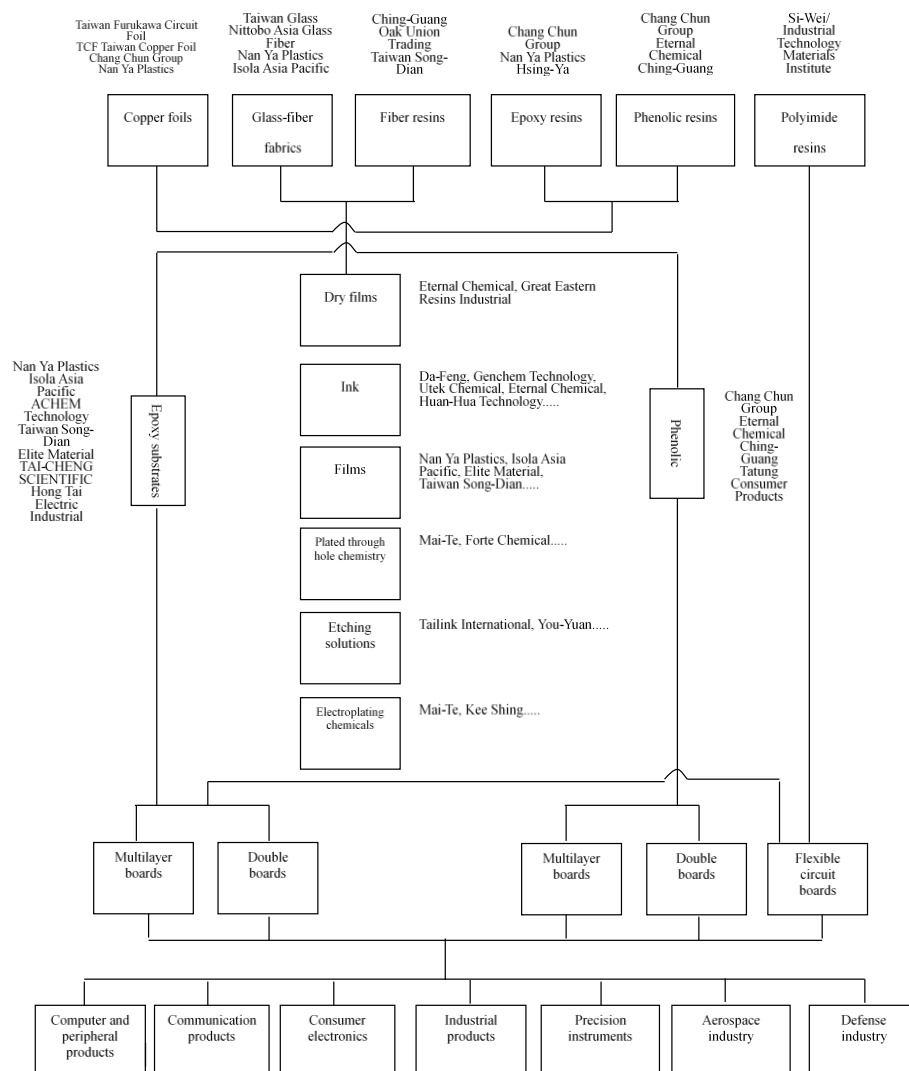
Due to the impact of diminishing of positive influence of the pandemic, after Taiwanese PCB industry manufacturers have experienced a year of correction, business operators in the industry finally saw some sign of prospective outlook during the third quarter of 2023, and the decline of electronic component industry expected to come to an end. Under the negative impacts of weak terminal demands, international conflicts, high inflation and high inventory, etc., according to the data released by TPCA, the cross-strait PCB manufacturing industry output value of Taiwanese manufacturers reached NT\$778.3 billion in 2023, an annual decline of 15.8%. After the terminal destocking, the PCB industry of Taiwanese manufacturers will have a new growth cycle, and TPCA predicts that the whole-year output value of PCB by Taiwanese manufacturers in 2024 will reach NT\$837.7 billion, an annual growth of 7.6%.

### 3. Linkage between upstream, midstream, and downstream industries

The Group is engaged mainly in the manufacturing and sales of PCBs as a bridge for carrying

electronic components and connecting circuits. Upstream industries include chemical raw materials such as: substrates, copper foil, glass cloth, dry film, ink, film and etching solution, covering petrochemicals, metal and electronic component industries. Downstream industries include computer peripherals, communication products, consumer electronics, industrial products, precision instruments, the aerospace industry, and the defense industry. The main raw materials for upstream industries can be developed and supplied by domestic manufacturers, while the applications for downstream industries are more diverse and are likely to be affected by the general economy, market performance, and consumption. Given the above, both upstream and downstream systems of the PCB industry have been reasonably developed. Structural links between the upstream, midstream and downstream industries are as follows:

## PCB vertical structure system



Information source: Industrial Technology Materials Institute

### 4. Competition situation

Due to the wide range of applications of printed circuit boards, the substrate layer count and characteristics are different, so there are many competing manufacturers in Taiwan and abroad. The Group is engaged in the production of printed circuit boards, mainly photovoltaic panels, NB boards, automotive boards, and so forth. The Company has strengthened its production efficiency management to meet customers' needs with stable quality and competitive prices.

In terms of the global PCB industry, as the PCB industry in China possesses comprehensive supply chains and enormous markets worldwide, it is unlikely to make replication in a short period of time in other countries, and its estimated market share is over 50%. Furthermore, with the Chinese government's full support and the development of the capital market, its effects cannot be underestimated. However, in recent years, due to the effects of the trade war between the U.S. and China, enterprises accelerated the evaluation for the diverse deployment of their production bases, and the trend of southbound arrangements is developing.

### (III) Technology, R&D and Patent Overview

1. R&D expenses during the most recent fiscal year and as they stood on the date of publication of the annual report:

Not applicable as PCBs are the basic components of the electronic industry, the production technology is relatively mature. Also, related product lines and specifications are provided according to the design of the customer.

2. Whether there is any infringement of patent rights, trademark rights and copyright in the currently

registered or attained patent rights, trademark rights and copyright rights, and whether the actions taken are reasonable and effective:

The Company has no registered patent rights, trademark rights and copyrights, and has not been involved in any infringement of patent rights, trademark rights and copyrights during the most recent fiscal year and as they stood on the date of publication of the annual report.

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

1. Short-term plans

- (1) Enhance process improvement and internal audit, improve manufacturing yield rate, effectively reduce production cost, and achieve highest operational efficiency.
- (2) Integrate all raw material and auxiliary material suppliers, appropriately utilize resources of the TPT Group in order to effectively reduce purchase cost, reduce lead time and improve product competitiveness.
- (3) Obtain new model certification for currently existing customers.

2. Long-term plan

- (1) Improve product technical standard and engage with customers to understand technical and production demands synchronously.
- (2) Continue to expand product categories and sales channels to cope with the market trend and product diversity, in order to reduce impact due to economic fluctuation.
- (3) Enhance collection of new raw materials and new technologies and plan the right products according to the future product trend, reduce development and mass product implementation timing, in order to satisfy future product demands.

II. Market, production and sales overview

(I) Market Analysis

1. Major product sales regions

Unit: NT\$ 000's

Area \ Year	2023		2022	
	Amount	%	Amount	%
Domestic sales	989,947	65.12	1,091,294	81.93
Export	299,710	34.88	240,620	18.07
Total	1,289,657	100.00	1,331,914	100.00

The Company's main products are PCBs, and they are sold in Taiwan, Korea, USA and Singapore .

2. Market share

According to the statistics of TPCA, in 2023, the total PCB sales value was NT\$739 billion, and the Group accounts for a market share of 0.06% in 2023.

3. Future market supply and demand situation and growth

Exploring the development trend of the PCB industry, with the development trend of seeking lightness, thinness, shortness, and small-size of downstream electronic products, the technical developments will focus on high precision, high integration, and lightness and thinness. Exploring the applications of end products, there were structural changes in the 5G, mobile Internet, IoT, cloud calculation AI, self-driving vehicles, and other emerging application markets in recent years, and the source of such changes is the generation, calculation, and application of Big Data, and the short-term, mid-term, and long-term structures are under adjustment. To seek new growth momentum, Taiwanese companies will continue to make arrangements in the application fields of 5G, network communication, and automotive electronics through adjustments of product structures, actively introduce automation and smart equipment, and optimize procedure efficiency to seek growth in operating profits. Except for the

existing LCD boards and NB boards, the Group strives to provide products and services with competitiveness to customers, and 5G applications and vehicle boards are new sectors the Group actively focuses on.

#### 4. Competitive niche

##### (1) Continuous evolution of professional technologies

The Group actively improves production manufacturing process, and develops niche products with technology and quality advantages.

##### (2) Investment in complete production equipment, quality control and peripheral equipment

The Group purchases complete production equipment and quality control equipment in order to provide the best product quality and delivery service to customers. In addition, based on the consideration of the social responsibility of environmental protection and industrial safety, the Group also purchases relatively complete peripheral equipment. Accordingly, the Group has been able to successfully quality rigorous evaluations and assessments of all major customers.

##### (3) Good management system

PCB manufacturing is an industry with complex manufacturing processes and made-to-order production, having precise and effective management is the foundation for maintaining competitiveness and generating profits. Not only does the Company's management team constantly strive for meeting the objectives of effective management, but with years of professional production experience, alongside the application of integrated computer systems, short delivery times, reduction of costs and continuous quality standard improvement are also achieved, further increasing the Company's competitiveness.

#### 5. Favorable, unfavorable factors for development outlook and countermeasures

##### (1) Favorable factors

- A. Stable supply relationship has been established with all main raw material suppliers, in order to properly manage raw material source.
- B. All staff are elites from the industry, and the Company's technology has reached the international standard, such that niche products and technologies in the optoelectronic and information sectors can be managed properly.
- C. Both the labor and management engage in sufficient communication. In addition, under comprehensive management system, the labor-management relation is harmony with internal cohesion, thus employees exert efforts in achieving the greatest benefits of the Company continuously.

##### (2) Unfavorable factors

- A. New electronic products continue to emerge in the market and price continues to drop, such that the margin for profit is reduced.

Countermeasures:

To reduce production cost, the Company introduces migrant workers according to the legal procedure in order to reduce labor cost. Increase production efficiency and quality yield rate, improve process capability and reduce waste of raw materials. In addition, reduce purchase cost through price inquiry, comparison and negotiation.

- B. Impact of low-cost competition from China and Southeast Asian counties on low-end



products.

Countermeasures:

Prevent low-price competition of low-end products with developing countries, differentiating the market positions for high-end products and low-end products, maintain market competitiveness of high-end products, and increase added value of high-end products.

- C. Under the increasing environmental protection awareness, all production wastewater, waste gas and wastes must be treated properly.

Countermeasures:

Purchase complete wastewater and gas treatment equipment, employ qualified professional personnel to perform wastewater and gas treatment, and entrust qualified contractor to handle waste fluids and wastes. Actively develop electroless plating technology and continue to implement the planning for use of halogen-free materials, in order to comply with the environmental protection regulatory requirements and to fulfill the social and environmental protection responsibilities.

- D. Price fluctuation of international raw materials.

Countermeasures:

Procurement personnel monitor the raw material market price trend at all time in order to reduce adverse impact of price fluctuation, and maintain proper relationship with raw material suppliers, in order to understand and manage the best purchase timing.

- E. Profitability affected by exchange rate change.

Countermeasures:

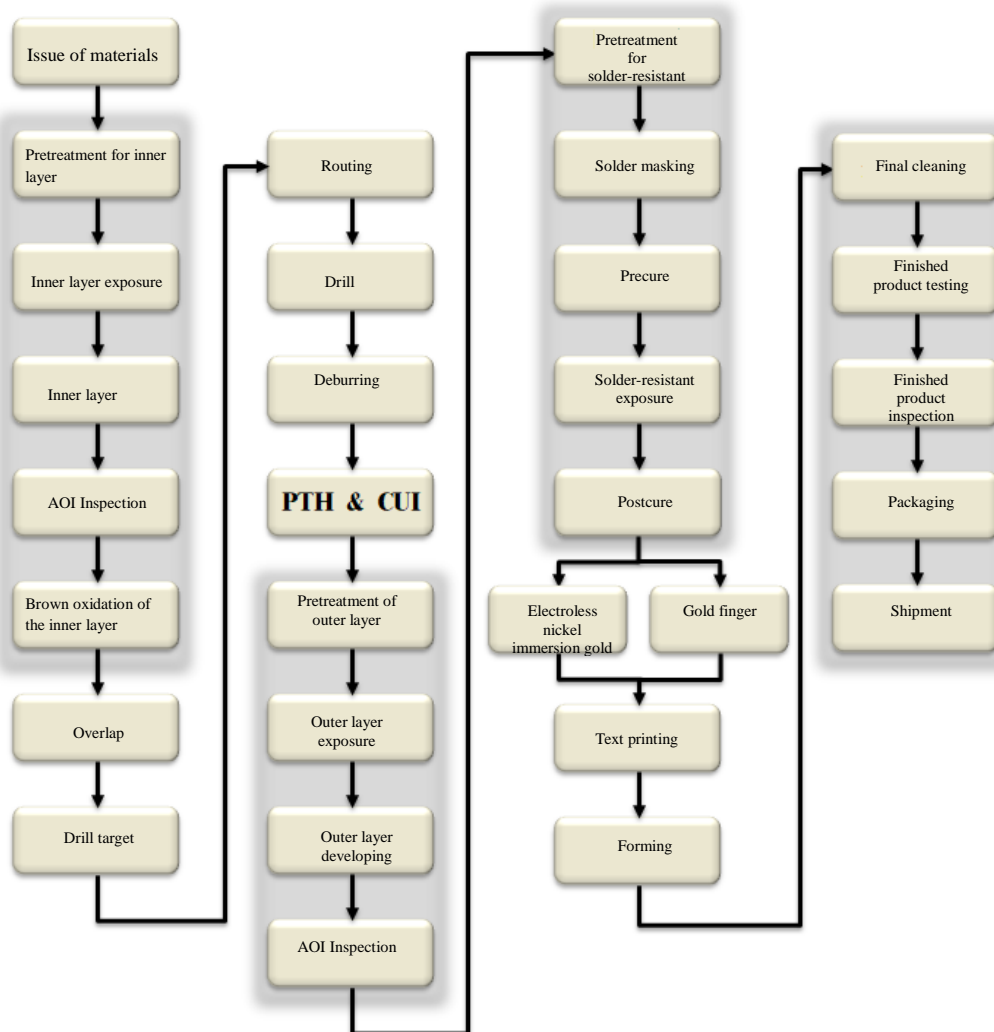
Obtain and monitor exchange rate information timely, and reduce exchange loss via forward trading.

- (II) Purchasing personnel keeps an eye on the market price trend of raw materials to reduce the negative impact of price fluctuation and maintain a good relationship with raw material suppliers to ascertain the best timing of purchase.

1. Usage for the Company's main products

TFT-LCD monitors, desktop computers, notebook computers, automotive PCBs, consumer electronics, etc.

2. Manufacturing processes for the Company's main products



### (III) Primary raw material supply status

Primary raw material	Main supply source	Supply status
Printed circuit board	T-Mac Techvest Wuxi, TPT	Excellent
Aluminum foil substrate, aluminum foil, PP, dry film	Nan Ya, LCY, Eternal Materials	Excellent
Ink	Sun Company	Excellent
Chemical solutions	Macdermid Performance Solutions Taiwan	Excellent

### (IV) Major suppliers and customers

1. Name of suppliers accounted for more than 10% of total purchase amount of the Company in any one of the most recent two years

Unit: NT\$ thousand; %

	2023				2022				Up to the end of 1st quarter of 2024			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the first quarter of the current year (%)	Relationship with the issuer
1	Nan Ya	179,895	22.89	No	Nan Ya	137,439	18.55	No	Nan Ya	23,213	11.18	No
2	T-Mac Wuxi	86,173	10.96	Yes	T-Mac Wuxi	108,329	14.62	Yes	T-Mac Wuxi	19,651	9.46	Yes
3	Shengyi	74,126	9.43	No	Shengyi	51,430	6.94	No	Shengyi	32,326	15.56	No
	Others	445,847	56.72	Yes and No	Others	443,647	59.89	Yes and No	Others	132,523	63.8	No
	Total	786,041	100.00		Total	740,845	100.00		Total	207,713	100.00	

**Description of the Reasons for Changes in Suppliers of Major Raw Materials in the Most Recent Two Years:**

In 2023, due to the increase in the price of raw materials and the increase in the demand for material preparation, the purchase amount of raw materials increased compared with 2022.

**2. Name of customers accounted for more than 10% of total sales amount of the Company in any one of the most recent two years**

Unit: NT\$ thousand dollars; %

	2023				2022				Up to the end of 1st quarter of 2024			
Item	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
1	Client A	727,747	56.43	Yes	Client A	883,501	66.33	Yes	Client A	224,898	65.49	Yes
2	Client B	150,815	11.69	No	Client B	74,102	5.56	No	Client B	40,747	11.87	No
4	Client C	128,917	10.00	No	Client C	43,875	3.29	No	Client C	21,315	6.21	No
	Others	282,178	21.88	No	Others	330,436	24.82	Yes and No	Others	56,457	16.43	No
	Total	1,289,657	100.00		Total	1,331,914	100.00		Total	343,417	100.00	

**Description of the Reasons for Changes in Major Customers in the Most Recent Two Years:**

The demand of Customer A (the parent company of the Company) for consumer electronics declined in 2023; therefore, the sales amount recorded a year-on-year decrease.

(V) An indication of the production volume for the 2 most recent fiscal years :

Unit: square feet / NT\$ thousand

Production Value Major product	Year	2023			2022		
		Production Capacity	Production Volume	Production Capacity	Production Volume	Production Capacity	Production Volume
Printed Circuit Board		4,800,000	3,200,658	1,004,424	4,800,000	2,639,869	902,715
Processing		–	1,598,425	63,378	–	3,293,154	70,646
Total		4,800,000	4,799,083	1,067,802	4,800,000	5,933,023	973,361

(VI) An indication of the volume of units sold for the 2 most recent fiscal years

Unit: square feet / NT\$ thousand

Sales Volume/ Value Major product	Year	2023				2022			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Printed Circuit Board		2,667,370	915,133	1,120,693	299,710	2,733,210	1,008,934	807,422	240,620
Processing		1,598,425	74,814	0	0	3,293,154	82,360	0	0
Total		4,265,795	989,947	1,120,693	299,710	6,026,364	1,091,294	807,422	240,620

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

Year		2023	2022	As of the first quarter of 2024
Number of employees	Direct labor	260	208	200
	Indirect labor	63	70	64
	Total	323	278	264
Average age		40.25	39	40.25
Average years of service		4.90	4.17	4.90
Education distribution rate (%)	PhD	0.00	0.00	0.00
	Master	0.31	0.36	0.38
	College	41.18	55.76	54.55
	Senior high school	52.94	37.05	40.91
	Below senior high school	5.57	6.83	4.17

IV. Information on Environmental Protection Expenditure

Environmental fines for the most recent year and up to the printing date of the Annual Report

Company	Date of Disposal	Disposal No.	Article of Regulation/Law Violated	Content of Regulation/Law Violated	Disposal Content	Estimated amount and response measures for present and future possible events
TGT Techvest	2023.12.08	Gao-Shi-Huan-Ju-Tu-Zi No. 11242761300	According to the provisions of Article 18 of the Water Pollution Control Act and Article 4 of the Water Pollution Control Measures and Test Reporting Management Regulations, “enterprises or sewage systems shall take the water pollution control measures...approved by the municipality or ... and shall operate in compliance with the approved Pollution Control Measures.”	Ferrous chloride was used as the main raw material for wastewater treatment flocculant, and it was not operated according to the approved content of the water pollution control measures.	An administrative fine of NT\$10,500 is imposed and attendance of environmental seminar for 2 hours is required.	Change of water pollution control measure plan permit was approved on 2024.03.28, and the fine was paid on 2023.12.28.
TGT Techvest	2024.01.19	Gao-Shi-Huan-Ju-Tu-Zi No. 11330719100	According to Paragraph 2 of Article 12 of the Soil and Groundwater Pollution Remediation Act, If the site in the preceding paragraph has a clear source of soil or groundwater pollution, and the concentrations of pollutants exceed the soil or groundwater pollution control standards, the special municipality, county, or city competent authority shall publicly announce that it is a soil or groundwater pollution control site (hereinafter referred to as “control site”).	Soil pollution control site and soil pollution control area	An administrative fine of NT\$100,000 is imposed and attendance of environmental seminar for 4 hours is required (no improvement deadline).	Presently, contractor is entrusted to establish an improvement plan.

## V. Labor-Management Relations

- (I) Employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status

### 1. Employee welfare measures

- (1) Enrollment of labor insurance, health insurance and group insurance
- (2) Periodic health examination (once annually)
- (3) Employee on-job training courses
- (4) Employee meals
- (5) Employee performance bonus, three-holiday and year-end bonuses
- (6) Employee birthday gift money
- (7) Establishment of Employee Welfare Committee to provide various subsidies for marriage, funeral, sickness, child birth and parental care, and to organize recreation travel activities, etc.
- (8) Appropriation of remuneration of employees when there is surplus earning after the final account of the Company

### 2. Employee continuing education and training

To improve relevant professional skills and knowledge of on-job employees, the personnel unit reviews and comprehensively coordinates the education and training demands of all units before the end of each year, in order to establish the annual education and training plan according to the overall human resource planning of the Company. According to the Regulations for Employee Education and Training, the Group organized education and training (including both internal and external trainings) in 2023 for a total of 97 classes with a total of 2,061 trainees and a total training hour of 2,365 hours. The education and training fee were approximately NT\$134 thousand. Among the education and training courses, the ones related to ethical management topic included a total of 56 classes of external training with a total of 1,046 trainees and a total training hour of 1,256 hours. The main education and training methods adopted include the following:

- (1) Supervisors provide irregular education to their staff during meetings and interviews.
  - (2) The Company uniformly organizes or other units of the Company individually organizes education and training.
  - (3) Individuals take relevant courses at continuing education department of colleges and universities.
  - (4) Staff participate in education and training organized by domestic training institutions or consulting companies.
3. Working environment and employee personal safety protective measures (subsidiaries have obtained ISO45001, and the expiration date of the certification is October 30, 2025)
- (1) For labor safety and health, safety and health workbook has been established according to regulations of the competent authority in order to provide guidelines for employees to comply with safety and health operation requirements.
  - (2) Safety and health management unit and personnel:
    - A. According to the Occupational Safety and Health Act, labor safety and health management unit has been established under the Management Department to act as the safety and health

executing unit for. In addition, the roles of safety administrators and safety and health management specialists are also established.

- B. For the workplace, field safety and health supervisory staff and first-aid facilities are installed according to the laws.
- C. Occupational safety and health review report is submitted annually.
- D. Safety and health autonomous inspection is implemented according to the regulations.

(3) Facility safety:

- A. Establish machinery and equipment protection and management rules.
- B. Periodically implement machinery equipment maintenance and care.
- C. According to regulations of the competent authority, inspection institution shall be entrusted for qualification inspection of hazardous machinery annually before use.
- D. During the signing of contract for construction works with contractors, safety and environmental protection precautions shall be informed.

(4) Environmental sanitation:

- A. Environmental testing is implemented periodically according to regulations of the competent authority.
- B. Full-body health examination is implemented for employees annually.

(5) Fire safety:

- A. Complete fire system is installed according to the Fire. Services Act.
- B. Fire prevention training is implemented semi-annually.

(6) Environmental safety

- A. Install access control and surveillance system.
- B. Implement nighttime security patrol.

4. Retirement system

Subsidiaries have established the Employee Pension Supervisory Committee according to the “Labor Standards Act”, and 15% of the total monthly salary is appropriated as the labor pension reserve fund for depositing in the account of the Labor Pension Reserve Fund Supervisory Committee. In addition, starting from July 1, 2005, the Company and subsidiaries have implemented the “Labor Pension Act” completely, and applicable rules are as follows:

- (1) For the employees with the first date of employment on and after July 1, 2005 (inclusive), the “Labor Pension Act” is applicable completely, and the Company appropriates no less than 6% of the monthly salary for the payment of pension on a monthly basis for depositing into the labor pension personal account.
- (2) For employees with the first day of employment before July 1, 2005 (exclusive), employees may choose either the pension system under the “Labor Pension Act” or the “Labor Standards Act” within five years starting from July 1, 2005 depending upon actual personal needs. If an employee fails to choose by the time-limit, the pension system under the “Labor Standards Act” shall continue to be applicable starting from the implementation date.
- (3) When an employee is subject to any one of the following conditions, he or she may apply for retirement voluntarily:

A. Where the year of service reaches 15 years and above and the employee's age is 55 years old and above.

B. Where the year of service reaches 25 years and above.

(4) Where the year of service reaches 10 years and above and the employee's age is 60 years old and above. Pension issuance standard:

A. Where the "Labor Standards Act" is applicable, according to the years of service of employees, two base numbers are provided for one full year, and for the years of service above fifteen years, one base number is provided for one full year. The maximum total is 45 base numbers. For a period of time less than half a year, it is counted as half a year. For a period of time reaching above half a year but less than one year is counted a one year.

B. For employees with the application of "Labor Pension Act", all employees with the first day of employment on and after July 1, 2005 must choose the Labor Pension Act; therefore, the regulation previously described was not applicable. For an employee choosing the system under the Labor Pension Act, his/her years of service before July 1, 2005 are preserved until his/her total number of years of service at the service unit satisfies the criteria specified in Article 53 and 54 of the Labor Standards Act. If the criteria are met during the request for pension, the pension is paid according to Subparagraph 1 of Paragraph 1 of Article 55 of the Labor Standards Act. (excluding those that have settled the original years of service according to the law and based on the mutual consents reached)

6. Labor management agreement and various employee benefit protection measures status

The Group values employee benefits and complies all requirements specified in the Labor Standards Act while offering reasonable salaries and establishing sound systems for employees. In addition, the Group also periodically organizes employee feedback and communication meetings and Welfare Committee meetings periodically, in order to achieve excellent two-way communication with employees.

(II) Labor disputes during the current fiscal year up to the date of publication of the annual report: None

## VI. Cyber security management

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

A. Information Security Risk Management Framework

The Information Office of the Company is responsible for coordinating and executing information safety policies, promoting information safety information, improving employees' awareness of information safety, and collecting and improving the effectiveness and completeness of the organization's information safety system. The Audit Office carries out the cybersecurity safety audit each year to evaluate the effectiveness of the Company's internal control for information operations.

B. Cyber Security Policy

(1) Strengthen personnel awareness of information security

(2) Implement the effectiveness and integrity of daily maintenance operations

(3) Perform Information Security Audit Operation to ensure information security is implemented

(4) Ensure operational sustainability



### C. Specific management solutions

Item	Contents
Cyber security management and control	<ul style="list-style-type: none"> <li>● Firewall erection</li> <li>● The antivirus software automatically performs virus scanning on the computer system and data storage media when the system launches a file</li> <li>● The use of each network service should be implemented under the Information Security Policy</li> <li>● Monthly review of the System Log of each network service item to track irregularities</li> </ul>
Information access control	<ul style="list-style-type: none"> <li>● Computer equipment should be kept by a person with an account and password to be set up</li> <li>● Different access authority is assigned according to competency</li> <li>● Access authority will be adjusted in time when personnel leave</li> <li>● Review user's authority once a year</li> </ul>
Response restoration mechanism	<ul style="list-style-type: none"> <li>● Review emergency procedures once a year</li> <li>● Revision of annual drill practice system recovery once a year</li> <li>● Establish a system backup mechanism</li> </ul>
Dissemination and verification	<ul style="list-style-type: none"> <li>● Annual review of computer network security control measures</li> <li>● Promote information security information at least once a month to raise employees' awareness of cyber security</li> <li>● Evaluate information security policies once a year to respond to legal, technical, and business developments</li> </ul>

### D. Input resources for cyber security management

Personnel of the Information Office is responsible for the establishment and evaluation of information safety. In 2022, resources invested in reinforcing the information safety equipment and software/hardware included the updates of the storage server to the HA structure, updates of mail servers, and improvement in the prevention of virus attacks so as to fully the improve information safety ability.

(II) Significant cyber security incident for the most recent year and up to the date of publication of the Annual Report: None.

### VII. Important contracts (up to the date of publication of the annual report)

Company	Contractual nature	Counterparty	Date of contract			Main content	Restricted Terms
tgt	Mid-term loan	KGI Bank	05.23.2022	-	05.23.2024	Medium and long-term working capital	Plant guarantee
	Mid-term loan	KGI Bank	10.30.2018	-	10.30. 2023	Medium and long-term working capital	Equipment guarantee
	Mid-term loan	KGI Bank	05.23.2022	-	08.01.2027	Medium and long-term working capital	Equipment guarantee
	Land lease	Export Processing Zone Administration, Kaohsiung Branch	02.01.2016	-	01.31. 2030	Land lease	None

## Six. Financial Overview

### I. Condensed Financial Data of the Past Five Years

#### (I) Condensed Balance Sheet and Income Statement

##### 1. Condensed Balance Sheet (Consolidated)

Unit: NTD thousand

Item \ Year		Financial Data of the Past Five Years					2024 First Quarter(Note)
		2019	2020	2021	2022	2023	
Current assets		1,091,526	836,055	737,505	508,966	589,777	591,957
Property, plant and equipment		707,465	639,070	584,312	512,175	462,673	422,498
Intangible assets		756	558	597	380	357	351
Other assets		448,982	526,492	595,823	631,040	680,333	699,381
Total assets		2,248,729	2,002,175	1,918,237	1,652,561	1,733,140	1,714,187
Current liabilities	Before distribution	1,179,988	1,110,869	937,481	595,181	701,367	712,425
	After distribution	1,179,988	1,110,869	965,366	630,037	715,310	Not applicable
Non-current liabilities		337,071	181,829	90,654	112,784	89,828	67,224
Total liabilities	Before distribution	1,517,059	1,292,698	1,028,135	707,965	791,195	779,649
	After distribution	1,517,059	1,292,698	1,056,020	742,821	805,138	Not applicable
The equity that belongs to the client of the parent company		644,539	664,485	749,733	791,496	797,708	802,335
Share capital		697,127	697,127	697,127	697,127	697,127	697,127
Capital reserve		28,787	28,787	28,787	28,787	28,787	28,787
Retained earnings	Before distribution	(22,112)	(10,271)	72,901	107,770	126,464	118,369
	After distribution	(22,112)	(10,271)	45,016	72,914	112,521	Not applicable
Other equities		(59,263)	(51,158)	(49,082)	(42,188)	(54,670)	(41,948)
Treasury stocks		0	0	0	0	0	0
Non-controlling interests		87,131	44,992	140,369	153,100	144,237	132,203
Total equities	Before distribution	731,670	709,477	890,102	944,596	941,945	934,538
	After distribution	731,670	709,477	862,217	909,740	928,002	Not applicable

Note: The above financial data have all been audited/ reviewed and approved and certified by the CPAs.

##### 2. Condensed Income Statement (Consolidated)

Unit: NTD thousand

Item \ Year		Financial Data of the Past Five Years					2024 First Quarter
		2019	2020	2021	2022	2023	
Operating revenue		785,027	1,255,711	1,622,636	1,331,914	1,289,657	343,417
Gross operating profit		(145,762)	(37,925)	103,799	104,386	53,717	(6,193)
Operating loss and profit		(221,506)	(111,780)	13,249	21,450	(18,456)	(32,327)
Non-operating revenue and expenditure		77,686	83,250	83,377	64,803	66,435	12,198
Profit before tax		(143,820)	(28,530)	96,626	86,253	47,979	(20,129)
Current net profit of the continuing operating department		(142,911)	(28,542)	91,176	71,358	46,898	(20,129)
Losses from discontinued units		0	0	0	0	0	0
Net profit (loss) of current term		(142,911)	(28,542)	91,176	71,358	46,898	(20,129)
Other comprehensive income recognized for the period (After-tax net value)		(18,674)	6,349	4,449	11,021	(14,693)	12,722

Item \ Year	Financial Data of the Past Five Years					2024 First Quarter
	2019	2020	2021	2022	2023	
Total comprehensive income in the current period	(161,585)	(22,193)	95,625	82,379	32,205	(7,407)
Net profit attributable to the owner of the parent company	(61,711)	12,841	82,177	60,393	54,815	(8,095)
Net profit attributable to non-controlling interests	(81,200)	(41,383)	8,999	10,965	(7,917)	(12,034)
The sum of comprehensive income attributable to the owner of the parent company	(78,860)	19,946	85,611	69,648	41,068	4,627
The sum of comprehensive income attributable to non-controlling interests	(82,725)	(42,139)	10,014	12,731	(8,863)	(12,034)
Earnings per share (NTD)	(0.89)	0.18	1.18	0.87	0.79	-0.12

Note: The above financial data have all been audited/ reviewed and approved and certified by the CPAs.

### 3. Condensed Balance Sheet (Parent Company Only)

Unit: NTD thousand

Year Item		Financial Data of the Past Five Years					2023 First Quarter
		2019	2020	2021	2022	2023	
Current assets		340,229	328,196	132,970	41,323	84,628	Not applicable
Property, plant and equipment		0	0	0	0	0	
Intangible assets		20	15	19	0	0	
Other assets		502,735	527,498	729,997	805,925	845,298	
Total assets		842,984	855,709	862,986	847,248	929,926	
Current liabilities	Before distribution	115,612	172,774	113,180	55,752	132,218	
	After distribution	115,612	172,774	141,065	90,608	146,161	
Non-current liabilities		82,833	18,450	73	0	0	
Total liabilities	Before distribution	198,445	191,224	113,253	55,752	132,218	
	After distribution	198,445	191,224	141,138	90,608	146,161	
Equity attributable to the owner of the parent company		644,539	664,485	749,733	791,496	797,708	
Share capital		697,127	697,127	697,127	697,127	697,127	
Capital reserve		28,787	28,787	28,787	28,787	28,787	
Retained earnings	Before distribution	(22,112)	(10,271)	72,901	107,770	126,464	
	After distribution	(22,112)	(10,271)	45,016	72,914	112,521	
Other equities		(59,263)	(51,158)	(49,082)	(42,188)	(54,670)	
Treasury stocks		0	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total equities	Before distribution	644,539	664,485	749,733	791,496	797,708	
	After distribution	644,539	664,485	721,848	756,640	783,765	

Note: The above financial data have all been audited and certified by the CPAs.

#### 4. Condensed Income Statement (Parent Company Only)

Unit: NTD thousand

Item \ Year	Financial Data of the Past Five Years					2024First Quarter
	2019	2020	2021	2022	2023	
Operating revenue	188,029	240,838	252,112	118,704	96, 035	Not applicable
Gross operating profit	8,087	12,376	20,836	10,747	9, 863	
Profit from operations	(26,851)	(4,408)	(2,612)	(8,572)	2, 165	
Non-operating revenue and expenditure	(35,627)	17,261	84,745	68,905	53, 731	
Profit(loss) before tax	(62,478)	12,853	82,133	60,333	55, 896	
Current net profit of the continuing operating department	(61,711)	12,841	82,177	60,393	54, 815	
Losses from discontinued units	0	0	0	0	0	
Net profit (loss) of current term	(61,711)	12,841	82,177	60,393	54, 815	
Other comprehensive income of current term (after-tax net profit)	(17,149)	7,105	3,434	9,255	(13, 747)	
Total comprehensive income in the current period	(78,860)	19,946	85,611	69,648	41, 068	
Earnings per share (NTD)	(0.89)	0.18	1.18	0.87	0. 79	

Note: The above financial data have all been audited and certified by the CPAs.

#### (II) Names of CPAs of the Past Five Years and Their Audit Feedback

Year	Name of Accounting Firm	Name of CPA	Opinion
2019	KPMG	Lien, Shu-Ling, Chen, Ying-Ru	Unqualified opinion
2020	KPMG	Lien, Shu-Ling, Chen, Ying-Ru	Unqualified opinion
2021	KPMG	Chen, Yi-Chun, Lien, Shu-Ling	Unqualified opinion
2022	KPMG	Chen, Yi-Chun, Lien, Shu-Ling	Unqualified opinion
2023	KPMG	Chen, Yi-Chun, Lien, Shu-Ling	Unqualified opinion

## II. Financial Analysis of the Past Five Years

### (I) Financial Analysis (IFRSs) - Consolidated

Item \ Year		Financial Analysis of the Past Five Years					2024First Quarter
		2019	2020	2021	2022	2023	
Financial structure	Debts to assets ratio	67.46	64.56	53.60	42.84	45. 65	45. 48
	Long-term capital to property, plant and equipment ratio	151.07	139.47	167.85	206.45	223. 00	237. 10
Solvency	Current ratio	92.50	75.26	78.67	85.51	84. 09	83. 09
	Quick ratio	83.77	64.43	58.47	67.05	64. 86	64. 91
	Interest coverage ratio	(10.30)	(2.08)	19.94	30.98	11. 71	-19. 53
Management ability	Receivable turnover ratio (frequency)	2.50	4.50	4.57	4.22	4. 47	4. 36
	Average collection days	146.00	81.11	79.86	86.49	81. 65	83. 71
	Inventory turnover ratio (frequency)	11.68	12.28	9.93	8.30	10. 24	10. 76

Year		Financial Analysis of the Past Five Years					2024First Quarter
Item		2019	2020	2021	2022	2023	
	Payable turnover ratio (frequency)	4.18	4.94	4.57	4.16	4.19	3.90
	Average sales days	31.25	29.72	36.75	43.97	35.64	33.92
	Property, plant and equipment turnover ratio (frequency)	1.07	1.87	2.65	2.43	2.65	3.10
	Total asset turnover ratio (frequency)	0.34	0.59	0.83	0.75	0.76	0.80
Profitability	Return on assets (%)	(5.80)	(1.00)	4.86	4.13	2.97	-4.49
	Return on equity (%)	(17.59)	(3.96)	11.40	7.78	4.97	-8.58
	Pre-tax net profit to paid-in capital size ratio (%)	(20.63)	(4.09)	13.86	12.37	6.88	-11.55
	Net profit rate (%)	(18.20)	(2.27)	5.62	5.36	3.64	-5.86
	Earnings per share (NTD)	(0.89)	0.18	1.18	0.87	0.79	-0.12
Cash flows	Cash flow ratio (%)	(5.72)	(6.55)	(0.81)	18.35	2.33	-1.80
	Cash flow adequacy ratio (%)	26.33	10.61	(4.79)	(12.03)	(15.09)	-6.99
	Cash reinvestment ratio (%)	(3.54)	(4.03)	(0.39)	3.99	(0.89)	-0.62
Leverage	Operating leverage	0.43	(0.07)	9.56	6.01	(4.12)	0.23
	Financial leverage	0.95	0.92	1.61	1.17	0.81	0.97
Please describe the reason for changes in financial ratios in the most recent two years. (exempt if the change is less than 20%)							
<p>1. Interest Coverage Ratio: The decline in demand for consumer electronics was mainly due to a decrease in pre-tax net profit compared with 2022, in addition, 2023 years were affected by global interest rate hikes and increased borrowing, as a result, interest expense increases, resulting in a change in the relevant ratio .</p> <p>2. Inventory turnover ratio: This was mainly due to the increase in the inventory at the end of the period in 2023compared with 2022 .</p> <p>3.Return on assets (%) 、Return on equity (%) 、Pre-tax net profit to paid-in capital size ratio (%) 、Net profit rate (%):The decline in demand for consumer electronics was mainly due to the decline in overall net profit after tax, which in turn affected the relevant financial ratios.</p> <p>4. Cash Flow Ratio, and Cash Reinvestment Ratio: The decrease in net cash inflow from operating activities during the year was attributable to the increase in receivables and inventories compared to the previous year.</p> <p>5. Operating Leverage 、Financial Leverage: Consolidated operating income decreased compared with last year, but operating costs decreased due to a relative increase in operating costs, resulting in a decrease in operating margin.</p>							

## (II) Financial Analysis (IFRSs) – Parent Company Only

Year		Financial Analysis of the Past Five Years					2024 First Quarter
Item		2019	2020	2021	2022	2023	
Financial structure	Debts to assets ratio	23.54	22.35	13.12	6.58	14.22	Not applicable
	Long-term capital to property, plant and equipment ratio	0.00	0.00	0.00	0.00	0.00	
Solvency	Current ratio	294.29	189.96	117.49	74.12	64.01	
	Quick ratio	294.27	185.31	117.47	74.04	63.97	
	Interest coverage ratio	(23.06)	8.35	118.58	304.74	51.18	
Management ability	Receivable turnover ratio (frequency)	2.64	4.39	3.28	2.27	2.78	
	Average collection days	138.25	83.14	111.28	160.79	131.29	
	Inventory turnover ratio (frequency)	620.48	57.01	57.71	0.00	0.00	
	Payable turnover ratio (frequency)	3.95	2.79	2.27	1.82	2.10	
	Average sales days	0.58	6.40	6.32	0.00	0.00	
	Property, plant and equipment turnover ratio (frequency)	10.32	0.00	0.00	0.00	0.00	

Year		Financial Analysis of the Past Five Years					2024 First Quarter
Item		2019	2020	2021	2022	2023	
	Total asset turnover ratio (frequency)	0.20	0.28	0.29	0.14	0.11	
Profitability	Return on Assets (%)	(6.47)	1.67	9.62	7.09	6.27	
	Return on equity (%)	(9.02)	1.96	11.62	7.84	6.90	
	Pre-tax net profit to paid-in capital size ratio (%)	(8.96)	1.84	11.78	8.65	8.02	
	Net profit rate (%)	(32.82)	5.33	32.60	50.88	57.08	
	Earnings per share (NTD)	(0.89)	0.18	1.18	0.87	0.79	
Cash flows	Cash flow ratio (%)	41.53	(12.57)	17.55	(83.42)	28.07	
	Cash flow adequacy ratio (%)	41.22	32.30	19.30	2.38	18.58	
	Cash reinvestment ratio (%)	6.60	(3.18)	2.67	(9.46)	0.29	
Leverage	Operating leverage	0.37	0.74	0.83	0.58	(0.79)	
	Financial leverage	0.91	0.72	0.80	0.96	1.98	
Please describe the reason for changes in financial ratios in the most recent two years. (exempt if the change is less than 20%)							
<p>1. Debt-to-assets Ratio: The increase in total liabilities for the year compared with the previous year was attributable to the increase in borrowings and accounts payable.</p> <p>2. Interest Coverage Ratio: The decline in demand for consumer electronics was mainly due to the decline in pre-tax net profit compared with last year, in addition, the increase in borrowings and interest expenses increased. The correlation rate will fluctuate accordingly.</p> <p>3. Amounts Receivable Turnover Rate and Total asset turnover ratio: The decline in demand for consumer electronics was mainly due to the decline in revenue for the year, which in turn affected the related financial ratios.</p> <p>4. Cash flow ratio (%)、Cash reinvestment ratio (%): Net cash outflow from operating activities decreased during the year, this is due to an increase in accounts payable for the current year compared to the previous year.</p> <p>5. Operating Leverage、Financial leverage: Revenue decreased compared with last year, and the cost of bottle saving also decreased compared with last year; as a result, operating profit increased compared to last year.</p>							

Note: 1. Financial structure

(1) Liability-to-asset ratio = Total liabilities/Total assets

(2) Long term capital to property, plant and equipment ratio = (Total equities + Non-current liabilities)/Net value of the property, plant and equipment

2. Solvency

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

(2) Quick ratio = (Current assets - Inventory - Advance payments)/Current liabilities.

(3) Interest coverage ratio = Income tax and net profit before interest/Interest expenditure of current term

3. Management ability

(1) Receivable (including accounts receivable and receivable notes from operations) turnover ratio = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days = 365/Receivable turnover ratio

(3) Inventory turnover ratio = Sales cost/mean inventory

(4) Payables (including accounts payable and payable notes from operations) turnover ratio = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

(5) Average sales days = 365/Inventory turnover ratio

(6) Property, plant and equipment ratio = Net sales value/Mean net value of the property, plant and equipment

(7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

(1) Return on assets = [After-tax gains and losses + Interest × (1-tax rate)]/Gross assets on average

(2) Return on equity = After-tax gains and losses/Mean total equity

(3) Net profit rate = After-tax profits and losses/Net sales value

(4) Earnings per share = (Profits and losses that belong to clients of the parent company - Preferred stock dividend)/Weighted average number of shares

5. Cash flow

(1) Cash flow ratio = Net cash flow from business activities/Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow of operating activities over the past five years/(Capital expenditure + Increase in inventory + Cash dividend) over the past five years.

(3) Cash reinvestment ratio = (Net cash flow from business activities - Cash dividends)/(Net value of real estate, manufacturing facilities, and equipment + Long-term investment + Other non-current assets + Working capital)

6. Leverage:

(1) Operating leverage = (Net operating income - Change in operating costs and expenses)/Operating profit.

(2) Financial leverage = Operating profit/(Operating profit - interest).

- III. Audit Committee's Audit Report of Financial Statements of the Past Year: Refer to Appendix II for details.
- IV. Consolidated Financial Statement of the Company of the Past Year Audited and Certified by CPAs: Refer to Appendix IV for details.
- V. Individual Financial Statements of the Company of the Past Year Audited and Certified by CPAs: Refer to Appendix V for details.
- VI. No financial difficulties occurred to the Company in the past year up to the date the Annual Report was printed.

## Seven. Discussion and Analysis of Financial Standing and Performance Achievements and Evaluation of Risk Matters

### I. Financial Standing

Main reasons for the variation in the assets, liabilities, and shareholders' equity in the past two years and their impacts

Unit: NTD thousand

Item \ Year	2023	2022	Variation between two terms	
			Amount	%
Current assets	589,777	508,966	80,811	15.88
Property, plant and equipment	462,673	512,175	(49,502)	(9.67)
Intangible assets	357	380	(23)	(6.05)
Other assets	680,333	631,040	49,293	7.81
Total assets	1,733,140	1,652,561	80,579	4.88
Current liabilities	701,367	595,181	106,186	17.84
Non-current liabilities	89,828	112,784	(22,956)	(20.35)
Total liabilities	791,195	707,965	83,230	11.76
Share capital	697,127	697,127	0	0.00
Capital reserve	28,787	28,787	0	0.00
Retained earnings	126,464	107,770	18,694	17.35
Other equity	(54,670)	(42,188)	(12,482)	29.59
Non-controlling interests	144,237	153,100	(8,863)	(5.79)
Total equity	941,945	944,596	(2,651)	(0.28)

1. Description of Changes in Ratio: (changes reaching 20% or above between the former and the current period with the amount of changes reaching NT\$10 million)
- A. The decrease in non-current liabilities compared to the previous year was attributable to the repayment of long-term borrowings.
- B. The decrease in other interests compared to the previous year was mainly due to the decrease in the exchange difference in the translation of the financial statements of foreign operating institutions.
2. Future Countermeasures:
- Based on the above analysis, it can be inferred that the company's financial position has undergone significant changes in the past two years, and the company's monthly revenue has improved slightly since March 2023, but the terminal demand has not seen significant growth, and the revenue is still in the consolidation stage. In 2024, the company's goal is to strive to stick to the existing market and increase revenue growth.



## II. Financial Performance

### (I) Main reasons for the major changes in the operating income, operating net profit, and pre-tax net profit over the past two years

Unit: NTD thousand

Item \ Year	2023	2022	Amount of Increase (Decrease)	%
Operating revenue	1, 289, 657	1, 331, 914	(42, 257)	(3. 17)
Cost of sales	1, 235, 940	1, 227, 528	8, 412	0. 69
Gross Profit(loss)	53, 717	104, 386	(50, 669)	(48. 54)
Operating expenses	72, 173	82, 936	(10, 763)	(12. 98)
Operating profit (loss)	(18, 456)	21, 450	(39, 906)	(186. 04)
Non-operating income and expenses	66, 435	64, 803	1, 632	2. 52
Profit (loss)before tax	47, 979	86, 253	(38, 274)	(44. 37)
Income tax expense	1, 081	14, 895	(13, 814)	(92. 74)
Profit(loss) after tax	46, 898	71, 358	(24, 460)	(34. 28)
Other comprehensive income (loss), net of income tax	(14, 693)	11, 021	(25, 714)	(233. 32)
Total comprehensive income (loss)	32, 205	82, 379	(50, 174)	(60. 91)

1. Description of Changes in Ratio: (changes reaching 20% or above between the former and the current period with the amount of changes reaching NT\$10 million)
  - A. Gross Profit(loss) \ Operating profit (loss) \ Operating profit (loss) \ Income tax expense \ Profit(loss) after tax: This was due to the decline in demand for consumer electronics, which led to a decline in revenue, and due to a relative increase in operating costs.
  - B. Other comprehensive income (loss), net of income tax \ Total comprehensive income (loss): This was mainly due to a decrease in the exchange difference in the translation of the financial statements of foreign operating institutions.
2. Estimated Sales Volume and its Basis, Possible Effects on the Company's Future Finances, and Countermeasures
 

Looking into the year of 2024, economic forecast institutions hold a relatively conservative view on the global economic outlook in comparison to the last year. Under the impact of the increasing geopolitical risk, on-going wars in some parts of the world and the delay of interest rate cut by the central banks in Europe and the U.S. to suppression inflation. the global economic performance is expected to be relatively weaker than 2023, and IMF is the only institute that holds an optimistic view that the economic growth rate this year will maintain at 3.1% comparable to the rate of last year.

Taiwan Printed Circuit Association (TPCA) indicated that the imbalance of supply and demand under the impact of COVID-19 pandemic in 2021 and 2022 caused the over-inflation of the global consumption, such that companies faced the pressure of destocking and increase of interest rate adopted to suppress inflation. As a result, the PCB industry worldwide encountered significant decline in 2023. According to the estimate of the Industry, Science and Technology International Strategy Center (ISTI) of Industrial Technology Research Institute (ITRI), the global PCB production value in 2023 was US\$73.9 billion, a decrease of 15.6%. Nevertheless, since the base period of 2023 is relatively lower, the overall electronic industry is expected to achieve higher growth in 2024. The business objective of the Company for 2024 is to secure the existing market and to increase the revenue growth with best effort. The sales volume and value of the Company in 2024 will focus on the following items to seek its growth:

  1. Increase sales channels leveraging the Group's technologies, resource integration with customers, and other cooperating methods.
  2. Continue to expand product categories to cope with the market trend and product diversity.

### III. Cash Flow

#### (1) Information on the Analysis of Changes in Cash Flows of the Past Years and Insufficient Liquidity Improvement Plan

Unit: NTD thousands

Balance of cash at the start of term	Net cash flows from operating activities throughout the year	Annual cash In (Out)-flow	Cash balance (shortage)	Remedy for cash shortage	
				Investment plan	Wealth management plan
163, 125	16, 360	(71, 709)	91, 416	—	—

##### 1. Analysis of Changes in Cash Flow During the Year:

- (1) Operating Activities: The net cash inflow from operating activities of the year decrease from last year, primarily due to the increase in amounts receivable.
- (2) Investing Activities: The net cash outflow from investing activities of the year increased from last year, primarily due to the decrease in the disposals of property, plants, and equipment by subsidiaries.
- (3) Financing Activities: The net cash outflow from financing activities of the year decreased from last year, primarily due to the increase in short-term borrowings.

##### 2. Remedial Measures for Cash Deficit and Liquidity Analysis: None.

##### 3. Analysis of Total Cash Liquidity in the Following Year:

Unit: NTD thousands

Balance of cash at the start of term	Scheduled Net cash flows from operating activities throughout the year	Expected annual cash In (Out)-flow	Expected cash balance (shortage)	Remedy for expected cash shortage	
				Investment plan	Wealth management plan
91, 416	(7, 370)	(35, 298)	56, 118	—	—

##### Analysis of Cash Liquidity in the Following Year:

- (1) Operating Activities: Since March 2023, the Company's monthly revenue has shown improvement; however, the terminal demand indicates no prominent growth, such that revenue is still under adjustment and yet to be recovered. The development in 2023 is likely to drop and rebound, and the Company hopes that the recovery of the economy and consumption in the second half of the year will bring about mild growth in the global PCB industry.
- (2) Investing Activities: Primarily due to the decrease non-current assets.
- (3) Financing Activities: Primarily due to the decrease long-term borrowings.

### IV. Impacts of Latest Major Capital Expenditure on Financial Operation: None.

### V. Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

#### (I) Main reasons for profits or losses and the improvement plan

Unit: NTD thousands

Investee	Re-investment Policy	Recognition of profits or losses from 2023	Main reasons for profits or losses	Improvement Plan
tgt	Production and distribution of various types of circuit boards	(10,588)	In 2023, trade will be weak due to the tightening of US monetary policy and high interest rates; Geopolitical risks coupled with inflation in countries around the world continue to be at a high level, making the global terminal Lower revenue due to weak product demand led to a significant reduction in full-year earnings.	Not applicable

#### (II) Future investment plan for next year: In the future, the Company will continue to improve process and

adjust product line according to the market condition in order to satisfy market demands and improve process capability.

## VI. Risk Matters

- (I) Impacts of changes in the interest rate and exchange rate and inflation on the Company's gains and losses and countermeasures in the future:

Unit: NTD thousands

	2023	2022
Net operating income	1, 289, 657	1, 331, 914
Net interest income	(631)	(1, 843)
Net interest income/Net operating income (%)	(0.05)	-0.14
Net exchange gains (losses)	(175)	7, 847
Net exchange gains (losses)/Net operating income (%)	(0.01)	0.59

1. Impact of interest rate fluctuations on profit or loss of the Company:

The Group establishes diverse financing channels to reduce the average loan interest rate. The Group monitors the market interest rate trend at all time, and determines whether interest rate hedging is required according to the loan status while maintaining proper relationship with banks, thus understand the change of interest rate at all time. In addition, the Group also adjusts the correspondent bank loan amount flexibility depending upon the capital cost of each bank, in order to avoid the risk of interest rate fluctuation. Consequently, the interest rate fluctuation has limited effect on the profit or loss of the Group.

2. Impact of exchange rate fluctuation on profit or loss of the Company:

The product sales and some of the purchase of raw materials, machineries and equipment of the Group require import or fee calculation in USD. Under the offset effect between foreign currency assets and liabilities, if there is still any difference, the settlement is adjusted timely and foreign currency is used for payment, in order to reduce the impact of the exchange rate fluctuation. In addition, based on the consideration of the highs and lows of interest rate, the Group also plans the timing for repayment of foreign currency loan and forward exchange operation. Accordingly, the Company adopts stable foreign currency management method and monitors the exchange rate trend.

3. Inflation:

In recent years, under condition of the price fluctuation of raw materials and energies, inflation is still within the controllable range such that it has no major impact on the profit or loss of the Group. In addition, the Group maintains proper cooperation relationship with suppliers and customers, and also monitors the change of raw material price in the market. Accordingly, the impact of change of raw material cost on the profit or loss of the Company is reduced.

- (II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures:

1. The Group focuses on the core business development, and based on the business philosophy of stability, the Group does not engage in any high risk and high leverage investments or trading activities.
2. The Group does not engage in high risk and high leverage investments or transactions involving loaning fund to others and making endorsements/guarantees.
3. Presently, the derivative trading performed by the Company refers to forward exchange transactions. Depending upon the position difference between the accounts receivable in foreign currency and accounts payable in foreign currency, forward exchange contract is signed. The transaction amount and upper limit of loss are handled in accordance with the "Procedures for Acquisition and Disposal of Assets."

- (III) Future R&D projects and expected investment in R&D budget: None.

- (IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the company and countermeasures:

The routine operation of the Group complies with the relevant domestic and foreign laws and regulations, and the Group also monitors the domestic and foreign policy development trend and regulatory change status while collecting relevant information for the management for decision making reference, in order to adjust relevant operational strategies of the Group. Up to the printing date of the annual report, the Group's financial business was not subject to any material impact due to changes of domestic/foreign important policies and laws.

(V) Impacts of changes in technology (including cyber security risk) and industry on the financial business of the Company and countermeasures:

The PCBs manufactured by the Group are widely applied to current technology products and 3C products. Accordingly, technology and industry changes can affect the business of the Group. Nevertheless, the Group continues to improve production technology, enhance production and process management, increase productivity and product yield rate and develop niche products. In addition, the Group also adjusts product strategy depending on the change of terminal product market supply and demand status, in order to reduce impact and influence of technology and industry changes on the financial business of the Group. With regard to the information security risk control, the Group has established and implemented information security management system and has also stipulated information security policy documents, in order to regulate the information security of the Group. In addition, information security risk assessment and internal/external information security cycle audit operation are conducted annually, thus ensuring the effectiveness of the management system and legal compliance. Please refer to pages 84~85 of the annual report for further details on the information security risk management.

(VI) Impacts of change of cooperate image on the cooperate crisis management and countermeasures:

The Group upholds the business philosophy of “Sustainability, Innovation, Service” and pursuits corporate sustainable operation and growth, values corporate image and risk control. Accordingly, for the most recent year, there has been no corporate crisis management related matter that needs to be handled due to corporate image change.

The Group focuses on the prevention of accidents or man-made accidents and has established comprehensive response plan. Accordingly, in case of occurrence of crisis, impacts on the personnel injury, business and finance can be reduced to minimum, in order to maintain smooth and proper operation.

(VI) Expected benefit, possible risk and countermeasure for acquisition and merger: None.

(VIII) Expected benefit, possible risk and countermeasure for expansion of facilities: None.

(IX) Risks faced during material incoming and sales centralization and countermeasure:

1. The top 10 major customers of sales of the Group in 2023 accounted for 99.58% of the net operating income of the Group, and the sales amount to the largest customer accounted for approximately 56.43% of the net operating income of the Group. Accordingly, there is a concern of centralized sales risk. The Group will exert effort in developing new customers in order to diversify the risk of centralized sales.
2. The top 10 major suppliers of the Group in 2023 accounted for approximately 77.53% of the total purchase of the Group, and the total purchase amount of the top 3 major suppliers accounted for approximately 43.28%. Accordingly, there is a concern of centralized purchase risk. The Group will exert effort in developing new suppliers in order to diversify the risk of centralized purchase. In addition, the Group maintains stable and long-term relationship with other raw materials.

(X) Impacts, risks and countermeasures of directors, supervisors or shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the company: None.

(XI) Impacts, risks and countermeasures of change in management rights to the Company: None.

(XII) Litigation or non-contentious events

1. Any affirmative ruling or any pending major litigation, non-contentious case or administrative dispute event of the Group, and the result thereof may have material impacts on the shareholders' rights or stock price: None.
2. For the Group's directors, supervisors, presidents and major shareholders with shareholding percentage above 10% and affiliated enterprises, Any affirmative ruling or any pending major litigation, non-contentious case or administrative dispute event, and the result thereof may have material impacts on the shareholders' rights or stock price: None.

(XIII) Other significant risks and countermeasure: None.

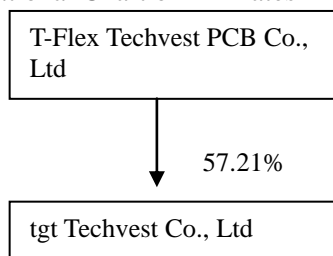
VII. Other material issues: None.

## Eight. Special Notes

### I. Information of Affiliates

#### (I) Affiliated enterprise consolidated business report

##### 1. Organizational Chart of Affiliates



##### 2. Affiliated enterprise basic information

Unit: NTD thousands

Name of affiliate	Date established	Address	Paid-in Capital	Main Businesses and Products
T-Flex Techvest PCB Co., Ltd	12.29.1999	No. 12, Gongye Second Road, Yongfeng Village, Pingzhen District, Taoyuan City	697,127	Producing, processing and selling electronic components and printed circuit boards.
tgt Techvest Co., Ltd	01.29.1970	No. 4, South Second Road, Kaohsiung Export Processing Zone, Qianzhen District, Kaohsiung City	467,680	Producing, processing and selling electronic components and printed circuit boards.

3. Information on endorsements/guarantees, loaning of funds to others and participation in derivative trading of affiliated enterprise: None.

4. Data of parties with control or in a subordinate relationship as inferred according to Article 369-3 of the Company Act: None.

5. Industries covered in the scope of operation of affiliates as a whole: manufacturing and international trade.

6. Names of directors, supervisors, and the President of respective affiliates and their shareholding or sponsorship status in the specific affiliate

Unit: Shares

Abbreviated Name of Business	Position	Name of Representative	Shares Held	
			Shares	Holding ratio
T-Flex Techvest PCB Co., Ltd	Chairman	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : Hsu, Cheng-Min	30,821,897	44.21%
	Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : Lee, Ming-His		
	Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : Hsu, Ming-Chieh		
	Director	Hu, Hsiu-Hsing	0	0.00%
	Independent Director	Hu, Chia-Li	0	0.00%
	Independent Director	Tseng, Hsiu-Min	0	0.00%
	Independent Director	Wu, Ya-Chuan	0	0.00%
	General Manager	Hsu, Cheng-Min	0	0.00%

Abbreviated Name of Business	Position	Name of Representative	Shares Held	
			Shares	Holding ratio
tgt Techvest Co., Ltd	Chairman	T-Flex Techvest PCB Co., Ltd. Representative : Hsu, Cheng-Min	26,757,000	57.21%
	Director	T-Flex Techvest PCB Co., Ltd. Representative : Lee, Ming-His		
	Director	T-Flex Techvest PCB Co., Ltd. Representative : Hsu, Ming-Hung		
	Director	Taiwan Printed Circuit Board Techvest Co., Ltd Representative : Hu, Hsiu-Hsing	9,680,606	20.70%
	Director	Ting, Qiu-Fu	150,000	0.32%
	Director	Pan, Tai-Fong	10,000	0.02%
	Director	Lee, Yanh-Sien	263,508	0.56%
	Supervisor	Su, Xing-Hua	0	0.00%
	Supervisor	Yi, Xuan-Yun	0	0.00%
	Supervisor	Chiu, Wen-Shin	0	0.00%
	CEO	Hsu, Cheng-Min	0	0.00%
	General Manager	Lin, Jing-Yao	0	0.00%

## 7. Overview of Operation of Affiliates

Unit: NTD 000's; Earnings per share: NTD

Name of Business	Capital	Total assets	Total liabilities	Total equity	Operating revenues	Net operating income	Net Income (Loss)	Earnings per Share
T-Flex Techvest PCB Co., Ltd	697,127	929,926	132,218	797,708	96,035	2,165	54,815	0.79
tgt Techvest Co., Ltd	467,680	996,446	659,654	336,792	1,193,622	(21,189)	(18,473)	-

(II) Consolidated Financial Statement of Affiliates: Refer to Appendix III for details.

(III) Affiliation Report: Please refer to pages 103~105 for further details. (Appendix 4)

II. Management of private placement securities in the most recent year and up to the date the Annual Report was printed: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the past year up to the date the Annual Report was printed: None.

IV. Other matters requiring supplementary information: None.

**Nine. Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 2 Subparagraph 2 of the Securities and Exchange Act in the past year up to the date the Annual Report was printed**

- I. Rejected checks due to insufficient balance in the account, blacklisted, or other loss-of-credit circumstances: None.
- II. Lawsuits, non-lawsuits, administrative penalties, administrative disputes, security procedures, or compulsory enforcement incidents with major impacts on the Company's finance and operation: None.
- III. Seriously reduced production or complete or partial downtime, subletting of the Company's premises or major equipment, pledge of all or some major assets with impacts on the Company's operation: None.
- IV. One of the conditions under each subparagraph of Article 185 Paragraph 1 of the Company Act: None.
- V. Shares determined as non-negotiable by the Court according to Article 287 Paragraph 1 Sub-paragraph 5 of the Company Act: None.
- VI. Change of the Chairman, President, or one-third or more of the directors:  
According to the resolution of the Board of Directors on 2023/11/13, based on the Group's consideration of the overall operational needs, job duty was adjusted, and Mr. Cheng-Min Hsu, former President of the Company, was replaced by Mr. Ming-Hsi Li to act as the President of the Company.
- VII. Change of the CPA(s), unless the change is a result of the internal adjustment of the accounting firm: None.
- VIII. Important memorandums, strategic alliances or other business cooperation plans or important contracts that are signed, changed, terminated, or dismissed, important contents of business plans that are changed, completion of new product development, successful development of tested products and entrance into official mass production, merger and acquisition of someone else's enterprise, acquisition or assignment of patent rights, trademark exclusive user rights, copyrights, or other intellectual property rights with major impacts on the Company's finance or operation: None.
- IX. Other significant conditions sufficient to impact the Company's continuous operations: None.

## Appendix 1

### **T-Flex Techvest PCB Co., Ltd. Internal Control System Declaration**

Date: March 15, 2024

For the Company's internal control system of 2023, we would like to declare as follows according to the results of spontaneous inspections:

- I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), financial reporting reliability, and compliance with applicable laws and regulations, among other goals.
- II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take corrective action against deficiencies confirmed.
- III. The Company determines the effectiveness of the design and implementation of its internal control system following the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to "Governing Regulations" for details.
- IV. The Company has already adopted the aforesaid items to check the effectiveness in the design and implementation of its internal control system.
- V. Based on the results of the check-in in the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2022, covers awareness of operational effectiveness and efficiency in accomplishing the goals, financial reporting reliability, and compliance with applicable laws and regulations can reasonably ensure fulfillment of the above-mentioned goals given its design and implementation.
- VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. If the aforesaid published contents are found to be false, or fraudulent in any way, the Company and its management shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the meeting of the Company's Board of Directors on March 15, 2024 without dissenting opinions expressed by any of the 7 directors attending the meeting, 0 attendee with dissenting opinions. All agreed on the contents of this Declaration. Please take note of it.

**T-Flex Techvest PCB Co., Ltd.**

Chairman: Hsu, Cheng-Min

General Manager: Ming-Hsi Li



**T-FLEX TECHVEST PCB CO.,LTD.  
Audit Committee Report**

The Company's financial statements for the year ending 2023 have been prepared by the Board of Directors, and have been audited and certified by the CPAs of KPMG. The aforementioned financial statements have been examined by the Audit Committee and found to be free from material misstatement. The Committee, hereby, submits the aforementioned reports following Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

T-FLEX TECHVEST PCB CO.,LTD. 2024 Annual General  
Shareholders' Meeting

Convener of the Audit Committee: Hu, Chia-Li

(Signature or Stamp)

March 27, 2024

## Declaration

The entities that are required to be included in the combined financial statements of T-Flex Techvest PCB Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No.10 endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, T-Flex Techvest PCB Co., Ltd. and its Subsidiaries do not prepare a separate set of consolidated financial statements for affiliated companies.

Sincerely yours,

Company Name: T-Flex Techvest PCB Co.,

Chairman : Cheng-Min Hsu

March 15, 2024

### Declaration

The 2023 (from January 1 to December 31, 2023) Affiliation Report of the Company has been prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and there is no material nonconformity between the information disclosed and relevant information disclosed in the notes of the financial statements for the aforementioned period.

Sincerely yours,

Company Name: T-Flex Techvest PCB Co.,

Chairman : Cheng-Min Hsu

March 15, 2024

## Reports on Affiliations

### I. Relationship between subordinate and controlling companies:

Unit: shares; %

Controlling company name	Reason of control	Shareholding and pledge setting status of controlling company			Status of directors, supervisors and managerial officers assigned by the controlling company	
		Number of shares held	Shareholding percentage	Shares pledged	Title	Name
Taiwan Printed Circuit Board Techvest Co., Ltd.	Use of equity method on the Company	30,822 thousand shares	44.21%	—	Chairman Director Director	Cheng-Min Hsu Ming-Hsi Li Ming-Chieh Hsu

### II. Purchase, Sale Transactions Status:

#### Purchase, Sale Transactions Status

Unit: NT\$ thousand; %

Transaction status with controlling company				Transaction terms with controlling company		General transaction terms		Reason of difference	Accounts receivable (payable) and notes		Overdue accounts receivable			Remarks
Purchase (Sale)	Amount	Percentage of total purchase (sale)	Gross margin on sales	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	Percentage of total accounts receivable (payable) and notes	Amount	Treatment method	Allowance for uncollectible accounts	
(Sales)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase (Purchase discount)	(1)	(0.00%)	-	Both party engaged in price negotiation	Net 150 days	-	No information for comparison in the current period	-	-	-	-	-	-	

Note 1: For the condition of advance receipts (payments), it is necessary to describe the reason, contract terms and conditions, amount and general transaction differences in the Remarks field.

Note 2: For the account items listed in the table that are not applicable, such items may be adjusted individually. If there are no applicable account items as listed in the table due to industry characteristics, this table may be exempted from filling.

III. Property Transaction Status: None.

IV. Financing Status: None.

V. Asset Lease Status: None.

VI. Endorsements and Guarantees Status: None.

## Independent Auditor's Report

To the Board of Directors and Shareholders of T-FLEX TECHVEST PCB CO., LTD.:

### Opinion

We have audited the accompanying consolidated financial statements of T-FLEX TECHVEST PCB CO., LTD. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Timing of income recognition

Please refer to consolidated financial statements Note 4 (15) Income Recognition for information on accounting policy for income. Please refer to consolidated financial statements Note 6 (18) Income Recognition for information on the income.

#### Description of Key Audit Matters:

THT Group is a TPEx listed company, and its sales revenue is a key indicator for investors and the management to evaluate financial or business performance. Since the accuracy of the timing of revenue recognition has material impact on the financial statements, the examination on the timing of revenue recognition is considered as a key audit matter to our audit on the consolidated financial statements of THT Group.

#### How the matter was addressed in our audit:

The main audit procedure adopted by us on the aforementioned key audit matter includes the examination of the effectiveness of the internal control on the sales and payment collection operation cycle and the examination of the sub-items, understanding of THT Group's revenue recognition accounting process and evaluation on whether relevant rules and requirements are complied, selection of sales transaction samples at a certain period before and after the financial report date, and verification of relevant documents and certificates, in order to assess the accuracy of the revenue recognition timing. In addition, the status of any major sales return after the period is also understood.

## **Other Matter**

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

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued by the Financial Supervisory Commission of the Republic of China. Besides, internal control, as determined by Management, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit under the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA

Approval No.: JIN-GUAN-ZHENG-SHEN-ZI  
No. 1000011652  
JIN-GUAN-ZHENG-6-ZI  
No.0940100754

March 27, 2024

#### **Note to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.



**T-FLEX TECHVEST PCB CO., LTD.AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**For the years ended December 31, 2023 and 2022**

**(Amounts in Thousands of New Taiwan Dollars)**

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<b>Assets</b>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Current assets:</b>						<b>Liabilities and Equity</b>					
1100	Cash and cash equivalents (Note 6)(1))	\$ 91,416	5	163,125	10	<b>Current liabilities:</b>					
	Notes and accounts receivable, net (Note 6(3)and(18))					2100	Short-term debts (Note 6(9))	\$ 59,000	4	30,000	2
1170	- non-related parties	149,090	9	128,126	8		Notes and accounts payable				
1180	-related parties(Note 7)	195,450	11	98,365	6	2170	- non-related parties	259,248	15	107,203	6
1200	Other receivables (Note 7)	16,693	1	8,407	1	2180	-related parties(Note 7)	105,900	6	117,642	7
1310	Inventories (Note 6(4))	133,710	8	107,663	7	2200	Other payables(Note 7)	172,872	10	150,959	9
1470	Other current assets (Note 8)	3,418	-	3,280	-	2250	Provisions for liabilities, current (Note 6(13))	74,127	5	146,658	9
		589,777	34	508,966	32	2280	Lease liabilities, current (Note 6(12))	4,384	-	3,985	-
						2320	Current portion of long-term debts (Note 6(11))	19,5295	1	28,065	2
<b>Non-current assets:</b>						2399	Other current liabilities (Note 6(10))	6,307	-	10,669	1
1517	Financial assets measured at fair value through other comprehensive income, non-current (Note 6(2))	4,150	-	4,683	-			701,367	41	595,181	36
1550	Investment accounted for using equity method (Note 6(5))	648,589	38	597,431	36	<b>Non-current liabilities:</b>					
1600	Property, plant and equipment (Note 6(7),7 and 8)	462,673	27	512,175	31	2540	Long-term debts (Note 6(11))	69,706	4	93,235	6
1755	Right-of-use assets (Note 6(8))	20,815	1	22,146	1	2580	Lease liabilities, non-current (Note 6(12))	17,014	1	18,754	1
1980	Other non-current financial assets (Note 8)	5,650	-	5,650	-	2600	Other non-current liabilities (Note 6 (14))	3,108	-	795	-
1990	Other non-current assets (Note 6(8))	1,486	-	1,130	-			89,828	5	112,784	7
		1,143,363	66	1,143,595	68		<b>Total liabilities</b>	791,195	46	707,965	43
						<b>Equity (Note 6(16)):</b>					
						3110	Ordinary shares	697,127	40	697,127	42
						3200	Capital reserve	28,787	2	28,787	2
						3310	Legal reserve	24,812	1	18,537	1
						3320	Special reserve	26,480	2	26,212	2
						3350	Unappropriated retained earnings	75,172	4	63,021	4
							Others:				
						3410	Exchange differences on translation of foreign financial statements	(38,159)	(2)	(26,210)	(2)
						3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	(16,511)	(1)	(15,978)	(1)
<b>Total assets</b>		<b>\$ 1,733,140</b>	<b>100</b>	<b>1,652,561</b>	<b>100</b>		Equity attributable to owners of parent company	797,708	46	791,496	48
						36XX	Non-controlling interest(Note 6(6))	144,237	8	153,100	9
							<b>Total equity</b>	941,945	54	944,596	57
							<b>Total liabilities and equity</b>	<b>\$ 1,733,140</b>	<b>100</b>	<b>1,652,561</b>	<b>100</b>

**See accompanying notes to consolidated financial statements.**

**T-FLEX TECHVEST PCB CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2023 and 2022**  
**(Amounts in Thousands of New Taiwan Dollars)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Operating revenue (Note 6(18) and 7)</b>				
4110	Sales revenue	\$ 1,214,843	94	1,249,554	94
4661	Processing fees revenue	74,814	6	82,360	6
	<b>Net Operating revenue</b>	<u>1,289,657</u>	<u>100</u>	<u>1,331,914</u>	<u>100</u>
5000	<b>Cost of sales (Note 6(4) and 7)</b>	<u>1,235,940</u>	<u>96</u>	<u>1,227,528</u>	<u>92</u>
	<b>Gross Profit</b>	<u>53,717</u>	<u>4</u>	<u>104,386</u>	<u>8</u>
	<b>Operating expenses (Note 6(3) and 7)</b>				
6100	Sales and marketing expenses	31,339	2	35,746	3
6200	General and administrative expenses	45,423	4	42,263	3
6450	Expected credit losses (gains)	(4,589)	-	4,927	-
	<b>Total</b>	<u>72,713</u>	<u>6</u>	<u>82,936</u>	<u>6</u>
	<b>Operating income (loss)</b>	<u>(18,456)</u>	<u>(2)</u>	<u>21,450</u>	<u>2</u>
	<b>Non-operating income and expenses: (Note 6 (20) and 7)</b>				
7100	Interest income	3,694	-	1,229	-
7010	Other income	4,050	-	7,569	-
7020	Other gains and losses	(91)	-	7,663	-
7050	Finance costs	(4,325)	-	(3,072)	-
7060	Share of profit (losses) of Affiliates and joint ventures accounted for using equity method	63,107	6	51,414	4
	<b>Total non-operating income and expenses</b>	<u>66,435</u>	<u>6</u>	<u>64,803</u>	<u>4</u>
	<b>Income (loss) before income tax</b>	<u>47,979</u>	<u>4</u>	<u>86,253</u>	<u>6</u>
7950	<b>Less: Income tax expense (Note 6(15))</b>	<u>1,081</u>	<u>-</u>	<u>14,895</u>	<u>1</u>
	<b>Net income (loss)</b>	<u>46,898</u>	<u>4</u>	<u>71,358</u>	<u>5</u>
8300	<b>Other comprehensive income :</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	(2,211)	-	4,127	-
8316	Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(533)	-	(900)	-
8349	Less: Income tax related to items that will not be reclassified	-	-	-	-
	<b>Total</b>	<u>(2,744)</u>	<u>-</u>	<u>3,227</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently into profit or loss</b>				
8361	Exchange differences in translation of foreign financial statements	(11,949)	(1)	7,794	1
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	<b>Total</b>	<u>(11,949)</u>	<u>(1)</u>	<u>7,794</u>	<u>1</u>
8300	<b>Other comprehensive income (loss), net of income tax</b>	<u>(14,693)</u>	<u>(1)</u>	<u>11,021</u>	<u>1</u>
8500	<b>Total comprehensive income (loss)</b>	<u><b>\$ 32,205</b></u>	<u><b>3</b></u>	<u><b>82,379</b></u>	<u><b>6</b></u>
	<b>Net profit attributable to:</b>				
8610	Owners of the parent company	\$ 54,815	5	60,393	4
8620	Non-controlling interests (Note 6(6))	(7,917)	(1)	10,965	1
		<u><b>\$ 46,898</b></u>	<u><b>4</b></u>	<u><b>71,358</b></u>	<u><b>5</b></u>
	<b>Total comprehensive income (loss) attributable to:</b>				
8710	Owners of the parent company	\$ 41,068	4	69,648	5
8720	Non-controlling interests (Note 6(6))	(8,863)	(1)	12,731	1
		<u><b>\$ 32,205</b></u>	<u><b>3</b></u>	<u><b>82,379</b></u>	<u><b>6</b></u>
	<b>Basic earnings per share (Note 6(17))</b>				
9750	<b>Basic earnings per share (Unit: NTD)</b>	<u><b>\$ 0.79</b></u>		<u><b>0.87</b></u>	
9850	<b>Diluted earnings per share (Unit: NTD)</b>	<u><b>\$ 0.78</b></u>		<u><b>0.86</b></u>	

See accompanying notes to consolidated financial statements.

**T-FLEX TECHVEST PCB CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the years ended December 31, 2023 and 2022**

**(Amounts in Thousands of New Taiwan Dollars)**

Equity attributable to owners of parent company

	Reserved surplus				Others			Equity attributable to owners of parent company	Non-controlling interests	Total equity
	Share capital Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences in translation of foreign financial statements	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income			
<b>Balance on January 1, 2022</b>	\$ 697,127	28,787	15,409	26,212	31,280	(34,004)	(15,078)	749,733	140,369	890,102
Net income	-	-	-	-	60,393	-	-	60,393	10,965	71,358
Other comprehensive income (loss)	-	-	-	-	2,361	7,794	(900)	9,255	1,766	11,021
Total comprehensive income (loss)	-	-	-	-	62,754	7,794	(900)	69,648	12,731	82,379
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	3,128	-	(3,128)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(27,885)	-	-	(27,885)	-	(27,885)
<b>Balance on December 31, 2022</b>	697,127	28,787	18,537	26,212	63,021	(26,210)	(15,978)	791,496	153,100	944,596
Net income(loss)	-	-	-	-	54,815	-	-	54,815	(7,917)	46,898
Other comprehensive income (loss)	-	-	-	-	(1,265)	(11,949)	(533)	(13,747)	(946)	(14,693)
Total comprehensive income (loss)	-	-	-	-	53,550	(11,949)	(533)	41,068	(8,863)	32,205
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	6,275	-	(6,275)	-	-	-	-	-
Special reserve	-	-	-	268	(268)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(34,856)	-	-	(34,856)	-	(34,856)
<b>Balance on December 31, 2023</b>	<u>\$ 697,127</u>	<u>28,787</u>	<u>24,812</u>	<u>26,480</u>	<u>75,172</u>	<u>(38,159)</u>	<u>(16,511)</u>	<u>797,708</u>	<u>144,237</u>	<u>941,945</u>

See accompanying notes to consolidated financial statements.

**T-FLEX TECHVEST PCB CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2023 and 2022**

**(Amounts in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 47,979	86,253
<b>Adjustments for:</b>		
Adjustments to reconcile net income (loss)		
Depreciation expense	95,701	98,546
Amortization expense	24	550
Expected credit loss (gain)	(4,589)	4,927
Interest expense	4,325	3,072
Interest income	(3,694)	(1,229)
Share of profit of Affiliates and joint ventures accounted for using equity method	(63,107)	(51,414)
Gain on disposal of property, plant and equipment	(87)	(1,121)
Total adjustments	<u>28,573</u>	<u>53,331</u>
Changes in assets and liabilities relating to operating activities:		
Net changes in assets relating to operating activities:		
Financial Assets Mandatorily At Fair Value Through Profit or Loss	-	116
Notes and accounts receivable	(113,460)	167,728
Other receivables	(8,272)	5,585
Inventories	(26,047)	80,337
Other current assets	(243)	(1,247)
Total net changes in assets relating to operating activities	<u>(148,022)</u>	<u>252,519</u>
Net changes in liabilities relating to operating activities:		
Notes and accounts payable	140,303	(139,810)
Other payables	26,079	(82,153)
Provisions for liabilities	(72,531)	(50,970)
Other current liabilities	(5,037)	329
Other non-current liabilities	102	(8,747)
Total net changes in liabilities relating to operating activities	<u>88,916</u>	<u>(281,351)</u>
Total net changes in assets and liabilities relating to operating activities	<u>(59,106)</u>	<u>(28,832)</u>
Total adjustments	<u>(30,533)</u>	<u>24,499</u>
Cash provided by operations	17,446	110,752
Interest received	3,680	1,213
Interest paid	(4,465)	(2,883)
Income taxes refund	(301)	111
<b>Net cash provided by operating activities</b>	<u>16,360</u>	<u>109,193</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant, and equipment	(54,108)	(53,549)
Disposal of property, plant, and equipment	8,038	26,987
Acquisition of intangible assets	-	(333)
Other non-current assets	-	1,605
<b>Net cash flows from (used in) investing activities</b>	<u>(46,070)</u>	<u>(25,290)</u>
<b>Cash flows from financing activities:</b>		
Short-term loans	29,000	(22,869)
Proceeds from long-term debts	-	183,000
Repayment of long-term loans	(32,065)	(182,990)
Repayment of lease liabilities	(4,078)	(3,657)
Distribution of cash dividends	(34,856)	(27,885)
<b>Net cash used in financing activities</b>	<u>(41,999)</u>	<u>(54,401)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(71,709)</u>	<u>29,502</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>163,125</u>	<u>133,623</u>
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 91,416</b></u>	<u><b>163,125</b></u>

**See accompanying notes to consolidated financial statements.**

**T-FLEX TECHVEST PCB CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2023 and 2022**  
**(Amounts in thousands of New Taiwan Dollars, unless specified otherwise)**

**1. HISTORY AND ORGANIZATION**

T-Flex Techvest PCB Co., Ltd. (hereinafter referred to as “the Company” ) established on December 29, 1999 with the approval of the Ministry of Economic Affairs (MOEA). Registered address is No. 12, Gongye 2nd Rd., Pingzhen Dist., Taoyuan City. The Company’ s shares were listed on Taipei Exchange (TPEX) for trading on January 12, 2005. The main business items of the Company and subsidiaries (collectively referred to as “the Group” ) include manufacturing, processing, purchase and sales of electronic parts and components and printed circuit boards (PCB).

**2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS**

These consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2024.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

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

Effective January 1, 2023, the Group adopted the following newly revised International Financial Reporting Standards, which had no significant effect on its consolidated financial statements.

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

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

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

- (2) Effect of new standards and amendments to IFRSs as endorsed by the FSC

The Group has assessed the application of the following new amendments which are effective since January 1, 2023, would not have a significant effect on its consolidated financial statements.

- Amendments to IAS 1 “Classify liabilities into current or non-current”
- Amendments to IAS 1 “Non-current liabilities with covenants”
- Amendments to IAS 1 and IFRS 8 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liabilities of After-sale and Leaseback”

- (3) IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IAS 21 “Lack of Exchangeability”

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (1) Statement of compliance

The consolidated statements have been prepared following the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Preparation Guidelines”) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), as endorsed by the FSC, as referred to in Article 3 of the Regulations.

- (2) Basis of preparation

##### **A. Basis of measurement**

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial assets at fair value through other comprehensive income are measured at fair value;
- (b) The net interest on the net defined benefit obligation is measured as the fair value of the pension fund assets less the present value of the defined benefit obligation.

##### **B. Functional and presentation currency**

The functional currency of the Group is determined based on the primary economic

environment. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information is presented in thousands of NTD.

### (3) Basis of Consolidation

#### A. Preparation principle of consolidated financial statements

The entities for which consolidated financial statements are prepared include the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an investee when it is exposed to or has rights to variable compensation from its participation in the investee and can affect such compensation through its power over the investee.

The financial statements of a subsidiary are included in the consolidated financial statements from the date control is acquired until the date control is lost. Inter-company transactions, balances and any unrealized gains and losses have been eliminated upon the preparation of the consolidated financial statements. The total consolidated income or loss of the subsidiaries is attributed to the Company's owners and non-controlling interests, respectively, even if the noncontrolling interests become deficit balances as a result.

The financial statements of subsidiaries have been appropriately adjusted to conform to the accounting policies used by the Group.

The changes in ownership of the subsidiaries are recognized as an equity transaction.

The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributable to the owners of the Company.

#### B. Subsidiaries Included in Consolidated Financial Statements

##### Subsidiaries Included in Consolidated Financial Statements :

Investee name	Subsidiary name	Business nature	Shareholding percentage		Description
			2023.12.31	2022.12.31	
The Company	TGT Techvest Co., Ltd. (TGT Techvest)	Manufacturing and sales of various types of circuit boards	57.21%	57.21%	Note

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

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates on the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

The foreign exchange profit/loss arising from the conversion is typically recognized in profit or loss; however, the equity instruments at fair value through other comprehensive income is recognized under other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive incomes.

When a foreign operation is disposed of as such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an Affiliate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:



- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Group holds the asset primarily for trading;
- C. The Group expects to realize the asset within twelve months after the reporting period;
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. The Group expects to settle the liability in its normal operating cycle;
- B. The Group holds the liability primarily for trading;
- C. The liability is due to be settled within twelve months after the reporting period;
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

#### (6) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

#### (7) Financial instruments

Trade receivables are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (excluding account receivables not containing significant financial component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Trade receivables not containing significant financial component was initially measured at the transaction price.

##### A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the

business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established. (normally refers to the ex-dividend date)

(c) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and bills receivables, other receivables, guarantee deposits paid and other financial assets).

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

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

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost

or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

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

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The borrower will probably enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for financial assets because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually assesses respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters transactions whereby it transfers its assets recognized in the balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

**B. Financial liabilities and equity instruments**

**(a) Classification between liabilities or equity**

The Group classifies the instrument issued as a financial liability or an equity instrument following the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

**(b) Equity transaction**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

**(c) Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**(d) Derecognition of financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value in the financial statements. The cost of inventories is calculated using the weight average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(9) Investment in Affiliates

Affiliate refers to an entity to which the Group has material impact on its financial and operational policies, excluding controlling of joint controlling thereof.

The Group adopts the equity method for the equity of an Affiliate. Under the equity method, it is reorganized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the an invested Affiliate includes the reputation identified during the initial investment, less any accumulated impairment loss.

The consolidated financial report includes, from the date having material impact to the date of losing material impact, and after making consistent accounting policy adjustment with the Group, the Group recognizes the profit or loss and the amount of other comprehensive income or loss of each invested Affiliate according to the equity ratio. When an Affiliate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Affiliate held by the Group is not affected, the Group then recognizes all of the equity change as the “capital reserve” according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Group and the Affiliate is recognized in the enterprise’s financial statements only within the equity scope of the investor on the Affiliate.

When the loss amount of the Affiliate required for recognition proportionally by the Group equals to or exceeds the its equity in the Affiliate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(10) Property, plant, and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

**B. Subsequent costs**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits Affiliated with the expenditure will flow to the Group.

**C. Depreciation**

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, except for land.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings and structures	1 years~27 years
(b) Machinery and equipment	1 year~12 years
(c) Office and other equipment	1 year~10 years

Depreciation methods, useful lives and residual values, are reviewed at each reporting date, and adjusted if appropriate.

**(11) Lease**

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

**A. As a lessee**

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- (a) Fixed payments, including in-substance fixed payments;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) Amounts expected to be payable under a residual value guarantee; and
- (d) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) There is a change in future lease payments arising from the change in an index or rate; or
- (b) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or (c) Amounts expected to be payable under a residual value guarantee;
- (c) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) There is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) There is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the Balance Sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of staff dormitories, plant, and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease

payments Affiliated with these leases as an expense on a straight-line basis over the lease term.

**B. As a lessor**

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

**(12) Intangible assets**

**1. Recognition and measurement**

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment.

Intangible assets, including computer software, that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

**2. Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

**3. Amortization**

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(13) Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment on an annual basis.

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount of an asset or CGU is greater of its value in use and its fair



value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the carrying amount of an asset Cost CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognized immediately in profit or loss and reduces the carrying amount of goodwill in the cash-generating unit first, and then reduces the carrying amount of each asset in the unit in proportion to the book value of the other assets in the unit.

Goodwill impairment losses are not reversed. For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

#### (14) Provisions for liabilities

Provisions for liabilities are recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

##### Plant site restoration

The provision for liabilities is evaluated in accordance with the environmental policies and applicable regulatory requirements announced by the Group.

#### (15) Revenue recognition

##### Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. The accounting policies for the Group's main types of revenue are explained below.

##### A. Sale of goods - Electronic components

The Group manufactures and sells electronic components to customers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's

acceptance of the products. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often recognizes revenue based on the total amount if the sale according to aggregate sales of electronic components is over 6 months or 1 year and had a discount agreement previously or its highly possible to have sales discounts in marketing experience. The Group evaluates the amount of discounts on the day of the occurrence of that fact or the date of the balance sheet, offsets sales revenue or recognizes sales allowance, and recognizes the revenue only to the extent that, probably, a significant reversal will not occur. As of the reporting date, the expecting amount paid to customers relating to the unit price discounts and defects of the product is recognized as refund liabilities.

Trade receivable is recognized when the goods are delivered as this is the point in the time the Group has the right to an amount of consideration that is unconditional.

#### B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### (16) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any.

It is measured using tax rates enacted or substantively enacted at the reporting date. Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- A. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. Temporary differences related to investments in subsidiaries, Affiliates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, they will not reverse in the foreseeable future; and
- C. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (a) The same taxable entity; or
  - (b) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (17) Employee benefits

##### A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

##### B. Defined benefits plan

The Group's net obligation for the defined benefit plan is calculated by discounting the present value of future benefit amounts earned by employees for each plan, either currently or through prior service, less the fair value of any plan assets.

The defined benefit obligation is actuarially determined annually by a qualified actuary using the projected unit benefit method. When the result of the calculation is likely to be favorable to the Group, the asset is recognized to the extent of the present value of

any economic benefits available in the form of refunds of contributions from the plan or reductions in future contributions to the plan. The present value of economic benefits is calculated by taking into account any minimum funding requirements.

The remeasurement of the net defined benefit obligation, which includes actuarial gains and losses, return on plan assets (excluding interest), and any change in the asset ceiling effect (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) using the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, the change in benefits related to prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. The Group recognizes a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

#### C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (18) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

The Group's potentially dilutive ordinary shares include employee compensation.

#### (19) Segment information

An operating segment is a component of the Group that engages in operating activities that may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the Group. The operating results of all operating divisions are reviewed regularly by the Group's chief operating decision-maker to make decisions about the allocation of resources to the division and to evaluate its performance. Separate financial information is available for each operating segment.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

### (1) Recognition and Measurement of Liability Reserve

During the acceptance of plant site restoration liability, the accounts received is recognized as liability reserve, and the unfinished part is estimated based on the consideration of expected restoration cost. The Company continues to review the estimation basis and makes correction timely. Please refer to Note 6(13) for details.

## 6. STATEMENTS OF MAJOR ACCOUNTING ITEMS

### (1) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash in hand	\$ 100	100
Cash in banks		
Demand deposits	82,316	74,519
Time deposits	9,000	88,506
Cash and cash equivalents in consolidated statement of cash flows	<b>\$ 91,416</b>	<b>163,125</b>

Please refer to Note 6(21) for the disclosure of credit, interest, currency risks and sensitivity analysis of the financial instruments of the Group.

The Group's cash and cash equivalents have not been pledged as collateral. Cash and cash equivalents are expressed not pledged.

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies' stocks	<b>\$ 4,150</b>	<b>4,683</b>

- A. Investments in equity instruments measured at fair value through other comprehensive income or loss

The Group held these investments in equity instruments as long-term strategic investments and were not held for trading purposes, and therefore had been designated as measured at fair value through other comprehensive income or loss.

The Group did not dispose of any strategic investments in 2023 and 2022, and the accumulated gains and losses during that period were not transferred to equity.

- B. Please refer to Note 6(21) for credit and market risks information.

- C. None of the above financial assets were pledged as collateral.

(3) Notes and accounts receivable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable	345,505	232,045
Less: Loss allowance	(965)	(5,554)
Total	<b><u>\$ 344,540</u></b>	<b><u>226,491</u></b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The Group's expected credit losses for notes and accounts receivable were determined as follows:

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Not yet due	\$ 343,149	0.00%	-
Overdue within 30 days	1,297	0.00%~8.86%	102
Overdue 31-90 days	196	0.00%~64.80%	-
Overdue 91 days above	863	100.00%	863
	<b><u>\$ 345,505</u></b>		<b><u>965</u></b>

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Not yet due	\$ 214,698	0.00%	-
Overdue within 30 days	2,736	0.00%~8.86%	64
Overdue 31-90 days	13,026	0.00%~64.80%	3,905
Overdue above 91 days	1,585	100.00%	1,585
	<b><u>\$ 232,045</u></b>		<b><u>5,554</u></b>

The movement in the loss allowance for notes and accounts receivable was as follows:

	<b>2023</b>	<b>2022</b>
Opening balance	\$ 5,554	627
Impairment losses (reversed) recognized	(4,589)	4,927
Ending balance	<u><b>\$ 965</b></u>	<u><b>5,554</b></u>

Please refer to 6(21) for the credit and the currency risks of the Group's accounts receivables.

The Group's notes and accounts receivable have not been pledged as collateral.

(4) Inventories

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Finished goods	20,663	8,188
Work in progress	69,965	68,716
Raw materials and supplies	43,082	30,759
	<u><b>\$ 133,710</b></u>	<u><b>107,663</b></u>

The details of the cost of sales of the Group were as follows:

	<b>2023</b>	<b>2022</b>
Cost of goods sold	\$ 1,264,165	1,196,014
Loss for market price decline and obsolete and slow-moving inventories(Gain from price recovery of inventory)	3,862	405
Revenue from sale of scraps	(32,680)	(25,647)
Inventory scrap loss	593	1,019
Unapplied manufacturing expenses	-	55,737
	<u><b>\$ 1,235,940</b></u>	<u><b>1,227,528</b></u>

When the Group is subject to loss for market price decline and obsolete and slow-moving inventories due to slow-moving and obsolete inventories or inventories cannot be used such that the net realizable value of inventory is lower than the cost, it is then recognized as operating cost.

The Group's inventories have not been pledged as collateral.

(5) Investment accounted for under the equity method

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

	<b>2023.12.31</b>	<b>2022.12.31</b>
Affiliate	<u><b>\$ 648,589</b></u>	<u><b>597,431</b></u>

1. Affiliates

Relevant information of Affiliates having materiality to the Group is as follows:

Affiliate name	Nature of relationship with the Group	Company registration country	Proportion of ownership interest	
			2023.12.31	2022.12.31
Chi Chen Investment Co., Ltd. (Chi Chen Company)	Its main business refers to general investment business, and it is a company jointly invested by the Group and the parent company	SAMOA	19.27%	19.27%

The shareholding percentage of the Group on the Affiliate is less than 20%; however, the Group acts as a director of the company and participates in the decision making, such that the Group has material influence on the company. Accordingly, the equity valuation method is adopted.

The financial information of Affiliates having materiality on the Group is summarized in the following. For such financial information, the amounts indicated in the consolidated financial report according to the IFRS has been adjusted, in order to reflect the fair value adjustment made when the Group acquires the equity of the Affiliates and the adjustment made with respect to the accounting policy difference:

(1) Summary of financial information of Chi Chen Company

	2023.12.31	2022.12.31
Current Assets	\$ 4,021,015	3,501,889
Non-current assets	2,147,834	3,010,424
Current liabilities	(1,910,416)	(2,255,226)
Non-current liabilities	(28,996)	(361,282)
Net assets	<u>\$ 4,229,437</u>	<u>3,895,805</u>
Net assets attributable to uncontrolled equity	<u>\$ 864,402</u>	<u>796,191</u>
Net assets attributable to owners of the investee	<u>\$ 3,365,035</u>	<u>3,099,614</u>
	2023	2022
Net income for the period	\$ 411,560	335,305
Other comprehensive income	(77,928)	50,786
Total comprehensive income	<u>\$ 333,632</u>	<u>386,091</u>
Total comprehensive income (loss) attributable to non-controlling interests	<u>\$ 68,210</u>	<u>78,905</u>
Total comprehensive income (loss) attributable to owners of the investee	<u>\$ 265,422</u>	<u>307,186</u>
Proportion of net assets of associate held by the Group at beginning of the period	\$ 597,431	538,223
Total comprehensive income (loss) attributable to the Group in the current period	51,158	59,208
Carrying amount of the associates' equity of the Group at end of the period	<u>\$ 648,589</u>	<u>597,431</u>



The Group did not provide any investment accounted for using the equity method as collateral for its loans.

(6) Significant information on subsidiaries of non-controlling interests

Subsidiaries of on-controlling interests having materiality on the Group are as follows:

Subsidiary name	Main operating location/ Company registration country	Proportion of ownership of non-controlling interests and voting rights	
		2023.12.31	2022.12.31
TGT Techvest Co., Ltd. (TGT Techvest)	Taiwan	42.79%	42.79%

The financial information of the aforementioned subsidiaries is summarized in the following. The financial information has been prepared according to the IFRS and has reflected the fair value adjustment made when the Company acquires the equity of the associates and the adjustment made with respect to the accounting policy difference, and the financial information indicates the amount for the transactions with the Group that has not yet been written off:

Summary of financial information of TGT Techvest

	2023.12.31	2022.12.31
Current Assets	\$ 505,825	467,643
Non-current assets	490,621	542,078
Current liabilities	(569,826)	(539,430)
Non-current liabilities	(89,828)	(112,783)
Net assets	<u>\$ 336,792</u>	<u>357,508</u>
Carrying amount of non-controlling interests at end of the period	<u>\$ 144,237</u>	<u>153,100</u>
	2023	2022
Operating revenue	<u>\$ 1,193,622</u>	<u>1,213,210</u>
Net income (loss) of current period	\$ (18,505)	25,624
Other comprehensive income	(2,211)	4,127
Total comprehensive income	<u>\$ (20,716)</u>	<u>29,751</u>
Net income (loss) attributable to uncontrolled equity of the current period	<u>\$ (7,917)</u>	<u>10,965</u>
Total comprehensive income (loss) attributable to non-controlling interests	<u>\$ (8,863)</u>	<u>12,731</u>
Cash flow from operating activities	\$ (20,758)	155,704
Cash flow from investment activities	(46,070)	(25,290)
Cash flow from financing activities	(36,143)	(56,516)
Increase(Decrease) in cash and cash equivalents	<u>\$ (102,971)</u>	<u>73,898</u>

(7) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Other equipment</b>	<b>Construction in progress and equipment to be inspected</b>	<b>Total</b>
Cost or deemed cost:					
Balance on January 1, 2023	\$ 529,552	952,380	35,686	-	1,517,618
Additions	5,632	43,827	623	-	50,082
Disposals	-	(31,107)	(195)	-	(31,302)
Balance on December 31, 2023	<b>\$ 535,184</b>	<b>965,100</b>	<b>36,114</b>	<b>-</b>	<b>1,536,398</b>
Balance on January 1, 2022	\$ 528,262	988,873	35,862	1,615	1,554,612
Additions	1,290	43,038	1,125	-	45,453
Disposals	-	(84,281)	(1,301)	-	(85,582)
Transfer (out) in	-	4,750	-	(1,615)	3,135
Balance on December 31, 2022	<b>\$ 529,552</b>	<b>952,380</b>	<b>35,686</b>	<b>-</b>	<b>1,517,618</b>
Accumulated depreciation and impairment loss:					
Balance on January 1, 2023	\$ 362,866	609,828	32,749	-	1,005,443
Depreciation	30,136	60,176	1,321	-	91,633
Disposals	-	(23,156)	(195)	-	(23,351)
Balance on December 31, 2023	<b>\$ 393,002</b>	<b>646,848</b>	<b>33,875</b>	<b>-</b>	<b>1,073,725</b>
Balance on January 1, 2022	\$ 332,026	605,447	32,827	-	970,300
Depreciation	30,840	62,796	1,223	-	94,859
Disposals	-	(58,415)	(1,301)	-	(59,716)
Balance on December 31, 2022	<b>\$ 362,866</b>	<b>609,828</b>	<b>32,749</b>	<b>-</b>	<b>1,005,443</b>
Book value					
December 31, 2023	<b>\$ 142,182</b>	<b>318,252</b>	<b>2,239</b>	<b>-</b>	<b>462,673</b>
January 1, 2022	<b>\$ 196,236</b>	<b>383,426</b>	<b>3,035</b>	<b>1,615</b>	<b>584,312</b>
December 31, 2022	<b>\$ 166,686</b>	<b>342,552</b>	<b>2,937</b>	<b>-</b>	<b>512,175</b>

Please refer to Note 8 for information on the Group's loans guarantees.

#### (8) Right-of-use assets

The cost and depreciation of the leasing transportation equipment of the Group were as follows:

		<b>Land</b>	<b>Transportation equipment</b>	<b>Total</b>
Cost:				
Balance on January 1, 2023	\$	27,165	6,015	33,180
Additions		-	2,737	2,737
Disposal		-	(1,414)	(1,414)
Balance on December 31, 2023	<b>\$</b>	<b>27,165</b>	<b>7,338</b>	<b>34,503</b>
Balance on January 1, 2022	\$	30,119	3,271	33,390
Additions		-	2,744	2,744
Disposal		(2,954)	-	(2,954)
Balance on December 31, 2022	<b>\$</b>	<b>27,165</b>	<b>6,015</b>	<b>33,180</b>
Accumulated depreciation:				
Balance on January 1, 2023	\$	8,357	2,677	11,034
Depreciation		1,881	2,187	4,068
Disposal		-	(1,414)	(1,414)
Balance on December 31, 2023	<b>\$</b>	<b>10,238</b>	<b>3,450</b>	<b>13,688</b>
Balance on January 1, 2022	\$	6,453	894	7,347
Depreciation		1,904	1,783	3,687
Balance on December 31, 2022	<b>\$</b>	<b>8,357</b>	<b>2,677</b>	<b>11,034</b>
Book value				
December 31, 2023	<b>\$</b>	<b>16,927</b>	<b>3,888</b>	<b>20,815</b>
December 31, 2022	<b>\$</b>	<b>18,808</b>	<b>3,338</b>	<b>22,146</b>

(9) Short-term debts

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unsecured bank loans	<b>\$ 59,000</b>	<b>30,000</b>
Unused short-term credit lines	<b>\$ 227,825</b>	<b>122,806</b>
Interest Rates (%)	<b>1.95%-2.08%</b>	<b>1.72%</b>

The Group did not provide any asset as collateral for its short-term debts.

Please refer to Note 6(21) for information on the analysis of the liquidity and interest

rate of short-term borrowings of the Group.

(10)Other current liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Refund liabilities, current	\$ 4,325	\$ 6,103
Tax liabilities	688	13
Other	1,294	4,553
Total	<u><u>\$ 6,307</u></u>	<u><u>\$ 10,669</u></u>

Refund liability is mainly due to the characteristics of the industry in which the sales of electronic components may generate a sales discount due to product defects or price drops, which are expected to be paid to customers.

(11)Long-term debts

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Interest Rates</b>	<b>Period</b>	<b>Amount</b>
Secured bank loans	New Taiwan Dollars	2.41%~2.64%	June 7, 2025~ August 01, 2027	\$ 89,235
Less: Current portion				(19,529)
Total				<u><u>\$ 69,706</u></u>
Unused long-term credit lines				<u><u>\$ 70,000</u></u>

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Interest Rates</b>	<b>Period</b>	<b>Amount</b>
Secured bank loans	New Taiwan Dollars	2.02%~2.28%	October 30, 2023~ August 1, 2027	121,300
Less: Current portion				(28,065)
Total				<u><u>\$ 93,235</u></u>
Unused long-term credit lines				<u><u>\$ 70,000</u></u>

For information on the risk of exposure to interest rates and liquidity risks of the Company, please see Note 6(21).

The Group provide asset as collateral for its bank borrowings, please refer to Note 8.

(12)Lease liabilities

The Group lease liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<b><u>\$ 4,384</u></b>	<b><u>3,985</u></b>
Non-current	<b><u>\$ 17,014</u></b>	<b><u>18,754</u></b>

For the maturity analysis, please refer to Note 6(21).

The amounts recognized in profit or loss were as follows:

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<b><u>\$ 344</u></b>	<b><u>366</u></b>
Expenses relating to short-term leases	<b><u>\$ 3,205</u></b>	<b><u>3,170</u></b>
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	<b><u>\$ 239</u></b>	<b><u>222</u></b>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b><u>\$ 7,866</u></b>	<b><u>7,415</u></b>

A. Lease of land

The Group usually leases land for its production and office premises for a period of 10 years.

B. Other leases

The Group leases transportation equipment for a period of three years.

In addition, the Group's lease period for lease of employee dormitory and other equipment is one year, such lease is short-term lease or lease of low value. The Group chooses to apply the recognition exemption rules to not recognize its related right-of-use assets and lease liabilities.

(13) Provisions for liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Factory site restoration	<b><u>\$ 74,127</u></b>	<b><u>146,658</u></b>

As the Group assumed the responsibility for the factory site restoration, the amount received was recorded as a provision for liabilities, and relevant restoration cost is expected to occur consecutively in the future for the liability provision charge.

(14) Employee benefits

A. Defined benefits plan

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligation	\$ 25,775	22,816
Plan assets at fair value	(23,295)	(22,409)
Increase in net defined benefit liability	<b>\$ 2,480</b>	<b>407</b>

The Group's defined benefit plan is transferred to the custodian account for the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement payment for each employee under the Labor Standards Act is calculated based on the base figure obtained from years of service and the average salary for the six months before retirement.

(a) Components of plan assets

The Group's retirement fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the BLF). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

As of the reporting date, the balance of the Group's custodian account for the Bank of Taiwan's Labor Retirement Reserve Fund account was NTD23,295,000. For information on the use of the Labor Pension Fund assets, including the dividend yield and fund asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Present value of the defined benefit obligation

Changes in the present value of the Group's defined benefit obligation are as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligation on January 1	\$ 22,816	27,287
Current period service costs	659	516
Remeasurements of the net defined benefit liability		
— Actuarial gains and losses arising from changes in financial assumptions	922	(2,654)
— Actuarial gains and losses resulting from changes in experience adjustments	1,378	(316)
Benefits paid	-	(2,017)
Defined benefit obligation on December 31	<b>\$ 25,775</b>	<b>22,816</b>

(c) Fair value of plan assets

The changes in the fair value of the Group's defined benefit obligation assets were as follows:

	<u>2023</u>	<u>2022</u>
Plan assets at fair value	\$ 22,409	14,086
Interest income	384	70
Remeasurements of the net defined benefit liability		
— Actuarial gains and losses	89	1,157
Amount contributed to plan	413	9,113
Benefits paid	-	(2,017)
Plan assets at fair value at 31 December	<u><u>\$ 23,295</u></u>	<u><u>22,409</u></u>

(d) Expenses recognized as profit and loss

Breakdown of expenses disbursed by the Group is as follows:

	<u>2023</u>	<u>2022</u>
Current period service costs	\$ 272	383
Net interest on net defined benefit liabilities (assets)	3	63
Operating costs	<u><u>\$ 275</u></u>	<u><u>446</u></u>

(e) Actuarial assumptions

The significant actual assumptions used by the Group to determine the present value of the defined benefit obligation at the end of the reporting period are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.23%	1.70%
Future salary increase rate	1.00%	1.00%

The Group expects to make a contribution of NT\$417,000 to defined benefit plans within one year after the reporting date in the fiscal year 2023.

The weighted-average duration of the defined benefit plans is 8.46 years.

(f) Sensitivity analysis

The effect of changes in key actuarial assumptions on the present value of the defined benefit obligation when used is as follows:

	<b>Effect on defined benefit obligation</b>	
	<b>Add 0.25%</b>	<b>Less 0.25%</b>
December 31, 2023		
Discount rate (Change 0.25%)	\$ (485)	502
Future salary increase rate (Change 0.25%)	495	(481)
December 31, 2022		
Discount rate (Change 0.25%)	\$ (491)	509
Future salary increase rate (Change 0.25%)	503	(488)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liability in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

#### B. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance under the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to NTD5,959,000 and NTD5,451,000 for the years ended December 31, 2023 and 2022, respectively.

### (15) Income taxes

#### A. Income tax expense

The statement of income tax expense of the Group is as follows:

	<b>2023</b>	<b>2022</b>
Arising during the period	\$ 1,081	13
Deferred tax expense		
Origination and reversal of temporary differences	\$ -	14,882
Income tax expense	<b>\$ 1,081</b>	<b>14,895</b>

Reconciliation of income tax and profit before tax were as follows:



	<b>2023</b>	<b>2022</b>
Income before income tax	<b><u>\$ 47,979</u></b>	<b><u>86,253</u></b>
Income tax using the Group's domestic tax rate	\$ 7,484	20,188
Non-deductible expenses	(3,990)	(6,658)
Tax-exempt income	2,118	(2,932)
Current year losses for which no deferred tax asset was recognized	7,434	466
Change in unrecognized temporary differences	(12,918)	3,815
Undistributed earnings additional tax	1,081	13
Recognition of taxable loss not recognized in the previous period	(128)	-
Others	-	3
Income tax expense	<b><u>\$ 1,081</u></b>	<b><u>\$ 14,895</u></b>

#### B. Deferred tax assets and liabilities

##### (a) Unrecognized deferred tax liabilities

For the temporary difference related to the investment in associates for the years ended December 31, 2023 and 2022, since the ultimate parent entity of the Group is able to control the timing for the reversal of the temporary difference and reversal is not likely to be performed in the foreseeable future, it is recognized under the deferred income tax liabilities. Its relevant amount is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Aggregate amount of temporary differences related to investments in Affiliates	<b><u>\$ 89,139</u></b>	<b><u>73,201</u></b>

##### (b) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Tax effect of deductible Temporary Differences	\$ 5,460	5,757
The carryforward of unused tax losses	130,838	125,209
	<b><u>\$ 136,298</u></b>	<b><u>130,966</u></b>

Under the Income Tax Act, tax losses incurred in the ten years, prior to the approval of the tax authorities, may be deducted from the net profit for the current year and then audited for income tax purposes. These items are not recognized as deferred tax assets because it is not probable that the Group will have sufficient tax assets in the future to provide for the temporary differences.

As of December 31, 2023, the Group has not used the tax loss on deferred tax

assets, which is deducted over the following periods:

<u>Year of loss</u>	<u>Loss not yet deducted</u>	<u>Last year for which the deduction was made</u>
2015	\$ 138,612	2025
2016	182,481	2026
2017	6,430	2027
2018	64,139	2028
2019	82,622	2029
2020	140,400	2030
2022	2,334	2032
2023	3,7170	2033
	<u>\$ 654,188</u>	

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax liabilities were as follows:

	<u>Others</u>
<b>Deferred tax liabilities:</b>	
Balance on January 1, 2022	\$ 73
Recognized in profit or loss	(73)
Balance on December 31, 2023	<u>\$ -</u>
	<u>Tax loss</u>
<b>Deferred tax assets</b>	
Balance on January 1, 2022	\$ 14,955
Recognized in profit or loss	(14,955)
Balance on December 31, 2023	<u>\$ -</u>

C. Assessment of tax

The Company and tgt Techvest Co., Ltd.s' tax returns through 2021 have been assessed and approved by the Tax Authority.

(16) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized shares of 150,000,000, with a par value of \$10 per share, amounted to \$1,500,000,000, of which, 69,713,000 ordinary shares were issued. All issued shares were paid up upon issuance.

## B. Capital reserve

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Additional paid-in capital	\$ 25,100	25,100
Conversion of treasury shares	3,687	3,687
	<b><u>\$ 28,787</u></b>	<b><u>28,787</u></b>

According to the R.O.C. Company Act, the capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on the issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus above par value should not exceed 10% of the total common stock outstanding.

## C. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed as new stacks according to the distribution plan or shares newly issued proposed by the Board of Directors and submitted to the stockholders' meeting for approval. If there is any surplus, the Board of Directors may prepare a proposal for the distribution of such surplus together with the previous year's earnings, and if the distribution is made by issuing new shares, a resolution shall be submitted to the Shareholders' Meeting for distribution.

If the Company distributes dividend bonus, legal reserve, special reserve, or part/whole of the capital surplus by cash payment, two of the three authorized board members must be present during the meeting, and half of the attendees' approval must be obtained before reporting the agreed appropriation at the shareholders' meeting.

To consider stable development and complete financial structure, the Company's surplus distribution shall be no less than 10% of the distributable surplus, minus the previous year's surplus. However, if the distributable surplus, minus the previous year's surplus, is less than the percentage of paid-in capital, the Group may decide to transfer all of the retained surplus to unappropriated retained earnings.

When distributing surplus, cash dividend shall not be less than 10% of the total dividend.

### (a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and

only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

When the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the special surplus reserve is made up of the current profit and loss and the undistributed surplus in the previous period; it is the deduction of other shareholders' equity accumulated in the previous period Amount, from the undistributed surplus of the previous period, the special surplus reserve shall not be distributed. When the deduction amount of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

(c) Earnings Distribution

According to the resolutions of the Board of Directors of the Company on April 28, 2023 and April 25, 2022 on the cash dividend amounts for the 2022 and 2021 earnings distribution, the amount of owners' dividends distributed is as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Dividend per share (NTD)</b>	<b>Amount</b>	<b>Dividend per share (NTD)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders				
Cash	0.50	<u><b>34,856</b></u>	0.4	<u><b>27,885</b></u>

D. Other equity

	<b>Exchange differences in translation of foreign financial statements</b>	<b>Unrealized gains or losses on financial assets measured at fair value through other comprehensive income</b>	<b>Non-controlling interests</b>
January 1, 2023	\$ (26,210)	(15,978)	153,100
Profit, attributable to non-controlling interests	-	-	(7,917)
Remeasurements of defined benefit plans	-	-	(946)
Exchange differences arising from the translation of net assets of foreign operating entities	(11,949)	-	-
Unrealized gains or losses on financial assets measured at fair value through	-	(533)	-

	Exchange differences in translation of foreign financial statements	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Non-controlling interests
other comprehensive income			
Balance on December 31, 2023	<u>\$ (38,159)</u>	<u>(16,511)</u>	<u>144,237</u>
January 1, 2022	\$ (34,004)	(15,078)	140,369
Profit , attributable to non-controlling interests	-	-	10,965
Remeasurements of defined benefit plans	-	-	1,766
Exchange differences arising from the translation of net assets of foreign operating entities	7,794	-	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	-	(900)	-
Balance on December 31, 2022	<u>\$ (26,210)</u>	<u>(15,978)</u>	<u>153,100</u>

(17)Earnings per share

	2023	2022
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 54,815</u>	<u>60,393</u>
Weighted average number of ordinary shares (in thousands)	69,713	69,713
Basic earnings per share (NTD)	<u>\$ 0.79</u>	<u>0.87</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 54,815</u>	<u>60,393</u>
Weighted average number of ordinary shares (in thousands)	69,713	69,713
— Effect of employee share bonus	176	340
Effect of conversion of convertible bonds (in Thousands) (diluted)	<u>69,889</u>	<u>70,053</u>
Diluted earnings per share (NTD)	<u>\$ 0.78</u>	<u>0.86</u>

(18)Revenue from contracts with customers

A. Details of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Taiwan	\$ 989,947	1,091,294
USA	202,820	117,740
Others	96,890	122,880
	<u><b>\$ 1,289,657</b></u>	<u><b>1,331,914</b></u>
Major products/services lines		
Printed circuit boards	\$ 1,214,843	1,249,554
Processing fees revenue	74,814	82,360
	<u><b>\$ 1,289,657</b></u>	<u><b>1,331,914</b></u>

B. Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January. 1, 2022</u>
Notes receivable	\$ -	-	1,826
Accounts receivable	345,505	232,045	397,947
Less: Loss allowance	(965)	(5,554)	(627)
Total	<u><b>\$ 344,540</b></u>	<u><b>226,491</b></u>	<u><b>399,146</b></u>

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(3).

For refund liabilities disclosure please refer to Note 6(10).

(19)Employee compensation and directors' remuneration

Under the Articles of Incorporation, the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Group has accumulated deficits (including adjustments to the amount of undistributed surplus), the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Group's affiliated companies who meet certain conditions.

In 2023 and 2022, NT\$2,942,000 and NT\$3,279,000 were estimated for the remuneration of employees, NT\$ 0 and NT\$1,967,000 were estimated for the remuneration directors and supervisors of the Company, respectively. The estimation basis is calculated by deducting the cumulative losses from net profit before tax of the period (the amount before deducting the remuneration of employees and remuneration of directors and supervisors) and multiplying by the distribution ratio of remuneration of employees, directors, and supervisors as intended in the Articles of Incorporation, and the amount is presented as operating

expenses for the period. For relevant information, please visit the MOPS for inquiries. The remuneration of employees, Directors, and supervisors resolved by the Board for distribution above has no difference from the estimated amount in the parent company only financial statements of the Company in 2023 and 2022.

(20) Non-operating income and expenses

A. Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Net profit from disposal of property, plant and equipment	\$ 87	1,121
Foreign exchange gains (losses)	(175)	7,847
Net gain on financial assets at fair value through profit	-	(1,280)
Others	(3)	(25)
	<u>\$ 91</u>	<u>7,663</u>

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Group centralized in the electronics industry, and to reduce the notes and accounts receivable credit risk, the Group continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of notes and accounts receivable and appropriates allowance for doubtful accounts. Up to December 31, 2023 and 2022, the accounts receivable balance was 70% and 70% contributed to two customers respectively. Therefore, the Group is concluded to have credit risk concentration.

(c) Credit risk of receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to Note 6(3).

Other financial assets at amortized cost include other receivables and certificate of deposit, and etc.

All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months of expected credit losses. The deposit account held by the Group, the transaction counterparty, and the performing party are financial institutions with investment grades and above, so the

credit risk is deemed to be low.

## B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Net carrying amount as of:	Contractual cash flows	Within 6 months	6-12 months	1~2 years	2~5 years	Over 5 years
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Secured bank loans	\$ 89,235	93,273	10,865	10,736	40,845	30,827	-
Unsecured bank loans	59,000	59,221	59,221	-	-	-	-
Notes and accounts payable	365,1485	365,148	365,148	-	-	-	-
Other payables	172,872	172,872	171,941	931	-	-	-
Lease liabilities	21,398	22,762	2,337	2,082	3,251	6,784	8,308
Deposits received(classified under other non-current liabilities)	628	628	-	-	628	-	-
	<b>\$ 708,281</b>	<b>713,904</b>	<b>609,512</b>	<b>13,749</b>	<b>44,724</b>	<b>37,611</b>	<b>8,308</b>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Secured bank loans	\$ 121,300	127,099	16,297	14,193	41,166	55,443	-
Unsecured bank loans	30,000	30,127	30,127	-	-	-	-
Notes and accounts payable	224,845	224,845	224,845	-	-	-	-
Other payables	150,959	150,959	150,512	447	-	-	-
Lease liabilities	22,739	24,373	2,097	1,917	3,481	6,487	10,391
Deposits received(classified under other non-current liabilities)							
Derivative financial liabilities	387	387	-	-	387	-	-
	<b>\$ 550,230</b>	<b>557,790</b>	<b>423,878</b>	<b>16,557</b>	<b>45,034</b>	<b>61,930</b>	<b>10,391</b>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

## C. Currency risks

### (a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022			
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	12,638	30.71	388,048	8,076	30.71	248,015
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		10,765	30.71	330,532	6,966	30.71	213,924



(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, loans and borrowings, and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against each transaction currencies currency on December 31, 2023 and 2022 would have increased (decreased) the net income by \$2,804,000 and \$1,737,000. The analysis in 2023 is performed on the same basis for 2022.

(c) Foreign exchange gain and loss on monetary items

The exchange gains and losses of the Group's monetary items (including realized and unrealized) converted into functional currency, and converted to the Group's presentation currency are as follows:

	2023		2022	
	Exchange gains (losses)	Average Rate	Exchange gains (losses)	Average Rate
New Taiwan Dollars	\$ (175)	-	7,847	-

D. Interest rate analysis

Please refer to the notes on liquidity risk management about the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis assumes that the value of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to Management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased /decreased by 1 %, the Group's net income would have increased/decreased or decreased /increased by NTD660,000 in 2023 and NTD768,000 in 2022 with all other variable factors remaining constant. Mainly due to group variable interest rate deposits and loans.

E. Fair value of financial instruments

(a) Fair value hierarchy

The financial assets measured at fair price through other comprehensive income of the Group are measured at fair price based on the repetitiveness. The book value and fair values of each class of financial assets and financial liabilities (including fair value

hierarchy information, except for financial instruments not carried at fair value whose book value is a reasonable approximation of fair value and lease obligations for which disclosure of fair value information is not required by regulation) are presented below:

December 31, 2023					
		Fair Value			
	Net carrying amount as of:	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
	\$ 4,150	-	-	4,150	4,150
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 91,416	-	-	-	-
Notes and accounts receivable	344,540	-	-	-	-
Other receivables	16,693	-	-	-	-
Other financial assets(classified under other current assets and other financial assets)	7,803	-	-	-	-
Subtotal	460,452	-	-	-	-
Financial liabilities at amortized cost					
Bank loan	\$ 148,235	-	-	-	-
Notes and accounts payable	365,148	-	-	-	-
Other payables	172,872	-	-	-	-
Lease liabilities	21,398	-	-	-	-
Deposits received(classified under other non-current liabilities)	628	-	-	-	-
Subtotal	708,281	-	-	-	-
December 31, 2022					
		Fair Value			
	Net carrying amount as of:	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
	\$ 4,683	-	-	4,683	4,683
Financial assets measured at fair value through other comprehensive income					
Financial assets measured at					

		December 31, 2022			
		Fair Value			
	Net carrying amount as of:	Level 1	Level 2	Level 3	Total
<b>amortized cost</b>					
Cash and cash equivalents	163,125	-	-	-	-
Notes and accounts receivable	226,491	-	-	-	-
Other receivables	8,407	-	-	-	-
Other financial assets(classified under other current assets and other financial assets)	6,221	-	-	-	-
Subtotal	404,244	-	-	-	-
<b>Financial liabilities at amortized cost</b>					
Bank loan	\$ 151,300	-	-	-	-
Notes and accounts payable	224,845	-	-	-	-
Other payables	150,959	-	-	-	-
Lease liabilities	22,739	-	-	-	-
Deposits received(classified under other non-current liabilities)	387	-	-	-	-
Subtotal	550,230	-	-	-	-

- (b) Fair value through profit or loss financial instrument-fair value evaluation technique
- a. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If open quote of a financial instrument can be timely and frequently obtained from exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents actual and frequently occurred fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or trading volume is small, then they serve as indicators of an inactive market.

Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments

measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

If a financial instrument held by the Group has no active market, then its fair value is determined according to the category and attribute as follows:

Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the net value per share of the investee and the earnings multiples inferred from the market quotation of domestic TWSE (TPEX) listed companies as the basis for measurement. The estimated value has been adjusted for the discount effect of the equity-based securities with insufficient market circulation.

b. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. The fair value of forwarding currency is usually determined by the forward currency exchange rate.

(c) Transfers between Level 1 and Level 2 : None.

(d) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions:

	Measured at fair value through other comprehensive income
	Equity instruments without public quotations
<b>January 1, 2023</b>	\$ 4,683
Total gains or losses	
Recognized in other comprehensive income	(533)
<b>December 31, 2023</b>	<b>\$ 4,150</b>
<b>January 1, 2022</b>	\$ 5,583
Total gains or losses	
Recognized in other comprehensive income	(900)
<b>December 31, 2022</b>	<b>\$ 4,683</b>

The above total gains or losses are reported in series as unrealized gains or losses on financial assets measured at fair value through other comprehensive income. The

related assets still held in 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Total gains or losses		
Amount recognized in OCI:	(533)	(900)
(presented in “Unrealized gains (loss)from financial assets measured at fair value through other comprehensive income)		

- (e) Quantitative information on fair value measurements of material unobservable inputs value (Level 3)

The fair value measurements of the Group are classified as Level 3, mainly financial assets measured at fair value through other comprehensive income - investments in equity securities.

The Group's investments in equity instruments with no active market have multiple significant unobservable inputs. The quantitative information of material unobservable inputs is listed below:

<b>Items</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Significant unobservable Relationship between inputs and fair value</b>
Financial asset measured at fair value through other comprehensive income - Equity instrument investment without active market	Comparable to listed companies	<ul style="list-style-type: none"> <li>• Multiple of the net value of stock price (0.94 and 0.93 as of December 31, 2023 and December 31, 2022, respectively)</li> <li>• Discount due to the lack of market liquidity (30% as of December 31, 2023 and December 31, 2022, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiplier, the higher the fair value</li> <li>• The higher the discount for lack of marketability, the lower the fair value</li> </ul>

- (f) For Level 3 fair value measurements, the sensitivity of fair value to reasonably possible alternative assumptions is analyzed

The Group's fair value measurement of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the effect on the

current profit or loss or other comprehensive income if the valuation parameters are changed is as follows:

			Fair value changes reflected in other comprehensive income	
	Input value	Upward or downward change	Favorable change	Unfavorable change
<b>December 31, 2023</b>				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment without active market	Price-to-book Ratio Multiplier	3%	\$ 125	(125)
	Liquidity Discount Ratio	3%	178	(178)
			<u>\$ 303</u>	<u>(303)</u>
			Fair value changes reflected in other comprehensive income	
	Input value	Upward or downward change	Favorable change	Unfavorable change
<b>December 31, 2022</b>				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment without active market	Price-to-book Ratio Multiplier	3%	\$ 140	(140)
	Liquidity Discount Ratio	3%	201	(201)
			<u>\$ 341</u>	<u>(341)</u>

Favorable and unfavorable changes in the Group represent fluctuations in fair value, which is calculated using valuation techniques based on varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input, the above table reflects only the effect of changes in a single input value and does not take into account the correlation and variability among the input values.

## (22) Financial risk management

### (a) Overview

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the

quantitative effects of these risk exposures, please refer to the respective notes in the consolidated financial statements.

(b) Structure of risk management

The Group's financial management department provides services for each business, coordinates the operation of entering domestic and international financial markets, as well as supervises and manages the financial risks related to the Group's operations through internal risk reports that analyze the level and range of risks that may occur. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors. Those policies are written principles for the exchange rate, interest rate, credit risk, the use of derivative financial instruments and nonderivative financial instruments, and the investment of remaining liquid funds. The Audit Committee and internal auditors continue to perform review and audit on the policy compliance and risk exposure, and the financial department also provides report to the Board of Directors and Audit Committee periodically. In addition, the Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, financial instruments and the Group's receivables from customers.

i. Accounts receivable and other receivables

The Group credit risk is affected by individual client circumstances.

The Group has established the credit policy, and according to such policy, before the Group makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer individually. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the board; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group does not require any collateral for accounts receivable and other receivables.

ii. Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's counterparties and burden of contract parties are creditworthy banks, financial institutions and corporate organizations with investment grades, there are no materiality concerns, so there is no

materiality credit risk.

iii. Guarantees

The Group's policy is to provide financial guarantees only to Companies with business dealings, companies that directly and indirectly hold or hold more than 50% of the voting shares. As of December 31, 2023 and 2022, no other guarantees were outstanding.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations Affiliated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount above expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As of December 31, 2023 and 2022, the Group's unused credit lines amounted to NTD327,825,000 and NTD252,806,000 respectively.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

i. Currency risks

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. Therefore, the Group engages in derivative transactions to avoid exchange rate risks. The gains and losses of foreign currency assets and liabilities due to exchange rate



changes will roughly offset the valuation gains and losses of derivatives. However, derivative transactions can help reduce the number of merged companies but still cannot completely rule out the impact of changes in foreign currency exchange rates.

The Group regularly reviews the risky positions of individual foreign currency assets and liabilities and hedges the risky positions. The main hedging tool used is forward foreign exchange contracts. The maturity dates of the forward foreign exchange contracts undertaken by the Group are all shorter than six months and do not meet the requirements of hedging accounting.

ii. Interest rate risks

The Group's policy is to ensure that the loan interest rate change risk exposure is reduced.

(23) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt to equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Group's capital management strategy in 2023 is consistent with the strategy in 2022. The Group's debt to capital ratios are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 791,195	707,965
Less: Cash and cash equivalents	<u>(91,416)</u>	<u>(163,125)</u>
Net debt	699,779	544,840
Total equity	<u>941,945</u>	<u>944,596</u>
Total capital	<b><u>\$ 1,641,724</u></b>	<b><u>1,489,436</u></b>
Debt to equity ratio	<b><u>42.62%</u></b>	<b><u>36.58%</u></b>

(24) Investing and financing activities not affecting current cash flow

Non-cash transaction investment activities of the Group are as follows:

For obtaining the right of use asset by lease, please refer to Note 6(8).

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Others</b>	<b>December 31, 2023</b>
Long-term debts	\$ 121,300	(32,065)	-	89,235
Short-term debts	30,000	29,000	-	59,000
Lease liabilities	22,739	(4,078)	2,737	21,398
Total liabilities from financing activities	<b>\$ 174,039</b>	<b>(7,143)</b>	<b>2,737</b>	<b>169,633</b>

	<b>Jan. 1, 2022</b>	<b>Cash flows</b>	<b>Others</b>	<b>December 31, 2022</b>
Long-term debts	\$ 121,290	10	-	121,300
Short-term debts	52,869	(22,869)	-	30,000
Lease liabilities	26,606	(3,657)	(210)	22,739
Total liabilities from financing activities	<b>\$ 200,765</b>	<b>(26,516)</b>	<b>(210)</b>	<b>174,039</b>

## 7. RELATED-PARTY TRANSACTIONS

### (1) Parent company and ultimate controlling party

Taiwan PCB Techvest Co., Ltd. is the parent company of the Group and the ultimate controller of the Group. Taiwan PCB Techvest Co., Ltd. has prepared consolidated financial statements for the general public.

### (2) Related parties and relationship

The followings are entities that have had transactions with the related party during the periods covered in the parent company only financial statements.

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Taiwan Printed Circuit Board Techvest Co., Ltd. (tpt)	Parent company of The Group
CATAC Electronic (Zhongshan) Co., Ltd. (tft)	Subsidiary of tpt(Other Related party of The Group)
Chi Chau Printed Circuit Board (Suining) Co., Ltd. (twf)	Subsidiary of tpt(Other Related party of The Group)
T- Mac Techvest (Wuxi) PCB Co., Ltd. (tmt)	Subsidiary of tpt(Other Related party of The Group)
Chi Chau Printed Circuit Board (Vietnam) Co., Ltd. (tpt Vietnam )	Subsidiary of tpt(Other Related party of The Group)
Chao Feng Hsing Technology Co., Ltd. (cfh)	Other Related party of The Group(Note)

Note: The re-election of a subsidiary of the Company - TGT Techvest took place on May 20, 2022, and Chao Feng Hsing is not a related party of the Company since then.

(3) Significant transactions with the related parties

A. Operating Revenue

The amounts of significant sales (including processing fees revenue) by the Group to related parties were as follows:

	<b>2023</b>	<b>2022</b>
Parent company	\$ 727,747	<b>\$ 883,501</b>

The transaction price of the Group and the aforementioned related parties is not comparable with general customers. The related party transaction payment receipt time-limit is Net 00 days, and it is Net 30~90 days for general customers.

B. Purchases

The amounts of significant purchases (including processing costs) by the Group from related parties were as follows:

	<b>2023</b>	<b>2022</b>
Parent company	\$ 33,654	73,718
Other Related parties-tmt	86,173	108,329
Other Related parties	2,819	13,378
	<b>\$ 122,646</b>	<b>195,425</b>

The transaction price of the Group and the aforementioned related parties have no major difference from those of general suppliers. The related party transaction payment time-limit is Net 150 days. For general suppliers, the payment term is T/T at sight ~ Net 150 days.

C. Receivables from Related Parties

The receivables from related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable	Parent company	195,450	98,365
Other receivables	Parent company	12,191	4,036
Other receivables	Other Related party	188	251
		<b>\$ 207,829</b>	<b>102,652</b>

D. Payables from Related Parties

The payables to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts payable	Parent company	\$ 38,049	100,716
Accounts payable	Other Related parties-tmt	65,032	16,926
Accounts payable	Other Related parties	2,819	-
Other payable	Parent company	2,472	-
Other payable	Other Related parties-tmt	8,455	-
		<b>\$ 116,827</b>	<b>117,642</b>

E. Property transaction

(a) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties were summarized as follows:

	<b>2023</b>	<b>2022</b>
Parent company	1,828	-
Other Related parties-tmt	8,887	-
	<b>\$ 10,715</b>	<b>-</b>

(b) Disposal of property, plant, and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

<b>Relationship</b>	<b>2023</b>		<b>2022</b>	
	<b>Disposal price</b>	<b>Gain (loss) from disposal</b>	<b>Disposal price</b>	<b>Gain (loss) from disposal</b>
Parent company	\$ 8,038	87	23,748	432
Other Related parties-twt	-	-	1,273	196
	<b>\$ 8,038</b>	<b>87</b>	<b>25,021</b>	<b>628</b>

F. Others

<b>Relationship</b>	<b>Items</b>	<b>2023</b>	<b>2022</b>
Parent company	operating expenses(deduction)	\$ 177,42	(21,924)
Parent company	Purchase of Raw Materials on Behalf of Others	6,653	16,600
Parent company	Non-operating revenue and expenses	3,587	4,387
Other Related parties	operating expenses(deduction)	(837)	(322)
Other Related parties	Purchase of Raw Materials on Behalf of Others	8	126
Other Related parties	Non-operating revenue and expenses	-	59

(4) Key management personnel compensation

Key management personnel comprised:

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 12,100	11,171
Post-employment benefits	278	314
	<b>\$ 12,378</b>	<b>11,485</b>

8. PLEDGED ASSETS

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Objects</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Property, plant, and equipment	Long-term debts	\$ 248,878	429,093
Refundable deposits (classified under other current assets and other non-current financial assets)	Lease dormitory and plant deposit etc.	2,803	1,221
Restricted Assets (classified under other current assets and other non-current financial assetst)	Customs guarantee	5,000	5,000
Total		<b>\$ 256,681</b>	<b>435,314</b>

## 9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES:

### Letter of credit issued but unused

	<b>2023</b>	<b>2022</b>
USD	\$ 264	-
EUR	44	-

## 10. LOSSES DUE TO MAJOR DISASTERS: None.

## 11. SIGNIFICANT SUBSEQUENT EVENTS: None.

## 12. OTHERS

A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

<b>By function</b>	<b>2023</b>			<b>2022</b>		
	<b>Cost of sales</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Cost of sales</b>	<b>Operating expenses</b>	<b>Total</b>
<b>By nature</b>						
Employee benefits						
Salaries	164,080	17,785	181,865	159,126	19,107	178,233
Labor and health insurance	15,154	1,506	16,660	15,326	1,609	16,935
Pension	5,520	714	6,234	5,210	687	5,897
Remuneration of directors	-	1,026	1,026	-	2,414	2,414
Other employee benefits	20,999	1,597	22,596	18,267	1,531	19,798
Depreciation	88,246	7,455	95,701	89,846	8,700	98,546
Amortization	22	2	24	42	508	550

## 13. OTHER DISCLOSURES

### (1) Information on significant transactions

The following is the information on significant transactions required by the

“Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

- A. Lending to other parties: None.
- B. Guarantees and endorsements for other parties: None.
- C. Securities held at the end of the period (excluding investment in subsidiaries, Affiliates and joint ventures):

(In Thousands of New Taiwan Dollars/Per share)

Name of holder	Category and name of security	Relationship with the Group	Relationship with marketable securities Issuer	Account title	Ending balance				Highest shareholding or capital contribution	Notes
					Shares	during the year	Shareholding Ratio	Fair Value		
The Company	EVA Technologies Co., Ltd. (Ordinary share)	Non-related party		Financial assets measured at fair value through other comprehensive income, non-current	560,000	4,683	2.71%	4,683	2.71%	None

- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- F. Disposal of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.
- G. Related-party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Notes/ accounts receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
tgt	tpt	Parent company	(Sale)	(727,747)	(61)%	Net 30 days from the end of the month	-	-	195,450	64%	None

- H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Balance of receivable accounts-related parties	Turnover (Note 1)	Overdue receivable accounts-related parties		Subsequent recovered amount of receivable accounts-related parties	Amount recognized as loss allowance
					Amount	Treatment method		
tgt (Note 2)	tpt	Parent company	195,450	4.95times	-	-	194,966	-
tgt (Note 3)	tpt	Parent company	12,191	- time	-	-	5,453	-

Note 1: The calculation of turnover rate does not include other receivables.

Note 2: Accounts receivable.

Note 3: Other receivables.

- I. Trading in derivative instruments: None.

J. Business relationships and significant transactions between parent and subsidiary companies: None.

(2) Information on investees :

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars/Per share)

Investors  Name of Company	Investees	Location	Main businesses and products ITEM	Original investment amount		Balance as of December 31, 2022			Highest balance during the year	Net income (losses) of the investee	Share of profits/losses of the investee	Notes
				December 31, 2023	December 31, 2022	No. of Shares	Ratio	Net carrying amount as of:				
The Company	Chi Chen	Samoa	General investment	252,297	252,297	8,500,000	19.27%	648,589	19.27%	327,417	63,107	None.
The Company	tgt	Taiwan	Manufacturing, selling of circuit boards	405,977	405,977	26,757,000	57.21%	192,559	57.21%	(18,473)	(10,588)	Note 2,3

Note 1: If the relevant figures in this table involve foreign currencies, except for the amount remitted from Taiwan at the historical exchange rate, the profit and loss are calculated at the average exchange rate, and the rest are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 2: The difference is due to the amortization between the investment cost and the fair value of the identifiable net assets.

Note 3: The transactions have been written off in the preparation of the consolidated financial statements.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information :

(In thousands of New Taiwan Dollars)

Investees Name of Company	Main businesses and products Items	Paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows for the period		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net profits (losses) of the investee for the period	The Company percentage of shareholding ratio of direct or indirect investment	Highest shareholding or capital contribution during the year	Investment income (losses) (Note 2.2)	Book value of investments at the end	Accumulated remittance of earnings for the period
					Outflow	Inflow							
twt	Manufacturing, selling of circuit boards	1,698,523	(2)	260,993	-	-	260,993	411,537	15.33%	15.33%	63,103	648,254	-

2. Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
The Company	260,933	260,933	565,167

Note 1: The investment method is divided into three types:

- (1) Direct investments in mainland China.
- (2) Investment in mainland China through third region companies.
- (3) Other methods.

Note 2: The investment profit and loss column recognized in this period:

- (1) The recognition basis of investment gains and losses is divided into the following three types, which should be specified.
  - A. Financial statements verified by international accounting firms in partnership with the Republic of China Accounting Firm.
  - B. The financial statements have been reviewed by the Taiwanese parent company's certified accountant.
  - C. Other — self-assessed financial statements of investee.

Note 3: The Company is an enterprise with the paid-in capital exceeding NT\$80 million, and according to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China", the maximum amount shall be 60% of the consolidated net worth.

Note 4: If the relevant figures in this table involve foreign currencies, profit and loss are calculated at the average exchange rate, and others are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 5: Taiwan Printed Circuit Board Techvest (Suining) Co., Ltd is a subsidiary jointly invested by the Company and Chi Chen Investment Co., Ltd.

3. Significant transactions: None.

(4) Major shareholder information

Unit: Share

<b>Name of Major Shareholder</b>	<b>Shareholding Shares</b>	<b>Shareholding ratio</b>
Taiwan Printed Circuit Board Techvest Co., Ltd.	30,821,897	44.21%

#### 14. SEGMENT INFORMATION

(1) General information

The main business items of the Group include manufacturing, processing, purchase and sales of electronic parts and components and printed circuit boards (PCB). Accordingly, the Seining operation decision maker of the Group considers that the Group has one signal operating segment only.

(2) Product and service categories information

The Group's revenue information from external customers is as follows:

<b>Name of Products and Services</b>	<b>2023</b>	<b>2022</b>
Printed circuit boards	\$ 1,214,843	1,249,554
Processing fees revenue	74,814	82,360
Total	<b>\$ 1,289,657</b>	<b>1,331,914</b>

(3) Geographical information

Information by territorial location of the Group is shown below, where revenues are categorized based on the geographical location of customers and non-current assets are categorized based on the geographical location of assets.

<b>By region</b>	<b>2023</b>	<b>2022</b>
Revenue from external customers:		
Taiwan	\$ 989,947	1,091,294
USA	202,820	117,740
Others	96,890	122,880
Total	<b>\$ 1,289,657</b>	<b>1,331,914</b>

<b>By region</b>	<b>2023</b>	<b>2022</b>
Non-current assets:		
Taiwan	<b>\$ 483,517</b>	<b>534,373</b>



Non-current assets include property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill), but exclude financial instruments and deferred income tax assets arising from the rights of insurance contracts.

(4) Information on major clients

A breakdown of the Group's clients whose operating revenues accounted for 10% or more of the net operating revenues on the Consolidated Statements of Comprehensive Income is as follows:

	<b>2023</b>	<b>2022</b>
A company	\$ 727,747	883,501
B company	150,815	74,102
C company	128,917	43,875

## Independent Auditor's Report

To the Board of Directors and Shareholders of T-Flex Techvest PCB Co., Ltd.:

### Opinion

We have audited the accompanying parent company only financial statements of T-Flex Techvest PCB Co., Ltd. ("the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits following the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Timing of income recognition

Please refer to Parent Company Only Financial Report Note 4 (10) Income Recognition for information on accounting policy for income. Please refer to Parent Company Only Financial Report Note 6 (12) Income Recognition for information on the income.

#### Description of Key Audit Matters:

T-Flex Techvest PCB Co., Ltd. is a TPEX listed company, and its sales revenue is a key indicator for investors and the management to evaluate financial or business performance. Since the accuracy of the timing of revenue recognition has material impact on the financial statements, the examination on the timing of revenue recognition is considered as a key audit matter to our audit on the Parent Company Only Financial Report of T-Flex Techvest PCB Co., Ltd.

#### Corresponding Audit Procedures:

The main audit procedure adopted by us on the aforementioned key audit matter includes the examination of the effectiveness of the internal control on the sales and payment collection operation cycle and the examination of the sub-items, understanding of T-Flex Techvest PCB Co., Ltd. revenue recognition accounting process and evaluation on whether relevant rules and requirements are complied, selection of sales transaction samples at a certain period before and after the financial report date, and verification of relevant documents and certificates, in order to assess the accuracy of the revenue recognition timing. In addition, the status of any major sales return after the period is also understood.

### Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements following the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit under the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Approval No.: JIN-GUAN-ZHENG-SHEN-ZI  
No. 1000011652  
JIN-GUAN-ZHENG-6-ZI  
No.0940100754

March 27, 2024

#### **Note to Readers**

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

**T-FLEX TECHVEST PCB CO., LTD.**  
**Parent Company Only Balance Sheets**  
**For the years ended December 31, 2023 and 2022**

(Amounts in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets						Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$	45,850	5	14,588	2	2100	Short-term debts (Note 6(6))	\$	59,000	6	30,000	4
1170	Accounts receivable, net (Note 6(3)and(13))		38,499	4	26,464	3	2180	Accounts payable to related parties (Note 7)		65,032	7	16,926	2
1470	Other current assets (Note 8)		279	-	271	-	2200	Other payables		6,586	1	8,657	1
			84,628	9	41,323	5	2399	Other current liabilities (Note 6(7))		1,600	-	169	-
							Total liabilities			132,218	14	55,752	7
Non-current assets:													
1517	Non-current financial assets at fair value through other comprehensive income(Note 6(2))		4,150	1	4,683	1							
1550	Investment accounted for using equity method (Note 6(5))		841,148	90	801,242	94							
			845,298	91	805,925	95							
							Equity: (Note 6(10))						
						3110	Ordinary shares		697,127	75	697,127	82	
						3200	Capital surplus		28,787	3	28,787	4	
						3310	Legal reserve		24,812	3	18,537	2	
						3320	Special reserve		26,480	3	26,212	3	
						3350	Unappropriated retained earnings(accumulated deficit)		75,172	8	63,021	7	
							Others:						
						3410	Exchange differences on translation of foreign financial statements		(38,159)	(4)	(26,210)	(3)	
						3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(16,511)	(2)	(15,978)	(2)	
							Total equity		797,708	86	791,496	93	
							Total liabilities and equity		\$ 929,926	100	\$ 847,248	100	
Total assets		\$	929,926	100	847,248	100							

See accompanying notes to parent company only financial statements.

**T-FLEX TECHVEST PCB CO., LTD.**  
**Parent Company Only Statements of Comprehensive Income**  
**For the years ended December 31, 2023 and 2022**

(Amounts in Thousands of New Taiwan Dollars)

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (Note 6(12))</b>	\$ 96,035	100	118,704	100
5000	<b>Operating costs (Note 6(4)and7)</b>	86,172	90	107,957	91
	<b>Gross Profit</b>	9,863	10	10,747	9
	<b>Operating expenses:</b>				
6100	Selling expenses	440	-	3,593	3
6200	Administrative expenses	11,125	12	12,112	10
6450	Expected credit loss	(3,867)	(4)	3,614	3
	<b>Total operating expenses</b>	7,698	8	19,319	16
	<b>Net operating income</b>	2,165	2	(8,572)	(7)
	<b>Non-operating income and expenses: (Note 6(14))</b>				
7100	Interest revenue	1,226	1	145	-
7010	Other income	22	-	20	-
7020	Other gains and losses	1,036	1	2,977	3
7050	Finance costs	(1,072)	(1)	(311)	-
7070	Share of profit (losses) of subsidiaries, associates and joint ventures accounted for using equity method	52,519	55	66,074	55
	<b>Total non-operating income and expenses</b>	53,731	56	68,905	58
	<b>Income before income tax</b>	55,896	58	60,333	51
7950	<b>Less: Income tax expense(or benefit) (Note 6(9))</b>	1,081	1	(60)	-
	<b>Net income</b>	54,815	57	60,393	51
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified into profit or loss</b>				
8316	Unrealised gains (losses) from investments in equity instruments.	(533)	(1)	(900)	(1)
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method that will not be reclassified into profit or loss	(1,265)	(1)	2,361	2
8349	Less: Income tax related to items that will not be reclassified	-	-	-	-
	<b>Total</b>	(1,798)	(2)	1,461	1
8360	<b>Items that may be reclassified subsequently into profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(11,949)	(12)	7,794	7
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	<b>Total</b>	(11,949)	(12)	7,794	7
8300	<b>Other comprehensive income (loss), net of income tax</b>	(13,747)	(14)	9,255	8
8500	<b>Total comprehensive income (loss)</b>	<u>\$ 41,068</u>	<u>43</u>	<u>69,648</u>	<u>59</u>
	<b>Basic earnings per share (NTD) (Note 6(11))</b>				
9750	<b>Basic earnings per share (Unit: NTD)</b>	<u>\$ 0.79</u>		<u>0.87</u>	
9850	<b>Diluted earnings per share (Unit: NTD)</b>	<u>\$ 0.78</u>		<u>0.86</u>	

**See accompanying notes to parent company only financial statements.**

**T-FLEX TECHVEST PCB CO., LTD.**  
**Parent Company Only Statements of Changes in Equity**  
**For the years ended December 31, 2023 and 2022**

(Amounts in Thousands of New Taiwan Dollars)

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Others</u>		
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Exchange differences in translation of foreign financial statements</u>	<u>Unrealized gains or losses on financial assets measured at fair value through other comprehensive income</u>	<u>Total equity</u>
<b>Balance on January 1, 2022</b>	\$ 697,127	28,787	15,409	26,212	31,280	(34,004)	(15,078)	749,733
Net income in 2022	-	-	-	-	60,393	-	-	60,393
Other comprehensive income (loss) in 2022	-	-	-	-	2,361	7,794	(900)	9,255
Total comprehensive income (loss) in 2022	-	-	-	-	62,754	7,794	(900)	69,648
Appropriation and distribution of retained earnings:								
Legal reserve			3,128		(3,128)			
Cash dividends on ordinary shares	-	-	-	-	(27,885)	-	-	(27,885)
<b>Balance on December 31, 2022</b>	697,127	28,787	18,537	26,212	63,021	(26,210)	(15,978)	791,496
Net income in 2023	-	-	-	-	54,815	-	-	54,815
Other comprehensive income (loss) in 2023	-	-	-	-	(1,265)	(11,949)	(533)	(13,747)
Total comprehensive income (loss) in 2023	-	-	-	-	53,550	(11,949)	(533)	41,068
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	6,275	-	(6,275)	-	-	-
Special reserve				268	(268)			
Cash dividends on ordinary shares	-	-	-	-	(34,856)	-	-	(34,856)
<b>Balance on December 31, 2023</b>	<u>\$ 697,127</u>	<u>28,787</u>	<u>24,812</u>	<u>26,480</u>	<u>75,172</u>	<u>(38,159)</u>	<u>(16,511)</u>	<u>797,708</u>

See accompanying notes to parent company only financial statements.

**T-FLEX TECHVEST PCB CO., LTD.**  
**Parent Company Only Cash Flow Statements**  
**For the years ended December 31, 2023 and 2022**

(Amounts in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 55,896	\$ 60,333
<b>Adjustments for:</b>		
Adjustments to reconcile net income (loss)		
Amortization expense	-	19
Expected credit loss (gain)	(3,867)	3,614
Interest expense	1,072	311
Interest revenue	(1,226)	(145)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(52,519)	(66,074)
Gain on disposal of property, plant and equipment	(601)	(600)
Total adjustments	<u>(57,141)</u>	<u>(62,875)</u>
Changes in assets and liabilities relating to operating activities:		
Net changes in assets relating to operating activities:		
Accounts receivable	(8,168)	43,685
Other current assets	(20)	(45)
Total net changes in assets relating to operating activities	<u>(8,188)</u>	<u>43,640</u>
Net changes in liabilities relating to operating activities:		
Accounts payable	48,106	(84,612)
Other payables	(2,030)	(2,686)
Other current liabilities	480	(255)
Total net changes in liabilities relating to operating activities	<u>46,556</u>	<u>(87,553)</u>
Total net changes in assets and liabilities relating to operating activities	<u>38,368</u>	<u>(43,913)</u>
Total adjustments	<u>(18,773)</u>	<u>(106,788)</u>
Cash provided by operations	37,123	(46,455)
Interest received	1,226	145
Interest paid	(1,113)	(199)
Income taxes refund(paid)	(118)	(2)
<b>Net cash provided by operating activities</b>	<u>37,118</u>	<u>(46,511)</u>
<b>Cash flows from financing activities:</b>		
Short-term debts	29,000	30,000
Distribution of cash dividends	(34,856)	(27,885)
<b>Net cash used in financing activities</b>	<u>(5,856)</u>	<u>2,115</u>
<b>Increase (decrease) in cash and cash equivalents</b>	31,262	(44,396)
<b>Cash and cash equivalents at beginning of period</b>	14,588	58,984
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 45,850</u></u>	<u><u>14,588</u></u>

See accompanying notes to parent company only financial statements.



**T-FLEX TECHVEST PCB CO., LTD.**  
**Notes to Parent Company Only Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)**

**1. HISTORY AND ORGANIZATION**

T-Flex Techvest PCB Co., Ltd. (“the Company”) was incorporated as a company limited by shares on December 29, 1999 under the approval of the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 12, Gongye 2nd Rd., Pingzhen Dist., Taoyuan City. On January 12, 2005, the Company’s shares were listed on the Taipei Exchange (“TPEX”). The Company is primarily involved in the business of producing, processing and selling electronic components and printed circuit boards.

**2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS**

These parent company only financial statements were authorized for issue by the Board of Directors on March 15, 2024.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

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

Effective January 1, 2023, the Company adopted the following newly revised International Financial Reporting Standards, which had no significant effect on its parent company only financial statements.

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

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

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

- (2) Effect of new standards and amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

The Company has assessed that the application of the following newly revised IFRSs

effective from January 1, 2024, would not have a significant effect on its parent company only financial statements.

- Amendments to IAS 1 “Classify liabilities into current or non-current”
- Amendments to IAS 1 “Non-current liabilities with covenants”
- Amendments to IAS 1 and IFRS 8 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liabilities of After-sale and Leaseback”

- (3) IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IAS 21 “Lack of Exchangeability”

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (1) Statement of compliance

These parent company only financial statements have been prepared following the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (2) Basis of preparation

A. Basis of measurement

Except Financial assets at fair value through other comprehensive income are measured at fair value, the parent company only financial statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

- (3) Foreign Currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies

are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the difference relating to investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

#### B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive incomes.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

#### (4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Company holds the asset primarily for trading;
- C. The Company expects to realize the asset within twelve months after the reporting period;
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. The Company expects to settle the liability in its normal operating cycle;
- B. The Company holds the liability primarily for trading;
- C. The liability is due to be settled within twelve months after the reporting period;
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

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

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; or Fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument by instrument basis.

Equity instrument investment is subsequently measured at fair value. Dividend income (unless it clearly represents the return of parts of the investment cost) is recognized in profit or loss. The rest of net profit or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established (normally refers to the ex-dividend date).

(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, trade receivables, guarantee deposits paid and other financial assets).

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

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

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as

forward-looking information.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

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

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The borrower will probably enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for financial assets because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually assesses respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual

cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters transactions whereby it transfers its assets recognized in the balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

## B. Financial liabilities and equity instruments

### (a) Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument following the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

### (b) Equity transaction

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

### (c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### (d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

### (e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in

the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Investment in Affiliates

Associate refers to an entity to which the Company has material impact on its financial and operational policies, excluding controlling of joint controlling thereof.

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

The unconsolidated financial statements include, from the date having material impact to the date of losing material impact, and after making consistent accounting policy adjustment with the Company, the Company recognizes the profit or loss and the amount of other comprehensive income or loss of each invested associate according to the equity ratio. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the associate held by the Company is not affected, the Company then recognizes all of the equity change as the “capital reserve” according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Company and the associate is recognized in the enterprise’s financial statements only within the equity scope of the investor irrelevant to the associate. When the loss amount of the associate required for recognition proportionally by the Company equals to or exceeds the its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(8) Subsidiaries

The subsidiaries which the Company is holding for control are measured under the equity method in the financial statement. Under the equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are attributable to the owners of the parent company in the financial statement.

The changes in ownership of the subsidiaries are recognized as an equity transaction.

(9) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest group of assets that



generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognized immediately in profit or loss and reduces the carrying amount of goodwill in the cash-generating unit first, and then reduces the carrying amount of each asset in the unit in proportion to the book value of the other assets in the unit.

Goodwill impairment losses are not reversed. For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

#### (10) Revenue recognition

##### Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. The accounting policies for the Company's main types of revenue are explained below.

##### A. Sale of goods—Electronic components

The Company manufactures and sells electronic components to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often recognizes revenue based on the total amount if the sale according to aggregate sales of electronic components is over a 6-month period and had a discount agreement previously or its highly possible to have sales discounts in marketing experience. The Company evaluates the amount of discounts on the day of the occurrence of that fact or the date of the balance sheet, offsets sales revenue or recognizes sales allowance, and recognizes the revenue only to the extent that it is highly probable that a significant reversal will not occur. As of the reporting date, the expecting amount paid to customers relating to the unit price discounts and defects of the product is recognized as refund liabilities.

Trade receivable is recognized when the goods are delivered as this is the point in the time the Company has the right to an amount of consideration that is unconditional.

#### B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

#### ( 11 ) Employee benefits

##### A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

##### B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### ( 12 ) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any.

It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- A. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (a) The same taxable entity; or
  - (b) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (13) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive

ordinary shares. The Company's potentially dilutive ordinary shares include employee compensation.

(14) Segment information

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in parent company only financial statements.

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

The preparation of the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

## 6. STATEMENTS OF MAJOR ACCOUNTING ITEMS

(1) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash in banks	\$	
Demand deposits	45,850	14,588
Cash and cash equivalents in statement of cash flows	<b><u>\$ 45,850</u></b>	<b><u>14,588</u></b>

Please refer to Note 6(15) for the disclosure of credit, interest, currency risks and sensitivity analysis of the financial instruments of the Company.

The Company's cash and cash equivalents have not been pledged as collateral. Cash and cash equivalents are expressed not pledged.

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies' stocks	<b><u>\$ 4,150</u></b>	<b><u>4,683</u></b>

A. Investments in equity instruments measured at fair value through other comprehensive income or loss.

The Company held these investments in equity instruments as long-term strategic investments and were not held for trading purposes, and therefore had been designated as measured at fair value through other comprehensive income or loss.

The Company did not dispose of any strategic investments in 2023 and 2022, and the accumulated gains and losses during that period were not transferred to equity.

B. Please refer to Note 6(15) for credit risks and fair value information.

C. None of the above financial assets were pledged as collateral.

(3) Accounts receivable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable	\$ 38,601	30,433
Less: Loss allowance	( 102)	( 3,969)
Total	<b><u>\$ 38,499</u></b>	<b><u>26,464</u></b>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses for accounts receivable were determined as follows:

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Not yet due	\$ 37,446	0.00%	-
Overdue within 30 days	1,155	8.86%	102
	<b><u>\$ 38,601</u></b>		<b><u>102</u></b>

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Not yet due	\$ 17,487	0.00%	-
Overdue within 30 days	727	8.86%	64
Overdue 31-90 days	12,219	31.96%~64.80%	3,905
	<b><u>\$ 30,433</u></b>		<b><u>3,969</u></b>

The movement in the loss allowance for accounts receivable was as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 3,969	355
Recognized impairment (reversal of gains) loss	(3,867)	3,614
Balance, end of year	<b><u>\$ 102</u></b>	<b><u>\$ 3,969</u></b>

Please refer to 6(15) for the credit and the currency risks of the Company's accounts receivables.

The Company's accounts receivable have not been pledged as collateral.

(4) Inventories

The inventory costs recognized as sales costs and expenses for 2023 and 2022 were NT\$86,172,000 and NT\$107,957,000 respectively.

(5) Investments accounted for using the equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiary	\$ 192,559	203,811
Affiliates	648,589	597,431
	<b><u>\$ 841,148</u></b>	<b><u>801,242</u></b>

A. Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2023.

B. Affiliates

Relevant information of associates having materiality to the Company is as follows:

Affiliate name	Relationship with the Company	Company registration country	Proportion of ownership interest	
			2023.12.31	2022.12.31
Chi Chen Investment Co., Ltd. (Chi Chen Company)	Its main business refers to general investment business, and it is a company jointly invested by the Company and the parent company	SAMOA	19.27%	19.27%

The shareholding percentage of the Company on the associate is less than 20%; however, the Group acts as a director of the company and participates in the decision making, such that the Group has material influence on the company. Accordingly, the equity valuation method is adopted.

The financial information of associates having materiality on the Company is

summarized in the following. For such financial information, the amounts indicated in the parent company only financial report according to the IFRS has been adjusted, in order to reflect the fair value adjustment made when the Company acquires the equity of the associates and the adjustment made with respect to the accounting policy difference:

(1) Summary of financial information of Chi Chen Company

	<b>2023.12.31</b>	<b>2022.12.31</b>
Current Assets	\$ 4,021,015	3,501,889
Non-current assets	2,147,834	3,010,424
Current liabilities	(1,910,416)	(2,255,226)
Non-current liabilities	(28,996)	(361,282)
Net assets	<b><u>\$ 4,229,437</u></b>	<b><u>3,895,805</u></b>
Net assets attributable to uncontrolled equity	<b><u>\$ 864,402</u></b>	<b><u>796,191</u></b>
Net assets attributable to owners of the investee	<b><u>\$ 3,365,035</u></b>	<b><u>3,099,614</u></b>

	<b>2023</b>	<b>2022</b>
Net income for the period	\$ 411,560	335,305
Other comprehensive income	(77,928)	50,786
Total comprehensive income	<b><u>\$ 333,632</u></b>	<b><u>386,091</u></b>
Total comprehensive income (loss) attributable to non-controlling interests	<b><u>\$ 68,210</u></b>	<b><u>78,905</u></b>
Total comprehensive income (loss) attributable to owners of the investee	<b><u>\$ 265,422</u></b>	<b><u>307,186</u></b>
Proportion of net assets of associate held by the Company at beginning of the period	\$ 597,431	538,223
Total comprehensive income (loss) attributable to the Company in the current period	51,158	59,208
Carrying amount of the associates' equity of the Company at end of the period	<b><u>\$ 648,589</u></b>	<b><u>597,431</u></b>

The Company did not provide any investment accounted for using the equity method as collateral for its loans.

(6) Short-term debts

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unsecured bank loans	<b>\$ 59,000</b>	<b>30,000</b>
Unused short-term credit lines	<b>\$ 52,396</b>	<b>31,386</b>
Interest Rates	<b>1.95%~2.08%</b>	<b>1.72%</b>

Please refer to Note 6(15) for information on the analysis of the liquidity and interest rate of short-term borrowings of the Company.

The Company did not provide any asset as collateral for its short-term debts.

(7) Other current liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Income tax liabilities	\$ 964	13
Refund liabilities	491	56
Other	145	100
Total	<b>\$ 1,600</b>	<b>169</b>

Refund liability is mainly due to the characteristics of the industry in which the sales of electronic components may generate a sales discount due to product defects or price drops, which are expected to be paid to customers.

(8) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance under the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

In 2023 and 2022, the pension expenses of the Company under the rules for the defined contribution pension were all NT\$103,000, respectively, and were appropriate to the Bureau of Labor Insurance.

(9) Income taxes

A. Income tax expense (or benefit)

The statement of income tax profit (expense) of the Company is as follows:

	<b>2023</b>	<b>2022</b>
Arising during the period	<b>\$ 1,081</b>	<b>13</b>
Deferred tax expense		
Origination and reversal of temporary differences	-	(73)
Income tax expense (or benefit)	<b>\$ 1,081</b>	<b>(60)</b>



Reconciliation of income tax and profit before tax were as follows:

	<b>2023</b>	<b>2022</b>
Income before tax	<b><u>\$ 55,896</u></b>	<b><u>60,333</u></b>
Income tax using the Company's domestic tax rate	\$ 11,179	12,067
Tax-exempt income	2,118	(2,932)
Undistributed earnings additional tax	1,081	13
Current year losses for which no deferred tax asset was recognized	-	466
Change in unrecognized temporary differences	(13,169)	(9,674)
Recognition of taxable loss not recognized in the previous period	<u>(128)</u>	<u>-</u>
Total	<b><u>\$ 1,081</u></b>	<b><u>(60)</u></b>

**B. Deferred tax assets and liabilities**

**(a) Unrecognized deferred tax liabilities**

For the temporary difference related to the investment in associates for the years ended December 31, 2023 and 2022, since the ultimate parent entity of the Company is able to control the timing for the reversal of the temporary difference and reversal is not likely to be performed in the foreseeable future, it is recognized under the deferred income tax liabilities. Its relevant amount is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Aggregate amount of temporary differences related to investments in affiliates	<b><u>\$ 89,139</u></b>	<b><u>73,201</u></b>

**(b) Unrecognized deferred tax assets**

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Tax effect of deductible Temporary Differences	\$ 142	690
The carryforward of unused tax losses	<u>33,647</u>	<u>34,274</u>
	<b><u>\$ 33,789</u></b>	<b><u>34,964</u></b>

Under the Income Tax Act, tax losses incurred in the ten years, prior to the approval of the tax authorities, may be deducted from the net profit for the current year and then audited for income tax purposes. These items are not recognized as deferred tax assets because it is not probable that the Company will have sufficient tax assets in the future to provide for the temporary differences.

As of December 31, 2023, the Company has not used the tax loss on deferred tax assets, which is deducted over the following periods:

<u>Year of loss</u>	<u>Loss not yet deducted</u>	<u>Last year for which the deduction was made</u>
2016	\$ 93,079	2026
2017	6,430	2027
2018	27,506	2028
2019	34,741	2029
2020	4,143	2030
2022	2,334	2032
	<u>\$ 168,233</u>	

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax liabilities were as follows:

	<u>Others</u>
<b>Deferred Tax Liabilities:</b>	
Balance on January 1, 2022	\$ 73
Recognized in profit or loss	<u>(73)</u>
Balance on December 31, 2022	<u>\$ -</u>

C. Assessment of tax

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

(10) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized shares of 150,000,000, with a par value of \$10 per share, amounted to \$1,500,000,000, of which, 69,713,000 ordinary shares were issued. All issued shares were paid up upon issuance.

B. Capital reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Additional paid-in capital	\$ 25,100	25,100
Conversion of treasury shares	<u>3,687</u>	<u>3,687</u>
	<u>\$ 28,787</u>	<u>28,787</u>

According to the R.O.C. Company Act, the capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on the issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus above par

value should not exceed 10% of the total common stock outstanding.

#### C. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed as new stocks according to the distribution plan or shares newly issued proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

If the Company distributes dividend bonus, legal reserve, special reserve, or part/whole of the capital surplus by cash payment, two of the three authorized board members must be present during the meeting, and half of the attendees' approval must be obtained before reporting the agreed appropriation at the shareholders' meeting.

To consider stable development and complete financial structure, the Company's surplus distribution shall be no less than 10% of the distributable surplus, minus the previous year's surplus. However, if the distributable surplus, minus the previous year's surplus, is less than the percentage of paid-in capital, the Company may decide to transfer all of the retained surplus to unappropriated retained earnings.

When distributing surplus, cash dividend shall not be less than 10% of the total dividend.

##### (a) Legal reserve

When a company incurs no loss, it may, according to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

##### (b) Special reserve

When the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the special surplus reserve is made up of the current profit and loss and the undistributed surplus in the previous period; it is the deduction of other shareholders' equity accumulated in the previous period's amount, from the undistributed surplus of the previous period, the special surplus reserve shall not be distributed. When the deduction amount of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

##### (c) Earnings Distribution

The earnings distribution for 2022 and 2021 had been approved during the board's meeting on April 28, 2023 and April 25, 2022. The relevant dividend distributions to shareholders were as follows:

The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Dividend per share(NTD)	AMOUNT	Dividend per share(NTD)	AMOUNT
Dividends distributed to ordinary shareholders				
Cash	\$ 0.50	<u>34,856</u>	0.40	<u>27,885</u>

D. Other equity

The items listed under other equity are Exchange Differences on Translation of Foreign Financial Statements and the accumulated amount of unrealized gains and losses of financial assets at fair value through other comprehensive gains and losses.

( 11 ) Earnings per share

	2023	2022
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 54,815</u>	<u>60,393</u>
Weighted average number of ordinary shares (In Thousands)	<u>69,713</u>	<u>69,713</u>
Basic earnings per share (NTD)	<u>\$ 0.79</u>	<u>0.87</u>
 Profit attributable to ordinary shareholders of the Company	 <u>\$ 54,815</u>	 <u>60,393</u>
Weighted average number of ordinary shares (In Thousands)	69,713	69,713
— Effect of employee share bonus	<u>176</u>	<u>340</u>
Effect of conversion of convertible bonds (In Thousands) (diluted)	<u>69,889</u>	<u>70,053</u>
Diluted earnings per share (NTD)	<u>\$ 0.78</u>	<u>0.86</u>

( 12 ) Revenue from contracts with customers

(1) Details of revenue

	2023	2022
Primary geographical markets:		
Japan	\$ 56,188	-

	<b>2023</b>	<b>2022</b>
China	<b>25671</b>	<b>-</b>
Korea	<b>14176</b>	<b>118,704</b>
Total	<b><u>96,035</u></b>	<b><u>118,704</u></b>
Major products/services lines		
Printed circuit boards	<b><u>\$ 96,035</u></b>	<b><u>118,704</u></b>

(2) Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Jan. 1, 2022</b>
Accounts receivable	\$ 38,601	30,433	74,118
Less: Loss allowance	(102)	(3,969)	(355)
Total	<b><u>\$ 38,499</u></b>	<b><u>26,464</u></b>	<b><u>73,763</u></b>

For details on accounts receivable and allowance for impairment, please refer to Note 6(3).

For refund liabilities disclosure please refer to Note 6(7).

(13) Employee compensation and directors' remuneration

Following the Articles of Incorporation, the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

In 2023 and 2022, NT\$2,942,000 and NT\$3,279,000 were estimated for the remuneration of employees, NT\$ 0 and NT\$1,967,000 were estimated for the remuneration directors and supervisors of the Company, respectively. The estimation basis is calculated by deducting the cumulative losses from net profit before tax of the period (the amount before deducting the remuneration of employees and remuneration of directors and supervisors) and multiplying by the distribution ratio of remuneration of employees, directors, and supervisors as intended in the Articles of Incorporation, and the amount is presented as operating expenses for the period. For relevant information, please visit the MOPS for inquiries. The remuneration of employees, Directors, and supervisors resolved by the Board for distribution above has no difference from the estimated amount in the parent company only financial statements of the Company in 2023 and 2022.

(14) Non-operating income and expenses

A. Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Net gains on disposal of property, plant and equipment \$	601	600
Foreign exchange gains (losses)	435	2,377
	<u><b>\$ 1,036</b></u>	<u><b>2,977</b></u>

(15) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the company centralized in the electronics industry, and to reduce the notes and accounts receivable credit risk, the Group continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of notes and accounts receivable and appropriates allowance for doubtful accounts. Up to December 31, 2023 and 2022, the accounts receivable balance was 85% and 100% contributed to two customers respectively. Therefore, the Group is concluded to have credit risk concentration. Credit risk of receivables and debt securities

(c) For credit risk exposure of accounts receivables, please refer to Note 6(3).

Other financial assets at amortized cost include other receivables and certificates of deposit.

All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months of expected credit losses. The fixed deposit certificates held by the Company, the transaction counterparty, and the performing party are financial institutions with investment grades and above, so the credit risk is deemed to be low.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months
<b>December 31, 2023</b>			
Non-derivative financial liabilities			
Unsecured bank loans	\$ 59,000	59,221	59,221
Accounts payable	65,032	65,032	65,032
Other payables	6,586	6,586	6,586
	<u>\$ 130,618</u>	<u>130,839</u>	<u>130,839</u>

<b>December 31, 2022</b>			
Non-derivative financial liabilities			
Unsecured bank loans	\$ 30,000	30,127	30,127
Accounts payable	16,926	16,926	16,926
Other payables	8,657	8,657	8,657
	<u>\$ 55,583</u>	<u>55,710</u>	<u>55,710</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

### C. Currency risks

#### (a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

December 31, 2023				December 31, 2022		
Foreign Currency	Exchange Rate	New Taiwan Dollars		Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 2,496	30.71	76,650	1,359	30.71	41,747
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,123	30.71	65,192	579	30.71	17,787

#### (b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings; and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against each transaction currencies currency on December 31, 2023 and 2022 would have increased (decreased) the net income by \$575,000 and \$1,200,000. The analysis in 2023 is performed on the same basis for 2022.

(c) Foreign exchange gain and loss on monetary items

The exchange gains and losses of the Company's monetary items (including realized and unrealized) converted into functional currency, and converted to the company's presentation currency are as follows:

	2023		2022	
	Exchange gains (losses)	Average Rate	Exchange gains (losses)	Average Rate
New Taiwan Dollars	\$ 435	-	2,377	-

D. Interest rate analysis

Please refer to the notes on liquidity risk management about the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis assumes that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to Management internally, which also represents The Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased /decreased by 1 %, the Company's net income would have decreased /increased by \$132,000 in 2023 and \$154,000 in 2022 with all other variable factors remaining constant. Mainly due to group variable interest rate deposits and loans.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities through profit or loss is measured regularly. The carrying amount and fair value of The Company's financial assets and liabilities, including the information on the fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, for equity investments that have no quoted prices in the active markets and whose fair value cannot be reliably measured, and lease liabilities, for which disclosure of fair value information is not required.

	December 31, 2023				
	Fair Value				
	Net carrying amount as of:	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other	\$ 4,150	-	-	4,150	4,150



		December 31, 2023			
		Fair Value			
	Net carrying amount as of:	Level 1	Level 2	Level 3	Total
<b>comprehensive income</b>					
<b>Financial assets measured at</b>					
<b>amortized cost</b>					
Cash and cash equivalents	\$ 45,850	-	-	-	-
Accounts receivable	384,99	-	-	-	-
Refundable deposits(classified under other current assets)	176	-	-	-	-
Subtotal	84,525	-	-	-	-
<b>Financial liabilities at amortized</b>					
<b>cost</b>					
Bank loan	\$ 59,000	-	-	-	-
Accounts payable	65,032	-	-	-	-
Other payables	6,586	-	-	-	-
Subtotal	130,618	-	-	-	-
		December 31, 2022			
		Fair Value			
	Net carrying amount as of:	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through other comprehensive income</b>	\$ 4,683	-	-	4,683	4,683
<b>Financial assets measured at</b>					
<b>amortized cost</b>					
Cash and cash equivalents	\$ 14,588	-	-	-	-
Accounts receivable	26,464	-	-	-	-
Refundable deposits(classified under other current assets)	176	-	-	-	-
Subtotal	41,228	-	-	-	-
<b>Financial liabilities at amortized</b>					
<b>cost</b>					
Bank loan	\$ 30,000	-	-	-	-
Accounts payable	16,926	-	-	-	-
Other payables	8,657	-	-	-	-
Subtotal	55,583	-	-	-	-

(b) Fair value through profit or loss financial instrument-fair value evaluation technique

a. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial instruments is measured by using the market method and net asset value method if there is no public quotation in an active market. The market method refers to the recent fundraising activities of the investment target, or target with similar market transaction price and conditions; while the net asset value method's main assumption is based on the net value per share of the investee.

If open quote of a financial instrument can be timely and frequently obtained from exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents actual and frequently occurred fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or trading volume is small, then they serve as indicators of an inactive market.

Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

If a financial instrument held by the Group has no active market, then its fair value is determined according to the category and attribute as follows:

Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the net value per share of the investee and the earnings multiples inferred from the market quotation of domestic TWSE(TPEX) listed companies as the basis for measurement. The estimated value has been adjusted for the discount effect of the equity-based securities with insufficient market circulation.

(c) Transfers between Level 1 and Level 2: None.

(d) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions:

	Measured at fair value through other comprehensive income
	Equity instruments without public quotations
<b>January 1, 2023</b>	\$ 4,683
Total gains or losses	
Recognized in other comprehensive income	(533)
<b>December 31, 2023</b>	<b>\$ 4,150</b>
<b>January 1, 2022</b>	\$ 5,583
Total gains or losses	
Recognized in other comprehensive income	(900)
<b>December 31, 2022</b>	<b>4,683</b>

The above total gains or losses are reported in series as unrealized gains or losses on financial assets measured at fair value through other comprehensive income. The related assets still held in 2023 and 2022 are as follows:

	2023	2022
Total gains or losses		
Amount recognized in	\$ (533)	(900)
OCI:		
(presented in “Unrealized loss from financial assets measured at fair value through other comprehensive income)		

(e) Quantitative information on fair value measurements of material unobservable inputs value (Level 3)

The fair value measurements of the Company are classified as Level 3, mainly financial assets measured at fair value through other comprehensive income - investments in equity securities.

The Company 's investments in equity instruments with no active market have multiple significant unobservable inputs. The quantitative information of material unobservable inputs is listed below:

<b>Items</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Significant unobservable Relationship between inputs and fair value</b>
Financial asset measured at fair value through other comprehensive income - Equity instrument investment without active market	Comparable to listed companies	<p>Multiple of the net value of stock price (0.94 and 0.93 as of December 31, 2023 and December 31, 2022, respectively)</p> <p>Discount due to the lack of market liquidity (30% as of December 31, 2023 and December 31, 2022, respectively)</p>	<p>The higher the multiplier, the higher the fair value</p> <p>The higher the discount for lack of marketability, the lower the fair value</p>

(f) For Level 3 fair value measurements, the sensitivity of fair value to reasonably possible alternative assumptions is analyzed

The Company's fair value measurement of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the effect on the current profit or loss or other comprehensive income if the valuation parameters are changed is as follows:

			Fair value changes reflected in other comprehensive income	
	Input value	Upward or downward change	Favorable change	Unfavorable change
December 31, 2023				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment without active market	Price-to-book Ratio Multiplier	3%	\$ 125	(125)
	Liquidity Discount Ratio	3%	178	(178)
			\$ 303	(303)

**December 31, 2022**

Financial assets measured at fair value through other comprehensive income

		Fair value changes reflected in other comprehensive income		
		Upward or downward change	Favorable change	Unfavorable change
		Input value		
Equity instrument investment without active market	Price-to-book Ratio Multiplier	3%	\$ 140	(140)
	Liquidity Discount Ratio	3%	201	(201)
			<u>\$ 341</u>	<u>(341)</u>

Favorable and unfavorable changes in the Company represent fluctuations in fair value, which is calculated using valuation techniques based on varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input, the above table reflects only the effect of changes in a single input value and does not take into account the correlation and variability among the input values.

## ( 16 ) Financial risk management

### A. Overview

The Company has exposure to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the parent company only financial statements.

### B. Structure of risk management

The Company's financial management department provides services for each business, coordinates the operation of entering domestic and international financial markets, as well as supervises and manages the financial risks related to the Company's operations through internal risk reports that analyze the level and range of risks that may occur. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors. Those policies are written principles for the exchange rate, interest rate, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. The Audit Committee and the internal audit will regularly review the policies to limit risk exposures. The financial management department will regularly report to the Audit Committee and the Board. In addition, the Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

### C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, financial instruments and the Company's receivables from customers.

#### (a) Accounts receivable and other receivables

The Company credit risk is affected by individual client circumstances.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the board; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company does not require any collateral for accounts receivable and other receivables.

#### (b) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's counterparties and burden of contract parties are creditworthy banks, financial institutions and corporate organizations with investment grades, there are no materiality concerns, so there is no materiality credit risk.

#### (c) Guarantees

The Company's policy is to provide financial guarantees only to companies with business dealings, companies that directly and indirectly hold or hold more than 50% of the voting shares. As of December 31, 2023 and 2022, no other guarantees were outstanding.

### D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on

investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount above expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As of December 31, 2023 and 2022, The Company's unused credit line were amounted to \$52,396,000 and \$71,386,000, respectively.

#### E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect The Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

##### (a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. Therefore, the group engages in derivative transactions to avoid exchange rate risks. The gains and losses of foreign currency assets and liabilities due to exchange rate changes will roughly offset the valuation gains and losses of derivatives. However, derivative transactions can help reduce the number of merged companies but still cannot completely rule out the impact of changes in foreign currency exchange rates.

The Company regularly reviews the risky positions of individual foreign currency assets and liabilities and hedges the risky positions. The main hedging tool used is forward foreign exchange contracts. The maturity dates of the forward foreign exchange contracts undertaken by the group are all shorter than six months and do not meet the requirements of hedging accounting.

##### (b) Interest rate risk

The Company's policy is to ensure that the loan interest rate change risk exposure is reduced.

#### (17) Capital management

The Company's objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's capital management strategy in 2023 is consistent with the strategy in 2022. The Company's debt to capital ratios are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 132,218	55,752
Less: Cash and cash equivalents	(45,850)	(14,588)
Net debt	86,368	41,164
Total equity	797,708	791,496
Total capital	<b><u>\$ 884,076</u></b>	<b><u>832,660</u></b>
Debt to equity ratio	<b><u>9.77%</u></b>	<b><u>4.94%</u></b>

(18) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>December 31, 2023</b>
Short-term debts	\$ 30,000	29,000	-	59,000
Total liabilities from financing activities	<b><u>\$ 30,000</u></b>	<b><u>29,000</u></b>	<b><u>-</u></b>	<b><u>59,000</u></b>

	<b>Jan. 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>December. 31, 2022</b>
Short-term debts	-	30,000	-	30,000
Total liabilities from financing activities	<b><u>-</u></b>	<b><u>30,000</u></b>	<b><u>-</u></b>	<b><u>30,000</u></b>

## 7. RELATED-PARTY TRANSACTIONS

(1) Parent company and ultimate controlling party

Taiwan PCB Techvest Co., Ltd. is the parent company of the Company and the ultimate controller of the Group. Taiwan PCB Techvest Co., Ltd. has prepared consolidated financial statements for the general public.



(2) Related parties and relationship

The followings are entities that have had transactions with the related party during the periods covered in the parent company only financial statements.

<b>Name of related parties</b>	<b>Relationship with the Company</b>
Taiwan Printed Circuit Board Techvest Co., Ltd. (tpt)	Parent company of The company
tgt Techvest Co., Ltd. (tgt)	Subsidiary of The Company
T- Mac Techvest (Wuxi) PCB Co., Ltd. (tmt)	Subsidiary of Taiwan PCB Techvest Co., Ltd. (other related party of the Company)

(3) Significant transactions with the related parties

A. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<b>2023</b>	<b>2022</b>
Parent company	\$ (1)	(372)
Other Related party – tmt	86,173	108,329
	<b>\$ 86,172</b>	<b>\$ 107,957</b>

The transaction price and payment term between the Company and related parties have no documents and information available for comparison with the ones with regular suppliers, and the payment term for related parties is Net 150 days.

B. Payables from Related Parties

The payables to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts payable	Other Related party – tmt	\$ 65,032	16,926
Other payables	Subsidiary-tgt	400	-
		<b>\$ 65,432</b>	<b>16,926</b>

C. Others

<b>Relationship</b>	<b>Item</b>	<b>2023</b>	<b>2022</b>
Subsidiary-tgt	Labor fees	<b>\$ 400</b>	-

(4) Key management personnel compensation

Key management personnel comprised:

	2023	2022
Short-term employee benefits	\$ 912	2,288

**8. PLEDGED ASSETS**

The carrying values of pledged assets were as follows:

Pledged assets	Objects	December 31, 2023	December 31, 2022
Refundable deposits (classified under other current assets)	Facility lease deposit	\$ 176	176

**9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES : None**

**10. LOSSES DUE TO MAJOR DISASTERS: None**

**11. SIGNIFICANT SUBSEQUENT EVENTS: None**

**12. OTHERS**

A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

By function By nature	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	-	5,383	5,383	-	5,491	5,491
Labor and health insurance	-	356	356	-	372	372
Pension	-	103	103	-	103	103
Remuneration of directors	-	912	912	-	2,288	2,288
Other employee benefits	-	79	79	-	80	80
Depreciation	-	-	-	-	-	-
Amortization	-	-	-	-	19	19

Additional information on the number of employees and employee benefits of the company in 2023 and 2022 were as follows:

	2023	2022
Number of employees	10	10
Number of directors who were not employees	7	7
Average employee benefit expense	\$ 1,974	2,015

Average employee salary	\$	<u>1,794</u>	<u>1,830</u>
Average employee salary adjustment		<u>(1.97)%</u>	
Supervisor's remuneration	\$	<u>-</u>	<u>325</u>

Information on remuneration policy (including directors, supervisors, managerial officers and employees) of the Company is as follows:

(1) Remuneration of Directors and Supervisors

The remuneration of directors and supervisors are paid in accordance with the “Regulations for Remuneration of Directors and Supervisors and Remuneration Distribution”. When there is surplus earning, and if the performance evaluation of board of directors reaching the required standard, remuneration of directors and supervisors is distributed according to the ratio specified in the articles of Incorporation (i.e., the annual distributable remuneration of directors and supervisors). If the required standard is not met after the Remuneration Committee reports to the board of directors for discussion, it is adjusted according to the ratio, which is further reported to the shareholders’ meeting after the review of the Remuneration Committee and approval of the board of directors.

(2) Remuneration of Managerial Officers

For the managerial officers’ salary standard, year-end bonus and employee remuneration distribution, the Remuneration Committee proposes evaluation recommendation, and the approval of the board of directors shall be obtained, The same requirement is applied to adjustment thereof.

(3) Remuneration of Employees

The remuneration policy of the Company is in positive correlation with the personal competence, contribution to the Company, job performance and business performance. The overall remuneration package mainly includes three parts of the basic salary, bonus and employee bonus and welfare. With regard to the remuneration payment standard, the basic salary is issued according to the market competition status and the Company’s policy for the job positions of employees. The bonus and employee bonus is issued based on the operational performance of individual employee and the Company. For the design of the welfare, legal compliance is considered as the priority along with the employee demands, in order to design employee welfare measures.

### 13. OTHER DISCLOSURES

(1) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

A. Lending to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates

and joint ventures):

(In Thousands of New Taiwan Dollars/Per share)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
		Relationship with marketable securities Issuer		Shares	Carrying amount	Shareholding Ratio	Fair Value	
The Company	EVA Technologies Co., Ltd. (Ordinary share)	Non-related party	Financial assets measured at fair value through other comprehensive income, non-current	560,000	4,150	2.71%	4,150	None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

F. Disposal of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

G. Related-party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Notes/ accounts receivable (payable)		Remarks
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
tgt	tpt	Parent company	(Sale)	(727,747)	(61)%	Net 30 days from the end of the month of when invoice is issued	-		195,450	64%	None

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Balance of receivable accounts-related parties	Turnover (Note 1)	Overdue receivable accounts-related parties		Subsequent recovered amount of receivable accounts-related parties	Amount recognized as loss allowance
					Amount	Treatment method		
tgt (Note 2)	tpt	Parent company	195,450	4.95 times	-	-	194,966	-
tgt (Note 3)	tpt	Parent company	12,191	- time	-	-	5,453	-

Note 1: The calculation of turnover rate does not include other receivables.

Note 2: Accounts receivable.

Note 3: Other receivables.

I. Trading in derivative instruments: None.

(2) Information on investees :

The following is the information on investees for the year 2023 (excluding information

on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Per share)

Investors	Investees	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of the investee	Share of profits/losses of the investee	Note
				December 31, 2023	December 31, 2022	No. of Shares	Ratio	Carrying amount			
The Company	Chi Chen	Samoa	General investment	252,297	252,297	8,500,000	19.27%	648,589	327,417	63,107	None.
The Company	tgt	Taiwan	Manufacturing, selling of circuit boards	405,977	405,977	26,757,000	57.21%	192,559	(18,473)	(10,588)	Note 2

Note 1: If the relevant figures in this table involve foreign currencies, except for the amount remitted from Taiwan at the historical exchange rate, the profit and loss are calculated at the average exchange rate, and the rest are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 2: The difference is due to the amortization between the investment cost and the fair value of the identifiable net assets.

### (3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information :

(In Thousands of New Taiwan Dollars)

Investees	Main businesses and products	Paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	The company percentage of ownership	Investment income (losses) (Note 2, (2))	Book value	Accumulated remittance of earnings in the current period
					Outflow	Inflow						
twc	Manufacturing, selling of circuit boards	1,698,246	(2)	260,993	-	-	260,993	411,537	15.33%	63,103	648,254	-

B. Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
The Company	260,993	260,993	565,167

Note 1: The investment method is divided into three types:

- (1) Direct investments in mainland China.
- (2) Investment in mainland China through third region companies.
- (3) Other methods.

Note 2: The investment profit and loss column recognized in this period:

- (1) The recognition basis of investment gains and losses is divided into the following three types.
  - A. Financial statements verified by international accounting firms in partnership with the Republic of China Accounting Firm.
  - B. The financial statements have been reviewed by the Taiwanese parent company's certified accountant.
  - C. Other – self-assessed financial statements of investee.

Note 3: The Company is an enterprise with the paid-in capital exceeding NT\$80 million, and according to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China", the maximum amount shall be 60% of the consolidated net worth.

Note 4: If the relevant figures in this table involve foreign currencies, profit and loss are calculated at the average exchange rate, and others are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 5: Chi Chau Printed Circuit Board (Suining) Co., Ltd is a subsidiary jointly invested by the Company and Chi Chen Investment Co., Ltd.

C. Significant transactions : None.

### (4) Major shareholder information

Unit: Share

Name of Major Shareholder	Shareholding Shares	Shareholding ratio
Taiwan Printed Circuit Board Techvest Co., Ltd.	30,821,897	44.21%

## 14. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2023.

**T-FLEX TECHVEST PCB CO., LTD.**  
**STATEMENT OF CASH AND CASH EQUIVALENTS**

**December 31, 2023**

**(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash in banks	Demand deposits	\$ 7,760
	Foreign currency deposits USD1,239,000	38,049
	Foreign currency deposits CNY9,000	41
Total		<u><u>\$ 45,850</u></u>

**T-FLEX TECHVEST PCB CO., LTD.**  
**STATEMENT OF ACCOUNTS RECEIVABLE**

**December 31, 2023**

**(In Thousands of New Taiwan Dollars)**

<b>Name of Client</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
TSB CO.Ltd	Payment for goods	\$ 23,834	
TSB(Shanghai) CO.,Ltd	Payment for goods	8,708	
Hyun Woo Industrial Co.,Ltd	Payment for goods	6,059	
Less: Loss allowance		<u>(102)</u>	
Net amount		<u><u>\$ 38,499</u></u>	

**T-FLEX TECHVEST PCB CO., LTD.**

**STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL  
ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE  
INCOME**

**January 1 to December 31, 2023**

**(In Thousands of New Taiwan Dollars)**

Name of Company	Opening		Additions		Decrease		Ending		Accumulated impairment	Collateral or Pledge Situation	Note
	Number of Shares or Sheets	Fair value	Number of Shares or Sheets	Amount	Number of Shares or Sheets	Amount	Number of Shares or Sheets	Fair value			
EVA Technologies Co., Ltd.	560,000	\$ 4,683	-	-	-	533	560,000	4,150	Not applicable	None	

**T-FLEX TECHVEST PCB CO., LTD.**  
**STATEMENT OF CHANGES IN INVESTMENTS**  
**ACCOUNTED FOR USING EQUITY METHOD**

**January 1 to December 31, 2023**

**(In Thousands of New Taiwan Dollars)**

Name of Company	Opening balance		Additions		Decrease		Ending balance			Market Value or Net Assets (Note 2)		Collateral or Pledge Situation	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Shareholding ratio	Amount	Unit price	Total Price		
Chi Chen Investment Co., Ltd.	8,500,000	\$ 597,431	-	51,158	-	-	8,500,000	19.27%	648,589	76.30	648,589	None	Note 1
tgt Techvest Co., Ltd.	26,757,000	203,811	-	-	-	11,252	26,757,000	57.21%	192,559	7.20	192,686	None	Note 1
Total		<u>\$ 801,242</u>		<u>51,158</u>		<u>11,252</u>			<u>841,148</u>		<u>841,275</u>		

Note 1: If those without a public market price are listed as the equity net value.



**T-FLEX TECHVEST PCB CO., LTD.**

**STATEMENT OF Short-term debts**

**December 31, 2023**

**(In Thousands of New Taiwan Dollars)**

<b>Loan type</b>	<b>Description</b>	<b>Balance at the end of the period</b>	<b>Contract period</b>	<b>Range of interest rate</b>	<b>Financing amount</b>	<b>Pledge or guarantee</b>	<b>Remarks</b>
Credit loan -financial institution		<u>\$ 59,000</u>	March 8,2024	1.95%~2.08%	111,410	None	

**T-FLEX TECHVEST PCB CO., LTD.**  
**STATEMENT OF ACCOUNTS PAYABLE**  
**December 31, 2023**  
(In Thousands of New Taiwan Dollars)

<b>Name of Client</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
T-Mac Techvest (Wuxi) PCB Co., Ltd.	Payment for goods	<u><u>\$ 65,032</u></u>	

**T-FLEX TECHVEST PCB CO., LTD.**  
**STATEMENT OF OTHER PAYABLES**  
**December 31, 2023**  
(In Thousands of New Taiwan Dollars)

<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Salaries payable	Salary and Bonus, etc.	\$ 3,919	
Other accrued expenses	Service fees and insurance	1,733	
Estimated expenses payable	Service fees and commissions payable	<u>934</u>	
		<u><u>\$ 6,586</u></u>	

**T-FLEX TECHVEST PCB CO., LTD.**

**STATEMENT OF NET REVENUE**

**January 1 to December 31, 2023**

<b>Item</b>	<b>Volume (000's square feet)</b>	<b>Amount</b>	<b>Note</b>
Sales Revenue	397	<u>\$ 96,035</u>	

**T-FLEX TECHVEST PCB CO., LTD.**

**STATEMENT OF OPERATING COSTS**

**January 1 to December 31, 2023**

**(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Subtotal</b>	<b>Total</b>
Finished goods at the beginning of the period		\$ -
Add:Purchases		86,172
Less: Finished goods obsolescence		-
Operating costs		<u><u>\$ 86,172</u></u>

**T-FLEX TECHVEST PCB CO., LTD.**

**STATEMENT OF ADMINISTRATION EXPENSES**

**January 1 to December 31, 2023**

<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Payroll expense		\$ 6,295	
Labor cost		2,662	
Others		<u>2,168</u>	The balance of an item does not reach 5%
		<u><b>\$ 11,125</b></u>	

For relevant information of the statement of other revenue, net other income and expense, and financial cost, please refer to Note 6(14).

For the summary statement of employee benefits, depreciation and amortization expenses by function of current period, please refer to Note 12.

**T-Flex Techvest PCB Co., Ltd.**

Chairman : Hsu, Cheng-Min