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Tai-Tech Advanced Electronics Co., Ltd.

2023

Annual report

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Appendix 1: 2023 Financial Report

## One. Letter to Shareholders

### I. 2023 Business Report

Dear Shareholders,

In 2023, despite the gradual lifting of the global epidemic, multiple factors including the war, the expansion of the US and China chip ban, high interest rates, high inflation and the post-pandemic economic performance of the mainland China market was not as good as expected, leading to the overall economy significantly impacted. In particular, the passive component industry was also challenged by the weak demand for end products in the electronics industry and the annual revenue and profit showed a downward trend compared to 2022. 2023 revenue was NT\$4,431,789 thousand, down 16.2% from 2022; gross profit margin was 25.2%, also down 8.4 percentage points from 33.6% in 2022.

Analysis of the Company's operating results and profitability for 2023 is as follows:

Unit: NT\$ thousands

Item	2023	2022	Growth rate
Net operating revenue	4,431,789	5,291,333	(16.2%)
Gross profit	1,117,683	1,779,525	(37.2%)
Gross margin	25.2%	33.6%	
Operating gains	463,144	1,019,017	(54.5%)
Non-operating income and expenditure	206,081	217,943	(5.4%)
Net Income After Tax	592,783	1,038,537	(42.9%)
Earnings per share (EPS)	5.82	10.11	

In 2023, computer-related customers accounted for 29.1%; communication electronics-related customers accounted for 22.0%; consumer electronics-related customers accounted for 13.3%; automotive electronics-related customers accounted for 27.8%; other applications accounted for 7.8%. Compared to 2022, revenues and gross profit margins in each application market declined; the sales decline in the communication electronics market was the most obvious and it was also the application market that had the greatest impact on overall revenues and profits in 2023.

In 2023, regarding the product revenue of TAI-TECH Advanced Electronics, the multilayer products accounted for 20.20% of the total revenue; wire-wound products accounted for 69.14% of the total revenue; LAN transformer products accounted for 9.30% of the total revenue; other products accounted for 1.36%, with the total sales reaching 21.24 billion products. The performance of the main product lines in 2023 is summarized as follows:

#### 1. Multilayer products

For the multilayer product line, due to weak demand from end customers in 2022, the Company began to adjust its inventory in the second half of 2022, which affected orders. After several quarters of inventory adjustments, inventory levels returned to their normal levels for end customers, distributors and agents. The Company also began to replenish inventory in Q3 2023, resulting in a significant growth of orders in the second half of 2023. The shipment volume throughout the year was approximately 16.5 billion, growing by 16.1% from 2022.

#### 2. Wire-wound products

##### (1) Wire-wound inductors

Such products include "sealed low profile power inductors," "single wire power inductors" and "Ultra High Current Beads" products continued to be significantly impacted by the poor economy and sluggish demand in the end-use consumer electronics market throughout 2023. The end demand for single-wire power inductors and sealed low profile power inductor was affected by the continuous adjustment of inventory by consumer electronics, network communications, panel and other customers and customer orders were conservative. On the other hand, Ultra High Current Beads, thanks to the contribution from the customers in the market for power management, were least impacted by the adverse economic climate, so their shipping volume slightly increased, making them the relatively performant items of this product line. A total of 1.51 billion pieces of precision wire-wound inductors were sold in 2023, falling slightly by 0.5% compared to 2022.

(2) Molded power inductors

This type of product line of the Company is mainly used in automotive electronics. The key automotive electronics customer in Q2 and Q3 of 2023 delayed some product orders. In addition, there was a significant decline in orders due to lower end-use demand for regular products used in consumer electronics throughout the year. The shipment volume in 2023 was approximately 760 million units, a decline of 10.7%, compared to 2022. This type of product is applied to a high percentage of automotive electronics. Therefore, despite the decrease in orders, the utilization rate was not at full load, the consolidated gross profit margin of the products was still able to be maintained at a normal level. The product line still accounts for the highest revenue ratio and the highest profit margin of the Company.

(3) Common mode filter

The common mode filters element of the Company were applied to high-speed network interface ports of various consumer products, such as HDMI2.1, USB3.0/3.1/4.0, etc., and the products were also widely applied to the filtering of common mode noise of various module interface ports of automotive grade electronics. Demand in the end market for this type of product was weak throughout 2023 and some automotive electronics customers also lacked orders due to inventory adjustments. The annual shipment was 580 million units, a decrease of 13.4% from 2022.

3. LAN transformer products

LAN transformers are mainly used in the Netcom market. In 2023, the post-pandemic demand in the mainland China market was sluggish and competitors rushed for orders at low prices. This impacted the shipment volume and average unit price of this type of product. The shipment of this type of product was 1.6 billion units, down by 41.8% from 2022. Such products of a new pattern are trending towards replacing traditional manually-made LAN transformer modules when it comes to networking applications. Nevertheless, due to the decline in demand in 2023, peer manufacturers turned to slash price in exchange for orders, driving down the average unit price and impacting the gross margin of products. This type of product is the main product line that affected the Company's poor performance in 2023 in terms of revenue and profit.

In the face of the sluggish economy in 2023, Tai-Tech Advanced Electronics adopted several strategies in terms of product research and development, in order to adjust the product mix and ensure the competitiveness in the market. The Company's primary strategy is to increase capital and manpower investment in the research and development of automotive electronic components, especially in response to the potential growth trend of the electric vehicle market. The Company will actively seek product certification from automotive electronics customers in Europe and the United States, in order to consolidate and expand long-term cooperative partnerships. Secondly, during the stage of destocking, the Company adjusted its order receiving strategy, chose to give up some orders for LAN transformers with low gross profit margins and made use of the Company's core competitive advantages to develop new products in order to quickly recover the gross profit margins of the products affected. Furthermore, the Company continues to optimize product design, manufacturing processes and materials to improve the performance and reliability of existing products and thereby increase their market share in the high-end market. Finally, the Company has invested heavily in the improvement of R&D capabilities, especially the development of popular products suitable for the current market such as AI servers. By doing this, we hope to incorporate our innovative products into customers' solutions at the early stage of design. The main development outcomes include the following:

- (1) Automotive grade HFZ 321611PF-500T120
- (2) 175 degree high temperature resistant multilayer cheap beads for auto grade HHZ1608 size series
- (3) PASU3225 series, low-frequency UV-resin-covered induction antennas for auto grade use
- (4) SNLU2520/3225 Series of Automotive Grade UV Glue All-covered Decoupling Circuit Inductor
- (5) Automotive grade Open Alliance 10Base-T1S common mode filter ACM3225F2UV-241T007-D.
- (6) TLVR100512 series of dual winding set inductors used in high-end servers
- (7) Common mode filter WCM4015/WCM5545 series (ferrite core type)
- (8) Innovative LAN transformer module

- (9) TMPC05~07HC series, hot process carbonyl high current molded power inductors.
- (10) Molded carbonyl base/alloy power induction hot pressing process THMC04~06/  
THMA04~05 series
- (11) 2PAD/4PAD/8PAD Series, carbonyl base material high current molded power inductor  
hot pressing process TVMP
- (12) THFD series, alloy material high current molded cold pressing process

## II. 2024 Business Plan

The multiple factors of the sluggish economy in 2023, which has continued to this day, has caused the Company to maintain a cautious outlook for its operations in 2024. However, with the vigorous development of high-speed computing, artificial intelligence, high-speed networking, 5G technology, Internet of Things, and future cars, we have high expectations and confidence in the potential growth of these areas. The Company will continue to make use of our core expertise, continue to innovate, and develop next-generation products to meet the needs of these growing markets.

In the face of the challenges and opportunities presented in 2024, the Company has formulated a series of strategies and guidelines, aiming to expand the innovative application market and international market layout, actively develop and upgrade products, and enrich the product portfolio to meet the evolving needs of the market. We will focus on improving production efficiency and yield, including strengthening expense control, cost reduction, production line automation and smart transformation, while continuing to promote the "zero defect" quality management concept, and accelerating the upgrade of production and business processes through digital transformation and smart manufacturing technologies. In addition, we will strengthen the audit work of product certification and production line of the well-known foreign automotive electronics customers. The construction of the new plant in Malaysia will also be one of the key tasks of this year, hoping to further expand the Company's production bases and market layout.

In terms of new product development in 2024, we will focus on the development of Power Bead and TLVR products for AI servers, the development of high-performance power products. At the same time, we will develop highly reliable, low-resistance, high-efficiency molded power inductors, and continue to innovate and develop new types of LAN transformer solutions, such as 2-in-1 and 4-in-1 products, in order to provide more diversified and high-efficiency options.

For the Company as a whole, we will continue to invest resources to strengthen the implementation of ESG-related matters and improve the overall competitiveness of the Company. Through these efforts, we look forward to returning to the track of sustainable growth, and continue to develop new products and services such as "Multi layer Chip inductor and Ferrite Bead," "Wire-wound Inductors," "Molded Power Inductors" and "Common Mode Filters and LAN Transformers," The sales target for these four major product lines will account for a total shipment of more than 22 billion products.

## III. Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment

In terms of external competition, due to the wide application of power inductor components in the fields of information, communication, consumer electronics, and automotive electric vehicles, the market demand is large, making the industry competition very fierce. The Company has been actively responding to such an environment for many years, and will continue to exert its key technical capabilities in magnetic materials, ferrite core design and manufacturing, and highly automated production to maintain our core competitiveness.

In terms of legal compliance, the Company has always insisted on legal operation and fulfillment of corporate social responsibility since its establishment. Through the contingency strategies of professional managers and the consultation of legal experts, we ensured that all factories comply with regulatory requirements.

The macro-economic environment is volatile nowadays. In recent years, slowed market demand and soaring raw material price as a result of wars and inflation have had a broad impact on the electronics industry. New end electronic product functions continue to emerge, such that the demand for power inductor component products continues to be driven up, thereby providing continuous growth opportunity for the Company. In the future, the Company will actively engage in R&D and innovation along with the market trend, in order to provide high-value-added and quality products and improve customer services, as well as to understand the market's competitive status

and increase growth energy. The Company will also continue to adopt the business strategy of diverse products and application markets in order to achieve growth and spread risks, thereby establishing long-term competitive advantages.

#### IV. Future Company Development Strategy and Outlook

Looking into the future, new generations of electronic end products and applications will continue to emerge and evolve, which will in turn drive further advances of the electronic component industry technologies and result in increased demand and opportunities for ongoing business growth of the Company. In the upcoming years, TAI-TECH Advanced Electronics will actively plan and develop automotive grade electronics, network communication, high-speed digital computation, and AI. For product development, the Company will focus on satisfying the demands of the aforementioned application fields and will aim at the development direction of miniaturized products, and products of high frequency, high speed, high current resistance, increased working temperature, as well as increased product performance and reduction of current loss. The Company will continue to increase the product added value and to optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance. In the future layout of production lines, we will also increase the expansion of production lines in the main plant in Taiwan and the new plant in Malaysia. The risks of changes in the international political and economic situation will be taken into account in an effort to pursue the sustainability of the Company, striving to become the preferred supplier of global magnetic components.

We sincerely appreciate shareholders' long-term support and care. We wish you all the best.

Good Health and Prosperous

Tai-Tech Advanced Electronics Co., Ltd.



Chairman Ming-Yen Hsieh



Managerial Officer Ming-Liang Hsieh



Accounting Officer Hui-Yu Ho



## Two. Company Profile

I. Registered date of establishment: November 2, 1992.

### II. Company History

November 1992: TAI-TECH Advanced Electronics Co., Ltd. Established with paid-in capital of NT\$26,500 thousand.

September 1993: Engaged in cash capital increase of NT\$1,000 thousand; after capital increase, paid-in capital amounted to NT\$27,500 thousand.

July 1995: Engaged in cash capital increase of NT\$27,500 thousand; after capital increase, paid-in capital amounted to NT\$55,000 thousand

December 1995: Invested in Dongguan TAI-TECH Advanced Electronics Co., Ltd.

April 1996: Obtained ISO-9002 quality certification.

January 1997: In cooperation with the Industrial Technology Research Institute's Institute of Materials, the high-frequency multilayer chip inductor process technology was successfully developed and mass-produced.

September 1999: Engaged in cash capital increase of NT\$38,500 thousand; after capital increase, paid-in capital amounted to NT\$93,500 thousand.

August 2000: Capitalization of retained earnings of NT\$16,500 thousand; after capital increase, paid-in capital amounted to NT\$110,000 thousand.

In addition, the investment was transferred to establish Tai Hsiang Technology Co., Ltd.

November 2000: Merged North West Electrical (NWE) Co., Ltd. to increase capital by NT\$88,127 thousand; capital amount after consolidated capital increase was NT\$198,127 thousand.

May 2001: Obtained QS-9000 quality certification.

July 2001: Capitalization of retained earnings of NT\$30,670 thousand; capital reserve was converted into capital of NT\$66,203 thousand and NT\$61,000 thousand from cash. The paid-in capital amounted to NT\$356,000 thousand.

August 2001 Reinvestment in TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.

December 2001: Cash capital increase of NT\$100,000 thousand; after capital increase, paid-in capital amounted to NT\$456,000 thousand.

July 2002: Capitalization of retained earnings of NT\$82,536 thousand. In addition, merged with Tai Hsiang Technology Co., Ltd. and Taito Technology Co., Ltd., increasing capital by NT\$10,240 thousand; Paid-in capital was increased to NT\$548,776 thousand.

January 2003 Changed Company name to TAI-TECH Advanced Electronics Co., Ltd.

May 2003: Capitalization of retained earnings of NT\$35,670 thousand and cash capital increase of NT\$25,554 thousand, bringing paid-in capital to NT\$610,000 thousand.

August 2003: Passed ISO14001 environmental management certification.

June 2005: Recapitalization of retained earnings of NT\$61,000 thousand; after the capital increase, the paid-in capital amounted to NT\$671,000 thousand

In November 2006, the capital increased by NT\$28,748 thousand in cash. In addition, the capital increased by NT\$252 thousand through the merger with Taichung Technology Co., Ltd. to NT\$700,000 thousand

April 2007: Thin inductor products won promotional program grants by the Ministry of Economic Affairs for Leading Product Development Plan and Own Brand Marketing in International Markets.

December 2008: Reinvestment in TAIPAQ Electronics (Si-hong) Co., Ltd.

December 2009: Engaged in cash capital increase of NT\$550 thousand; after capital increase, paid-in capital amounted to NT\$700,550 thousand.

June 2010: Developed miniaturized 0201 ferrite beads.

August 2010: Developed common mode filters for DVI, HDMI, and USB3.0.

January 2011: Engaged in cash capital increase of NT\$79,450 thousand; after capital increase, paid-in capital amounted to NT\$780,000 thousand.

March 2011: Applied to the Financial Supervisory Commission for a public offering of shares, and the effective notification was declared on March 17.

April 2011: Applied to the Taipei Exchange for stock listing and registered as an Emerging Market listed stock on April 6.

July 2011: Developed a common mode filter for HSF series USB3.0 (the world's smallest wire-wound common mode filter).

August 2011: Passed TS-16949 quality certification.

December 2011: Developed sensor PAS4420 series.

January 2012: Invested in Jui Hsun Advanced Technology Co. for design and sale of RF parts.

September 2012: Capitalization of retained earnings of NT\$15,600 thousand; after capital increase, paid-in capital amounted to NT\$795,600 thousand.

December 2013: Merged with Jui Hsun Advanced Technology Co., Ltd.

January 2014: The Board of Directors passed a resolution to liquidate investment in Dongguan TAI-TECH Advanced Electronics Co., Ltd.

June 2014: Completed liquidation of Pangu Investment Co., Ltd.

August 2014: Engaged in cash capital increase of NT\$114,400 thousand; after capital increase, paid-in capital amounted to NT\$910,000 thousand.

October 2014: Acquired 100% of equity in reinvested business TAIPAQ Electronics (Si-Hong) Co., Ltd.

January 2015: The Board of Directors passed a resolution to liquidate reinvestment in Kam Heng International Ltd.

June 2015: Mass production of the AHP series of high-electrical specifications encapsulated wire-wound low profile power inductors.

August 2015: Mass production of 4-Lines pulse transformer TXF3532/4532 series

August 2015: Mass production of automatic type LAN transformer module

November 2015: Mass production of AWP series of molded alloy miniature power inductors.

August 2016: Development completed for TXF5353 size 4-lines pulse transformer suitable for POE specification.

September 2016: Completed development of ACM series of common mode filters for automotive electronic applications.

September 2016: In respect to automotive electronic applications, completed development of large-size integrated high-current-resistant power inductors.

December 2016: Applied for approval to acquire subsidiary Yao Tsuan Technology Co., Ltd.

July 2017: For the BPH series of high-current threading ferrite beads, development of a full series of automated processes was completed and mass production undertaken.

August 2017: Mass production of the AWP series of miniature alloy molded power inductors at the Si-Hong plant.

October 2017: On-board (discrete) solution of LAN transformer already in use by several customers.

January 2018: Common mode filter for HDMI2.1 specification.

July 2018: Fully automated molded power inductor production line was installed in Si-Hong Plant and started mass production.

July 2018: Miniaturized development of encapsulated wire-wound ferrite-wound flat wire power inductor AHP products.

July 2018: Completed development of 2.5G/5G product specification of the inductive LAN transformer module and gained recognition from customers.

November 2018: 10G product specification development completed for inductive LAN transformer modules and samples began to send out.

April 2019: The Board of Directors approved a proposal for TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. to allocate equipment price surplus to Best Bliss Investment Ltd. and subsequently to use this equipment price to apply for investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. After completion, Pangu Holdings to hold 92.29% equity of TAIPAQ Electronics (Si-Hong) Co., Ltd. while Best Bliss Investment Ltd. to account for 7.71%.

July 2019: Automotive common mode filter ACM4532/ACM3225, suitable for general specifications of CAN FD.

October 2019: Completed development of LAN transformer TXF5365/TXF4532/TXF3532 series suitable for Power over Ethernet (PoE) specifications of Ethernet power supply.

October 2019: Passed ISO45001 occupational safety and health management system certification.

November 2019: Development and certification work applied to the next-generation memory module DDR5 molded power inductor TMPF series.

April 2020: Released three-wire balun transformer BCM3225 series.

October 2020: applied to the Internet of Vehicles, completed the development of CAN FD (Controller Area Network Flexible Data-Rate) Class 1, 2, and 3 common mode filter ACM4532/3225.

October 2020: Completed the development of common mode filter APO322523/30 series (POC, Power Over Coaxial) used in vehicle coaxial power supply network systems.

November 2020: Completed the development of LAN transformer TXF536540 6-terminal electrode and 7-terminal electrode series compatible with 5GbE Power over Ethernet PoE/60W specification.

March 2021: Issued new shares for cash capital increase prior to initial public offering on TPEX; 12,134 thousand common shares were issued. The paid-in capital after capital increase amounted to NT\$1,031,340 thousand.

·April 2021: Listed on TPEX on April 27, 2021.

·June 2021: WCM1513/1211/9070 high-current resistant common mode filter automatic production and mass production.

·August 2021: Completed the development of TVMP/TTMA/TTMP vertical and two-wire alloy type high resistance power inductors.

·September 2021: Completed development of miniaturized multilayer type high resistance ferrite beads HFZ1005/1608 series.

·September 2021: Completed development of AHP160808 series of miniaturized wire-wound high resistance inductors.

·October 2021: Completed development of HPC-BMV series of automobile power inductor products.

·October 2021: Completed automotive grade ACM3225F2DV temperature resistant 150 degree series of products.

·November 2021: Completed development of ACM3225 common mode filter for automotive grade communication high-end OA1000.

·November 2021: Completed development of automotive grade high-reliability low-loss power inductor MMIM4030GV.

·March 2022: The HSF1210-U4 series, common mode filters of USB4.0 specifications.

·August 2022: The AMIM3225/4020 series, high-efficient loss-loss alloy molded power inductors of the DDR5 standard.

·October 2022: The main plant in Taiwan established the molded power inductor production line.

·November 2022: Reduced capital by retiring repurchased shares, and modified the capital registration. The paid-in capital after capital reduction amounted to NT\$1,020,340 thousand.

·March 2023: 28.1% equity of APAQ TECHNOLOGY CO., LTD. was publicly acquired.

June 2023: Completed the development of HLAN, an innovative high-efficiency LAN transformer module.

June 2023: Established joint venture, Techworld Electronics (Singapore), with 60% shareholding.

July 2023: Established joint venture Techworld Electronics (Malaysia) Sdn. Bhd., with 60% shareholding.

July 2023: Completed the development of capacitive LAN transformer 2 in 1 DWC series.

July 2023: Completed development of PASU3225 series automotive-grade UV adhesive full-covered low-frequency sensing antenna/SNLU2520/3225 series of decoupling circuit power

inductor.

August 2023: Completed the development of the TMPF05~07HC series of carbonyl base material current resistant molded power induction hot pressing process TMPF05~07HC.

August 2023: Completed the development of the THMC04~06/ THMA04~05 series of integrated carbonyl base material/alloy power induction hot pressing process.

September 2023: Built an automated TLVR production line at the main plant in Taiwan.

October 2023: Completed the development of the automated production process of TLVR series products applied to high-end servers.

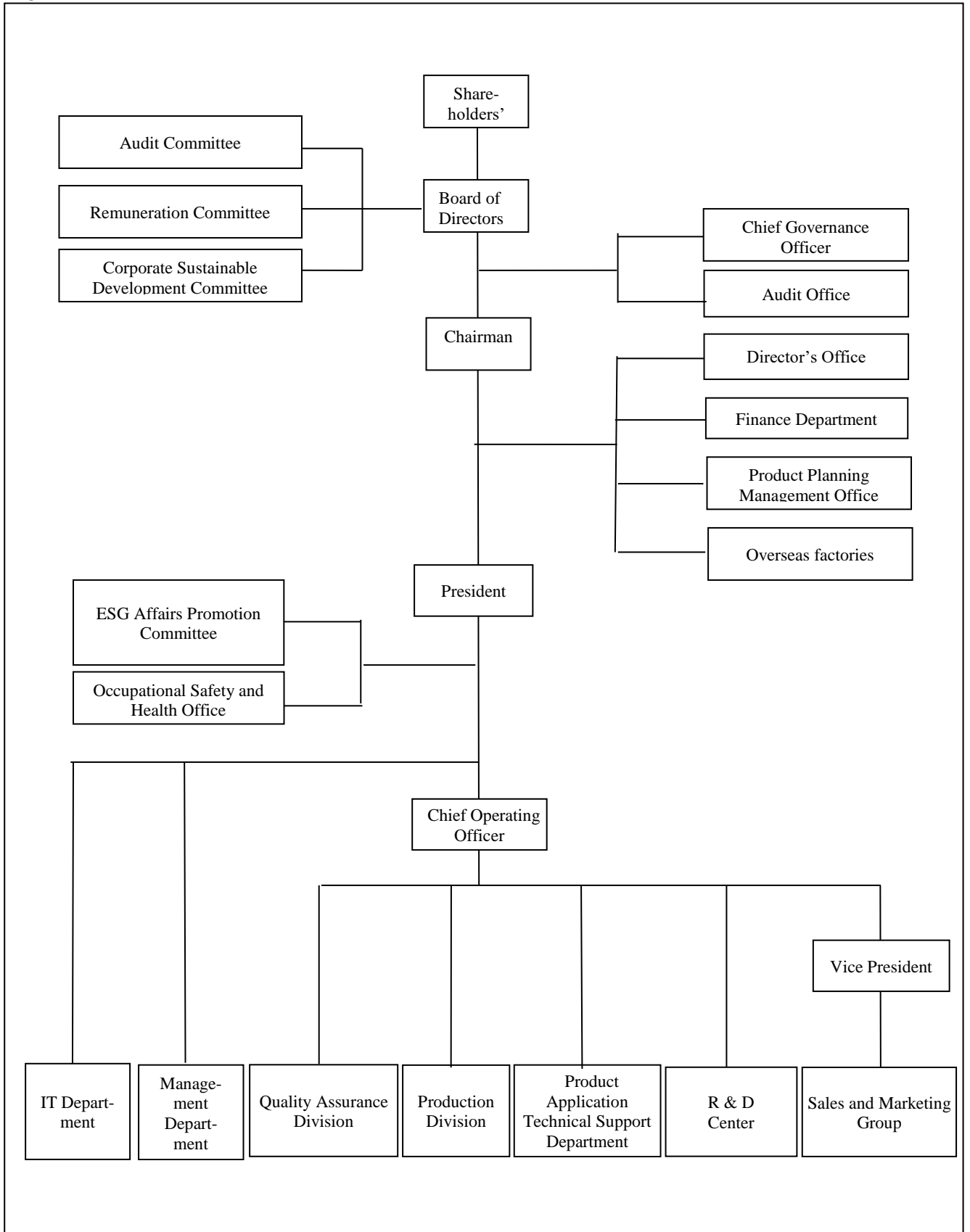
October 2023: Issued the first unsecured convertible bonds in Taiwan.

December 2023: Built an automated production line for Power Bead SEPI at the main plant in Taiwan.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational structure



(II) Business Operations of Major Departments

Department	Primary Function
Audit Committee	<ul style="list-style-type: none"> <li>● Supervise the fair presentation of financial statements; evaluate the management of potential risks.</li> <li>● Supervise the effectiveness of implementing internal controls and compliance with relevant laws and regulations.</li> <li>● Supervise the selection (removal) of CPAs as well as their independence and performance.</li> </ul>
Remuneration Committee	<ul style="list-style-type: none"> <li>● Establish and regularly review the reasonableness of the remuneration of directors and managers.</li> </ul>
Corporate Sustainable Development Committee	<ul style="list-style-type: none"> <li>● Formulate sustainable development annual plan and strategy.</li> <li>● Formulate sustainable development projects and activity plans.</li> <li>● Track and review the effectiveness of the implementation of sustainable development annual plans, strategy, projects and activity plans.</li> <li>● Determine matters related to sustainable development.</li> </ul>
Chief Governance Officer	<ul style="list-style-type: none"> <li>● Assist ordinary directors and independent directors in executing their duties.</li> <li>● Assist in the regulatory compliance of the procedures for and resolutions of the Board of Directors meeting and the Shareholders Meeting.</li> <li>● Supervise the transparency of corporate governance, implementation of internal audit and internal control, and compliance with the laws and regulations.</li> <li>● Promote corporate governance affairs and formulate and revise the regulations therefor.</li> <li>● Coordinate the self-evaluation under the “Corporate Governance Evaluation System,” submit suggestions on the indicators failing to meet the scoring criteria, and make improvement by consolidating the resources of each unit.</li> </ul>
Audit Office	<ul style="list-style-type: none"> <li>● Audit and evaluation of the internal control system.</li> <li>● Audit report preparation and improvement work evaluation</li> <li>● Evaluation and audit of the internal control systems of overseas subsidiaries.</li> </ul>
Director’s Office	<ul style="list-style-type: none"> <li>● Processing of share registration declaration.</li> <li>● Convening of the board meeting and preparation of related matters.</li> </ul>
Finance Department	<ul style="list-style-type: none"> <li>● Budget compilation, accounting and tax planning and management.</li> <li>● Fund scheduling, management and financing planning, and handling of accounts and financial reports.</li> </ul>
Product Planning Management Office	<ul style="list-style-type: none"> <li>● Development, negotiation and procurement of domestic and foreign suppliers.</li> <li>● Supplier evaluation and management.</li> <li>● Inventory management of goods on hand.</li> </ul>
ESG Affairs Promotion Committee	<ul style="list-style-type: none"> <li>● Responsible for implementing and supervising the plans, strategy, projects, and activities formulated by the “Corporate Sustainable Development Committee” under the Board of Directors.</li> <li>● Coordinate the Company’s sustainable operations affairs and hold awareness sessions on stewardship.</li> </ul>

Department	Primary Function
Occupational Safety and Health Office	<ul style="list-style-type: none"> <li>● Continue to promote the occupational safety and health management system and assist in security patrol.</li> <li>● Organize occupational safety-related education and training for new and in-service employees.</li> <li>● Manage hazardous chemical substance.</li> <li>● Monitor the working environment.</li> <li>● Convene Occupational Safety and Health Committee meetings.</li> </ul>
Sales and Marketing Group	<ul style="list-style-type: none"> <li>● Planning and execution of business objectives.</li> <li>● Planning and management of market development, customer service and product sales and collection.</li> <li>● Global customer market research and business information collection and analysis.</li> <li>● Planning and execution of product marketing and development of major overseas sales markets.</li> </ul>
R & D Center	<ul style="list-style-type: none"> <li>● Design, sampling, research, development planning, and implementation of new products and technologies.</li> <li>● Product-related technical support and consultation, and development of rational equipment.</li> </ul>
Product Application Technical Support Department	<ul style="list-style-type: none"> <li>● Market product application survey and company product promotion activities.</li> <li>● Analysis of customer application problems and provision of technical support.</li> </ul>
Production Division	<ul style="list-style-type: none"> <li>● Product production, quality inspection, trial production, and warehouse management.</li> <li>● Establishment and implementation of quality control and engineering technology.</li> <li>● Planning and implementation of shipping, outsourcing management, and material control systems.</li> <li>● Production automation planning and execution.</li> <li>● Equipment security.</li> </ul>
Quality Assurance Division	<ul style="list-style-type: none"> <li>● Product inspection and abnormality, customer complaint handling.</li> <li>● Business planning and implementation of quality audit and certification.</li> <li>● Management of instruments and after-sales service.</li> </ul>
Management Department	<ul style="list-style-type: none"> <li>● Human resource planning, personnel system, welfare, education and management of affairs.</li> <li>● Establishment and implementation of administrative and general affairs systems.</li> <li>● Handling of public relations and legal affairs.</li> <li>● Procurement and management of key raw materials, equipment and various goods.</li> <li>● Third-party development management.</li> </ul>
IT Department	<ul style="list-style-type: none"> <li>● Regulate the rights, responsibilities and independence of computer data processing.</li> <li>● Assist system requirements assessment and development progress control.</li> <li>● Responsible for information education training and system document production.</li> <li>● Handle system issues and related custom requirements adjustments.</li> <li>● Manage data security and information security issues.</li> </ul>

II. Information on directors, supervisors, the President, vice presidents, associate managers, and supervisors of various departments and branches

(I) Information on directors and supervisors

Book closure date: April 2, 2024; Unit: Shares

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of first election	Shares held at the time of appointment		Number of shares currently held		Current shareholdings of spouse and minor children		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks						
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship							
Chairman	Republic of China	Representative: Ming-Yen Hsieh	Male 51-60	June 21, 2022	3 years	2006.07.21	2,464,829	2.39%	1,034,829	1.01%	233,271	0.23%	-	-	Master of Business Administration, Pacific Western University (US) Department of Mechanical Engineering, Minghsin University of Science and Technology CEO, TAI-TECH Advanced Electronics Co., Ltd. President, TAI-TECH Advanced Electronics Co., Ltd. Vice President, TAI-TECH Advanced Electronics Co., Ltd. Executive Vice President, TAI-TECH Advanced Electronics Co., Ltd.	Chairman, President and Director, TAIPAQ Electronics (Si-Hong) Co., Ltd. Chairman, President and Director, TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. Chairman and Director, Fixed Rock Holding Limited Chairman and Director, North Star International Limited Chairman and Director, Best Bliss Investments Limited Director, Superworld Holdings (S) Pte. Ltd. Ltd.) Director Chairman and Director, Northwest Investment Corporation Director, AIPAQ Technology Co., Ltd. Chairman and Director, Hsieh Heng Te Investment Corporation Chairman and Director, Yizhi Investment Co., Ltd. Chairman and director, Yu Chi Investment Co., Ltd. TECHWORLD ELECTRONICS SINGAPORE PTE. Ltd. Chairman and director TECHWORLD ELECTRONICS (M) SDN. BHD. chairman and director Director, SFI Electronics Technology Inc. Director, APAQ Technology Co., Ltd. Director, I-SEE VISION TECHNOLOGY INC. Director, AZ Venture Investment II Limited	Director	Yu-Hsiang Yu Hsieh	Mother/Son	President	Ming-Liang Hsieh	Brother	Sales and Marketing Group Associate Manager (Note 1-2)	Ming-Chi Hsieh	Brother	
	Republic of China	Northwest Investment Corporation	-	June 21, 2022	3 years	2006.07.21	6,121,718	5.94%	6,121,718	6.00%	-	-	-	-	-	-	-	-	-	-	-					

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of first election	Shares held at the time of appointment		Number of shares currently held		Current shareholdings of spouse and minor children		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks	
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship		
Director	Republic of China	Representative: Yu-Hsiang Yu Hsieh	Female 71-80	June 21, 2022	3 years	2010.05.14	1,419,902	1.38%	1,449,902	1.42%	—	—	—	—	Yang Mei Elementary School	Chairman and Director, Hengyang Investment Co., Ltd. Supervisor, PinChen Investment Co., Ltd.	Chairman	Ming-Yen Hsieh	Mother/Son	—	
	Republic of China	Heng Yang Investment Corporation	-	June 21, 2022	3 years	2010.05.14	6,467,995	6.27%	6,540,995	6.41%	—	—	—	—	—	—	—	—	—	—	—
Director	Singapore	Chin-Sheng Chen	Male 51-60	June 21, 2022	3 years	2010.05.14	—	—	—	—	—	—	—	—	EMBA, College Management, National University of Electrical Engineering, Hwa Hsia University of Technology Director, TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Director, Superworld Holdings (S) Pte. Ltd. Ltd.) Chairman and Director, Superworld Electronics (S) Pte. Ltd.) Chairman and Director, TAI-TECH Advanced Electronics (S) Pte. Ltd.) Chairman and Director, Superworld Electronics (HK) Limited Chairman and Director, Superworld Electronics Co., Ltd. Chairman and Director, Dongguan Chenghan Electronics Co., Ltd. Director, KL Venture Limited Director, Best Merits Ventures Limited Director, SerLink International Ltd. Chairman and Director, Johnson Enterprise Ltd. Superworld Electronics Co., Ltd. (Malaysia) (Superworld Electronics (M) Sdn. Bhd.)Chairman and Director Director, AZ Venture Investment I Limited Director, AZ Venture Investment II Limited	—	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of first election	Shares held at the time of appointment		Number of shares currently held		Current shareholdings of spouse and minor children		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Director, KL Venture II Limited TechWorld Electronics Singapore Pte. Ltd. Director TechWorld Electronics (M) Sdn. Bhd. Director					
	Republic of China	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank		June 21, 2022	3 years	June 21, 2022	10,207,649	9.90%	10,207,649	10.00%	—	—	—	—	—	—	—	—	—	
Director	Republic of China	Chien-Jung Lin	Male 71-80	June 21, 2022	3 years	2001.08.07	1,836,610	1.78%	1,836,610	1.80%	629,810	0.62%	—	—	Department of Electromechanical Engineering, Minghsin University of Science and Technology Chairman's Office Director, Managing Director, Consultant, Tai-Tech Advanced Electronics Co., Ltd. President, TAI-TECH Advanced Electronics Co., Ltd. Technical Vice President, North West Electric Engineering Specialist, TDK Corporation	Supervisor, Northwest Investment Corporation Supervisor, TAIPAQ Electronic Components (Si-Hong) Co., Ltd. Chairman and Director, Smart Investment Corporation				
Director	Republic of China	Chih-Cheng Hung	Male 51-60	June 21, 2022	3 years	2010.05.14	1,225,615	1.19%	1,225,615	1.20%	46,650	0.05%	—	—	Master, School of Health Care Administration, Taipei Medical University Bachelor, School of Medicine, Chung Shan Medical University Official Research Fellow, Oregon Health & Science University, U.S.A. Attending Physician, Linkou Chang Gung	Director, Chimay Plastic Surgery Clinic				

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of first election	Shares held at the time of appointment		Number of shares currently held		Current shareholdings of spouse and minor children		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Medical Center Cosmetic President, Taipei Head Office, Han Fong Cosmetic Clinic					
Director	Republic of China	Kuei-Kuang Huang	Male 71-80	June 21, 2022	3 years	2000.10.16	2,564,591	2.51%	2,265,591	2.22%	810,612	0.79%	—	—	Department of Mechanical Engineering, Taipei Municipal Da-An Vocational High School President, Tai Tuo Technology Co., Ltd. Management Department Vice President, North West Electric Engineering Factory Director, North West Electric Engineering Section Chief, TDK Corporation	Chairman and Director, Hua Lan Investment Corporation	—	—	—	—
Independent Director	Republic of China	Yu-Tsun Li	Male 71-80	June 21, 2022	3 years	2015.10.06	—	—	—	—	—	—	—	—	Department of Civil Engineering, Taoyuan Municipal Zhongli Commercial High School Independent Director, Tecstar Technology Co., Ltd. Chairman, TDK Corporation	—	—	—	—	—
Independent Director	Republic of China	Yang-Pin Shen	Male 51-60	June 21, 2022	3 years	July 23, 2021	—	—	—	—	—	—	—	—	PhD in Finance, Louisiana State University (USA) Chief Secretary, Yuan Ze University EMBA President, Yuan Ze University Department Chair, Department of Finance of Yuan Ze University Director, Graduate Institute of Management of Yuan Ze University Associate Professor, Department of Finance of National Chung Cheng University. Director, HanTech Venture Capital Corporation	Associate Professor and Director of Human Resources Office, School of Management, Yuan Ze University Independent Director, ICP DAS Co., Ltd.	—	—	—	—

Title	Nationality or place of registration	Name	Gender	Age	Date of Election (Inauguration)	Term of office	Date of first election	Shares held at the time of appointment		Number of shares currently held		Current shareholdings of spouse and minor children		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks	
								Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship		
																Director, CDIB BioScience Ventures I, Inc.						
Independent Director	Republic of China	Yi-Chun Chiang	Female	51-60	June 21, 2022	3 years	July 23, 2021	—	—	—	—	—	—	—	—	Master in Civil and Commercial Law, National Chengchi University College of Law EMBA, National Chiao Tung University Project Manager, Legal Department of Vanguard International Semiconductor Corporation Associate Manager/Attorney, PwC Legal	Attorney, Premium Attorneys-at-Law Independent Director, ICP DAS Co., Ltd.	—	—	—	—	

Note 1: On December 06, 2023, the Board of Directors approved the adjustment of the Company's organizational structure (effective on December 7, 2023) as follows:  
(1) The former Network Communication Business Department and the Marketing and Operating Department were merged into the Sales and Marketing Group.  
(2) Mr. Ming-Chi Hsieh, the original director of Marketing and Operating Department, was reappointed as Associate Manager of Sales and Marketing Group.

## (2) Major shareholders of corporate shareholders:

December 31, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders
Northwest Investment Corporation	Xie Hengde Investment Co., Ltd. (45.93%), Ruiguang Investment Co., Ltd. (29.49%), Hualan Investment Co., Ltd. (24.58%)
Heng Yang Investment Corporation	Ming-Yen Hsieh (25.91%), Yu-Hsiang Yu Hsieh (22.25%), Ming-Liang Hsieh (21.66%), Ming-Yen Hsieh (21.64%), Ling-Hsia Chou (4.27%), Jui-hsia Tai (4.27%)
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	Director, Superworld Holdings (S) Pte. Ltd. Ltd.)

## (3) Major shareholders of major corporate shareholders:

Name of corporate shareholder	Major shareholders of corporate shareholders
Director, Superworld Holdings (S) Pte. Ltd. Ltd.)	WU,MEI-JU(0.25%), LAI,WEI-LIN(0.20%), LO,WEN-HUNG(0.20%), PHUA TEO CHYE(7%), LIM KIM ENG(0.75%), CHENG MUI LENG(1.45%), CHEN CHIN SHENG(50.85%), YEO SEE ANN(0.85%), CHOONG YOON SONG(0.1%), PE KOK BOON(6%), WONG KIT PING(11.15%), TIEW CHIEW HUN(0.05%), TAN MUI MUI(0.1%), CHEW TZE ROUN(0.05%), BEST BLISS INVESTMENTS LIMITED(10%), CYCLE TECHNOLOGIES COMPANY LIMITED(11%)

## (4) Disclosure of information on the professional qualifications of directors and supervisors and the independence of independent directors:

Conditions Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public companies serving as an independent director
Representative: Ming-Yen Hsieh, Northwest Investment Corporation	Good at leadership, operational judgment, business management, crisis management, and having industry knowledge and international market knowledge	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Representative: Yu-Hsiang Yu Hsieh, Heng Yang Investment Corporation	Experience in business management	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0

Representative: CHEN CHIN SHENG; Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	Good at leadership, operational judgment, business management, crisis management, and having industry knowledge and experience in international markets	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Chien-Jung Lin	Experience in business management and industry knowledge	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Chih-Cheng Hung	Experience in business management	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Kuei-Kuang Huang	Experience in business management and industry knowledge	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Yu-Tsun Li	Chairman, TDK Corporation; over 38 years of experience in business management and industry knowledge		0
Yang-Pin Shen	Currently an associate professor at the School of Management of Yuan Ze University, a private institution; having more than 30 years of teaching experience		1
Yi-Chun Chiang	Currently an attorney at Premium Attorneys-at-Law; having more than 28 years of working experience as a lawyer		1

## II. Diversity and independence of the Board of Directors:

- (I) Board of Directors' Diversity: Describe the Board of Directors' diversity policies, goals, and achievements. Diversity policies include but are not limited to the composition or ratio director of selection criteria, professional qualifications and experience that the Board of Directors should have in terms of gender, age, nationality and culture, etc.; and the Company's specific goals and our achievement of the previously disclosed policies are described here.
- (II) Independence of the Board of Directors: State the number and proportion of independent directors, and further explain that the Board of Directors is independent while stating with reasons whether any of the circumstances are present for the Board of Directors as stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including a description of any spousal relationship or family relationship within the second degree of kinship among directors or between directors and supervisors.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or finance expertise, they should state their accounting or finance background and work experience. In addition, indicate whether they do not exhibit any of the circumstances specified under Article 30 of the Company Act.

Note 2: Independent directors should state their conformity to status of independence, including but not limited to whether one's self, spouse, or relatives within the second of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of the Company's shares held by oneself, a spouse, or relatives within the second degree of kinship (or held under the names of others); whether one serves in the position of director, supervisor, or employee of a company that has a specified relationship with the Company (in reference to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(II) Information on the President, vice presidents, associate managers, and supervisors of various departments and branches

Book closure date: April 2, 2024; Unit: Shares

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
President and Supervisor of Occupational Health and Safety Office	Republic of China	Ming-Liang Hsieh	Male	2009.02.06	746,868	0.73%	135,027	0.13%	2,000,000	1.96%	PhD in Physics, Imperial College of Science, Technology and Medicine, University of London (now renamed as Imperial College London) MSc Semiconductor Science and Technology, Imperial College of Science, Technology and Medicine, University of London (now renamed as Imperial College London) Master's degree, In-service Class (EMBA), Master of Finance, National Taiwan University Master's degree, Institute of Optoelectronic Engineering, National Chiao Tung University Bachelor of Physics, Chung Yuan Christian University Manager of Component 2 Department, Integrated Technology Development Office, UNITED MICROELECTRONICS CORP.	Director, TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. Heng Yang Investment Corporation Director, TAIPAQ Electronic Components (Si-Hong) Co., Ltd. Supervisor, Hsieh Heng Te Investment Corporation Chairman and Director, Jiayu Investment Co., Ltd.	Sales and Marketing Group Associate Manager (Note 1-6)	Ming-Chi Hsieh	Brother	—
President, TAIPAQ Plant	Republic of China	Long-Wang Chang (Note 1-4)	Male	2011.03.15	596,858	0.58%	—	—	—	—	Mechanical Engineering Department of Jianxing Engineering College Production Technology Engineer, MAG. LAYERS Scientific-Technics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd. President Director, TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	—	—	—	—
Chief Operating Officer	Republic of China	Pao-Lin Shen (Note 1-5)	Male	2016.12.05	—	—	106,120	0.10%	—	—	United Engineering College Electrical and Electric Power Division TV Manufacturing Engineer, Sampo Corporation Inductor Production Engineer, Prosperity Dielectrics Co., Ltd.	None	—	—	—	—

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Superintendent, Product Planning Management Office	Republic of China	Yi-Ju Lin	Male	2012.05.01	54,258	0.05%	32,356	0.03%	—	—	Kunshan Industrial and Commercial College Engineering Management Department Multilayer products Manufacturing Manager, Tai-Tech Advanced Electronics	Director, TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. TAIPAQ Electronic Components (Si-Hong) Co., Ltd. Supervisor, Juda International Technology Co., Ltd.	Manager, Production and Management Department	Yi-Ting Huang	Spouse	—
Product Planning Management Office Assistant General Manager	Republic of China	Chi-Ming Tseng	Male	2016.12.05	78,600	0.08%	—	—	—	—	Kainan Commercial and Civil Engineering Department Director of Business Department, Bull Will Co., Ltd. President, Yaozuan Technology Co., Ltd.	None	—	—	—	—
General Administrator, Product Planning and Management Office	Republic of China	Hsiang-Chung Yang (Note 2-1)	Male	2011.03.15	192	0.00%	—	—	—	—	Master's degree, Materials Research Institute, National Taiwan University Bachelor of Materials Science and Engineering, Tatung University of Technology R&D Associate, Tecstar Technology	None	—	—	—	—
Corporate Governance Manager, Finance Department	Republic of China	Hui-Yu Ho (Note 1-7)	Female	2011.04.01	40,719	0.04%	—	—	—	—	Master's degree, Department of Finance, National Central University Bachelor of Business Administration, Chung Yuan Christian University Assistant Accountant, Chain Chon Industrial Co., Ltd. Audit Section Chief, Desiccant Technology Corporation	None	—	—	—	—
Audit Supervisor	Republic of China	Ching-Chi Hsiao	Male	2011.04.01	3,000	0.00%	—	—	—	—	Electronic Application Department of Universal Engineering College Manufacturing Section Chief, Tecstar Technology Co., Ltd.	None	—	—	—	—
Sales and Marketing Group Vice President	Republic of China	Yung-Tzu Li	Male	2011.03.15	197,040	0.19%	44,425	0.04%	—	—	Master of Business Administration, Chung Yuan Christian University	Manager, TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	—	—	—	—

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
											Business Specialist, North West Electric Engineering Tax Specialist, National Tax Administration					
Sales and Marketing Group Assistant General Manager	Republic of China	Ming-Chi Hsieh (Note 1-6)	Male	2011.04.01	750,481	0.74%	307,972	0.30%	2,000,000	1.96%	Bachelor of Electrical and Electronic Engineering, Sussex University (UK) R&D Director, TAI-TECH Advanced Electronics	Director, Heng Yang Investment Corporation Director, Hsieh Heng Te Investment Corporation Chairman and Director, Pinchen Investment Co., Ltd.	President and Supervisor of Occupational Health and Safety Office	Ming-Liang Hsieh	Brother	—
Sales and Marketing Group Deputy Director	Republic of China	Tze-Chun Chan	Male	2016.03.01	45,212	0.04%	—	—	—	—	Electronic Department, Dahua Industrial and Commercial College Business Director, Feite Technology Co., Ltd.	None	—	—	—	—
Sales and Marketing Group Deputy Director	Republic of China	Shi-Ru Wen (Note 1-8)	Female	2023.12.07	10,000	0.01%	—	—	—	—	Department of International Trade, Hsing Wu University	None	—	—	—	—
Sales and Marketing Group Deputy Director	Republic of China	Po-Yu Chen (Note 1-9)	Male	2023.12.07	11,000	0.01%	—	—	—	—	Department of International Trade, Ling Tung College of Business Sales Manager, Tai-Tech Advanced Electronics	None	—	—	—	—
Sales and Marketing Group Deputy Director	Republic of China	Chien-Yu Peng (Note 1-10)	Female	2023.12.07	17,500	0.02%	—	—	—	—	Bachelor of Business Administration, Chung Yuan Christian University Manager, Marketing and Operating Department, Tai-Tech Advanced Electronics	None	—	—	—	—
Director, R&D Center	Republic of China	Chun-Te Tsou (Note 2-2)	Male	2011.07.01	77,690	0.08%	7,987	0.01%	—	—	Electronics Division, Hsinpu Institute of Technology Papermaking Specialist, Yuen Foong Yu Product Development Manager, Tai-Tech Electronics	None	—	—	—	—

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Production Division Director	Republic of China	Chia-Hung Chang	Male	August 1, 2020	12,000	0.01%	—	—	—	—	Bachelor of Environmental Engineering, Nanya Institute of Technology Production Department Engineer, Taicheng Technology Section Chief, No. 2 Wire-Wound Section, Tai-Tech Advanced Electronics Deputy Manager, Precision Wire-Wound Section, Tai-Tech Advanced Electronics	None	—	—	—	—
Quality Assurance Division Director	Republic of China	Pai-Hsuan Chung	Male	2011.03.15	9,000	0.01%	66,000	0.06%	—	—	Bachelor of Biology, Tunghai University R&D Manager, Tai-Tech Advanced Electronics Co., Ltd.	Supervisor, TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	—	—	—	—

Note 1: On December 06, 2023, the Board of Directors approved the adjustment of the Company's organizational structure (effective on December 7, 2023) as follows:

- (1) The former Network Communication Business Department and the Marketing and Operating Department were merged into the Sales and Marketing Group.
- (2) The former Finance and Accounting Department was changed to the Finance Department.
- (3) The Product Application Technical Support Department has been added.
- (4) Mr. Long-Wang Chang, the original Vice President of TAIPAQ plant, was reappointed as President of TAIPAQ plant.
- (5) Mr. Pao-Lin Shen, the original Vice President of the Network Communication Business Department, was reappointed as COO.
- (6) Mr. Ming-Chi Hsieh, the original director of Marketing and Operating Department, was reappointed as Assistant General Manager of Sales and Marketing Group.
- (7) Ms. Hui-Yu Ho, the original Manager of the Finance and Accounting Department, was reappointed as Director of Finance Department.
- (8) Ms. Shih-Ju Wen, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.
- (9) Mr. Po-Yu Chen, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.
- (10) Ms. Chien-Yu Peng, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.

Note 2: Approved by the Board of Directors on February 26, 2024 (effective on February 27, 2024) as follows

- (1) Mr. Hsiang-Chung Yang, the original Director of R&D Center, was reappointed as General Administrator of Product Application Planning Office.
- (2) Mr. Hsiang-Chung Yang, the original Deputy Director of R&D Center, was reappointed as Director of R&D Center.

(III) Remuneration paid to directors (including independent directors), supervisors, the president, and vice president(s) in the most recent year

(1) Remuneration paid to directors and independent directors

December 31, 2023; Units: NT\$ thousand

Title	Name	Directors' remuneration								Ratio of the total amount of A, B, C and D vs. net profit after tax		Remuneration from concurrently serving as employees						Ratio of the total amount of A, B, C, D, E, F, and G vs. net profit after tax		Remuneration received from investee companies outside of subsidiaries, or from the parent company		
		Remuneration (A)		Retirement pensions (B)		Remuneration for directors (C)		Business execution expenses (D)				Salaries, bonuses, special expenditures, etc. (E)		Severance pay and pension (F)		Employee compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements			
Chairman	Northwest Investment Corporation Representative: Ming-Yen Hsieh																					
Director	Heng Yang Investment Corporation Representative: Yu-Hsiang Yu Hsieh	—	—	—	—	10,337	10,337	538	538	10,875 1.83%	10,875 1.83%	8,712	11,784	234	234	—	—	—	—	19,821 3.34%	22,893 3.86%	None
Director	Chien-Jung Lin																					
Director	Chih-Cheng Hung																					
Director	Kuei-Kuang Huang																					



Table of Remuneration Scales

Range of remuneration paid to each director of the Company	Director name			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih-Cheng Hung, Chin-Sheng Chen	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih-Cheng Hung, Chin-Sheng Chen	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih-Cheng Hung, Chin-Sheng Chen	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih-Cheng Hung, Chin-Sheng Chen
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Ming-Yen Hsieh	Ming-Yen Hsieh	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	—	—	—	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—	Ming-Yen Hsieh	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—	—	Ming-Yen Hsieh
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	9 people	9 people	9 people	9 people

## (2) Remuneration paid to President and vice president(s)

December 31, 2023; Units: NT\$ thousand; shares; %

Title	Name	Salary (A)		Retirement pensions (B)		Bonuses and allowances (C)		Employee compensation amount (D)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%)		Remuneration received from investee companies outside of subsidiaries, or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Ming-Liang Hsieh	6,858	6,858	322	322	4,110	4,110	2,716	—	2,716	—	14,006 2.36%	14,006 2.36%	—
Chief Operating Officer	Pao-Lin Shen (Note 1-2)													—
Vice President, Sales and Marketing Group (Note 1-1)	Yung-Tzu Li													—

Note 1: On December 06, 2023, the Board of Directors approved the adjustment of the Company's organizational structure (effective on December 7, 2023) as follows:

- (1) The former Network Communication Business Department and the Marketing and Operating Department were merged into the Sales and Marketing Group.
- (2) Mr. Pao-Lin Shen, the original Vice President of the Network Communication Business Department, was reappointed as COO.

Table of Remuneration Scales

Range of remunerations paid to President and vice president(s)	Names of President and vice president(s)	
	The Company	All companies included in the financial statements (E)
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Pao-Lin Shen, Yung-Tzu Li	Pao-Lin Shen, Yung-Tzu Li
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Ming-Liang Hsieh	Ming-Liang Hsieh
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Total	3 individuals	3 individuals

(4-1) Remuneration of listed company top five supervisors with the highest remunerations (Note 1)

Title	Name	Salary (A) (Note 2)		Retirement pensions (B)		Bonuses and allowances (C) (Note 3)		Employee compensation amount (D) (Note 4)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%) (Note 6)		Remuneration received from investee companies outside of subsidiaries or from the parent company (Note 7)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Ming-Liang Hsieh	2,837	2,837	108	108	1,512	1,512	1,017	0	1,017	0	5,474 0.92%	5,474 0.92%	
Chief Operating Officer	Pao-Lin Shen (Note 8-1)	2,196	2,196	108	108	1,384	1,384	989	0	989	0	4,677 0.79%	4,677 0.79%	
President, TAIPAQ Plant	Long-Wang Chang	1,602	2,124	108	108	1,256	2,037	939	0	939	0	3,905 0.66%	5,208 0.88%	
Vice President, Sales and Marketing	Yung-Tzu Li	1,825	1,825	107	107	1,214	1,214	711	0	711	0	3,857 0.65%	3,857 0.65%	
Director, Product Planning	Yi-Ju Lin	1,362	1,362	96	96	1,073	1,073	719	0	719	0	3,250 0.55%	3,250 0.55%	

Note 1: In the "top five supervisors with the highest remuneration" mentioned here, "supervisor" indicates a manager of the Company, and criteria for identification of the relevant managers are handled in accordance with the scope of the application of "managers" stipulated by the former Securities and Futures Commission of the Ministry of Finance in letter Taicaizheng San Zi No. 0920001301 dated March 27, 2003. As for principles of calculation and determination of the "top five supervisors with the highest compensation," this refers to the total amounts of salaries, retirement pensions, bonuses, special expenses, etc., as well as employee compensation (in other words, the total of four items A+B+C+D) that are received by the Company's managers from all companies in the consolidated financial statements; and after this data is sorted, the top five managers with the highest compensations will be identified. If a director concurrently serves as one of the aforementioned supervisors, this table and the above Table (1-1) should be filled out.

Note 2: Fill in the salaries, position bonuses, and severance pay of the top five supervisors with the highest remunerations in the most recent year.

Note 3: In the series, fill in the amount of each type of bonus, incentive, transportation fees, special expenses, each type allowances, housing, vehicles, and other in-kind provisions and other remuneration amounts provided to the top five supervisors by remuneration amount. For example, when providing housing, vehicles, and other means of

transportation or exclusive personal expenses, the nature and cost of the assets provided and the actual or fair market value of rent, fuel, and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but do not include it in the remuneration amount. In addition, salary expenses recognized in accordance with IFRS 2 "Share-Based Payments," including employee stock option certificates, employee restricted shares, and participation in cash capital increase subscription shares, etc., should also be included in the remuneration amount.

Note 4: Fill in this amounts of employee compensation of the top five supervisors with the highest compensation as approved by the Board of Directors in the most recent year (including stock and cash). If an estimate cannot be made, the proposed distribution amount for this year shall be calculated according to the proportion of the actual distribution amount of the prior year, and the attached Table 1-3 should be filled out as well.

Note 5: Disclosure should be made of the total amount of remuneration paid by all companies in the consolidated statements (including the Company) to the top five supervisors with the highest remunerations of the Company.

Note 6: Net profit after tax refers to the net profit after tax for the most recent year in the parent company only or standalone financial statement.

Note 7: a. This column should clearly fill in the amount of remuneration related to the top five top supervisors of the Company who received the remuneration from reinvested subsidiaries or from the parent company. (If there is none, then please fill in "none.").

b. Remuneration refers to remuneration and rewards received by the Company's top five supervisors with the highest remunerations in serving as a director, supervisor, or manager of a investee companies outside of subsidiaries, or from the parent company (including remuneration of employees, directors and supervisors) as well as remuneration related to business execution costs and so on.

\* The content of remuneration disclosed in this table is different from income defined by income tax laws. Therefore, the purpose of this table is for information disclosure and not for tax purposes.

Note 8: On December 6, 2023, the Board of Directors approved the adjustment of the Company's organizational structure (effective on December 7, 2023) as follows:

- (1) The former Network Communication Business Department and the Marketing and Operating Department were merged into the Sales and Marketing Group.
- (2) Mr. Long-Wang Chang, the original Vice President of TAIPAQ plant, was reappointed as President of TAIPAQ plant.
- (3) Mr. Pao-Lin Shen, the original Vice President of the Network Communication Business Department, was reappointed as COO.

## (3) Names of managerial officers entitled to employee compensation and amounts entitled

December 31, 2023; Units: NT\$ thousand

	Title	Name	Amount in shares	Amount in cash	Total	As percentage of income after tax (%)
Manager	President	Ming-Liang Hsieh	—	8,913	8,913	1.50%
	President, TAIPAQ Plant	Long-Wang Chang (Note 1-4)				
	Chief Operating Officer	Pao-Lin Shen (Note 1-5)				
	Superintendent, Product Planning Management Office	Yi-Ju Lin				
	Assistant General Manager, Product Planning Management Office	Chi-Ming Tseng				
	General Administrator, Product Planning and Management Office	Hsiang-Chung Yang (Note 2-1)				
	Corporate Governance Manager and Director of Finance Department	Hui-Yu Ho (Note 1-7)				
	Audit Supervisor	Ching-Chi Hsieh				
	Vice President, Sales and Marketing Business Group	Yung-Tzu Li				
	Assistant General Manager, Sales and Marketing Group	Ming-Chi Hsieh (Note 1-6)				
	Deputy Director, Sales and Marketing Group	Tze-Chun Chan				
	Deputy Director, Sales and Marketing Group	Shi-Ru Wen (Note 1-8)				
	Deputy Director, Sales and Marketing Group	Po-Yu Chen (Note 1-9)				
	Deputy Director, Sales and Marketing Group	Chien-Yu Peng (Note 1-10)				
	Director, R&D Center	Chun-Te Tsou (Note 2-2)				
	Director, Production Division	Chia-Hung Chang				
Director, Quality Assurance Division	Pai-Hsuan Chung					

Note 1: On December 06, 2023, the Board of Directors approved the adjustment of the Company's organizational structure (effective on December 7, 2023) as follows:

- (1) The former Network Communication Business Department and the Marketing and Operating Department were merged into the Sales and Marketing Group.
- (2) The former Finance and Accounting Department was changed to the Finance Department.
- (3) The Product Application Technical Support Department has been added.
- (4) Mr. Long-Wang Chang, the original Vice President of TAIPAQ plant, was reappointed as President of TAIPAQ plant.
- (5) Mr. Pao-Lin Shen, the original Vice President of the Network Communication Business Department, was reappointed as COO.
- (6) Mr. Ming-Chi Hsieh, the original director of Marketing and Operating Department, was reappointed as Assistant General Manager of Sales and Marketing Group.

- (7) Ms. Hui-Yu Ho, the original Manager of the Finance and Accounting Department, was reappointed as Director of Finance Department.
- (8) Ms. Shih-Ju Wen, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.
- (9) Mr. Po-Yu Chen, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.
- (10) Ms. Chien-Yu Peng, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.

Note 2: Approved by the Board of Directors on February 26, 2024 (effective on February 27, 2024) as follows

- (1) Mr. Hsiang-Chung Yang, the original Director of R&D Center, was reappointed as General Administrator of Product Application Planning Office.
- (2) Mr. Hsiang-Chung Yang, the original Deputy Director of R&D Center, was reappointed as Director of R&D Center.

(IV) Comparison and analysis of the total remuneration paid to directors, supervisors, presidents, and vice presidents of the Company in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of the after-tax net profits reported in the parent company only or standalone financial reports; Policies, standards and packages, the procedure for determining remuneration, and their linkage to operating performance and future risks:

- (1) Analysis of the total of the remuneration paid to directors, the president and vice presidents for the most recent two years as a percentage of net profits after tax:

Unit: NT\$1,000; %

Item  Title	The Company				All companies in the consolidated statements			
	2022		2023		2022		2023	
	Total amount	As a percentage of net income after tax (%)	Total amount	As a percentage of net income after tax (%)	Total amount	As a percentage of net income after tax (%)	Total amount	As a percentage of net income after tax (%)
Directors' remuneration	34,724	3.34	19,821	3.34	37,818	3.64	22,893	3.86
Remuneration to President and Vice Presidents	18,752	1.81	14,006	2.36	18,752	1.81	14,006	2.36
Net income	1,038,53	-	593,38	-	1,038,53	-	593,38	-

after tax	7		3		7		3	
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(1) The remuneration to President and Vice Presidents in 2023 decreased from 2022, mainly due to the decrease in net income in 2022, which in turn caused a decrease in the bonus to President and Vice Presidents.

(2) Remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(I) Remuneration policies, standards, and packages

1. Directors' remuneration is based on the Company's "Remuneration and Reward Measures for Directors." Directors' compensation for performance of duties is determined by the Remuneration Committee based on an individual director's extent of participation and value of contribution and by reference to prevailing industry payment standards. In addition, according to Article 26-1 of the Company's Articles of Incorporation, if the Company has earnings in a year, the Company shall distribute no greater than 2% of such earnings as directors' remuneration. In addition, the Company, being it in profit or loss, must pay independent directors a monthly fixed amount of compensation for their performance of duties. Such compensation may be adjusted by the Remuneration Committee by looking at the extent of their participation in the Company's operations and the value of their contribution. Independent directors do not participate in the distribution of profit-sharing remuneration to directors.
2. Managers' remuneration is based on the Company's "Regulations for Management of Employee Remuneration," which specifies a variety of work allowance and bonus to appreciate and reward employees for their performance at work. Bonus is determined based on the Company's operating performance, financial position and operating status in the year and an employee's personal performance. In addition, according to Article 26-1 of the Company's Articles of Incorporation, if the Company has earnings in a given year, the Company shall distribute no less than 6% of such pre-tax earnings to employees as employees' compensation - which will be distributed in the middle of the following year - and shall allocate a certain percentage of the post-tax earnings of the year as year-end bonus. In doing so, the Company reflects business performance and achievements properly in employees' remuneration, which will be paid by looking at employees' performance results as well. The Company determines the payment of bonus to managers based on the results of performance evaluation carried out by the Company's "Regulations for Evaluation of Employees' Performance". Criteria for evaluating managers' performance are broken down into two categories: 1. Financial indicators, which represent the achievement of tasks allocated to each department based on the Company's set organizational goals; and 2. Non-financial indicators, which include implementation of the Company's core values, operational and administration capability, innovation (business revolution) capability, teamwork coordination capability, major issues analysis and decision-making capability, and the capability for granting

authorization and supervising and helping staff's growth.

3. The Company's remuneration packages, which are specified in the Remuneration Committee Charter, include cash compensation, stock warrants, cash dividends and stock dividends, retirement benefits or severance pay, various types of allowances and other practical reward measures; the scope of remuneration packages is consistent with that specified in the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

(II) Procedures for determining remuneration

1. To regularly evaluate the remuneration of directors and managers, the Company applies its "Rules for Performance Evaluation of Board of Directors" to directors performance evaluation and its "Regulations for Evaluation of Employees' Performance" to employees performance evaluation. In addition, the Chairman's remuneration is formulated in relation to the Company's operational performance indicators, according to its "Remuneration and Reward Measures for Directors".
2. The Remuneration Committee and Board of Directors regularly evaluate and review the rationality of performance evaluation and remuneration of directors and managers by referring to personal performance achievement rate and extent of contribution to the Company, taking into account the Company's overall business performance, future risks facing the industry, and future industry development. The remuneration system may be adjusted at any time depending on the actual operational status and relevant laws and regulations. Reasonable compensation will be given after factoring in the current corporate governance trend to strike a balance between sustainable management and risk control. The eventually amount of distributed remuneration to directors and employees of 2022 was first reviewed by the Remuneration Committee and then approved by the Board of Directors.

(III) Association with business performance and future risks:

1. Reviews of the remuneration payment standards and systems related to the remuneration policy are largely based on the Company's overall operating status, with the payment standards approved based on performance achievement rate and contribution, to heighten the overall team effectiveness of the Board of Directors and management departments. The Company also references the industry's remuneration standards in order to ensure a competitive salary for its management, so that it can maintain excellent management talents.
2. The performance goals assigned to the Company's managers also reflect the essence of "risk control," so as to ensure management and prevention of the risks likely to arise from their scope of duties. A performance rating is given based on their actual performance, and correlates with human resource policy and remuneration policy. All decisions taken by the Company's top management are taken after a thorough assessment of all potential risks. The effectiveness of pertinent decisions is demonstrated in the company's financial performance,

thus the remuneration of the managerial level is connected to the performance of risk management.

### III. Corporate Governance Operations

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

The Board of Directors held 11 meetings in the most recent year and the current year (as of April 2, 2024). The attendance of directors is as follows:

Title	Name	Actual attendance rate	Frequency of attendance by proxy	Actual attendance (observation) rate (%)	Remarks
Chairman	Northwest Investment Corporation Representative : Ming-Yen Hsieh	11	0	100	Re-elected
Director	Heng Yang Investment Corporation Representative: Yu-Hsiang Yu Hsieh	11	0	100	Re-elected
Director (Note)	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank; Representative: CHEN CHIN SHENG	10	1	90.91	Re-elected
Director	Chien-Jung Lin	11	0	100	Re-elected
Director	Chih-Cheng Hung	11	0	100	Re-elected
Director	Kuei-Kuang Huang	11	0	100	Re-elected
Independent Director	Yu-Tsun Li	11	0	100	Re-elected
Independent Director	Yang-Pin Shen	11	0	100	Re-elected
Independent Director	Yi-Chun Chiang	11	0	100	Re-elected

Other matters to be recorded:

I. If any of the following occurs in the operation of the Board of Directors, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee in accordance with the law. In accordance with Article 14-5, Paragraph 1 of the Securities and Exchange Act, the provisions of Article 14-3 of the same Act do not apply.

(II) Other than the aforementioned matters, any other objections or qualified opinions from independent directors that are recorded or declared in writing: None

II. For recusal of directors from motions due to conflicts of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting:

Period of the Board of Directors	Date	Participating director's name	Proposal content	Circumstances of director recusal
The 5th session of the 13th Board of Directors	January 12, 2023	Ming-Yen Hsieh representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	The monthly salary structure and payment amounts of the Chairman and managers of the Company and its subsidiaries; the year-end bonus for the Chairman the Company of 2022; the year-end bonus of 2022 and operating performance bonus of 2023 for the managers of the Company and its subsidiaries; and remuneration to the independent directors.	When discussing the monthly salary structure and payment amount of the Chairman and managers of the Company and its subsidiaries, the Chairman as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When the 2022 year-end bonus for the Chairman was discussed, the Chairman as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When the 2022 year-end bonus and the 2022 operating performance bonus for managers of the Company and its subsidiaries were discussed, the Chairman as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When discussing the remuneration of independent directors, recusals were made by independent director Yu-Tsun Li, independent director Yang-Pin Shen, and independent director Yi-Chun Chiang. The proposal was passed without objection by the remaining directors in attendance.
The 8th session of the 13th Board of Directors	April 18, 2023	Ming-Yen Hsieh representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	Removal of non-compete restriction for directors of the Company.	Discussion of removal of non-compete restriction for directors of the Company. Independent Director Yu-Tsun Li as the acting chair Resolution: Except for Director, Ming-Yen Hsieh who recused himself and did not participate in the discussion and voting due to conflict of interest, the motion was unanimously approved as proposed by all 8 directors present at the meeting.
The 10th session of the 13th Board of Directors	May 31, 2023	Ming-Yen Hsieh representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-	Renewal of the lease for the business office by related party.	Discussion of renewal of the lease for the business office by related party. Independent Director Yang-Pin Shen acted as the acting chair Resolution: except for Chairman, Ming-Yan Hsieh, first-degree relative Director Yu-Hsiang Yu Hsieh and

		Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.		second-degree relative President Ming-Liang Hsieh who recused themselves and did not participate in the discussion and voting due to conflict of interest, the motion was unanimously approved as proposed by all 7 directors present at the meeting.
The 11th session of the 13th Board of Directors	August 9, 2023	Ming-Yen Hsieh representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	The Company's 2022 distribution of remuneration to directors (detail)	Discussions about directors' remuneration distribution plan (details); Independent Director Yu-Tsun Li served as the acting chair for the resolution: Except for the directors who recused themselves and did not participate in the discussion and voting, the attending 3 independent directors did not express objection approved the motion.
The 12th session of the 13th Board of Directors	November 8, 2023	Ming-Yen Hsieh representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	Appointment of directors and managers of the subsidiary	Discussion of appointment of directors and managers of the subsidiary. Independent Director Yang-Pin Shen served as the acting chair for the resolution: except for Director, Ming-Yan Hsieh, first-degree relative Director Yu-Hsiang Yu Hsieh and second-degree relative President Ming-Liang Hsieh who recused themselves and did not participate in the discussion and voting due to conflict of interest, the motion was unanimously approved as proposed by all 7 directors present at the meeting.
The 14th session of the 13th Board of Directors	January 23, 2024	Ming-Yen Hsieh representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	The monthly salary structure and payment amounts of the Chairman and managers of the Company and its subsidiaries; the year-end bonus for the Chairman the Company of 2023; the year-end bonus of 2023 and operating performance bonus of 2024 for the managers of the Company and its subsidiaries	When discussing the monthly salary structure and payment amount of the Chairman and managers of the Company and its subsidiaries, the Chairman as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When the 2023 year-end bonus for the Chairman was discussed, the Chairman as well as those within the first and second degrees of kinship recused themselves in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When the 2023 year-end bonus and the 2024 operating performance bonus for managers of the Company and its subsidiaries were discussed, the Chairman as well as those within the first and second degrees of

				kinship recused themselves in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objections from the remaining directors in attendance.
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III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) assessment that should be disclosed by TWSE/TPEX listed companies:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once per year	Evaluation of the performance of the Board of Directors from January 1 to December 31, 2023	Including performance evaluations of the Board of Directors, individual Board members, and functional committees	Internal self-evaluation of the Board of Directors and self-evaluations of Board members	<p>(1) Board performance evaluation: This must include at a minimum the degree of participation in the Company's operations, the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous education of directors and internal control.</p> <p>(2) Individual Board member performance evaluations: These must include at a minimum the mastery of the Company's goals and tasks, the directors' awareness of responsibilities, the degree of participation in the Company's operations, management and communication of internal relations, directors' professional and continuous education and internal control.</p> <p>(3) Performance evaluation of functional committees (Audit Committee and Remuneration Committee: degree of participation in the Company's operations, awareness of the functional committee's responsibilities, decision-making quality of the functional committee, composition and member selection of the functional committee, and internal control.</p>

IV. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. setting up an Audit Committee, enhancing information transparency, etc.), and measures taken toward achievement thereof: The Company has revised the Rules of Procedure for Board of Directors Meetings; and they are revised regularly to effectively establish the governance system of the Board of Directors, improve its supervisory function, and strengthen its management mechanisms. Furthermore, the Board of Directors established the "Standard Operating Procedures for Handling Directors' Requests" on August 7, 2020 in order to strengthen the functions of the Board of Directors.

Note: Mr. CHEN CHIN SHENG was fully re-elected on June 21, 2022 and continued to be a director in the capacity of the representative of Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.

(II) Operation of the Audit Committee:

1. Operation of the Audit Committee

1. Three independent directors are elected at the Company's General Shareholders' Meeting, and shall form the Audit Committee, which shall meet once a quarter, and is responsible for the fair presentation of the Company's financial statements, the selection (dismissal), independence, and performance of the Company's certified public accountants (CPAs), the effective implementation of the Company's internal control, the Company's compliance, and the Company's control of existing or potential risks. The Committee's major powers and duties are as follows:

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) Appointment, dismissal or remuneration of CPAs.
- (9) Appointment or discharge of a financial, accounting or internal auditing officer.
- (10) Annual financial reports which are signed or sealed by the Chairman, managerial officer and accounting officer.
- (11) Any other material matter so required by the Company or the Competent Authority.

2. The Audit Committee has met 10 times (A) in the current year and the immediately preceding year (as of April 2, 2024). The attendance of independent directors is as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Yu-Tsun Li	10	0	100	Re-elected
Independent director / Convener	Yang-Pin Shen	10	0	100	Re-elected
Independent Director	Yi-Chun Chiang	10	0	100	Re-elected

Other matters to be recorded:

I. If any of the following circumstances arises in the operation of the Audit Committee, the meeting date, period, motion content, and any objections of independent directors should be stated, as well as contents of reserved opinions or major recommendations, the results of the audit committee's resolutions, and the Company's handling of the Audit Committee's opinions.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Period of the Board of Directors	Date	Proposal content	Audit Committee Resolution Results	The Company's handling of the Audit Committee's opinions
The 5th session of the 13th Board of Directors	January 12, 2023	Approval of the Company's proposed Statement of Internal Control Systems for 2022.	Approved by all members present	Approved by all directors present
		Proposal on the renewal of the financing facility contract between Taishin International Bank and TAIPAQ Electronic Limited, and on the endorsements and guarantees.		
The 6th session of the 13th Board of Directors	February 24, 2023	Recognition of 2022 business report, financial statements, and consolidated financial statements	Approved by all members present	Approved by all directors present
		Proposal on the evaluation of the independence and suitability of the Company's attesting CPAs for 2023 and the appointment thereof and compensation therefor.		
		Proposal on the replacement of CPAs.		
The 7th session of the 13th Board of Directors	March 15, 2023	Proposal to allow the Company to buy the common shares of APAQ Technology Co., Ltd. on the open market.	Approved by all members present	Approved by all directors present
The 8th session of the 13th Board of Directors	April 18, 2023	The private placement of common shares approved by the 2022 annual general meeting was not to be processed.	Approved by all members present	Approved by all directors present
The 9th session of the 13th Board of Directors	May 4, 2023	Ratification of consolidated financial statements for Q1 2024.	Approved by all members present	Approved by all directors present
		Renewal of the financing facility contract of endorsement/guarantee with HSBC (Taiwan) Commercial Bank.		
		Investment in the establishment of a subsidiary.		
		The Company plans to amend the internal audit reinforcement rules, procedures salary cycle, computerized information system processing operations, and other management systems in the "Internal Control System" for the supervision and management of subsidiaries.		
The 10th session of the 13th Board of Directors	May 31, 2023	The Company plans to issue the first domestic unsecured convertible bonds	Approved by all members present	Approved by all directors present
		Renewal of the lease for the business office by related party.		
The 11th session of the 13th Board of Directors	August 9, 2023	Ratification of consolidated financial statements for Q2 2023	Approved by all members present	Approved by all directors present
		Renewal of the financing facility contract of endorsement/guarantee with Taipei Fubon Bank.		
The 12th session of the 13th Board of Directors	November 8, 2023	Recognition of the 2023 third quarter consolidated financial statements	Approved by all members present	Approved by all directors present
		Submission of 2024 annual audit plan		
The 14th session of the 13th Board of Directors	January 23, 2024	Ratification of the Company's Statement of Internal Control Systems for 2023.	Approved by all members present	Approved by all directors present
		Citibank (Taiwan) line of credit renewal and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. endorsement/guarantee		
		Renewal of the financing facility contract of endorsement/guarantee with HSBC (Taiwan) Commercial Bank.		
		Approval for Fixed Rock Holding Ltd. to lend funds to TAIPAQ Electronic Components (Si-Hong) Co., Ltd.		

The 15th session of the 13th Board of Directors	February 26, 2024	Ratification of 2023 business report and financial statements and consolidated financial statements	Approved by all members present	Approved by all directors present
		2024 independence evaluation and appointment and remuneration of the Company's CPAs		
		The Company's plan to amend the "Procedures for Authorization Management"		

(II) Further to the aforementioned matters, motions rejected by the Audit Committee but passed by the Board at the consent of more than 2/3 of the Directors: No such situation.

II. For recusal of independent directors from motions due to conflicts of interest, specify the names of the independent directors, the content of the motions, the reasons for recusal, and the participation in voting:  
No such situation

III. Communication between independent directors and internal audit supervisors and accountants (including major issues, methods and results of communication about the Company's financial and business conditions): The independent directors of the Company have direct communication channels with the internal audit supervisors and CPAs, and communication is good. In addition, the Company also invites accountants and audit supervisors to attend meetings of the Audit Committee, and invites relevant department heads to attend as needed. Audit supervisors submit audit reports to the independent directors in accordance with the regulations and report to the Audit Committee.

IV. Meeting and one-on-one communication between independent directors, the internal audit officer, and CPAs.

(I) The Company's Audit Committee is composed of all independent directors, shall meet at least once every quarter, and may meet at any time if necessary.

(II) IV. Meeting and one-on-one communication between independent directors of the Audit Committee and the internal audit officer.

1. Periodically: A meeting with independent directors is held generally around the convention of an Audit Committee meeting or a Board meeting to communicate about internal control issues, report on any anomaly spotted during an audit and on improvement progress, answer questions raised by independent directors and enhance audit content as instructed by them to ensure effective implementation of the internal control system.

2. Non-periodically: Communication on audit findings and improvement progress is made via phone, e-mail, messaging software or face-to-face meeting to improve the audit value. Any material violation shall be immediately reported to the independent directors.

3. Major communications in 2023 are summarized as follows:

Date	Communication content	Communication results
2023.01.12	Report on the implementation of the Company's audit plan for Q4 2022.	The independent directors were aware of the content, and they had no objections.
	Report on Company's audit plan for Q1 2023.	The independent directors were aware of the content, and they had no objections.
	Report on the self-assessment of the company's 2022 internal control system.	The independent directors were aware of the content, and they had no objections.
	Review of the Company's Statement of Internal Control Systems for 2022.	The independent directors had no objections to the content, and the review and approval were submitted to the Board of Directors.

<p align="center"><b>2023.01.12</b> <b>(One-on-one communication)</b></p>	<ol style="list-style-type: none"> <li>1. Explained and reported the replacement of auditors of mainland subsidiaries. Kunshan and TAIPAQ plants.</li> <li>2. Internal control system review revision needs for communication and submission.</li> </ol>	<ol style="list-style-type: none"> <li>1. The independent directors expressed their understanding and the ruling may proceed according to the proposal.</li> <li>2. The independent directors ruled that the internal control system may be reviewed with the implementation of the internal control system once a year. If the internal control system needs to be amended, it may be reported to the Audit Committee and the Board of Directors in the second quarter of each year for discussion and amendment, in order to be in line with the actual and effective internal control system demand.</li> </ol>
<p align="center"><b>2023.02.24</b></p>	<p align="center">The Audit Supervisor attended the audit meeting as non-voting guests and there was no report or discussion.</p>	<p align="center">None.</p>
<p align="center"><b>2023.04.18</b> <b>(One-on-one communication)</b></p>	<ol style="list-style-type: none"> <li>1. Conducted report and communication on the progress of the review and amendment of the internal control system of each company within the Group.</li> <li>2. To report and communicate the status of education and training on internal control and risk management knowledge to managers and employees.</li> <li>3. The parent company's auditors are scheduled to visit the subsidiaries in Mainland China in June to conduct internal control risk assessments, conduct on-site audits, and conduct on-site inspections.</li> <li>4. In terms of the report and communication of the implementation of the annual audit plan, the implementation progress is in accordance with the plan content, without delay or change, and there are no significant abnormalities in the audit results.</li> </ol>	<ol style="list-style-type: none"> <li>1. The independent directors expressed that they were aware and the ruling may proceed according to the proposal.</li> <li>2. The independent directors were aware of the content, and they had no objections.</li> <li>3. The independent directors expressed that they were aware and the ruling may proceed according to the proposal.</li> <li>4. The independent directors were aware of the content, and they had no objections.</li> </ol>
<p align="center"><b>2023.04.18</b></p>	<p align="center">The Audit Supervisor attended the audit meeting as non-voting guests and there was no report or discussion.</p>	<p align="center">None.</p>
<p align="center"><b>2023.05.04</b></p>	<p align="center">Report on the implementation of the Company's audit plan for Q1 2023.</p>	<p align="center">The independent directors were aware of the content, and they had no objections.</p>
	<p align="center">Report on Company's audit plan for Q2 2023.</p>	<p align="center">The independent directors were aware of the content, and they had no objections.</p>
	<p align="center">Amendments to the Company's internal audit reinforcement rules, procedures salary cycle, computerized information system processing operations and other management systems in the</p>	<p align="center">The independent directors had no objections to the content, and the review and approval were</p>

	"Internal Control System" for the supervision and management of subsidiaries.	submitted to the Board of Directors.
<b>2023.05.31</b>	The Audit Supervisor attended the audit meeting as non-voting guests and there was no report or discussion.	None.
<b>2023.08.09</b>	Report on the implementation of the Company's audit plan for Q2 2023.	The independent directors were aware of the content, and they had no objections.
	Report on Company's audit plan for Q3 2023.	The independent directors were aware of the content, and they had no objections.
<b>2023.11.08</b>	Report on the implementation of the Company's audit plan for Q3 2023.	The independent directors were aware of the content, and they had no objections.
	Report on Company's audit plan for Q4 2023.	The independent directors were aware of the content, and they had no objections.
	Review of the Company's 2024 internal audit plan.	After deliberation and consent from the independent directors, the proposals was submitted to the board of directors.

(III) Meeting and one-on-one communication between independent directors of the Audit Committee and CPAs.

1. Periodically: CPAs communicate with the independent directors of the Audit Committee on the review/audit plan, implementation status and results around the time the CPAs review the semi-annual report or audit the annual report.
2. Non-periodically: A meeting may be held if so necessitated by any single operational or internal control situation that requires immediate discussion.

(1) Major communications in 2023 are summarized as follows:

<b>Date</b>	<b>Communication content</b>	<b>Communication results</b>
<b>2023.02.24</b>	Report on the audit of the 2022 consolidated financial statements and parent company only financial statements.	The independent directors were aware of and have no other opinions.

<p style="text-align: center;"><b>2023.02.24</b></p>	<ol style="list-style-type: none"> <li>1. Report on PwC Taiwan's Domestic Audit Quality Indicator Promotion.</li> <li>2. Report audit quality indicators and the International Code of Professional Ethics for Certified Public Accountant.</li> <li>3. Communication on evaluation of the independence and suitability of the Company's attesting CPAs for 2023 and the appointment thereof and compensation therefor.</li> <li>4. Communication on the replacement of CPAs.</li> <li>5. Communication on allowing attesting CPAs, the accounting firm to which they belong, and its affiliates to provide the Company and subsidiaries with non-assurance services.</li> </ol>	<ol style="list-style-type: none"> <li>1. The independent directors were aware of and have no other opinions.</li> <li>2. The independent directors were aware of and have no other opinions.</li> <li>3. The independent directors had no objections to the content, and the review and approval were submitted to the Board of Directors.</li> <li>4. The independent directors had no objections to the content, and the review and approval were submitted to the Board of Directors.</li> <li>5. The independent directors had no objections to the content, and the review and approval were submitted to the Board of Directors.</li> </ol>
<p style="text-align: center;"><b>2023.08.09</b></p>	<p style="text-align: center;">Review of the consolidated financial statements for Q2 2023.</p>	<p style="text-align: center;">The independent directors were aware of and have no other opinions.</p>
<p style="text-align: center;"><b>2023.08.09 (One-on-one communication)</b></p>	<p style="text-align: center;">Independent directors' inquiry about the audit and review situations, including any review issues and difficulties, and the response of the management.</p>	<p style="text-align: center;">Well informed.</p>

2. Participation of supervisors in the operation of the Board of Directors:

With the establishment of an audit committee, the Company does not have supervisor and this is therefore inapplicable.

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
I. Has the Company prepared and disclosed Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	v		The Company's Board of Directors formulated the "Corporate Governance Best-Practice Principles" on September 17, 2020. The Board of Directors, functional committees, and management are responsible for their respective responsibilities. An internal control system has been established in accordance with the regulations, and the control function is still sound.	No significant differences
II. Shareholding Structure and Shareholders' Equity				
(I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures?	v		(I) There is a spokesperson and an acting spokesperson, and we disclose their contact information on the Market Observation Post System of TWSE; there are also stock service specialists serving as a conduit for shareholder proposals, doubts, disputes, and litigation matters and to protect shareholders' rights.	No significant differences
(I) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	v		(II) Day-to-day shareholder business is handled by a professional stock agency. There are also stock affairs professionals in the Company who is responsible for related matters. Therefore, the list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders can be accessed at any time.	No significant differences
(II) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?	v		(III) There are "Administrative Measures for Transactions with Related Persons" to regulate transactions with related companies, and auditors will also regularly supervise the implementation, so that risk control and firewall mechanisms can be achieved.	No significant differences
(III) Has the Company kept statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?	v		(IV) The Company has formulated "Preventative Measures for Insider Trading," and Company insiders are prohibited from using unpublished information on the market to buy and sell securities.	No significant differences
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy and specific management objectives, and implemented them?	v		(I) 1. The Company's Board of Directors meeting dated September 17, 2020 passed the "Corporate Governance Best Practice Principles", of which Article 20, Section 1, of Chapter 3 "Enhancing Board of Directors Functions" prescribed a Board of Directors diversity policy. Nomination and selection of the Company's Board of Directors members are based on the candidate nomination system prescribed in the Articles of Incorporation. Aside from assessing each candidate's education and work experience qualifications, the Company also factors in stakeholders' opinion and abides by the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" so as to ensure the diversity and independence of Board of Directors members.	No significant differences

Evaluation item	Status		Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No		
			<p>2. The Company specifies Board of Directors diversity as a concrete management goal in its “Corporate Governance Best Practice Principles.” The Company’s Board of Directors shall be composed of at least 5 director seats, where appropriate, depending on the Company’s scale, shareholdings of major shareholders, and practical operational needs. The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:</p> <p>(1) Basic requirements and values: Gender, age, nationality, and culture, and the ratio of female directors shall reach one third of the total number of directors.</p> <p>(2) Professional knowledge and skills: A professional background (<i>e.g.</i>, law, accounting, industry, finance, marketing, technology), professional skills and industry experience.</p> <p>Each member of the Board of Directors shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal of corporate governance, the abilities that must be present in the board as a whole are as follows:</p> <p>A. The ability to make judgments about operations.  fAccounting and financial analysis ability.  B. Business management ability.  C. Crisis management ability.  D. Knowledge of the industry.  E. An international market perspective.  F. Leadership ability.  G. Ability to make policy decisions.</p> <p>3. From the perspective of basic requirements and values and professional knowledge and skills, the Company’s Board of Directors members are considered diversified. Among the 9 directors of the Company’s 13th Board of Directors, those specializing in operational judgements, business management, leadership and decision making, and crisis management include director Ming-Yen Hsieh, director Yu-Hsiang Yu Hsieh, director CHEN CHIN SHENG, director Chien-Jung Lin, director Kuei-Kuang Huang, director Chih-Cheng Hung, and director Yu-Tsun Li. Director Yang-Pin Shen specializes in accounting and finance and director Yi-Chun Chiang specializes in law. The two directors offer useful advice on matters related to accounting, finance, and law as well as corporate governance. The Company does not have a director who is concurrently a manager. The Company has one director of foreign nationality; and three independent directors, which account for 33% of the board seats, with one independent director serving for 8 years and 2 independent directors serving for 2</p>	

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?	v		<p>years. Five directors are aged between 50 and 59, and the remaining four are aged between 70 and 79. The Company also considers gender equality when it comes to the formation of the Board of Directors. At this point, the Board of Directors has 2 female directors, accounts for 22 % of total board seats. Although the percentage fails to meet the goal of female directors constituting one third of all directors, the Company will strive towards that goal in the future.</p> <p>(II) Aside from setting up the Remuneration Committee and the Audit Committee according to law, the Company also set up its "Corporate Sustainable Development Committee" and appointed the committee members through a resolution at the Board of Directors meeting dated November 8, 2022.</p>	No significant differences
(III) Does the Company formulate the Board's performance assessment and evaluation method, conduct a performance evaluation annually and regularly and report the results of the performance evaluation to the Board of Directors and apply it to individual directors' remuneration and nomination renewal?	v		<p>(III) The Board of Directors of the Company formulated and approved the "Board of Directors Performance Evaluation Measures" on August 7, 2020. Starting from 2021, regular performance evaluations are conducted in accordance with the Measures, and annual performance evaluations are carried out for the Board of Directors as a whole and for individual Board members and for the Audit Committee. Evaluations are carried as self-evaluations via questionnaires.</p> <p>The measurement items of the performance evaluation of the Board of Directors of the Company encompass the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Improvement of the quality of Board of Directors' decisions</li> <li>3. Board of Directors' composition and structure</li> <li>4. Selection and continuous training of directors</li> <li>5. Internal control</li> </ol> <p>The measurement items for the performance evaluation of individual directors of the Company encompass the following six directions:</p> <ol style="list-style-type: none"> <li>1. Mastery of the Company's goals and tasks</li> <li>2. Understanding of directors' responsibilities</li> <li>3. Degree of participation in company operations</li> <li>4. Internal relationship management and communication</li> <li>5. Directors' professional and continuing education</li> <li>6. Internal control</li> </ol> <p>The measurement items of the performance evaluation of the Audit Committee of the Company encompass the following five aspects directions:</p> <ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Awareness of the duties of the Audit Committee</li> <li>3. Improvement of the decision-making quality of the Audit Committee</li> <li>4. Audit Committee composition and membership</li> </ol>	No significant differences

Evaluation item	Status		Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No		
			<p>5. Internal control</p> <p>The measurement items of the performance evaluation of the Remuneration Committee of the Company encompass the following five aspects directions:</p> <ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Awareness of the duties of the Remuneration Committee</li> <li>3. Improvement of the decision-making quality of the Remuneration Committee</li> <li>4. Remuneration Committee composition and membership</li> </ol> <p>The performance evaluation of the Company's Board of Directors is based on the "Regulations for the Evaluation of the Board of Directors' Performance". An external professional independent institution or external expert team is engaged to conduct the evaluation once every three years. The first external institution evaluation was conducted in 2023 by the Corporate Governance Association of Taiwan. The evaluation results were submitted to the Board of Directors in Q1 2024 to serve as the basis for review and improvement. The evaluation results and recommendations are as follows:</p> <p>Overall Evaluation:</p> <ol style="list-style-type: none"> <li>1. Most of the Company's directors are the founding major shareholders with professional backgrounds in the industry. The independent directors have finance and accounting, law, and industry expertise. This shows that the Company attaches great importance to the diversity of the Board of Directors and is in line with the development trend of corporate governance.</li> <li>2. The Chairman of the Company has a stable and pragmatic leadership style, respects the directors' professionalism and accepts suggestions from directors and fully consults the directors' professional opinions on important proposals to improve the efficiency of decision-making for motions and form a good discussion culture.</li> <li>3. The Company continues to promote various ESG issues. In addition to the establishment of the Corporate Sustainable Development Committee under the Board of Directors, the Company has also formed an ESG Promotion Committee under the leadership of the President. The ESG implementation status is regularly reported at the Board meetings, and the Company plans to pass the RBA this year (Responsible Business Alliance) certification. These demonstrate the importance the Company attaches to sustainable operation.</li> <li>4. The communication channels between the Company's Audit Committee and the CPAs and internal auditors are smooth. Each year, several closed-door meetings are arranged with the CPAs and internal auditors to communicate the audit plan, internal control deficiencies and track the improvement progress. The meetings help further understand the difficulties in audit implementation and management's response, enabling the Audit Committee to give full play to its guiding and supervising functions.</li> </ol> <p>Recommendation:</p> <ol style="list-style-type: none"> <li>1. The Company has "Procedures for Ethical Management and Guidelines for Conduct</li> </ol>	

Evaluation item	Status		Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No		
(IV) Does the Company assess the independence of CPAs at regular intervals?			<p>and "Procedures for Anti-Corruption Management", but the website and annual report do not disclose the relevant information on whistleblowing channels. The whistleblower mechanism should be linked to the function of independent directors. It is recommended that the Company establish a whistleblowing mailbox that enable independent directors (or the Audit Committee) and the chief auditor receive reports synchronously, and disclose it on the website and annual report to further strengthen the functions of the whistleblower mechanism.</p> <p>2. The Company may consider establishing "risk management measures" to cover operational risks, transaction risks, financial risks, information security risks, implementation specifications, etc. and other complete risk management policies and risk measurement standards. The Company may consider regularly reviewing risk management policies in the Audit Committee and Board of Directors and implementation results, so that board members can keep abreast of the Company's overall risk management and reduce overall operational risks.</p> <p>3. The Company may establish written guidelines on "how" to report unexpected material information to independent directors and outside directors in a timely manner. This clearly ensure that all members of the Board of Directors are fully aware of the important status of the Company, enabling the directors to better fulfill their duties.</p> <p>4. It is recommended that the Company establish a "Director Orientation System" for the first time (e.g. special-person briefings, on-site visits, meetings with key management personnel, etc.) regulations, directors' rights and obligations, and continuing education needs), to help new directors to quickly grasp the company's current status and industry information, so that directors can more effectively perform their duties.</p> <p>(IV) Each year, the Audit Committee of the Company evaluates attesting CPAs for independence and suitability, and obtains a "Statement of Independence" and "audit quality indicators (AQIs)" from the attesting CPAs. By conducting an independence and suitability evaluation, the Company ascertains that CPAs are not affiliated with insiders and that no family members of CPAs have any monetary stake in the Company. The Company ensures that its CPAs and accounting firm are superior to those of industry peers in terms of the Audit Quality Indicators (AQIs), including training hours, engagement quality control, the experience of CPAs carrying out the engagement quality control review (EQCR), and the review hours of CPAs carrying out the EQCR. In addition, investment in digital tools for innovation has been increased steadily over the past three years.</p> <p>The evaluation results for the most recent year was examined and approved by the Audit Committee meeting dated February 26, 2024, and submitted to and approved by the Board of Directors meeting dated February 26, 2024 through a resolution; therefore, CPAs' independence and suitability have been affirmed.</p>	No significant differences
IV. Is the TWSE / TPEX listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director			The Chairman's Office of the Company is responsible for corporate governance-related matters and on November 8, 2022, the Board of Directors approved the appointment of Hui-Yu Ho, the Director of the Financial and Accounting Department of the Company, as	No significant differences

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons																				
	Yes	No	Summary description																					
responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?			the Company's first Corporate Governance Officer.																					
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a special column for stakeholders on the Company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	v		<p>The Company has appointed a spokesperson and an acting spokesperson to serve as a communication channel with stakeholders. Currently, the Company has put in place on its website the Investors zone and ESG zone, through which communication with and response to stakeholders will be made. In addition, the Company has a dedicated person regularly examine the e-mail inbox. The Company will set up a stakeholders' message area on its company website in the future.</p> <p>2023 Stakeholder Communication Track Record</p> <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Communication channel / response method</th> <th>Frequency</th> <th>2023 Actual Communication</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Government Agencies</td> <td>Contact: Ms. Fan-Jiang, the Management Department/ E-mail inbox: <a href="mailto:adminis@tai-tech.com.tw">adminis@tai-tech.com.tw</a></td> <td>From time to time</td> <td>1. 4 on-site audits by the Labor Inspection Division</td> </tr> <tr> <td>Participation in the policy awareness sessions held by government agencies.</td> <td>From time to time</td> <td>2. 10 official letters from the competent authority.</td> </tr> <tr> <td>Market Observation Post System of TWSE</td> <td>From time to time</td> <td>3. 1 online seminar.</td> </tr> <tr> <td>The Company's website</td> <td>From time to time</td> <td>4. Number of official letters to/from government agencies</td> </tr> <tr> <td>Phone, E-MAIL, official letter On-site audit</td> <td>From time to time</td> <td>Pieces received: 215 letters received Pieces sent: 30 letters sent</td> </tr> </tbody> </table>	Stakeholders	Communication channel / response method	Frequency	2023 Actual Communication	Government Agencies	Contact: Ms. Fan-Jiang, the Management Department/ E-mail inbox: <a href="mailto:adminis@tai-tech.com.tw">adminis@tai-tech.com.tw</a>	From time to time	1. 4 on-site audits by the Labor Inspection Division	Participation in the policy awareness sessions held by government agencies.	From time to time	2. 10 official letters from the competent authority.	Market Observation Post System of TWSE	From time to time	3. 1 online seminar.	The Company's website	From time to time	4. Number of official letters to/from government agencies	Phone, E-MAIL, official letter On-site audit	From time to time	Pieces received: 215 letters received Pieces sent: 30 letters sent	No significant differences
Stakeholders	Communication channel / response method	Frequency	2023 Actual Communication																					
Government Agencies	Contact: Ms. Fan-Jiang, the Management Department/ E-mail inbox: <a href="mailto:adminis@tai-tech.com.tw">adminis@tai-tech.com.tw</a>	From time to time	1. 4 on-site audits by the Labor Inspection Division																					
	Participation in the policy awareness sessions held by government agencies.	From time to time	2. 10 official letters from the competent authority.																					
	Market Observation Post System of TWSE	From time to time	3. 1 online seminar.																					
	The Company's website	From time to time	4. Number of official letters to/from government agencies																					
	Phone, E-MAIL, official letter On-site audit	From time to time	Pieces received: 215 letters received Pieces sent: 30 letters sent																					



Evaluation item	Status			Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No			
				<p>Email:<a href="mailto:procurement@tai-tech.com.tw">procurement@tai-tech.com.tw</a> Supplier audit checklist Phone, E-MAIL. External audit operations of business waste cleaning contractors Communication software</p>	<p>From time to time From time to time Annually From time to time From time to time From time to time</p> <p>2. Checklist for supplier audit - 51 suppliers 3. External audit on 7 industrial waste contractors 4. A total of 43 new suppliers signed the commitment to integrity</p>
			Clients	<p>Contact: Mr. Hsieh, Sales and Marketing Group/ <a href="mailto:sales@tai-tech.com.tw">Email: sales@tai-tech.com.tw</a> Client video conference visit to clients Client Satisfaction Survey Phone, E-MAIL. Communication software</p>	<p>From time to time From time to time From time to time</p> <p>A total of 23 customer satisfaction questionnaires were sent out in 2023; the recovery rate of the questionnaires was 100% with an average score of 94.26 points (The survey and assessment covers four aspects, namely, quality, order fulfillment, technology research and development, and price and sales services) 2 ESG seminars and 1 online ESG seminar</p>

Evaluation item	Status		Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No		
			<p>Annually From time to time Weekly</p>	
			<p>Employees</p> <p>Contact channel: President's e-mail, employee suggestion box, telephone, Ms. Chen's E-mail: <a href="mailto:g110@tai-tech.com.tw">g110@tai-tech.com.tw</a> Labor-management meeting Employee compliant filing channel Employee Welfare Committee Occupational Safety and Health Committee Employee satisfaction anonymous survey Stakeholders communication log</p>	<p>1. Received 0 mail in the President's e-mail 2. Received 0 mail received in the Employees' Opinion Box 3. Organized 4 Labor-management meetings 4. Organized 4 Employee Welfare Committee meetings 5. Organized 4 Occupational Safety and Health Committee meetings 6. Conducted 1 time of employee satisfaction anonymous survey 7. Employee satisfaction survey averaged 94.65% 8. 3 employee complaints</p>
			<p>Media</p> <p>Contact channel: Spokesperson Tseng/ E-mail inbox: <a href="mailto:james-t@tai-tech.com.tw">james-t@tai-tech.com.tw</a></p>	<p>Interviews with 5 media at the Company each quarter 1 telephone call</p>

Evaluation item	Status			Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No			
				<p>Appointment with media for an interview Press release</p> <p>From time to time From time to time</p> <p>1 investor conference 1 news outlet will be published on a quarterly basis</p>	
			<p>Banks</p> <p>Contact: Ms. Ho, Finance and Accounting Department/ Email: <a href="mailto:acc@tai-tech.com.tw">acc@tai-tech.com.tw</a> E-mail Visits Communication software</p> <p>From time to time From time to time From time to time</p> <p>1. 532 emails 2. 180 communication sessions of software 3. 28 visits</p>		
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	v			The Company entrusts the stock agency department of Mega Securities Co., Ltd. to handle the affairs of the shareholders' meeting.	No significant differences
VII. Disclosure of information (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	v			(I) The Company discloses relevant financial and material information to the Market Observation Post System of TWSE in accordance with laws and regulations; and we set up an investor relations section on the Company's website to disclose financial business and corporate governance information.	No significant differences

Evaluation item	Status			Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No			
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesperson system, and videotaping institutional investor conferences)?	v			(II) Since the Company's public offering, it has strictly followed the regulations of the competent authorities and relevant laws and regulations, and announced and declared each category of information; and investors can inquire on each type of information of the Company through the Market Observation Post System of TWSE. In addition, there is a spokesperson and also a designated person who is responsible for the collection and disclosure of Company information. Therefore, the disclosure of information that may affect stakeholders and the stock price is timely and appropriate.	No significant differences
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?		v		(III) After the Company listed on the TPEX on April 27, 2021, it announces and reports financial statements for the first, second and third quarters and the operating conditions of each month before the specified deadline in accordance with relevant regulations. Furthermore, on February 26, 2024 (within two months of the end of the fiscal year) we announced and report the Company's 2023 financial statements. We will follow the same principles in the future. For disclosures of the above information, please refer to the Market Observation Post System of TWSE.	No significant differences
VIII. Is there any other material information that would facilitate an understanding the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?	v			(I) Rights and interests of employees: The Company holds regular or intermittent convenings of the Employee Welfare Committee, labor-management meetings, and labor pension meetings. All policy advocacy, employee opinions, and employee suggestions are conducted through two-way communication. We actively respond to and meet the needs of employees under the premise of not violating laws and regulations. (II) Care for employees: The Company attaches great importance to our employees' safety and their physical and mental health. In order to keep employees in the best condition at all times, there are factory attendants who regularly assist in measuring employees' blood pressure and in collecting and communicating health information; we arrange for the visually impaired to give employees shoulder and neck massages; we regularly station doctors in the factory for health consultations; and we arrange for employees to undergo health checks every year. (III) Investor Relations: In order to protect the rights and interests of shareholders and let the investing public understand the Company's operating conditions, the Company's financial, business, and insider shareholding changes and other information are disclosed on the Market Observation Post System of TWSE. (IV) Supplier Relations: The Company adheres to the principle of mutual trust and reciprocity and maintains good and long-term relationships with suppliers in order to create a win-win situation for both parties. (V) Stakeholders' rights: Stakeholders have the right to communicate and make suggestions with the company to safeguard their legitimate rights and interests. (VI) On-the-job training of directors: The directors of the Company have relevant	No significant differences

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
			<p>professional knowledge and take courses on topics such as securities laws and regulations as required by law, and they meet the requirements of training hours.</p> <p>(VII) The Company has established an internal control system and related management measures and implements them in accordance with procedures in order to reduce and prevent any possible risks.</p> <p>(VIII) Implementation customer policies: The Company has always been customer-oriented, doing our best to meet the needs of customers to maintain good long-term relationships and creating maximum mutual benefit.</p> <p>(IX) The Company's purchases of liability insurance for directors and supervisors: The Company has taken out director and supervisor liability insurance on August 15, 2023; the insured amount is USD 5 million.</p>	

IX. Corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year: The Company was evaluated for the first time in 2022. The implementation results in 2022 and the improvement situation in 2023 are summarized as follows:

Implementation results in 2022	Improvement situation in 2023
<p>Ranking of TPEx-listed companies in the 9th First Corporate Governance evaluation in 2022: 21%~35%.</p> <p>(I) Protection of shareholders' rights and interests and equal treatment of shareholders</p> <ol style="list-style-type: none"> <li>More than half of the Company's directors and Audit Committee convener attend the shareholders' meeting in person, and the attendance list is disclosed in the meeting minutes</li> <li>Handbooks and meeting notices in both Chinese and English are uploaded 30 days prior to the date of the annual general meeting.</li> <li>The annual report in English is uploaded 18 days before the annual general meeting and 7 days before the date of the annual general meeting</li> </ol> <p>(II) Strengthening the structure and operation of the Board of Directors</p> <ol style="list-style-type: none"> <li>Does the Board of Directors include at least one female director?</li> <li>Whether the number of independent directors is more than one-third of the total number of directors</li> <li>Are the interim financial statements approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution</li> <li>The Company conducts internal performance evaluation on the functional committees every year, and discloses the implementation status and evaluation results in the Company's annual report</li> <li>Did the independent directors complete the required length of further education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE-Listed and TPEx-Listed Companies"</li> </ol> <p>(III) Enhancing information transparency</p> <ol style="list-style-type: none"> <li>Publish the annual financial report audited and certified by the CPA within two months after the end of the fiscal year</li> <li>Does the annual report disclose the specific dividend policy?</li> <li>The Company's website provides relevant information on the shareholders' meeting and includes at least the annual report of the most recent shareholders' meeting, the meeting</li> </ol>	<p>New implementation items in 2023</p> <ol style="list-style-type: none"> <li>The Company's website discloses a list of major shareholders, including those with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.</li> <li>Financial, business, and corporate governance-related information disclosed on the Company's website</li> <li>The Company has established an English website that includes financial, business, and corporate governance-related information</li> <li>The Company has established a full-time (part-time) unit to promote sustainable development. The unit conducts risk assessments on environmental, social or corporate governance issues related to the Company's operations based on the principle of materiality and relevant risk management policies or strategies. The Board of Directors supervises the promotion of sustainable development, which is disclosed on the Company's website and in the annual report.</li> <li>The Company has established a full-time (or part-time) unit to promote ethical corporate management. The unit is responsible for the formulation and supervision of ethical management policies and prevention plans. The operation and implementation of such units on the Company's website and annual reports and are reported to the Board of Directors at least once a year</li> </ol>

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
<p>notice, the agenda handbook and the minutes, etc.</p> <p>4. The Company is invited to (voluntarily) convene at least two investor conferences and the interval between the first and last investor conferences is at least three months.</p> <p>(IV) Promoting sustainable development</p> <p>1. The Company shall regularly disclose the concrete promotion plans and implementation results of corporate sustainable development (ESG) on the Company's website, annual report or sustainability report.</p> <p>2. The Company prepares and uploads the sustainability report (including the English version) on the Market Observation Post System and the Company's website before the end of September in accordance with the GRI and SASB standards and obtains third-party verification.</p> <p>3. The Company formulates policies to appropriately reflect business performance or results in employee remuneration, and discloses it on the Company's website or annual report</p> <p>4. Does the Company's website and annual report disclose the implementation of the employee welfare measures, retirement system?</p>				

(IV) If the Company has set up a Remuneration Committee, it shall disclose the composition, responsibilities and operation thereof:

1. Information of Remuneration Committee Members:

ID classification (Note 1)	Name	Terms	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Independent Director	Yu-Tsun Li	Experience: Chairman, TDK Corporation; over 38 years of experience in business management and industry knowledge	During the two years prior to the election and during the term of office, all have met the following independent evaluation criteria: (1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.)	0	
Independent Director	Yang-Pin Shen	Currently an associate professor at the School of Management of Yuan Ze University, a private institution; having more than 30 years of teaching experience	(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings. (4) Not a manager of those listed in (1), or someone having a relationship with those listed in (2) or (3) including a spousal relationship, a second-degree kinship or closer, or an immediate blood relative within	1	

Independent Director	Yi-Chun Chiang	Currently an attorney at Premium Attorneys-at-Law; having more than 28 years of working experience as a lawyer	<p>three degrees of kinship.</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings, or is designated as a representative in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.)</p> <p>(6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's Board of Directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.)</p> <p>(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.)</p> <p>(8) Not a director, supervisor, or manager of a specific company or institution having financial or business dealings with the Company, or a shareholder holding 5% or more of shares. (However, if a specific company or institution holds more than 20% of the total issued shares of the Company but not more than 50%, and the established independent director concurrently serves in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.)</p> <p>(9) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or</p>	1
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			<p>any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&amp;A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Business Mergers &amp; Acquisitions Act, this limitation shall not apply.</p> <p>(10) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(11) Not exhibiting any of the circumstances specified under Article 30 of the Company Act.</p> <p>(12) No provision to be elected by a government or juristic person or their representative under Article 27 of the Company Act.</p>	
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Note 1: In the form, please specify relevant working years, professional qualifications and experience, and independence of each member of the Remuneration Committee; in the case of an independent director, please refer to the relevant content in the information of directors and supervisors (I) in Table 1 on page OO. Please fill in as independent director or other. (If the convener, please note as such.)

Note 2: Professional qualifications and experience: State the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Conformity to status of independence: Specify the conformity to the status of independence of the members of the Remuneration Committee, including but not limited to whether one's self, spouse, or relatives within the second of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of the Company's shares held by oneself, a spouse, or relatives within the second degree of kinship (or held under the names of others); whether one serves in the position of director, supervisor, or employee of a company that has a specified relationship with the Company (in reference to Article 6, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter); and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

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

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office of the current members: July 19, 2022 through June 20, 2025. the Remuneration Committee held 7 meetings in the current and most recent prior year (A).

Member qualifications and attendance are as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A)	Remarks
Member/Convener	Yu-Tsun Li	5	0	100	Re-elected (nominated as

					convener on July 19, 2022)
Member	Yang-Pin Shen	5	0	100	Re-elected
Member	Yi-Chun Chiang	5	0	100	Re-elected

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): None

II. On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: None.

Note:

- (1) Before the end of the year, if a member of the Remuneration Committee resigns, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendances.
- (2) Before the end of the year, if the Remuneration Committee is re-elected, the new and old Remuneration Committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendances.

(V) Operation status of the Corporate Sustainable Development Committee:

The Company's Board of Directors meeting dated November 8, 2022 resolved to set up the "Corporate Sustainable Development Committee". This Committee, which consists of four directors (three of which are independent directors) and a company manager, is formed to improve the efficiency and effectiveness of the Board of Directors and promote sustainable development initiatives with respect to environmental protection, social responsibility, and corporate governance.

1. Corporate Sustainable Development Committee members

The Board of Directors shall appoint the Corporate Sustainable Development Committee members, which shall consist of at least three people - directors and managers of the Company - with at least one independent director to take on the supervision function. The committee's term of office is equivalent to that of the Board of Directors that appoints it. Should the staffing level drop below that stated in the paragraph before due to any dismissals, the Board of Directors may appoint someone else to fill the vacancy. The 1st Sustainable Development Committee members, who were appointed during the Board of Directors meeting held on November 8, 2022, are listed below:

Title	Name	Whether an independent director	Expertise
Chair	Ming-Yen Hsieh	X	Business management, industry knowledge.
Committee member	Yu-Tsun Li	V	Experience in business management at a Japanese company.
Committee member	Yang-Pin Shen	V	Finance, accounting, and corporate governance
Committee member	Yi-Chun Chiang	V	Law and corporate governance
Committee member	Ming-Liang	X	Business management, industry knowledge.

	Hsieh		
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2. The main responsibilities of the Corporate Sustainable Development Committee

To assist the Board of Directors in the continuous implementation of its corporate policy on environmental, social, and governance issues to achieve the purpose of sustainable operation, the Corporate Sustainable Development Committee of the Company shall be assigned the following duties:

- (1) Set out the direction of the sustainable development and its goals, and develop appropriate management policies, and specific plans for promotion.
- (2) Disseminate information on the Company's ethical management and risk management policy and implement it.
- (3) Track, inspect and revise the implementation status and effectiveness of corporate sustainable development.
- (4) Other tasks assigned to the Committee by a resolution of the Board of Directors.

3. Operations of the Corporate Sustainable Development Committee

(2) Term of office of the current members: November 8, 2022 through June 20, 2025. The Corporate Sustainable Development Committee held 3 meetings in the current and most recent prior year (A). Member qualifications and attendance are as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A)	Remarks
Member/Convenor	Ming-Yen Hsieh	3	0	100	(Convener elected on November 8, 2022)
Member	Yu-Tsun Li	3	0	100	
Member	Yang-Pin Shen	3	0	100	
Member	Yi-Chun Chiang	3	0	100	
Member	Ming-Liang Hsieh	3	0	100	

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Corporate Sustainable Development Committee, the date and session of the board meeting, the contents of the motions, the resolutions of the Board of Directors and the Company's handling of the revised Corporate Sustainable Development Committee's opinions shall be disclosed, the differences and reasons should be stated): None

II.If a member has a dissenting or qualified opinion on a resolution of the Corporate Sustainable Development Committee on a matter that is on record or in writing, if a member has an opposing or qualified opinion, the date, period, content of the motion, the opinions of all members and the reasons for the opinion of the Corporate Sustainable Development Committee should be stated: None.

(VI) Implementation of sustainable development promotions and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX- Listed Companies and causes thereof

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, with senior management authorized by the Board of Directors to handle and how is the supervision of the Board of Directors?	v		<p>The Company’s Board of Directors meeting dated September 17, 2020 approved the Company’s “Corporate Social Responsibility Best Practice Principles”, which was then renamed “Sustainable Development Best Practice Principles” by the Board of Directors meeting dated January 18, 2022; such principles are the standards which the Company follows when implementing governance work pertaining to sustainable development.</p> <p>The Company’s Board of Directors meeting dated November 8, 2022 passed a resolution to set up the Company’s “Corporate Sustainable Development Committee” and appoint the members thereof; it also approved the Company’s “Corporate Sustainable Development Committee Charter”, which stipulates a governance framework and a concurrently responsible unit for promoting sustainable development. The Board of Directors also authorized the President to establish the Company’s “ESG Affairs Promotion Committee”, which is responsible for formulating, implementing, and supervising the annual plan, strategy, projects, and activities, for coordinating affairs related to corporate sustainable operations, and for holding awareness sessions on stewardship.</p> <p>Starting from the meeting of the Board of Directors on November 8, 2022, the President of the company’s ESG Affairs Promotion Committee Company reports to the "Corporate Sustainable Development Committee" and the Board of Directors on the implementation of business activities.</p> <p>In 2023, the "Execution of Greenhouse Gas Inventory and Verification Schedule" was reported at the Board meeting at each quarter of the Board meeting; and business related to sustainability was reported at the Corporate Sustainable Development Committee</p>	No significant differences

Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof						
	Yes	No								
			meeting held on May 4 and November 8, 2023 as well as the Board meeting held on the same day. The contents of the motions include (1) identification of sustainability issues requiring attention and formulation of corresponding action plans; (2) goals and policy amendments for sustainability-related issues; (3) supervision of the implementation of sustainability matters and evaluation of implementation.							
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	v		<p>Based on the principle of materiality, the Company seeks to minimize potential threats by identifying organizational risks and formulating effective management strategies. For the types of important risks identified by the Company and the corresponding response strategies, please refer to the "2022 ESG Report of Tai-Tech Advanced Electronics" published in September 2023 on pp. 34-36. 3. Based on the risks assessed, the relevant risk management policies or strategies are formulated as follows:</p> <table border="1"> <thead> <tr> <th>Type of Risk</th> <th>Description of Risk</th> <th>Risk Management Strategy (Response Measures)</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Greenhouse gas emissions continue to increase</td> <td>           1. Introduction of ISO14064 system to obtain external certification, and through collection of reasonable emissions data, perform cause analysis and propose improvement strategy            2. Through         </td> </tr> </tbody> </table>	Type of Risk	Description of Risk	Risk Management Strategy (Response Measures)	Environment	Greenhouse gas emissions continue to increase	1. Introduction of ISO14064 system to obtain external certification, and through collection of reasonable emissions data, perform cause analysis and propose improvement strategy 2. Through	No significant differences
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Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>compliance with the government's regulation on the annual electricity saving of 1%, effectively reduce greenhouse gas emissions</p> <p>3. Assess the feasible solutions for replacement of parts during production operation, select and use high performance equipment for replacement, in order to reduce carbon emissions</p>	
			<p>Fail to save energy effectively</p> <p>1. Participate in energy saving and carbon reduction topics organized by the external, and assess the feasibility effectively and introduce to the internal for operation</p> <p>2. Assess the feasible solutions for</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>replacement of parts during production operation, select and use high performance equipment for replacement, in order to save electricity</p> <p>Continuous increase of wastewater discharge</p>	
			<ol style="list-style-type: none"> <li>1. Monitor the internal water consumption record and send e-mail to each unit on a daily basis, and if there is any abnormal large water consumption, propose for review and implement improvement plan</li> <li>2. Through the ISO14001 system operation, perform external audit on the goal achievement outcome annually</li> <li>3. Participate in energy saving topic organized by the external, and assess</li> </ol>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>the feasibility effectively and introduce to the internal for operation</p> <p>Increase of waste treatment volume / Reduction of recycling rate</p> <p>Water shortage</p>	<p>1. Effectively analyze various waste types and data according to the internal waste management procedure, in order to review the cause of abnormality</p> <p>2. Through the ISO14001 system operation, perform external audit on the goal achievement outcome annually</p> <p>3. Participate in waste recycle and reduction topic organized by the external, and assess the feasibility effectively and introduce to the internal for operation</p> <p>In case of water</p>

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>shortage, adopt the internally established emergency water saving measures for manufacturing processes with relatively large water consumption, and the Management Department assists to contact external water supply truck company to perform water supply operation.</p> <p>Typhoon, flood</p> <p>In case of typhoon or flood, each unit staff cooperates with the employees of the same commute route and arranges driving personnel to assist with the commute to/from work. For migrant workers, the human resource agency assists with the commute to/from work. The facility and safety/health personnel inspect the internal building and structure</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof						
	Yes	No	Summary description							
			<table border="1"> <tr> <td></td> <td></td> <td>related safety operations.</td> </tr> <tr> <td>Social aspect</td> <td>Occurrence of occupational accident (including COVID-19 pandemic impact)</td> <td> <ol style="list-style-type: none"> <li>1. Establish Occupational Safety and Health Committee, and invite labor representatives to participate in the committee, accounting for 1/2 of the total number of committee members. The President acts as the Chairman, and meeting is convened quarterly, in order to inspect the occupational safety and health matters of the Company</li> <li>2. Introduce ISO 45001 occupational safety and health management, and obtain certification</li> <li>3. Perform occupational safety and health risk</li> </ol> </td> </tr> </table>			related safety operations.	Social aspect	Occurrence of occupational accident (including COVID-19 pandemic impact)	<ol style="list-style-type: none"> <li>1. Establish Occupational Safety and Health Committee, and invite labor representatives to participate in the committee, accounting for 1/2 of the total number of committee members. The President acts as the Chairman, and meeting is convened quarterly, in order to inspect the occupational safety and health matters of the Company</li> <li>2. Introduce ISO 45001 occupational safety and health management, and obtain certification</li> <li>3. Perform occupational safety and health risk</li> </ol>	
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Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
				<p>assessment annually, and discuss issues during safety and health committee meetings</p> <p>4. Perform occupational safety reporting monthly, and perform accident cause investigation and analysis for major occupational accidents, in order to prevent and improve such accidents</p> <p>5. Perform field compliance inspection monthly and irregularly</p> <p>6. Closed loop management, and reduce personnel movement</p> <p>7. Implement body temperature measurement and other tests daily, to ensure the bodily</p>

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof						
	Yes	No	Summary description							
			<table border="1"> <tr> <td></td> <td>health of employees</td> </tr> <tr> <td>Overwork (long period of work)</td> <td> <ol style="list-style-type: none"> <li>1. Employees sign for voluntary overtime</li> <li>2. When an employee overtime exceeds time limits, warning is issued timely</li> <li>3. Leave is arranged according to job positions</li> <li>4. Organize various types of activities for stress relief of employees</li> </ol> </td> </tr> <tr> <td>Overly high turnover rate (facing labor shortage)</td> <td> <ol style="list-style-type: none"> <li>1. Improve benefit policy of the Company, value employee training and employee satisfaction survey</li> <li>2. Provide reference to management improvement and policy adjustment of the Company, make correction in case of discovery of issues, and continuously increase employee</li> </ol> </td> </tr> </table>		health of employees	Overwork (long period of work)	<ol style="list-style-type: none"> <li>1. Employees sign for voluntary overtime</li> <li>2. When an employee overtime exceeds time limits, warning is issued timely</li> <li>3. Leave is arranged according to job positions</li> <li>4. Organize various types of activities for stress relief of employees</li> </ol>	Overly high turnover rate (facing labor shortage)	<ol style="list-style-type: none"> <li>1. Improve benefit policy of the Company, value employee training and employee satisfaction survey</li> <li>2. Provide reference to management improvement and policy adjustment of the Company, make correction in case of discovery of issues, and continuously increase employee</li> </ol>	
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Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>satisfaction and cohesion, in order to ensure fast and stable development of the Company</p> <p>Product Liability (encountering product recall/off-shelf)</p> <ol style="list-style-type: none"> <li>1. Improve product quality control and return/exchange mechanism</li> <li>2. Enhance negotiation with customers, in order to increase competitiveness of shipped products, and adjust production plan of the Company</li> <li>3. Monitor hazardous substance management system operation, convene environmental management promotion review meetings, review international environmental protection regulations and</li> </ol>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>laws, set up HSF goal, implement hazardous substance reduction plan, and perform environmental restricted substance control plan</p> <p>4. When the customer submits requests on specific environmental technology standards, the Company shall comply and satisfy customer demands</p> <p>5. In case of discovery of abnormality of hazardous substance, it is necessary to report to the management and to execute instructions made by the management for the report</p>	
			<p>Governance</p> <p>Ethics and Integrity</p> <p>1. System aspect: Ethical Corporate Management Best Practice Principles,</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
				<p>Procedures for Ethical Management and Guidelines for Conduct, Anti-corruption Management Regulations, Procedures for Anti-corruption Investigation and Management Operation, Code of Ethical Conduct, etc. have been stipulated and implemented. In addition, reporting channel and handling process have been established.</p> <p>2. Enhance declaration and determination: Each employee is required to sign the Code of Ethics</p> <p>3. Continuous communication: Education on</p>

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>relevant topics is organized during the education and training for new employees. One time of ethical management and anti-corruption education and training is organized annually for on-job employees.</p> <p>4. Implement control: Event investigation statistical table is performed once monthly, which is reported by the Management Department to the Audit Office</p>	
			<p>Occurrence of information security event</p> <p>1. Elevate the corporate and organization hierarchy (department level) of the information unit, and plan the information unit to be under the</p>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			<p>management of President</p> <ol style="list-style-type: none"> <li>2. Establish "Regulations for Information Security Event Reporting and Response" to explicitly specify the accident level, reporting process and handling methods</li> <li>3. Plan the mutual backup between system database, and perform remote backup schedule, in order to support the system recovery</li> <li>4. Perform information system "Accident recovery drill" annually, and output relevant drill reports</li> <li>5. Set up ATS response system and install power generator for the server room, in</li> </ol>	

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
				<p>order to ensure that the operation is not affected by the electricity shortage</p> <p>6. Install firewall and update the anti-virus software of each terminal periodically, and continue to plan the information security enhancement measures of AD, MDR, etc.</p> <p>7. CPA performs information audit annually, and the external reviews each information process for compliance with the standards and systems</p> <p>8. Implement internal information security education and training periodically in order to enhance personnel</p>

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			information security awareness	
<p>III. Environmental issues</p> <p>(I) Has the Company established an appropriate environmental management system based on its industry characteristics?</p> <p>(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?</p> <p>(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?</p>	v		<p>The Company has obtained and passed ISO14001:2015 environmental management system certification, and has clearly formulated environmental policies. The industry characteristics and all systems related to environmental management are handled in accordance with the environmental management system and environmental protection laws and regulations, and their implementation results are to be reviewed at any time for continuous improvement.</p> <p>We do our best to improve the utilization of various resources. For example, we implement waste classification management to increase the resource recycling rate and continue to recycle and reuse raw materials from the process, to reduce costs and alleviate the impact on the environment as well. The overall waste recycling rate in 2023 reached 82.61%.</p> <p>(III) Although the Company has not yet assessed the potential risks and opportunities of climate change to the Company now and in the future, in practice there are relevant measures to reduce the day-to-day work that may give rise to climate change. Such measures include the use of electronic receipts and introduction of an electronic approval system to make it easier to send and receive documents, saving document delivery time and paperwork costs. We use double-sided paper as much as possible, and set up a recycling container next to the photocopiers to recycle the used paper, significantly reducing resource usage such as paper consumption. In addition, our offices set the air conditioning temperature at 26°C during summer, replace all lights with LED T5</p>	<p>No significant differences</p> <p>No significant differences</p> <p>No significant differences</p>

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			ones, launch a light-off mechanism during lunch breaks and off work to reduce power consumption, thereby slowing down global warming. Moreover, we have replaced old air conditioners and air compressors to achieve the purpose of energy saving and carbon reduction.	
(IV) Has the Company kept statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?	v		<p>The Company features an ISO14001:2015 environmental management system that is announce in accordance with the content of our policy for a circular environment, and under which we make commitments on environmental management issues. In addition, control targets have been set for each item of industrial waste reduction issues. Topics include water consumption in the factory area, reduction of total electricity consumption, waste reduction, and so on. The performance of each target is in line with the preset target value. The Company has dedicated factory personnel who are responsible for data management and analysis of total water consumption, total electricity consumption, total waste tonnage, greenhouse gas CO2 emissions, energy conservation, and so on in the factory, so as to effectively grasp the relevant information. The specific results are summarized as follows:</p> <ol style="list-style-type: none"> <li>(1) Environmental management commitment <ol style="list-style-type: none"> <li>1. Establish, implement and maintain an environmental management system</li> <li>2. Commit to industrial waste reduction, pollution prevention and continuous improvement</li> <li>3. Comply with relevant environmental laws and regulations and customer requirements</li> <li>4. Promote the concept of green design, implementing waste classification and removal management to improve environmental performance</li> <li>5. Through communication, advocacy and education training,</li> </ol> </li> </ol>	No significant differences

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																																				
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			<p>make all employees aware of the importance of environmental management</p> <p>6. Communicate environmental protection information to relevant parties</p> <p>(2)Waste reduction issues and control objectives, promotion measures and achievement status</p> <p>1. Group water resource analysis</p> <table border="1"> <thead> <tr> <th colspan="5">Analysis diagram of water withdrawal</th> </tr> <tr> <th>Year</th> <th>Plant</th> <th>Total water withdrawal (ML)</th> <th>Total drainage (ML)</th> <th>Water consumption (ML)</th> </tr> </thead> <tbody> <tr> <td rowspan="4">2021</td> <td>Youth Industrial Park Plant in Taiwan</td> <td>144.55</td> <td>110.24</td> <td>34.31</td> </tr> <tr> <td>Subsidiary TAIPAQ Plant</td> <td>71.75</td> <td>25.31</td> <td>46.43</td> </tr> <tr> <td>Subsidiary Kunshan Plant</td> <td>26.60</td> <td>10.66</td> <td>15.94</td> </tr> <tr> <td>Group total</td> <td>242.9</td> <td>146.21</td> <td>96.68</td> </tr> <tr> <td rowspan="2">2022</td> <td>Youth Industrial Park Plant in Taiwan</td> <td>127.4</td> <td>88.46</td> <td>38.94</td> </tr> <tr> <td>Rented plants and</td> <td>9.2</td> <td>7.36</td> <td>1.84</td> </tr> </tbody> </table>	Analysis diagram of water withdrawal					Year	Plant	Total water withdrawal (ML)	Total drainage (ML)	Water consumption (ML)	2021	Youth Industrial Park Plant in Taiwan	144.55	110.24	34.31	Subsidiary TAIPAQ Plant	71.75	25.31	46.43	Subsidiary Kunshan Plant	26.60	10.66	15.94	Group total	242.9	146.21	96.68	2022	Youth Industrial Park Plant in Taiwan	127.4	88.46	38.94	Rented plants and	9.2	7.36	1.84	
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Promotion item	Implementation				Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description		
				rented premises	
				Parent company total	136.6 95.82 40.78
				Subsidiary TAIPAQ Plant	45.31 19.9 25.41
				Subsidiary Kunshan Plant	15.71 8.36 7.35
				Group total	197.62 124.08 73.54
			2023	Youth Industrial Park Plant in Taiwan	88.82 55.93 32.89
				Rented plants and rented premises	5.29 4.23 1.06
				Parent company total	94.11 60.16 33.95
				Subsidiary TAIPAQ Plant	38.97 22.64 16.33
				Subsidiary Kunshan Plant	19.26 7.97 11.29
				Group total	152.34 90.77 61.57

Promotion item	Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																				
	Yes	No																					
		<p>Note: Tai-Tech's disclosure of the Group's water resource data for the previous 2 years.</p> <p>2. Reuse of water resources  Goals: Water recycling and reuse rate in the main plant in the Youth Industrial Park of Taiwan in 2023 was more than 15%.  Promotional measures: utilize excess ROR wastewater in the plant, introduce water for public toilets, processes with low water quality requirements, and air pollution equipment, etc. and record the results according to the reading value of the water meter  Achievements: The target was not achieved due to the poor quality of ROR wastewater introduced into the process, resulting in low capacity utilization rate.</p> <table border="1"> <thead> <tr> <th colspan="4">Water recycling and reuse</th> </tr> <tr> <th>Year</th> <th>Total tap water consumption (M)</th> <th>Total water reuse (M)</th> <th>Water recovery rate</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>144,553</td> <td>22,057</td> <td>15.26%</td> </tr> <tr> <td>2022</td> <td>127,395</td> <td>23,770</td> <td>18.66%</td> </tr> <tr> <td>2023</td> <td>88,816</td> <td>9,006</td> <td>10.14%</td> </tr> </tbody> </table> <p>Notes: Achievements derived from recycling and reusing water resources of the Youth Industrial Park Plant in Taiwan.</p> <p>3. To reduce the ratio of water consumed in the core processes of the Taiwan-based Youth Industrial Park Plant to total water consumption  Goals: Continue to progress towards the goal of reducing the ratio of water consumption in core processes to total water consumption from 75% to 72%.</p>	Water recycling and reuse				Year	Total tap water consumption (M)	Total water reuse (M)	Water recovery rate	2021	144,553	22,057	15.26%	2022	127,395	23,770	18.66%	2023	88,816	9,006	10.14%	
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			<p>Implementation measures: making investment to replace old-model pure water fountains with an RO system to effectively increase the water production rate, and monitoring the use of water on a daily basis to spot any problem and review and resolve it. Achieving status: Goals achieved.</p> <table border="1"> <thead> <tr> <th colspan="4">Ratio of water consumed in core processes to total water consumption</th> </tr> <tr> <th>Year</th> <th>Total tap water consumption (M)</th> <th>Water consumed in core processes (M)</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>144,553</td> <td>108,875</td> <td>75.32%</td> </tr> <tr> <td>2022</td> <td>127,395</td> <td>92,710</td> <td>72.77%</td> </tr> <tr> <td>2023</td> <td>88,816</td> <td>45,740</td> <td>51.49%</td> </tr> </tbody> </table> <p>4. Group-wide waste statistics chart</p> <table border="1"> <thead> <tr> <th colspan="5">Waste statistics chart</th> </tr> <tr> <th>Year</th> <th>Plant</th> <th>Total waste (metric tonnes)</th> <th>Total hazardous waste (metric tons)</th> <th>Total non-hazardous waste (metric tons)</th> </tr> </thead> <tbody> <tr> <td rowspan="4">2021</td> <td>Taiwan-based parent company</td> <td>621.344</td> <td>458.319</td> <td>163.025</td> </tr> <tr> <td>Subsidiary TAIPAQ Plant</td> <td>501.493</td> <td>210.838</td> <td>290.655</td> </tr> <tr> <td>Subsidiary Kunshan Plant</td> <td>107.926</td> <td>40.126</td> <td>67.8</td> </tr> <tr> <td>Group total</td> <td>1230.763</td> <td>709.283</td> <td>521.48</td> </tr> </tbody> </table>	Ratio of water consumed in core processes to total water consumption				Year	Total tap water consumption (M)	Water consumed in core processes (M)	Ratio	2021	144,553	108,875	75.32%	2022	127,395	92,710	72.77%	2023	88,816	45,740	51.49%	Waste statistics chart					Year	Plant	Total waste (metric tonnes)	Total hazardous waste (metric tons)	Total non-hazardous waste (metric tons)	2021	Taiwan-based parent company	621.344	458.319	163.025	Subsidiary TAIPAQ Plant	501.493	210.838	290.655	Subsidiary Kunshan Plant	107.926	40.126	67.8	Group total	1230.763	709.283	521.48	
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<p>Note: Tai-Tech's disclosure of the Group's waste data for the previous 2 years</p> <p>5. Improve the overall waste reuse and recycling rate at Youth Industrial Park in Taiwan  Goals: In 2023, increase the overall waste recycling rate by 1%.  Promotion measures: To explore the methods for reusing the waste to be disposed of on a commission basis to effectively</p>																																						

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			<p>recycle and reuse waste; and to record the reused volume, expressed as a percentage of the total waste volume and total disposal volume in a given year.</p> <p>Achievements: The target has not been achieved. The weight of general waste was higher than the previous year, and there were no conditions for recycling.</p> <table border="1"> <thead> <tr> <th colspan="4">Total amount of sustainable waste recycling (mt)</th> </tr> <tr> <th>Item</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Total waste weight</td> <td>621.344</td> <td>604.277</td> <td>648.367</td> </tr> <tr> <td>Total weight of recycled hazardous waste</td> <td>396.254</td> <td>457.717</td> <td>486.381</td> </tr> <tr> <td>Total weight of recycled non-hazardous waste</td> <td>80.825</td> <td>58.895</td> <td>49.226</td> </tr> <tr> <td>Hazardous waste recycling rate</td> <td>63.77%</td> <td>75.75%</td> <td>75.02%</td> </tr> <tr> <td>Overall waste recycling rate</td> <td>76.78%</td> <td>85.49%</td> <td>82.61%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="5">Sustainable waste recycling (unit: metric tons)</th> </tr> <tr> <th>Year</th> <th>Waste designation</th> <th>Total output</th> <th>Total amount of reuse (off-site)</th> <th>Recycling rate</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>Electroplating sludge</td> <td>191.99</td> <td>187.63</td> <td>97.73%</td> </tr> <tr> <td>2022</td> <td>Electroplating sludge</td> <td>144.27</td> <td>144.27</td> <td>100%</td> </tr> <tr> <td>2023</td> <td>Electroplating sludge</td> <td>142.75</td> <td>142.75</td> <td>100%</td> </tr> </tbody> </table>	Total amount of sustainable waste recycling (mt)				Item	2021	2022	2023	Total waste weight	621.344	604.277	648.367	Total weight of recycled hazardous waste	396.254	457.717	486.381	Total weight of recycled non-hazardous waste	80.825	58.895	49.226	Hazardous waste recycling rate	63.77%	75.75%	75.02%	Overall waste recycling rate	76.78%	85.49%	82.61%	Sustainable waste recycling (unit: metric tons)					Year	Waste designation	Total output	Total amount of reuse (off-site)	Recycling rate	2021	Electroplating sludge	191.99	187.63	97.73%	2022	Electroplating sludge	144.27	144.27	100%	2023	Electroplating sludge	142.75	142.75	100%	
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			2021	Waste electronic components, scraps, and defective products	8.624	8.624	100.00%	
			2022	Waste electronic components, scraps, and defective products	12.937	8.917	68.93%	
			2023	Waste electronic components, scraps, and defective products	9.951	9.951	100%	
			2023	Plastic empty chemical buckets	0.68	0.68	100%	
			Note: Waste recycling and reuse rate in the Taiwan-based Youth Industrial Park Plant.					
			Waste sustainable recycling technology					
			Year	Waste designation	Total output	Total recycling volume (within factory)	Recycling rate	
			2021	Electroplating waste liquid	200	200	100.00%	
			2022	Electroplating waste liquid	305	304.53	99.85%	

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			2023	Electroplating waste liquid	333	333	100%																					
			<p>Note: we introduced high-concentration processing operations through innovative technologies in Youth Industrial Park Plant in Taiwan, passing high-concentration waste liquid in the electroplating process through the high-concentration primary treatment facility. After the treatment, the water is confluent to the wastewater treatment facility. Finally, the qualified drainage water is discharged.</p> <p>6. Energy saving: Goals: Taiwan-based Youth Industrial Park Plant cooperates with the government to promote energy saving declarations by major energy users, attaining at least 1% energy savings per year. Promoting measures: Recognize power savings over the span of January to March. Achievement: the target has not been achieved, but the average annual power conservation rate is in line with the target.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Energy used (units)</th> <th>Energy savings (units)</th> <th>Annual electricity saving rate</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>26,022,800</td> <td>278,906.25</td> <td>1.06%</td> </tr> <tr> <td>2022</td> <td>24,192,400</td> <td>398,437.5</td> <td>1.62%</td> </tr> <tr> <td>2023</td> <td>19,156,000</td> <td>139,153.1</td> <td>0.72%</td> </tr> </tbody> </table> <p>Note: Average power saving rate from 2015 to 2023: 1.63%</p> <p>(3). Group energy consumption and intensity for the most recent two years</p> <table border="1"> <thead> <tr> <th>Data on the type of</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Year	Energy used (units)	Energy savings (units)	Annual electricity saving rate	2021	26,022,800	278,906.25	1.06%	2022	24,192,400	398,437.5	1.62%	2023	19,156,000	139,153.1	0.72%	Data on the type of	2022	2023			
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			energy consumed	Total	Unit	Total	Unit	
			Liquefied natural gas (internal) - Taiwan-based Youth Industrial Park Plant	67,529	kg	80,360	kg	
			Purchased electricity (internal) - Taiwan-based Youth Industrial Park Plant	24,192,400	kWh	19,156,000	kWh	
			Purchased electricity (internal) - Taiwan-based plants - other rented premises	6,427,149	kWh	3,277,721	kWh	
			Purchased electricity (internal) - Subsidiary (TAIPAQ Plant)	33,234,781	kWh	29,523,960	kWh	
			Purchased electricity (internal) - Subsidiary (Kunshan Plant)	6,560,085	kWh	6,779,104	kWh	
			Gasoline (external) - Taiwan-based plant of the parent	7,231.98	Liter	7,852.83	Liter	

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IV. Social issues (I) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?	v		(I) In order to fulfill our corporate social responsibilities and to safeguard and protect basic human rights, the Company agrees to and promises to abide by norms of international human rights	No significant differences												

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(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflected business performance or results in employee compensation?	v		<p>conventions, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the International Labor Convention, and so on. The Company accordingly took the initiative to formulate a human rights policy to reflect our responsibility to respect and protect human rights and comply with local labor and environmental laws and regulations in our places of operation. Announced on March 2, 2022 and translated into migrant workers' mother languages in June of the same year (Vietnamese, Indonesian), this policy was formulated in order to prevent any infringements or violations of human rights.</p> <p>(II) Tai-Tech's salary and remuneration policy for employees is subject to individual ability, contribution to the Company, performance, and the consideration for the Company's future operational risks. The Company abides by the Company Act and its Articles of Incorporation to appropriate a certain percentage of pre-tax income as employee compensation, which is distributed in the middle of the following year. The Company also appropriates a fixed percentage of post-tax earnings as employee bonuses, which are distributed before the Chinese New Year's Eve, and is reflective of the Company's business performance and outcomes.</p>	No significant differences
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	v		(III) The Company has set up its Occupational Safety and Health Office, which comprises one occupational health management specialist, two occupational health management personnel and one occupational safety and health manager. Responsible for formulating occupational safety and health policies, implementing safety and health plans, and ensuring compliance with the ISO 45001 system. The goal is to create a safe and healthy working environment for each employee and related personnel, and to continuously improve occupational safety and health performance	No significant differences

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			<p>by avoiding risks, preventing accidental deaths and reducing work-related injuries and health problems.</p> <table border="1"> <thead> <tr> <th>Occupational safety and health policies</th> <th>Content</th> </tr> </thead> <tbody> <tr> <td>Compliance</td> <td> <ol style="list-style-type: none"> <li>1. There was no violation of occupational safety and health laws or any resulting penalty in 2023.</li> <li>2. Maintain the effectiveness of the ISO 45001 management system.</li> <li>3. Safety and health work principles are established in accordance with relevant laws and regulations and the ISO 45001 management system.</li> </ol> </td> </tr> <tr> <td>Training and Education</td> <td> <ol style="list-style-type: none"> <li>1. Education and training shall be implemented for newly recruited employees, machinery and equipment operators, special operators and supervisors in accordance with laws and regulations and they shall obtain relevant qualification certificates.</li> <li>2. All dangerous machinery and equipment in the plant are subject to regular inspections according to laws and regulations. Operators have obtained professional licenses and received regular on-the-job training.</li> <li>3. In-service employees are given on-the-job trainings regularly every year to raise their safety and health awareness.</li> <li>4. Each year, four safety and health courses are</li> </ol> </td> </tr> </tbody> </table>	Occupational safety and health policies	Content	Compliance	<ol style="list-style-type: none"> <li>1. There was no violation of occupational safety and health laws or any resulting penalty in 2023.</li> <li>2. Maintain the effectiveness of the ISO 45001 management system.</li> <li>3. Safety and health work principles are established in accordance with relevant laws and regulations and the ISO 45001 management system.</li> </ol>	Training and Education	<ol style="list-style-type: none"> <li>1. Education and training shall be implemented for newly recruited employees, machinery and equipment operators, special operators and supervisors in accordance with laws and regulations and they shall obtain relevant qualification certificates.</li> <li>2. All dangerous machinery and equipment in the plant are subject to regular inspections according to laws and regulations. Operators have obtained professional licenses and received regular on-the-job training.</li> <li>3. In-service employees are given on-the-job trainings regularly every year to raise their safety and health awareness.</li> <li>4. Each year, four safety and health courses are</li> </ol>	
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			<p>held for high-risk matters in the plant to create a safe working atmosphere.</p> <p><b>Risk Management</b></p> <ol style="list-style-type: none"> <li>1. The Company formulated its “Procedures for Assessing Occupational Safety and Health Risks” by referencing the Guidelines for Assessing Risks announced by the Occupational Safety and Health Administration, MOL, lest any operation or facility endangers personnel’s safety and health. Risks were reduced to an acceptable level via hazard identification, risk assessment, and project-based management and improvement.</li> <li>2. The Company has formulated its emergency response procedures, procurement management system, contractor management system, and change management and control system to reduce the occurrence of risks incidental to certain operations.</li> <li>3. Work-related accidents and near misses are investigated, dealt with, tallied up and analyzed.</li> </ol> <p><b>Health Care</b></p> <ol style="list-style-type: none"> <li>1. Annual health checks are conducted for employees in order to understand the health status of employees and the basis for improving the management of the operating environment.</li> <li>2. If there are employees with abnormal health checks and they are listed as second-tier management, assessments and health education recommendations will be</li> </ol>	

Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
			<p>scheduled.</p> <ol style="list-style-type: none"> <li>3. The Company implements operating environment monitoring every six months to maintain employee health.</li> <li>4. The Company arranges for occupational health physicians to advise employees on health issues on site every month.</li> <li>5. The Company distributes health-promoting literature to employees so that they can gain knowledge of health.</li> <li>6. Health-promoting seminars are held from time to time to raise the awareness of health-related issues and take care of employees' health.</li> </ol>	
		Continuous Improvement	<ol style="list-style-type: none"> <li>1. For each assessed risk, the Company either makes project-based improvement, revises management regulations, adds personal protective gears, adjusts environment facilities, or improves work methods to prevent the recurrence of the same accident.</li> <li>2. On-site audits are carried out monthly to confirm the working environment and employee personal safety protection measures; and appropriate improvement suggestions are given to provide colleagues with a safe working environment.</li> <li>3. Employees' dormitory provided by brokers is checked quarterly to ensure that employees' living conditions meet the minimum requirements.</li> </ol>	

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	Yes	No	
(IV) Has the Company provided effective training in career v planning for employees?		<p>Occupational accident investigation and statistics  A total of 8 occupational disasters were reported in 2023.  Near miss 3  Traffic accident 7 cases  Minor injury 5  Disability accident 8 cases  Severe occupational accident 0  Note 1: Minor injuries means those whose treatment requires only simple bandaging or the first-aid kit instead of hospitalization. Nor do such injuries have any effect on the loss of work hours.  Note 2: Near misses are occasional events that do not adversely impact personnel, equipment, or environment.  There was no fire accident in the Company in 2023, and the "LPG Container Connection Management Plan" has been formulated for high-risk areas</p> <p>(IV)The Company has been attentive toward employee career planning and is committed to talent cultivation. We actively encourage employees to participate in various training courses that are based on the functional needs of the Company's employees as they participate in courses or seminars sponsored by external or internal organizations. Employees can also apply for education and training sessions according to their needs at work, to train their abilities for career development. In addition, the Company has formulated its "Regulations for Application for Continuing Education", by which tuition and miscellaneous expenses are fully subsidized in order to encourage employees to continue their education while working. In 2022, the Company took the initiative to apply for the coaching on the Talent quality-management system (TTQS) of the Ministry of Labor; that was the first time the Company had been evaluated, and it won a bronze certificate, indicating its effort and professionalism in talent training and</p>	No significant differences

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	Yes	No	
			development. In 2023, the eHRD system was introduced to implement systematic training management and provide an online training platform for colleagues.
(V) Regarding issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer and customer protection policies and complaint procedures?	v		(V) The Company does not manufacture end products, but has "Customer Complaint Handling Procedures" to provide customers with complaint procedures when they are not satisfied with the Company's products or services. For customer health and safety, customer privacy, marketing and labelling of products and services, we follow industry-related regulations and international standards.
(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?	v		(VI) In order to implement our supply chain management strategy, the Company conducts regular evaluations of its suppliers so as to avoid dishonest business activities. We also follow international organization standards and initiative trends by incorporating the spirit of the Responsible Business Alliance (RBA) Code of Conduct into the Company's overall supply chain management strategy. We have thus formulated the guidelines for the entire supply chain to follow in the five major dimensions of labor, health and safety, environment, ethics, and management systems, to lead our business partners to jointly create the maximum values for the environment and society. In the aspect of occupational safety, we have formulated the Contractor Management Procedures, and the Occupational Safety and Health Office sends emails regularly regarding relevant occupational safety and health matters to engage with supply chain partners. As for environmental protection issues, we have formulated the "Green/Environmental Product Specifications Operating Procedures," which will be requested to suppliers to sign and return when new specifications are recognized, to urge suppliers to follow the latest green standards. During the annual supplier audit, suppliers must fill in the supplier audit checklist and return it. If any records of serious adverse impact on the environment and society are found during the

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
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			transaction or collaboration period, the business dealings with such suppliers will be terminated immediately.	
V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of sustainability reports and other reports that disclose the Company's non-financial information? Did the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?		v	<p>The Company released our first Corporate Social Responsibility (CSR) report in Chinese in September 2021; and released it in English in December of the same year. (This report will be renamed as the "Sustainability Report" in the future.) In addition, the Company publish its third "ESG Report" in September 2023. This report is prepared voluntarily to mainly present our Company's ESG efforts in 2021 and 2022 for the reference of our stakeholders. In the future, we will publish an ESG Report (Sustainability Report) on a regular basis every year to meet the public expectations of our sustainable business operations.</p> <p>This report reveals the Company's management policy and execution performance in material topics in the economic, environmental, and social aspects. It is prepared in alignment with the core option of the Global Reporting Initiative Standards (GRI Standards). The information on the financial performance has been audited by a CPA firm.</p> <p>To ensure the disclosure quality of the ESG Report, the Company's 2022 ESG report was entrusted to an external independent institution PwC Taiwan to verify the compliance with GRI Standards according to Accounting Research and Development Foundation ROC GAAP No. 1, and the limited assurance opinion has been obtained.</p>	No significant differences
<p>VI. If the Company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the Principles:</p> <ol style="list-style-type: none"> <li>1. On September 17, 2020, the Board of Directors of the Company approved the "Corporate Social Responsibility Best Practice Principles;" and on January 18, 2022, the Board of Directors revised and approved to change its designation to the "Sustainable Development Best Practice Principles."</li> <li>2. The Company attaches great importance to occupational safety, environmental protection, safety and health. In addition to obtaining ISO 14001 and ISO 45001 certification, the Company will regularly monitor the air, noise, waste and energy consumption in the plant. standard value and an improvement plan will be implemented immediately.</li> </ol>				

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
3.			The Company attaches great importance to harmonious labor relations and the employee welfare system. An Employee Welfare Committee has been established; the pension system has been implemented; and we have arranged a range of employee training courses, employee group insurance, and regular health checkups. Meanwhile, regular labor-management meetings are held to emphasize the importance of harmonious labor relations.	
VII.			Other important information helpful to understand the implementation of the promotion of sustainable development:	
1.			The Company complies with the requirements of environmental protection laws in terms of raw material input, product output, exhaust gas, wastewater, and waste treatment. The Company entrusts a professional treatment company to operate the sewage treatment facility at the plants 24/7. To ensure that our wastewater discharged is in compliance with laws and regulations. In 2023, we paid a total of NT\$3,528,000 on the costs of operation by the treatment company, and a total of NT\$1,880,000 on chemicals.	
2.			Companies of the Group treat their employees as family members, providing various types of emergency assistance and visits to vulnerable families in towns and villages, etc. to offer assistance for living needs.	
3.			The Company's waste paper recycling is entrusted to Tzu Chi to handle. Funds from the recovered amounts will be given to Tzu Chi for charity.	
4.			Plants are adopted outside the factory area and flowers and trees are trimmed.	
5.			The temperature of air-conditioning is controlled to achieve energy saving and carbon reduction.	
6.			We promote e-concepts with online applications and sign-offs for multiple assignments, reducing paper waste and making good use of the blank surfaces of waste documents for recycling and reuse.	
7.			In cooperation with the government's promotional requirements, the Company has an electric scooter charging station in the factory to charge electric vehicles.	
8.			We cooperate with the government's promotion of energy saving among major energy users to declare at least 1% energy saving per year, and the average annual electricity saving rate for the five consecutive years from 2015 to 2023 reached 1.63%, which was in line with government requirements.	
9.			We donated NT\$50,000 to the Fangzhou Nursing Home to care for the mentally disabled elders.	
10.			In respect to social welfare and care activities in 2021-2023, starting in November 2021 we sponsored the Taitung National Chenggong Commercial Fisheries Vocational School Youth Baseball Team with NT\$50,000 month. From December 2021 onwards, the Company continues to sponsor the Taipei University of Science and Technology swimming team with NT\$20,000 per month; Public welfare sponsorship expenses totaled NT\$1.822 million in 2023	

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	Yes	No	

VIII. Climate-Related Information of Publicly Listed Company  
Risks and opportunities posed by climate change to the Company and the responsive measures taken by the Company

Item	Implementation														
<ol style="list-style-type: none"> <li>Describe the supervision and governance of Board of Directors and the management on climate-related risks and opportunities.</li> <li>Describe how the climate risks and opportunities identified affect the business, strategy and finance of the company (short, medium and long term).</li> <li>Describe the impact of extreme climate events and transformation action on finance.</li> <li>Describe how to integrate the climate risk identification, assessment and management processes in the risk management system.</li> <li>If the scenario analysis is used to assess the resilience against the climate change risk faced, it is necessary to explain the scenario, parameters, assumptions, analysis factors used and main financial impacts.</li> <li>If there is a transformation plan for management of climate-related risks, explain the plan content, and the indicators and targets used for identifying and managing physical risks and transformation risks.</li> <li>If the internal carbon pricing is used as a planning tool, it is necessary to explain the price establishment basis.</li> <li>If climate-related target is set, it is necessary to explain the information of activities, greenhouse gas emissions scope, schedule plan and annual achievement progress covered. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the source or quantity of the carbon reduction offset or the quantity of renewable energy certificates (RECs).</li> </ol>	<p>Although Tai-Tech currently does not have a climate governance organization, in the future, we will establish a governance unit in line with the TCFD framework, and raise this issue to the board level as the basis for the Company to set out countermeasures against climate change. In view of the potential risks and opportunities arising from climate change, the Company has conducted preliminary assessment and identification and the results are as follows.</p> <p>Climate change risks and opportunities</p> <table border="1"> <thead> <tr> <th>Risk/Opportunity</th> <th>Physical Risk</th> <th>Transition Risk</th> </tr> <tr> <th>Item</th> <th>Long term</th> <th>Market</th> </tr> </thead> <tbody> <tr> <td>Topics</td> <td>Rainfall (rainwater) pattern change and climate pattern extreme change</td> <td>Increase of raw material cost</td> </tr> <tr> <td>Potential financial impact</td> <td> <ol style="list-style-type: none"> <li>Increase of operating cost (such as insufficient water of hydroelectric power station or insufficient cooling water of nuclear power plant or fossil-fuel power station)</li> <li>Increase of infrastructure cost (such as facility damage)</li> <li>Decrease of revenue due to reduction of sales volume/output</li> <li>Increase of insurance fee and assets located at “high risk” area facing insurance</li> </ol> </td> <td> <ol style="list-style-type: none"> <li>Decrease of product and service demand due to change of consumer preference</li> <li>Increase of production cost due to changes of investment cost (such as energy, water) and output demand (such as waste treatment)</li> <li>Unexpected energy cost change</li> <li>Revenue portfolio and source change</li> <li>Asset re-pricing (such as fossil fuel storage, land valuation, security valuation)</li> </ol> </td> </tr> </tbody> </table>			Risk/Opportunity	Physical Risk	Transition Risk	Item	Long term	Market	Topics	Rainfall (rainwater) pattern change and climate pattern extreme change	Increase of raw material cost	Potential financial impact	<ol style="list-style-type: none"> <li>Increase of operating cost (such as insufficient water of hydroelectric power station or insufficient cooling water of nuclear power plant or fossil-fuel power station)</li> <li>Increase of infrastructure cost (such as facility damage)</li> <li>Decrease of revenue due to reduction of sales volume/output</li> <li>Increase of insurance fee and assets located at “high risk” area facing insurance</li> </ol>	<ol style="list-style-type: none"> <li>Decrease of product and service demand due to change of consumer preference</li> <li>Increase of production cost due to changes of investment cost (such as energy, water) and output demand (such as waste treatment)</li> <li>Unexpected energy cost change</li> <li>Revenue portfolio and source change</li> <li>Asset re-pricing (such as fossil fuel storage, land valuation, security valuation)</li> </ol>
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	Yes	No		
9. Greenhouse gas inventory inspection and assurance status (To be filled in separately in 1-1).				
			enrollment difficulty	
	Company's countermeasures		When the probability of rainfall is extremely small, in case of water shortage at the internal of the plant, adopt the internally established emergency water saving measures for manufacturing processes with relatively large water consumption, and the Management Department assists to contact external water supply truck company to perform water supply operation.	Place long-term order for raw materials in order to secure the supply source and price, and actively seek second supplier or alternative material, increase local procurement opportunity to reduce carbon emissions.
	Indicators and Targets		Production operations without interruption and water shortage	Zero material shortage and stock-out
	Risk/Opportunity Item		Opportunity	Opportunity
	Topics		Resource efficiency	Resource efficiency
	Potential financial impact		Recycle and reuse	Reduce water usage and consumption
			1. Reduce operating cost (such as through the methods of increasing efficiency and reducing cost) 2. Increase production capacity, and increase revenue 3. Increase fixed asset values (such as high performance buildings) 4. Implement management and planning beneficial to the labor force (such as improvement of sanitation and safety, employee satisfaction), and reduce cost	
	Company's countermeasures		For waste disposal methods in the plant, the personnel of the environmental protection	Through the in-plant water analysis chart, the water consumption of the core production process has been

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	Yes	No																																														
			<p>office shall seek external waste disposal methods that can be converted to re-use and recycling.</p> <p>Indicators and Targets</p> <p>Increase in-plant reuse by 1%</p> <p>Reduce water consumption by 3%</p> <p>reduced by 3% year by year and the ROR wastewater has been introduced for reuse to reduce the water discharge relatively.</p>																																													
			<p>1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years</p> <p>1-1-1 Greenhouse Gas Inventory Information</p> <table border="1"> <thead> <tr> <th rowspan="2">Data on GHG by type</th> <th colspan="2">2022</th> <th colspan="2">2023</th> </tr> <tr> <th>Total</th> <th>Unit</th> <th>Total</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>Liquefied natural gas (Scope 1) - Taiwan-based Youth Industrial Park Plant</td> <td>67,529</td> <td>kg</td> <td>80,360</td> <td>kg</td> </tr> <tr> <td>Petrol (Scope 1) - Taiwan-based plant of the parent company</td> <td>7,231.98</td> <td>Liter</td> <td>7,852.83</td> <td>Liter</td> </tr> <tr> <td>Diesel fuel (Scope 1) - Taiwan-based plant of the parent company</td> <td>9,006.67</td> <td>Liter</td> <td>9,891.8</td> <td>Liter</td> </tr> <tr> <td>Petrol (Scope 1) - Subsidiary (TAIPAQ Plant)</td> <td>5922.43</td> <td>Liter</td> <td>11065.57</td> <td>Liter</td> </tr> <tr> <td>Petrol (Scope 1) - Subsidiary (Kunshan Plant)</td> <td>3,600</td> <td>Liter</td> <td>2,040</td> <td>Liter</td> </tr> <tr> <td>Outsourced electricity (Scope 2) - Taiwan-based Youth Industrial Park Plant</td> <td>24,192,400</td> <td>kWh</td> <td>19,156,000</td> <td>kWh</td> </tr> <tr> <td>Outsourced electricity</td> <td>6,427,149</td> <td>kWh</td> <td>3,277,721</td> <td>kWh</td> </tr> </tbody> </table>		Data on GHG by type	2022		2023		Total	Unit	Total	Unit	Liquefied natural gas (Scope 1) - Taiwan-based Youth Industrial Park Plant	67,529	kg	80,360	kg	Petrol (Scope 1) - Taiwan-based plant of the parent company	7,231.98	Liter	7,852.83	Liter	Diesel fuel (Scope 1) - Taiwan-based plant of the parent company	9,006.67	Liter	9,891.8	Liter	Petrol (Scope 1) - Subsidiary (TAIPAQ Plant)	5922.43	Liter	11065.57	Liter	Petrol (Scope 1) - Subsidiary (Kunshan Plant)	3,600	Liter	2,040	Liter	Outsourced electricity (Scope 2) - Taiwan-based Youth Industrial Park Plant	24,192,400	kWh	19,156,000	kWh	Outsourced electricity	6,427,149	kWh	3,277,721	kWh
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Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof			
	Yes	No					
			(Scope 2) - Taiwan-based plants - other rented premises				
			Outsourced electricity (Scope 2) - Subsidiary (TAIPAQ Plant)	33,234,781	kWh	29,523,960	kWh
			Outsourced electricity (Scope 2) - Subsidiary (Kunshan Plant)	6,560,085	kWh	6,779,104	kWh
	Group-wide greenhouse gas emissions						
			Year	Scope 1	Total emissions (tons CO2e)	Percentage (%)	
			2021	Parent company	363.45	93.44%	
				Subsidiary (TAIPAQ Plant)	17.50	4.5%	
				Subsidiary (Kunshan Plant)	8.01	2.06%	
				Scope 1 Sub-total	388.96	0.79%	
				Scope 2	Total emissions (tons CO2e)	Percentage (%)	
				Parent company	13,063.45	26.83%	
				Subsidiary (TAIPAQ Plant)	30,189.93	62%	
				Subsidiary (Kunshan Plant)	5,437.45	11.17%	
				Scope 2 Sub-total	48,690.83	99.21%	
		Scope 3					
		Group total	49,079.79	100%			
		2022	Scope 1	Total emissions (tons CO2e)	Percentage (%)		

Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof				
	Yes	No						
			Parent company	256.33	92.46%			
			Subsidiary (TAIPAQ Plant)	12.99	4.69%			
			Subsidiary (Kunshan Plant)	7.9	2.85%			
			Scope 1 Sub-total	277.22	0.59%			
			Scope 2	Total emissions (tons CO2e)	Percentage (%)			
			Parent company	15,585.35	33.14%			
			Subsidiary (TAIPAQ Plant)	26,246.06	55.81%			
			Subsidiary (Kunshan Plant)	5,196.24	11.05%			
			Scope 2 Sub-total	47,027.65	99.41%			
			Scope 3					
			Group total	47,304.87	100%			
			2023			Scope 1	Total emissions (tons CO2e) (Note 2)	Percentage (%)
						Parent company	301.01	91.28%
						Subsidiary (TAIPAQ Plant)	24.28	7.36%
						Subsidiary (Kunshan Plant)	4.48	1.36%
						Scope 1 Sub-total	329.76	1.03%
						Scope 2	Total emissions (tons CO2e) (Note 2)	Percentage (%)
						Parent company	11,112.06	52.92%
						Subsidiary (TAIPAQ Plant)	16,837.51	34.93%
			Subsidiary (Kunshan Plant)	3,866.12	12.15%			

Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof	
	Yes	No			
			Scope 2 Sub-total	31815.69	98.97%
			Scope 3		
			Group total	32145.46	100%
			Group-wide greenhouse gas emissions intensity		
	Year	Energy Intensity of the organization	Intensity (Tonnes of CO2e/million dollars)(Note 2)	Percentage (%)	
	2021	Parent company	2.79	20.09%	
		Subsidiary (TAIPAQ Plant)	7.67	55.22%	
		Subsidiary (Kunshan Plant)	3.43	24.69%	
		Group total	13.89	100%	
	2022	Parent company	3.79	24.64%	
		Subsidiary (TAIPAQ Plant)	7.52	48.90%	
		Subsidiary (Kunshan Plant)	4.07	26.46%	
		Group total	15.38	100%	
	2023	Parent company	3.69	32.81%	
		Subsidiary (TAIPAQ Plant)	5.97	51.51%	
Subsidiary (Kunshan Plant)		1.76	15.68%		
Group total		11.24	100%		
Note 1: (a) Data on the Taiwan-based plant of the parent company was based on the EPA's GHG Emission Factor Management Table (version 6.0.4), which indicates a gasoline emission factor of 2.2631kg CO2e/L; a diesel emission factor of 2.606kg CO2e/L; and an LNG emission factor of 1.7529 kg CO2e/L under Scope 1. Scope 2 emissions are based on					

Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																
	Yes	No																		
			<p>the Taiwan Power Company's electricity emission factor in 2021, which was 0.495kg CO<sub>2</sub>e/kWh.</p> <p>(b) Data of subsidiaries are based on the 2022 national grid average carbon emission factor of 0.5703 t CO<sub>2</sub>e/MWh and gasoline emission factor of 18.9*10<sup>-3</sup>*0.98*44/12 tCO<sub>2</sub>e/GJ. Note 2: Total emissions of each plant (tons CO<sub>2</sub>e ) / sales amount of each plant (million NT\$).</p> <p>1-1-2 Greenhouse Gas Assurance Information Tai-Tech currently has no planned internal carbon pricing, no use of carbon offsets or renewable energy certificates (RECs). The ISO14064-1 greenhouse gas inventory is all internally disclosed voluntarily. It is expected that an external verification report will be obtained in the second quarter of 2024 and the arrangement for the following year Assurance verification.</p> <p>1-2 Greenhouse gas reduction goals, strategies and concrete action plans Although Tai-Tech has not participated in and declared "2050 Net Zero Emission", it continues to focus on greenhouse gas reduction as its future sustainable development indicator and long-term planning strategy. and assess other reduction measures in the long-term in the future.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Energy savings (units)</th> <th>Emission reduction (kg CO<sub>2</sub>e )</th> <th>Annual electricity saving rate</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>278,906.25</td> <td>140,010.94</td> <td>1.06%</td> </tr> <tr> <td>2022</td> <td>398,437.5</td> <td>202,804.69</td> <td>1.62%</td> </tr> <tr> <td>2023</td> <td>139,153.1</td> <td>68,880.78</td> <td>0.72%</td> </tr> </tbody> </table> <p>Note 1: The implementation measure in 2021 is the purchase of 7 additional 100HP energy-saving air compressors; the implementation measure in 2022 is the purchase of two 100HP energy-saving air compressors and recognition for 2021 implementation; the implementation measure in 2023 is the recognition in 2022 2011 measures.</p>	Year	Energy savings (units)	Emission reduction (kg CO <sub>2</sub> e )	Annual electricity saving rate	2021	278,906.25	140,010.94	1.06%	2022	398,437.5	202,804.69	1.62%	2023	139,153.1	68,880.78	0.72%	
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Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
			Note 2: Taiwan's electricity emission coefficient is 0.502 kg CO <sub>2</sub> e/kWh in 2021, 0.509 kg CO <sub>2</sub> e/kWh in 2022, and 0.495 kg CO <sub>2</sub> e/kWh in 2023.	

(VII) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies:

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>I. Formulation of ethical management policies and plans</p> <p>(I) Has the Company formulated the ethical management policy approved by the board of directors, and in the regulations and external documents expressed the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement business policies?</p>	v		(I) On September 17, 2020, the Board of Directors of the Company approved the "Ethical Corporate Management Best-Practice Principles" in order to establish a corporate culture of honest management and sound development while establishing optimal business operations. The Board of Directors and senior management also undertake to implement it in internal management and business activities.	No significant differences
<p>(II) Has the Company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"</p>	v		(II) The Company has formulated its Ethical Corporate Management Best Practice Principles taken preventive measures against the business activities with high risk of dishonesty according to the clear specifications of the second paragraph of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or within the scope of other business activities. The occurrence of unethical behavior.	No significant differences
<p>(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	v		(III) On September 17, 2020, the Board of Directors of the Company approved "Procedures for Ethical Management and Guidelines for Conduct." All unethical behavior is strictly prohibited, and it also clearly defines the disciplinary and appeal system for Company personnel involved in unethical behavior. In the future, when the Board of Directors submits its implementation report on the promotion of ethical behavior in the business every year, it shall review the	No significant differences

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
			Company's "Ethical Corporate Management Best Practice Principles" to determine whether corrections are required.	
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?</p> <p>(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?</p>	v		(I) The Company conducts credit investigations on customers and evaluates suppliers to avoid unethical business activities, and has gradually included the ethical conduct clause in contracts signed with transaction counterparties.	No significant differences
	v		<p>(II) The Company's "Procedures for Ethical Management and Guidelines for Conduct" formulated and approved by the Board of Directors specifies that the Management Department shall be the exclusively (concurrently) responsible unit in charge of promoting corporate ethical management; the department will regularly report to the Board of Directors on the implementation of ethical corporate management policy and unethical conduct prevention measures, and on its supervision of implementation.</p> <p>A. In 2023, the Company arranged internal and external education and training related to ethical corporate management issues (including courses on ethical corporate management compliance, anti-corruption, accounting system and internal control) for 642 person-times, or 1,200.5 person-hours. Orientation training for 81 employees for a total of 283.5 person-hours.</p> <p>B. Assessed the integrity records of business partners, and in 2023, a total of 43 new suppliers have signed the integrity pledge.</p> <p>C. Regarding the operation of the Company's whistleblowing system, there was 0 reported case</p>	No significant differences

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?	v		in 2023.  (III) For conflicts of interest, in addition to reporting to the immediate departmental supervisor, employees can also report directly to the President.	No significant differences
(IV) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?	v		(IV) The Company has established an effective accounting system and an internal control system, and the internal audit unit conducts regular audits according to the audit plan. Our CPAs also audit the internal control system on a regular basis.	No significant differences
(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?	v		(V) The Company organized internal and external education and trainings on ethical corporate management issues (including compliance with ethical corporate management regulations, anti-corruption, the accounting system, and the internal control system) in 2023, which were participated by 642 persons, totaling 1200.5 hours. Orientation training for 81 employees for a total of 283.5 person-hours.	No significant differences
III. Operation of the Company's whistleblower reporting system (I) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?	v		(I) By adhering to the Company's ethical corporate management procedures and Article 21 of the Code of Ethical Conduct, the Company provides internal and external independent whistleblowing channels (mailbox, leased lines), and has set up a dedicated unit responsible for handing the case over to the corresponding units according to the identity of the accused for an investigation. The investigation results shall be reported to the Company's Reward and	No significant differences

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	v		Discipline Committee for determination of rewards or discipline. When necessary, the case may be transferred to an external agency (e.g., the judicial branch) to maintain the Company's reputation and interests. In 2022 and 2023, there was no whistleblowing case. (II) As explained above.	No significant differences
(III) Has the Company taken measures to protect whistleblowers from retaliation due to reporting?	v		(III) As explained above.	No significant differences
IV. Strengthening information disclosure Has the company, on its website and on the Market Observation Post System of TWSE, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?	v		The investor area of the Company's website and the Market Observation Post System of TWSE are disclosed in the "Ethical Corporate Management Best Practice Principles."	No significant differences
V. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: We have formulated the Company's Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and there is no material difference between its operation and the Principles.				
VI. Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company's review and revision the Ethical Corporate Management Best Practice Principles, etc.)				
<ol style="list-style-type: none"> <li>1. The Company complies with the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, and relevant regulations of listed companies as the basis for our implementation of ethical management.</li> <li>2. The Company's "Rules and Procedures for Board of Directors Meetings" establishes a system for director recusals to enable directors to view Board proceedings objectively.</li> <li>3. The Company has formulated Preventative Measures for Insider Trading" that expressly stipulated that insiders and employees are not allowed to disclose material internal information they know to others.</li> <li>4. The Company always pays attention to the development of relevant norms of ethical management domestically and abroad, and encourages directors, managers and employees to make suggestions based on the review of the Company's measures to promote ethical management and in order to improve the effects of the Company's ethical management implementation.</li> </ol>				

(VIII) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles:

On September 17, 2020, the Board of Directors of the Company formulated our "Corporate Governance Best-Practice Principles." This was also placed on a public website for employees to access at any time.

(IX) Other important information that is sufficient to improve the understanding of corporate governance operations: none.

(X) The implementation of the internal control system shall disclose the following matters:

(1) Statement of Internal Control:

Tai-Tech Advanced Electronics Co., Ltd.

Statement of Internal Control Systems

Date: January 23, 2024

For the Company's Internal Control Systems of 2022, based on the results of self-assessment, the following is hereby declared:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.
- III. The Company examined the design and effective implementation of its internal control system according to the criteria prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (called the Regulations below). The "Regulations" divide internal control into five constituents in line with the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision. Each constituent contains several criteria. Please refer to the "Regulations" for details.
- IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including supervision and management of subsidiaries) has provided assurance with regard to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information and its compliance with the relevant laws.
- VI. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors at the meeting held on January 23, 2024, at which this statement was unanimously endorsed by all 9 attending directors without any opposing opinions.



Tai-Tech Advanced Electronics Co., Ltd.

Chairman:



Signature

President



Signature

(2) If a CPA is retained for the conduct of the internal audit system, disclose the Auditor's Report: none.

(XI) In the most recent year and up to the date of publication of the annual report, if the Company and its internal personnel have been punished according to law, and the punishment has been imposed on internal personnel by the Company for violation of the internal control systems, major defects and improvements: none.

(XII) In the most recent year and as of the publication date of the annual report, important resolutions of the shareholders' meeting and the Board of Directors:

Name of Meeting	Date	Motion	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
Board of Directors	The 5th session of the 13th term on January 12, 2023.	1. Monthly salary structure and payment amount of the Chairman and managers of the Company and its subsidiaries for 2023.	V	None
		2. Distribution of the year-end performance bonus of Company's Chairman for 2022.	V	
		3. Distribution of the year-end performance bonus of managers of the Company and subsidiaries for 2022.	V	
		4. Distribution of the year-end operational performance bonuses of managers of the Company and subsidiaries for 2023.	V	
		5. Transportation expenses for directors who attend Board meetings.	V	
		6. Remuneration to independent directors.	V	
		7. Ratification of the Company's Statement Internal Control System Statement for 2022.		
		8. The Company's business plan for 2023.		
		9. Proposal on the renewal of the financing facility contract between Taishin International Bank and TAIPAQ Electronic Limited, and on the endorsements and guarantees.	V	None
		10. Renewal of credit line by Bank SinoPac.		
Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: <u>Approved by all directors present</u>				
Board of Directors	The 6th session of the 13th term on	1. 2022 distribution of remuneration to employees and directors.	V	None
		2. Ratification of the 2022 business report and financial statements and consolidated financial		

Name of Meeting	Date	Motion	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
	February 24, 2023.	statements.		
		3. 2022 earnings distribution.		
		4. Proposal on the evaluation of the independence and suitability of the Company's attesting CPAs for 2023 and the appointment thereof and compensation therefor.	V	
		5. Proposal on the replacement of CPAs.	V	
		6. Pre-approval of provision of non-assurance services by CPAs, their firm and affiliates to the Company and its subsidiaries.		
		7. Amendments to the "Corporate Governance Best Practice Principles."	V	
		8. Amendments to the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises."	V	
		9. Amendments to the "Sustainable Development Best Practice Principles."	V	
		10. Amendments to the "Rules of Procedure for Board of Directors Meetings."	V	
		11. Renewal of credit lines.		
		12. Matters related to holding of the Company's 2023 annual general meeting on May 31, 2023.		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 7th session of the 13th term on March 15, 2023	1. Approval of the public acquisition of the common shares of APAQ TECHNOLOGY CO., LTD.	V	None
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 7th session of the 13th term on April 18, 2023	1. The private placement of common shares approved by the 2022 annual general meeting was not to be processed.	V	None
		2. Amendments to the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."	V	
		3. Amendments to the "Rules and Procedures of Shareholders' Meeting."	V	
		4. Removal of non-compete restriction for directors of the Company.	V	
		5. Adding matters related to the 2023 annual general		

Name of Meeting	Date	Motion	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		meeting		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 9 session of the 13th term on May 4, 2023	1. Ratification of consolidated financial statements for Q1 2024.		None
		2. Renewal of the financing facility contract of endorsement/guarantee with HSBC (Taiwan) Commercial Bank.	V	
		3. Investment in the establishment of a subsidiary.	V	
		4. The Company plans to amend the internal audit reinforcement rules, procedures salary cycle, computerized information system processing operations, and other management systems in the "Internal Control System" for the supervision and management of subsidiaries.	V	
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 10 session of the 13th term on May 31, 2023	1. The Company plans to issue the first domestic unsecured convertible bonds	V	None
		2. Renewal of the lease for the business office by related party.	V	
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 11 session of the 13th term on August 9, 2023	1. Details of the Company's 2022 distribution of remuneration to directors.	V	None
		2. Details of the Company's 2022 distribution of compensation to employees.	V	
		3. Ratification of the consolidated financial statements for Q2 2023.		
		4. Renewal of the financing facility contract of endorsement/guarantee with Taipei Fubon Bank.	V	
		5. Renewal of credit lines.		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None.		

Name of Meeting	Date	Motion	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 12 session of the 13th term on November 8, 2023	1. Recognition of the consolidated financial statements for Q3 2023.		None
		2. Appointment of directors and managers of subsidiaries.	V	
		3. Submission of 2024 annual audit plan.		
		4. Approval for amending the "Measures for the Prevention of Insider Trading"	V	
		5. Amendment to the "Standard Operating Procedures for Handling Directors' Requests"	V	
		6. Appointment of the Company's Chief Information Security Officer.	V	
		7. Approval for appointing information security personnel.	V	
		8. Adding the credit line by Taishin International Bank.		
		9. Current credit line by KGI Bank.		
Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present				
Board of Directors	The 13 session of the 13th term on December 6, 2023	1. Adjustment of the Company's organizational structure		None
		2. Approval of Mr. Pao-Lin Shen to assume the position of COO	V	
		3. Approval of the appointment of managers	V	
		4. Approval of the appointment of managers of subsidiaries	V	
Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present				
Board of Directors	The 14 session of the 13th term on January 23, 2024	1. Monthly salary structure and payment amount of the Chairman and managers of the Company and its subsidiaries for 2024.	V	None
		2. Distribution of the year-end performance bonus of Company's Chairman for 2023	V	
		3. Distribution of the year-end performance bonus of managers of the Company and subsidiaries for 2023	V	
		4. Distribution of the year-end operational performance bonuses of managers of the Company and subsidiaries for 2024	V	

Name of Meeting	Date	Motion	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		5. Transportation expenses for directors who attend a Board meetings	V	
		6. Remuneration to independent directors	V	
		7. Ratification of the Company's Statement of Internal Control Systems for 2023.		
		8. The Company's business plan for 2024		
		9. Citibank (Taiwan) line of credit renewal and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. endorsement/guarantee.	V	
		10. Renewal of the financing facility contract of endorsement/guarantee with HSBC (Taiwan) Commercial Bank.	V	
		11. Approval for Fixed Rock Holding Ltd. to lend funds to TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	V	
		12. Renewal of credit line by E. Sun Bank.		
		13. Acquisition of authorization for securities.	V	
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 15th session of the 13th term on February 26, 2024	1. Discussion on appropriation of remuneration to employees and directors for 2023.	V	
		2. Ratification of 2023 business report and financial statements and consolidated financial statements.		
		3. 2023 earnings distribution.		
		4. 2024 independence evaluation and appointment and remuneration of the Company's CPAs.	V	
		5. Extension of credit line renewal by Shanghai Commercial & Savings Bank.		
		6. Removal of non-compete restrictions for directors	V	
		7. The Company's plan to amend the "Procedures for Authorization Management."	V	
		8. Change of the R&D supervisor of the Company	V	
		9. Amendment to the "Audit Committee Charter."	V	
		10. Amendments to the "Rules of Procedure for Board of Directors Meetings."	V	
		11. Matters related to holding of the Company's 2024 annual general meeting on May 31, 2024.		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		

Name of Meeting	Date	Motion	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
Shareholders' meeting	2023.05.21	<p>The Company's 2023 Annual General Meeting was held on May 31, 2023 on the first floor of No. 3, Qingnian Road, Yangmei District, Taoyuan City (conference room of China-Motor Training Center). The General Shareholders' Meeting resolved to carry out the following matters; the implementation status is as follows:</p> <p>01. Ratification of 2022 business report and financial statements . Implementation status: The Board of Directors meeting dated February 24, 2023 authorized the Chairman of the Board of Directors to set an ex-dividends record date. May 31, 2023 was set as the ex-dividend date, and the distribution of cash dividends of NT\$612,204,000 was completed on July 14, 2023. (cash dividends of NT\$6 per share)</p> <p>02. Amendments to the "Rules and Procedures of Shareholders' Meeting." Implementation status: The amendments were disclosed on the Company's website and implemented accordingly.</p> <p>03. Removal of non-compete restriction for new directors of the Company. Implementation status: Approved through a resolution.</p>	None	None

(XIII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that have been noted in the records or declared in writing: None.

(XIV) Resignation and removal of the Company's Chairman, president, chief accountant, treasurer, chief governance officer, internal audit supervisor and R&D supervisor in the most recent year and up to the date of publication of the annual report: None

IV. Information about CPA professional fees:

Accounting firm name	Accountant name	Accountant audit period	Audit remuneration	Non-audit fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Wei-Hao Wu	2023 whole year	3,766	1,083	4,849	
	Ya-Hui Cheng	2023 whole year				

Note: If the Company changes accountants or accounting firms this year, please list the inspection period separately and explain the reason for the replacement in the remarks column, and disclose the information on audit and non-audit fees paid in sequence. Non-audit should be annotated to explain their service content.

(I) If the proportion of non-audit fees paid to the CPA, the firm to which the CPA belongs, and its affiliated enterprises is more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed:

The non-audit services included (1) ESG report assurance fee of NT\$135 thousand; (2) Transfer pricing report service fee of NT\$200 thousand; (3) Group master file service fee of NT\$180 thousand; (4) Taxation dues 438 thousand NT\$(5) Service fee of convertible corporate bond issuance NT\$120 thousand (6) Industrial and commercial registration fee NT\$10 thousand.

(II) If the accounting firm has changed and the audit fee paid in the year of change is lower than the audit fee in the year before the change, the amount of audit fees and reasons before and after the replacement should be disclosed: None.

(III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction of audit fees should be disclosed: None.

V. Information on replacement of CPA:

The Company's financial statements were originally audited and certified by Yen-Na Li and Wei-Hao Wu of PwC Taiwan. In line with the need for internal adjustment by the CPA firm, they were changed to be audited and certified by Wei-Hao Wu and Ya-Hui Cheng of PwC Taiwan starting the quarterly report for the Q1 2023.

1. Information on the former CPAs

Date of replacement	February 24, 2023		
Reason for replacement and description	In line with the internal adjustment of the CPA firm		
Explanation for why appointing person or accountant was terminated or did not accept the appointment	Party concerned	Certified Public Accountant (CPA)	Appointed person
	Situation		
	Voluntary termination of appointment	N/A	N/A
	No longer accept (continue) appointment	N/A	N/A

Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	None		
Disagreement with the issuer	Ye s		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedure
			Others
	Non e	No disagreement	
Explanation			
Other disclosures  Other disclosures (those that should be disclosed under Article 10, Subparagraph 6-(4) to 1-7)	N/A		

## 2. Information on the succeeding CPAs

Name of firm	PricewaterhouseCoopers Taiwan
Accountant name	Wei-Hao Wu, Ya-Hui Cheng
Date of appointment	February 24, 2023
Consultation in designated accounting method or accounting principles and comments on possible opinions of the CPA on the financial audit prior to the appointment, and the result	None
Written opinions of the successor accountant on the dissenting opinions of the former accountant	None

3. The former CPAs' reply to Article 10, paragraph 6, item 1 and item 2 of item 3 of this Standard:

Not applicable.

VI. The Chairman, president, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year:  
None

VII. Information about the shares transferred by and changes to the shares pledged by the directors, supervisors, managers and the shareholders holding more than 10% of shares in the most recent year and up to the date of publication of the annual report:

(I) Changes to the shares held by directors, supervisors, managers, and majority shareholders

Title	Name	2023		As of April 2, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Northwest Investment Corporation	—	—	—	—
	Representative: Ming-Yen Hsieh	(1,430,000)	—	—	—
Director	Heng Yang Investment Corporation	—	—	—	—
	Representative: Yu-Hsiang Yu Hsieh	—	—	—	—
Director	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	—	—	—	—
	Representative: Chin-Sheng Chen			—	
Director	Chien-Jung Lin	—	—	—	—
Director	Chih-Cheng Hung	—	—	—	—
Director	Kuei-Kuang Huang	(299,000)	—	—	—
Independent Director	Yu-Tsun Li	—	—	—	—
Independent Director	Yang-Pin Shen	—	—	—	—
Independent Director	Yi-Chun Chiang	—	—	—	—
President	Ming-Liang Hsieh	—	—	—	—
President, TAIPAQ Plant	Lung-Wang Chang		—	—	—
Chief Operating Officer	Pao-Lin Shen	—	—	—	—
Superintendent, Product Planning Management Office	Yi-Ju Lin		—	—	—
Assistant General Manager, Product Planning Management Office	Chi-Ming Tseng	—	—	—	—
General Administrator, Product Planning and Management Office	Hsiang-Chung Yang (Note 2-1)	—	—	—	—

Title	Name	2023		As of April 2, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Corporate Governance Manager, Finance Department	Hui-Yu Ho (Note 1-7)	—	—	—	—
Audit Supervisor	Ching-Chi Hsieh	—	—	—	—
Vice President, Sales and Marketing Business Group	Yung-Tzu Li	(21,200)	—	—	—
Assistant General Manager, Sales and Marketing Group	Ming-Chi Hsieh (Note 1-6)	—	—	—	—
Deputy Director, Sales and Marketing Group	Tze-Chun Chan	(18,000)	—	(5,000)	—
Deputy Director, Sales and Marketing Group	Shi-Ru Wen (Note 1-8)	—	—	—	—
Deputy Director, Sales and Marketing Group	Po-Yu Chen (Note 1-9)	—	—	—	—
Deputy Director, Sales and Marketing Group	Chien-Yu Peng (Note 1-10)	—	—	—	—
Director, R&D Center	Chun-Te Tsou (Note 2-2)	—	—	—	—
Director, Production Division	Chia-Hung Chang	—	—	—	—
Director, Quality Assurance Division	Pai-Hsuan Chung	—	—	—	—
Major shareholder of more than 10%	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	—	—	—	—

Note 1: On December 6, 2023, the Board of Directors approved the adjustment of the Company's organizational structure (effective on December 7, 2023) as follows:

- (1) The former Network Communication Business Department and the Marketing and Operating Department were merged into the Sales and Marketing Group.
- (2) The former Finance and Accounting Department was changed to the Finance Department.
- (3) The Product Application Technical Support Department has been added.
- (4) Mr. Long-Wang Chang, the original Vice President of TAIPAQ plant, was reappointed as President of TAIPAQ plant.
- (5) Mr. Pao-Lin Shen, the original Vice President of the Network Communication Business Department, was reappointed as COO.
- (6) Mr. Ming-Chi Hsieh, the original director of Marketing and Operating Department, was reappointed as Assistant General Manager of Sales and Marketing Group.
- (7) Ms. Hui-Yu Ho, the original Manager of the Finance and Accounting Department, was reappointed as Director of Finance Department.
- (8) Ms. Shih-Ju Wen, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.
- (9) Mr. Po-Yu Chen, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.
- (10) Ms. Chien-Yu Peng, the original Manager of Marketing and Operating Department, was reappointed as Deputy Director of Sales and Marketing Group.

Note 2: Approved by the Board of Directors on February 26, 2024 (effective on February 27, 2024) as follows

- (1) Mr. Hsiang-Chung Yang, the original Director of R&D Center, was reappointed as General Administrator of Product Application Planning Office.
- (2) Mr. Hsiang-Chung Yang, the original Deputy Director of R&D Center, was reappointed as Director of R&D Center.

(II) Share transfer information

Name	Reasons for equity transfer (Note)	Transaction date	Trade counterparty	The relationship between the counterparty of the transaction and the Company, directors, supervisors and shareholders holding more than 10% of the shares	Number of Shares (Shares)	Trading price (NT\$)
Ming-Yen Hsieh	Priced in shares	2023.11.10	Yu Chi Investment Co., Ltd.	Investor	1,430,000	113
Kuei-Kuang Huang	Disposal	2023.10.25	Hsin-Ling Huang	Father and daughter	83,000	2019.5
Kuei-Kuang Huang	Disposal	2023.10.25	Po-Ching Huang	Grandparent and grandson	166,000	2019.5
Yung-Tzu Li	Disposal	2023.12.31	Hua-En Li	Father and daughter	21,200	115

(III) Equity pledge information: None

VIII. Information about the relationships of the ten largest shareholders

Book closure date: April 2, 2024

Name	Number of shares personally held		Spouse and minor children holding shares		Total shares held by proxy		Name of related parties, spouse, or relative within the second degree of kinship, and relationships among top ten shareholders		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name (or designation)	Relationship	
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	10,207,649	10%	—	—	—	—	—	—	
Corporate representative:	—	—	—	—	—	—	—	—	

Chin-Sheng Chen									
Heng Yang Investment Corporation	6,540,995	6.41%	—	—	—	—	Yu-Hsiang Yu Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairman and Director of the Company Supervisor of the Company Director of the Company	
Representative: Yu-Hsiang Yu Hsieh	1,449,902	1.42%	—	—	—	—	Heng Yang Investment Corporation Ming-Yen Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairman and Director of the Company Mother/Son Mother/Son Mother/Son	
Northwest Investment Corporation	6,121,718	6.00%	—	—	—	—	Ming-Yen Hsieh Chien-Jung Lin	Chairman and Director of the Company Supervisor of the Company	
Representative: Ming-Yen Hsieh	1,034,829	1.01%	233,371	0.23%	—	—	Northwest Investment Corporation Yu-Hsiang Yu Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairman and Director of the Company Mother/Son Brother Brother	
All Ring Tech Co., Ltd.	2,894,436	2.84%	—	—	—	—	—	—	
Representative: Ching-Lai Lu	—	—	—	—	—	—	—	—	
Kuei-Kuang Huang	2,265,591	2.22%	810,612	0.79%	—	—	—	—	

Pinchen Investment Co., Ltd.	—	—	—	—	2,000,000	1.96%	Ming-Chi Hsieh Yu-Hsiang Yu Hsieh	Chairman and Director of the Company Supervisor of the Company
Corporate director representative: Ming-Chi Hsieh	750,481	0.74%	307,972	0.30%	—	—	Heng Yang Investment Corporation Yu-Hsiang Yu Hsieh Ming-Yen Hsieh Ming-Liang Hsieh	Director of the Company Mother/Son Brother Brother
Jiayu Investment Co., Ltd.	—	—	—	—	2,000,000	1.96%	Ming-Liang Hsieh Ling-Hsia Chou	Chairman and Director of the Company Supervisor of the Company
Ming-Liang Hsieh	746,868	0.73%	135,027	0.13%	—	—	Heng Yang Investment Corporation Yu-Hsiang Yu Hsieh Ming-Yen Hsieh Ming-Chi Hsieh	Supervisor of the Company Mother/Son Brother Brother
Chien-Jung Lin	1,836,610	1.80%	629,810	0.62%	—	—	Northwest Investment Corporation	Supervisor of the Company
Yuqin Investment Co., Ltd.	1,777,000	1.74%	—	—	—	—	—	—
Corporate director representative: Wen-Chin Yuan	—	—	—	—	—	—	—	—
Yizhi Investment Co., Ltd.	1,680,000	1.65%	—	—	—	—	Ming-Yen Hsieh Jui-hsia	Chairman and Director of the Company

							Tai	Supervisor of the Company
Representative: Ming-Yen Hsieh	1,034,829	1.01%	233,371	0.23%	—	—	Northwest Investment Corporation on Yu-Hsiang Yu Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairman and Director of the Company Mother/Son Brother Brother
Yu Chi Investment Co., Ltd.	1,680,000	1.65%	—	—	—	—	Ming-Yen Hsieh Jui-hsia Tai	Chairman and Director of the Company Supervisor of the Company
Representative: Ming-Yen Hsieh	1,034,829	1.01%	233,371	0.23%	—	—	Northwest Investment Corporation on Yu-Hsiang Yu Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairman and Director of the Company Mother/Son Brother Brother

IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:

April 25, 2024; Unit: thousand shares

Re-invested business	The Company's investment		Director, supervisor, and manager investments and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholdings Percentage	Number of Shares	Shareholding percentage (%)
Best Bliss Investments Limited	34,250	100.00	—	—	34,250	100.00
North Star International Limited	100	100.00	—	—	100	100.00
Techworld Electronics Singapore Pte. Ltd.	3,000	60.00	—	—	3,000	60.00

Re-invested business	The Company's investment		Director, supervisor, and manager investments and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholdings Percentage	Number of Shares	Shareholding percentage (%)
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	–	100.00	–	–	–	100.00
Fixed Rock Holding Ltd.	26,450	100.00	–	–	26,450	100.00
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	–	100.00	–	–	–	100.00
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	–	100.00	–	–	–	100.00
Techworld Electronics (M) Sdn. Bhd.	10,800	60.00	–	–	10,800	60.00

Four. Fundraising

I. Capital and Shares

(I) Sources of equity

1. Source of share capital

April 2, 2024; unit: thousand shares

Year / Month	Issue price (NT\$)	Approved share capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Share capital Source	Property other than cash contributed as equity capital	Other
November 1992	10	2,650	26,500	2,650	26,500	Starting capital	—	Approved by Letter Jing (082) Shang No. 390865 on November 2, 1992
September 1993	10	2,750	27,500	2,750	27,500	Cash capital increase of NT\$1,000 thousand	—	Approved by Letter Jing (082) Shang No. 450582 on September 8, 1993
July 1995	10	5,500	55,000	5,500	55,000	Cash capital increase of NT\$27,500 thousand	—	Approved by Letter Jing (084) Shang No. 501016 on July 08, 1995
September 1999	10	9,350	93,500	9,350	93,500	Cash capital increase of NT\$38,500 thousand	—	Approved by Letter Jing (088) Shang No. 684064 on September 17, 1999
August 2000	10	11,000	110,000	11,000	110,000	Capital increase of NT\$16,500 thousand from capitalization of retained earnings	—	Approved by Letter Jing (089) Shang No. 124051 on August 10, 2000
November 2000	10	19,813	198,127	19,813	198,127	Consolidated capital increase of NT\$88,127 thousand	—	Approved by Letter Jing (089) Shang No. 144108 on November 27, 2000
July 2001	10	35,600	356,000	26,433	264,330	Capitalization of capital reserves of NT\$66,203 thousand	—	Approved by Letter Jing (090) Shang No. 09001382310 on September 26, 2001
July 2001	10	35,600	356,000	29,500	295,000	Capital increase of NT\$30,670 thousand from capitalization of retained earnings	—	Approved by Letter Jing (090) Shang No. 09001382310 on September 26, 2001
July 2001	10	35,600	356,000	35,600	356,000	Cash capital increase of NT\$61,000 thousand	—	Approved by Letter Jing (090) Shang No. 09001382310 on September 26, 2001
December 2001	10	45,600	456,000	45,600	456,000	Cash capital increase of NT\$100,000 thousand	—	Approved by letter Jing Shou Shang Zi No. 09101001420 on January 7, 2002
July 2002	10	54,878	548,776	53,853	538,536	Capital increase of NT\$82,536 thousand from capitalization of retained earnings	—	Approved by letter Jing Shou Shang Zi No. 09101371960 on September 18, 2002
July 2002	10	54,878	548,776	54,878	548,776	Consolidated capital increase of NT\$10,240 thousand	—	Approved by letter Jing Shou Shang Zi No. 09101371960 on September 18, 2002
May 2003	10	65,000	650,000	58,445	584,446	Capital increase of NT\$35,670 thousand from capitalization of retained earnings	—	Approved by letter Jing Shou Shang Zi No. 09201180690 on June 24, 2003

May 2003	10	65,000	650,000	61,000	610,000	Cash capital increase of NT\$25,554 thousand	—	Approved by letter Jing Shou Shang Zi No. 09201180690 on June 24, 2003
June 2005	10	75,000	750,000	67,100	671,000	Capital increase of NT\$61,000 thousand from capitalization of retained earnings	—	Approved by letter Jing Shou Shang Zi No. 09401160490 on August 17, 2005
November 2006	12	75,000	750,000	69,975	699,748	Cash capital increase of NT\$28,748 thousand	—	Approved by letter Jing Shou Shang Zi No. 09601290900 on January 3, 2007
November 2006	12	75,000	750,000	70,000	700,000	Consolidated capital increase of NT\$252 thousand	—	Approved by letter Jing Shou Shang Zi No. 09601290900 on January 3, 2007
2009.12	16.9	75,000	750,000	70,055	700,550	Cash capital increase of NT\$550 thousand	—	Approved by letter Jing Shou Shang Zi No. 09801288710 on December 15, 2009
January 2011	23	80,000	800,000	78,000	780,000	Cash capital increase of NT\$79,450 thousand	—	Approved by Letter Jing Shou Shang Zi No. 10001018760 on January 31, 2011
September 2012	10	150,000	1,500,000	79,560	795,600	Capital increase of NT\$15,600 thousand from capitalization of retained earnings	—	Approved by Letter Jing Shou Shang Zi No. 10101193770 on September 18, 2012
August 2014	30	150,000	1,500,000	91,000	910,000	Cash capital increase of NT\$114,400 thousand	—	Approved by Letter Jing Shou Shang Zi No. 10301160060 on August 4, 2014
March 2021	151.88	300,000	3,000,000	103,134	1,031,340	Follow-on offering of NT\$12,134 thousand	—	Approved by Letter Jing Shou Shang Zi No. 11001141040 on August 23, 2021
November 2022	10	300,000	3,000,000	102,034	1,020,340	Capital reduction by retiring treasury shares of NT\$11,000 thousand.	—	Approved by the official letter titled Jing Shou Shang Zi No. 11101222620 dated November 23, 2022.

2. Type of shares

April 25, 2024; unit: shares

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	102,034,000	197,966,000	300,000,000	TPEX-listed shares

3. Information concerning the collective reporting system: Not applicable

(II) Shareholder structure

April 2, 2024; unit: person; share

Shareholder structure Quantity	Government agencies	Financial institution	Other legal persons	Individuals	Foreign institutions and individuals	Total
Number of people	—	—	47	8,953	62	9,062
Number of shares held (shares)	—	—	27,092,852	62,761,753	12,179,395	102,034,000
Shareholding percentage (%)	—	—	26.55	61.51	11.94	100

(III) Distribution of Equity

1. Common stock

April 2, 2024

Shareholding grading	Number of shareholders (persons)	Number of shares held (shares)	Shareholding percentage (%)
1-999	2,372	327,047	0.32
1,000-5,000	5,570	10,026,522	9.83
5,001-10,000	481	3,774,228	3.70
10,001-15,000	171	2,212,180	2.17
15,001-20,000	114	2,087,957	2.05
20,001-30,000	101	2,573,010	2.52
30,001-40,000	50	1,755,079	1.72
40,001-50,000	35	1,654,636	1.62
50,001-100,000	56	3,889,018	3.81
100,001-200,000	47	6,607,357	6.48
200,001-400,000	25	7,160,608	7.02
400,001-600,000	12	5,965,947	5.85
600,001-800,000	7	4,919,685	4.82
800,001-1,000,000	6	5,041,381	4.94
1,000,001-1,200,000	1	1,034,829	1.01
1,200,001-1,400,000	2	2,550,615	2.50
1,400,001-1,600,000	1	1,449,902	1.42
1,600,001-1,800,000	3	5,137,000	5.03
1,800,001-2,000,000	3	5,836,610	5.72
2,000,001-999,999,999,999	5	28,030,389	27.47

Total	9,062	102,034,000	100.00
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2. Preferred shares: None

(IV) List of major shareholders

April 2, 2024; Units: Shares; %

Major shareholders	Shares	Number of shares held (shares)	Shareholding percentage (%)
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank		10,207,649	10.00
Hengyang Investment Co., Ltd.		6,540,995	6.41
Northwest Investment Co., Ltd.		6,121,718	6.00
All Ring Tech Co., Ltd.		2,894,436	2.84
Kuei-Kuang Huang		2,265,591	2.22
Jiayu Investment Co., Ltd.		2,000,000	1.96
Pinchen Investment Co., Ltd.		2,000,000	1.96
Chien-Jung Lin		1,836,610	1.80
Yueqin Investment Co., Ltd.		1,777,000	1.74
Yizhi Investment Co., Ltd.		1,680,000	1.65

(V) Information about market price, net value, earnings, and dividends per share in the most recent two years

Unit: NT\$ thousand; Thousand shares

Item	Year		2022	2023
	Market price per share	Highest		142.00
Lowest		71.30	80.30	
Average		98.41	107.06	
Net value per share	Before distribution		63.53	65.59
	After distribution		57.57	Not yet distributed
Earnings per share (EPS)	Weighted average number of shares		102,704	102,034
	Earnings per share (EPS)		10.11	5.82
Dividends per share	Cash dividends		6.00	Not yet distributed
	Bonus shares	Stock dividends from capitalization of retained earnings	—	—
		Additional paid in capital	—	—
		Accumulated unpaid dividends	—	—
Analysis of investment return	P/E ratio		9.73	18.40
	Price to dividend ratio		16.40	Not yet distributed
	Cash dividend yield		6.10%	Not yet distributed

(VI) Company dividend policy and implementation status

1. Dividends policy stipulated in the Articles of Incorporation

The Company’s dividend policy shall be determined based on the factors of the environment of its industry, Company's growth stage, future fund demand, financial structure and capital budget, etc., along with the benefits of shareholders, balance of dividends and the long-term planning of the Company. Within the distributable range, the distribution proposal is to be established by the Board of Directors according to law, and the proposal is to be reported to the shareholders’ meeting. No less than 30% of annual earnings are appropriated to shareholders. Shareholder’s bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.

2. Proposed (completed) dividend distribution to shareholders for the current year

The Company's 2023 cash dividend of NT\$4.5 per share was submitted to the Board of Directors for resolution on February 26, 2024 and will be reported to the shareholders' meeting on May 31, 2024.

(VII) The impact of proposed stock dividends this year on the Company's operating performance and earnings per share: There will be no stock dividend.

(VIII) Remuneration of employees, directors, and supervisors

Item	Explanation
The percentage or scope of remuneration for employees, directors, and supervisors as set out in the Articles of Incorporation	Where the Company has a profit for a fiscal year, it shall appropriate not less than 6% as the remuneration of employees, and the board of directors shall reach resolution of the distribution in stock or cash. The distribution subject may include employees of subordinate companies satisfying certain criteria. The Company may appropriate an amount not higher than 2% of the aforementioned profit as the remuneration of directors and supervisors through resolution of board of directors’ meeting. The proposal for distribution of the remuneration of employees and the remuneration of directors and supervisors shall be reported to the shareholders’ meeting,
The estimated basis for the estimated compensation of employees, directors and supervisors in the current period, the basis for calculating the number of shares for employee compensation distributed by shares, and the accounting treatment if the actual distribution amount is different from the estimated amount:	According to the Company's Articles of Incorporation, not less than 6% of pre-tax profit is to be allocated to employee compensation and not more than 2% is to be allocated to directors' compensation. The corresponding amounts in 2023 were NT\$41,349 thousand and NT\$10,337 thousand, respectively, which were not different from the amounts estimated in the accounts. If there is a difference between the actual distribution amount and the estimated amount, it will be treated as a change in accounting estimates and included in profit or loss for the following year.
Approval of the Board of Directors of the distribution of remuneration: (1) Remuneration to employees and directors/supervisors in cash or in shares. If there is a difference from the estimated amount in the year of recognition of expenses, the number of	On February 26, 2024, a resolution of the Board of Directors was passed such that for 2023, employees will be paid NT\$41,349 thousand and directors' compensation will be NT\$10,337 thousand. This does not differ from the estimated amount in the accounts, and all of the above will be paid in cash.

Item	Explanation
discrepancies, reasons, and handling should be disclosed:	
(2) The amount of employee compensation distributed in stock and its proportion to the net profit after tax and total employee compensation in the current period's parent company only or standalone financial statements:	No such situation
Shareholders' meeting reports on the situation and results of the distribution of remuneration	The Company's 2023 distribution of compensation to employees is NT\$41,349 thousand and remuneration to directors is NT\$10,337 thousand, which is expected to be reported in the shareholders' meeting on May 31, 2024.
Actual distribution of remuneration for employees, directors, and supervisors in the previous year (including the number of shares allotted, amounts, and share prices). If there is a difference with the recognized amount of remuneration for employees, directors, and supervisors, the number of differences, the reasons and the handling circumstances should be stated:	After reporting to the annual general shareholders' meeting on May 31, 2023, the Company distributed NT\$76,144 thousand as compensation to employees and NT\$19,036 thousand as remuneration to directors, which is consistent with the amount of compensation to employees and remuneration directors recognized in the 2022 financial statements.

(IX) Repurchase of shares by the Company:

1. The Company's repurchase of the Company's shares (execution completed): In the most recent year and as of the publication date of the annual report, the Company did not repurchase its shares.
2. Shares repurchased by the Company (under execution): none

II. Issuances of corporate bonds (including overseas corporate bonds):

(I) Issuance of corporate bonds:

Type of corporate bonds (Note 2)	First domestic unsecured convertible bonds (Note 5)
Date of issue	October 31, 2023
Face value	NT\$100,000
Place of issuance and trading (Note 3)	Taipei Exchange
Issuing price	Issued at NT\$110.50
Total amount	Total face value: NT\$1,100,000 thousand
interest rate	Coupon rate at 0%
Term	3 years Maturity: October 31, 2026

Guaranteeing institution	N/A	
Trustee	Trust Department, E.SUN COMMERCIAL BANK,LTD.	
Underwriting Institution	Yuanta Securities Co., Ltd.	
Attorney-at-Law	Ya-Wen Chiu, Far East Law Offices	
Certified Public Accountant	PwC Taiwan Co., Ltd.: Wei-Hao Wu and Ya-Hui Cheng	
Repayment method	Lump-sum repayment of principal upon maturity	
Outstanding principal	NT\$1.1 billion	
Terms of redemption or early settlement	Please refer to the Procedures for the Issuance of Corporate Bonds and Conversion	
Restrictive clauses (Note 4)	None	
Name of credit rating agency, date of rating, Corporate bond rating results	N/A	
Additional rights	Amount of common shares that have been converted (exchanged or subscribed) into common shares, global depository receipts or other marketable securities as of the publication date of the annual report	The amount converted to common shares is 0
	Procedures for the Issuance of Corporate Bonds and Conversion	Please refer to the Procedures for the Issuance of Corporate Bonds and Conversion
The issuance and conversion, exchange or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity	If all the bonds are converted, the dilution ratio to the share capital will be about 8.37% and there is no significant dilution that will affect the shareholders' equity.	
Name of custodian for exchange object	N/A	

Note 1: The issuance of corporate bonds includes public offering and private placement of corporate bonds. Publicly-offered corporate bonds in progress refer to those that have been validated (approved) by the Commission; privately-placed corporate bonds in progress refer to those that have been approved by the Board of Directors.

Note 2: The number of columns is adjusted according to the actual number of processing.

Note 3: Fill in for overseas corporate bonds.

Note 4: Such as restrictions on cash dividends, external investments, or requirement to maintain a certain percentage of assets.

Note 5: private placements should be prominently marked.

Note 6: For convertible bonds, exchangeable bonds, shelf registration to issue corporate bonds, or corporate bonds with stock options, the information shall be disclosed according to their nature and in a tabular format.

## (II) Information on corporate bonds

Type of corporate bonds (Note 1)		First domestic unsecured convertible bonds	
Item		2023	Current year up to March 31, 2024 (Note 4)
Year			
Market price of corporate bonds (Note 2)	Highest	118.45	125.95
	Lowest	105.95	112.10
	Average	108.25	118.07
Conversion price		Unconverted	Unconverted

Date of issuance (process) and conversion price at the time of issuance	Date of issuance: October 31, 2023 Conversion price at issuance: 118
Method of performing the conversion obligation (Note 3)	Issuance of new shares

Note 1: The number of columns is adjusted according to the actual number of issue of corporate bonds.

Note 2: If overseas corporate bonds are traded at multiple locations, they are listed separately for each trade location. Note 3: Delivery of issued shares or issuance of new shares.

Note 4: Information for the year up to the publication date of the annual report shall be provided.

(III) Information on corporate bonds exchanged: None

(IV) Aggregate declaration of issuance of corporate bonds: None

(V) Information of corporate bonds with warrants: None

- III. Handling of preferred shares: No such situation.
- IV. Participation in the issuance of overseas depositary receipts: No such situation.
- V. Employee stock options and new restricted employee shares: No such situation.
- VI. M&A or transfer of shares of other companies to issue new shares: No such situation.
- VII. Implementation status of fund utilization plan:

(I) Plan content: issuance of the 1st domestic unsecured convertible corporate bonds in 2023

1. Total funds required for this plan: NT\$1,105,500 thousand.
2. Source of capital:

Issuance of 11,000 domestic unsecured convertible bonds, with a total face value of NT\$100,000. The total face value of the bonds to be issued is NT\$1,100,000 thousand, or 100.5% of the par value for a total amount of NT\$1,105,500 thousand, for a period of three years. The interest rate was 0%.

3. Projects and expected progress of fund utilization:

Plan item	Scheduled completion date	Total funds required	Scheduled fund utilization progress	
			Q4 2023	Q1 2024
Replenish working capital	Q1 2024	605,500	150,000	455,500
Repay bank loan	Q4 2023	500,000	500,000	0
Total		1,105,500	650,000	455,500

(II) Implementation status:

The first domestic unsecured convertible corporate bond of the Company was completed on October 30, 2023. The amount of funds raised was NT\$1,105,500 thousand. As of March 31, 2024, the Company used the proceeds of NT\$605,500 thousand and NT\$500,000 thousand, respectively, to replenish the working capital and repay the bank. The funds from this issuance of corporate bonds were fully disbursed in Q1 2024 as expected.

(III) Benefit evaluation:

The plan to replenish working capital was completed in Q1 2024. This has brought a timely injection into the Company's working capital needs, increased the flexible use of funds to maintain normal operations, and helped to increase the Company's operating revenue and generate operating profit. Achievement of these benefits are still in line with expectations.

Five. Overview of Operations

I. Business content

(I) Business scope

1. The Company's principal business activities

The Company is a professional supplier of magnetic materials and inductive components. The main business items are the development, design, manufacture, and sale of different types of magnetic components and inductive components.

2. Revenue Distribution of the Company's current Major Products

Unit: NT\$ thousand

Major products	Year	2022		2023	
		Operating revenue	Proportion	Operating revenue	Proportion
Wire-wound		3,465,007	65.49%	3,064,067	69.14%
Multilayer products		811,890	15.34%	895,385	20.20%
LAN transformers		959,902	18.14%	412,141	9.30%
Others		54,534	1.03%	60,196	1.36%
Total		5,291,333	100.00%	4,431,789	100.00%

3. The Company's current product items and applications

The magnetic components and power inductor components manufactured and sold by the Company are used to suppress electromagnetic interference (EMI) between electronic circuits and various interfaces, and are also widely used in circuits such as those for signal screening, noise filtering, and stabilizing current. Furthermore, power inductor is also an indispensable component in every type of power management circuit and system. Their scope of application covers almost the entirety of electronic terminal products, such as personal computers and peripheral products, wired or wireless communication system products, automotive grade electronics, industrial products, digital audio and video products, televisions, game consoles and other consumer products, security products and other electronic products. After years of hard work, the Company has become one of the few companies in the industry today that has the ability to manufacture and sell various types of inductors and provide customized products to clients. Major product categories and items manufactured and sold by the Company are organized in the following table:

Type	Wire-wound			Multilayer products	LAN transformers	Others
	Precision wire-wound inductors	Molded power inductor	Common mode filter			
Item	1. Wire-wound ferrite inductors 2. High frequency wire-wound ceramic inductors 3. Wire-wound ferrite low	1. Molded power inductors 2. Miniature molded power inductors 3. High-current-resistant flat wire molded power inductors	1. Two-wire common mode filters 2. Three-wire common mode filters 3. Automotive common mode filters 4. Balanced to	1. Multilayer ferrite chip beads 2. Multilayer product inductors 3. Multilayer high frequency ceramic	1. Capacitive type LAN transformer modules 2. Inductive type LAN transformer modules 3. Automatic winding	Nickel-zinc ferrite cores

Type	Wire-wound			Multilayer products	LAN transformers	Others
	Precision wire-wound inductors	Molded power inductor	Common mode filter			
	frequency antenna 4. Sealed wire-wound low profile power inductors 5. Wire-wound SMD beads	4. Molded power inductors	unbalanced converters (also known as balun filters) 5. SMD high current common mode filters	chip inductors 4. Laminated array ferrite beads 5. Multilayer product power inductors 6. Multilayer product common mode filters	type LAN transformers 4. Self-coupling type LAN transformers 5. LAN transformer common mode inductors	

1. New product items to be developed

The Company produces a complete range of inductor products and has more than 40 kinds of magnetic material formula technologies, ferrite core design capabilities, high vertical integration, and diversified process options and other core competitiveness, giving us a high degree of independent development capabilities. In addition to continuously improving the electrical characteristics, reliability, and miniaturization of existing products, in terms of new product development, we focus on the application needs of recent growth markets such as high-speed digital computing, AI, 5G mobile communication, high-speed networking, cloud applications, servers, Internet of Things, power management, automotive grade electronics, and other applications. In 2024, we expect to develop new product items listed as follows:

- (1) Automotive grade 175°C high temperature resistant and bent 7mm or more multilayer chip beads HSZ 1608 size series products
- (2) Automotive grade guide vane low-frequency sensing antenna PASC5530-582J/PASC8030-123J
- (3) SNLU4532/5650 Series of automotive grade UV Glue all-covered decoupling circuit inductor
- (4) SLPI/SEPI series of single-wire assembled inductors for high-end servers
- (5) TLVR966411/110511 series of dual-winding set inductors for high-end servers
- (6) Common mode filter WCM5025 series (ferrite core type)
- (7) Common mode filter WCM5050FFSV series
- (8) Netcom DCMD/WCMD/DWCD matrix products
- (9) Balanced Design version (Lowest Rdc), carbonyl cold pressing process series

- (10) Continued development and improvement of high-efficient loss-loss alloy molded power inductors of the DDR5 standard
- (11) Development of large-size products TMIM04, 05, 06 during the high-current molded of alloy materials
- (12) Development of co-firing materials for copper and iron
- (13) Development of nanocrystalline materials for DDR6
- (14) Development of 155°C temperature resistant carbonyl materials for automobiles
- (15) Development of anti-rust carbonyl materials

## (II) Industry overview

### 1. Industry status and development

The Company's main products are magnetic and inductive components. Classified by industry, we fall within the passive component industry. According to the manufacturing process and product structure, power inductor components can be divided into multilayer product type, wire-wound type, molded, and manual assembly. In respect to materials used to manufacture inductors, they can be divided into ferrite type, ceramic material type, metal alloy type, and so on. The Company is one of the few professional domestic inductor manufacturers that can provide the above-mentioned different types, different materials, and different application fields at the same time.

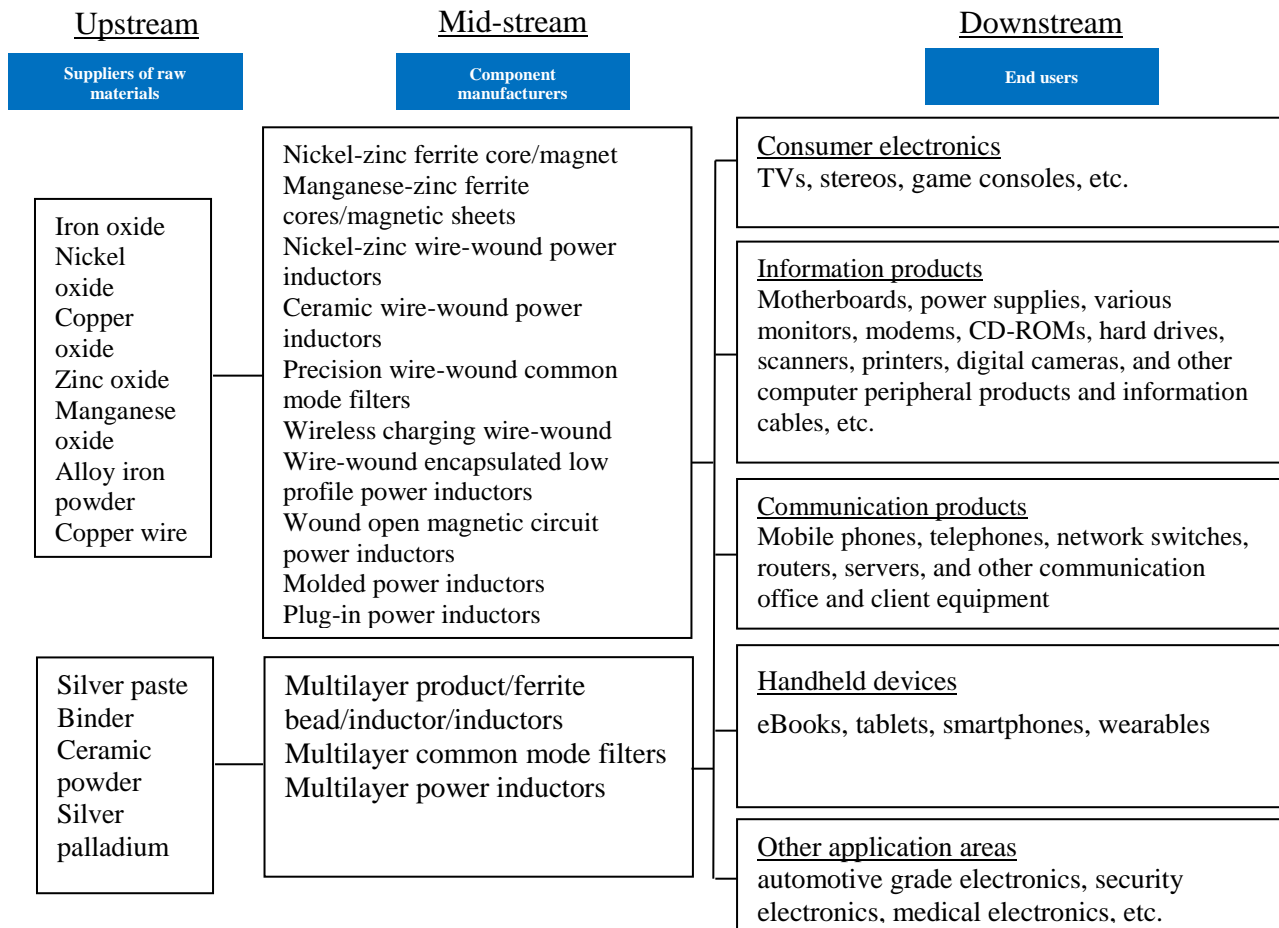
Inductors have the function of filtering and removing noise, suppressing transient current, reducing electromagnetic interference (EMI), and power conversion. They are widely used, especially in consumer electronics and 3C electronic products such as smartphones, tablet computers, notebook computers, desktop computers, servers, digital set-top boxes, handheld game consoles, wearable devices, and many others. Due to the above end products, products are widely used by consumers and are constantly innovating with their functions changing with each passing day; this also indirectly drives the demand for inductor components. In recent years, innovative technologies have been continuously applied to the automotive industry, electric cars, communications industry, IoT, AI, high-speed computing, and other industrial uses, increasing the demand for the relevant key components including inductive components, driving the development of the industry.

For instance, an electric car need a large quantity of inductor components for power conversion and control. Inductor components are most commonly used in the DC/AC converter of an electric car for conversion and regulation of electricity. In addition, an electric car's battery management system also needs inductor components to identify and control battery current, to ensure the safety and reliability of battery. Inductors are also used in AI-powered and high-speed computing equipment; they are used in high-speed computing equipment mainly as an EMI filter and power line filter. The CPU and memory in high-speed computing equipment require immense

power supply and data transmission. High quality power line filters and EMI filters can ensure the stability of power line and the correctness of data transmission. That is to say, high-quality inductors can ensure the stability and reliability of high-speed computing equipment.

Therefore, passive components (including inductor components) are classified as mature segments in the electronics industry; demand for components has grown because the functions of end-application products have been upgraded and become more complex, and this in turn drives the development of the entire industry chain.

## 2. Relationships between the industry’s upstream, mid-stream, and downstream



## 3. Various product development trends

The functions of electronic system products are continually evolving, which in turn advances continuous improvements in product specifications among power inductor components. With the increasing trend of electronic products to be faster, lighter, thinner, shorter, and smaller, development leans toward high frequency, miniaturization/thinning, low loss, high power, and high resistance. This is the case no matter whether the product is a ferrite core, multilayer ferrite chip beads/laminated multilayer product inductor, a wire-wound coil, or a power inductor. Separately, in response to the trend of automated production, related material technology, ferrite core design, mold design and production, etc., each product’s early-stage development design is based on the consideration of whether production can be automated. Environmental awareness has risen in recent years, and the requirements for environmental protection and greening of

electronic parts are getting higher and higher. The above development trends will dominate the future development of the Company's inductor products.

#### 4. Industry competition

The world's major inductor manufacturers currently are listed as follows:

Japan manufacturers	TDK, Murata, Taiyo Yuden, Panasonic
US manufacturers	Vishay, Coilcraft
South Korean manufacturers	Samsung Electro-Mechanics, Samwha
Taiwan manufacturers	Yageo (stock code 2327); Delta (stock code 2308); TAI-TECH Advanced Electronics (stock code 3357); ABC Taiwan Electronics (stock code 3236); King Core Electronics (stock code 6155); Arlitech Electronic (stock code 6432); Inpaq Technology (stock code 6284)
Mainland China-based manufacturers	Sunlord Electronics Co.,Ltd., Fenghua Hi-Tech

The top global inductor suppliers are still dominated by Japanese manufacturers. YAGEO Corporation remained the largest one among Taiwanese manufacturers. Meanwhile, mainland China-based manufacturers have experienced substantial growth in the domestic market in recent years; and with the support of the capital market and local governments, and abundant capital injections, the scale of major manufacturers has grown rapidly. In recent years, due to the rise of a consolidation trend, the inductor industry ecology has trended toward ever-larger players; and the living spaces of small and medium-sized manufacturers have become increasingly compressed. Developing unique business strategies is inevitable in order to avoid being eliminated.

In addition to expanding production capacities of our original products, the Company continues to develop various components to meet the needs of the market. In recent years, a number of new products have successively been introduced in terms of sales content, such that downstream customers are distributed in high-tech electronic industries such as consumer electronic products, information products, communication products, and automotive grade electronics. With diversified products and diversified customer groups, we will diversify our operations, diversify the risk of selling in a single industry, enhance our competitiveness, and respond to the rapidly changing market trends.

### (III) Technology and R&D overview

#### 1. Technology level and research development

In response to the continuous development of electronic system products towards characteristics of being light, thin, short, and small, and having high functionality and automated production, coupled with the increasing demand for automotive grade electronics applications in recent years,

required specifications of automotive components are more stringent than those of general commercial components. Therefore, the Company's inductor manufacturing technology is matched with core material engineering technology that has been developed for many years, developing new products that are also light, thin, short, small and high performance, having rated current, that are suitable for high frequency working ranges, and featuring vibration resistance (required for handheld devices and automotive grade electronics), wider operating temperature ranges (required for automotive grade electronics), high reliability (required for automotive grade electronics and servers), environmentally friendliness, and the concept of automatable production as the basis for the development of new products.

1. Research and development expenses invested in the most recent year

Unit: NT\$ thousand

	2022	2023
Research and development expenses	157,741	155,250
As a percentage of revenues (%)	2.98	3.50

Source: Consolidated financial statements audited and certified by an accountant

1. Technologies or products that have been successfully developed in the last five years

Year	Technology or product successfully developed
2018	<ol style="list-style-type: none"> <li>LAN transformer solutions for components directly attached to On Board type.</li> <li>TXF3532/4532 auto-winded LAN Transformer for POE+ application.</li> <li>Developed Ui28~30 material, a new alloy material with high magnetic permeability.</li> <li>Mass production of AWP series of miniature alloy molded power inductors.</li> <li>For the BPH series of high-current automatic threading ferrite beads, development of a full series of automated processes was completed and mass production undertaken.</li> </ol>
2019	<ol style="list-style-type: none"> <li>For Lan mod project, self-design of module specifications, promotion and trial production of ON BOARD product specifications, and promotion. POE+/POE++, 2. 5G/5G, 10G product specification; promotion and trial production; assisting customers to design test products.</li> <li>WCM7060 and other series developed and mass-produced; development completed.</li> <li>Completed development of common mode filter products of HDMI2.1 specification.</li> <li>AHP product line miniaturized development of power inductors.</li> <li>Auto.grade common mode filter products; developed ACM series products.</li> </ol>
2020	<ol style="list-style-type: none"> <li>Released multilayer product high current power inductors, including the development and mass production of products with distinct high, medium and low specifications. <ol style="list-style-type: none"> <li>CPI 1608/2012/2016/2520 UF Series.</li> <li>MPI 1608/2012/2016/2520 SF Series.</li> <li>MPI 1608/2012/2016/2520 MF Series.</li> </ol> </li> <li>Development of inductors for true wireless earphones (TWS). <ol style="list-style-type: none"> <li>SWF1608RF series.</li> <li>SWF2012RF series.</li> <li>HPC201212MF series.</li> </ol> </li> <li>Development and mass production of slim encapsulated wire wound choke (including ferrite and alloy materials) for smaller size and slim size.</li> </ol>

Year	Technology or product successfully developed
	<p>(1) Miniaturization: AHP121008/121010, 160808/160810, 201208/201210  (2) Thinning: 0.8mm height, AHP201608, 252008, 303008, 322508, 404008.</p> <p>4. Automotive common mode filter ACM4532/ACM3225, suitable for general specifications of CAN FD (Controller Area Network Flexible Data-Rate).</p> <p>5. LAN transformer TXF5365/TXF4532/TXF3532 series suitable for Power over Ethernet (PoE) specifications of Ethernet power supply.</p> <p>6. Development and certification work applied to the next-generation memory module DDR5 molded power inductors TMPF series.</p>
2021	<p>1. Development of inductors for true wireless earphones (TWS).  (1) HPC160809TF series, mid-level headphone applications.  (2) UHP160808TF series, for mid/high-end headphone applications.  (3) UHP201208TF series, for mid/high-end headphone applications.  (4) UHP201210RF series, for mid/high-end headphone applications.  (5) FCH160808SF series, low-end headphone application.</p> <p>2. Released medium size BPH853025F8E-101T high resistance automatic wire-wound ferrite beads.</p> <p>3. Released three-wire balun transformer BCM3225 series.</p> <p>4. Common mode filter APO322523/30 series is applied to the POC (Power Over Coaxial) system of the vehicle.</p> <p>5. Applied to the Internet of Vehicles, CAN FD (Controller Area Network Flexible Data-Rate) Class 1, 2, 3 common mode filter ACM4532/3225.</p> <p>6. Released TMIM3225/2520 series of miniaturized and thin molded power inductors.</p> <p>7. Released high temperature resistance (125 C) DCM3216/3225/4532 series for LAN transformers.</p> <p>8. Released LAN transformer TXF536540 compatible with 5GbE Power over Ethernet PoE/60W specification.</p>
2022	<p>1. Completion of the development of the HFZ1005/1608/2012/3216 series, compact multilayer ferrite chip beads for high current use.</p> <p>2. The HCB5750 series, large multilayer ferrite chip beads for high current use.</p> <p>3. The WCM1513/1211/9070/5555 series, common mode filters for high current use.</p> <p>4. The HSF1210-U4 series, common mode filters of USB4.0 specifications.</p> <p>5. The ACM3225/4532 series, common mode filters for use in OA1000/OA100, high vehicle-communications standards.</p> <p>6. The AMIM3225/4020 series, high-efficient loss-loss alloy molded power inductors of the DDR5 standard.</p> <p>7. Microminiaturization LAN transformer modules.</p>
2023	<p>1. Automotive grade HFZ 321611PF-500T120</p> <p>2. 175 degree high temperature resistant multilayer cheap beads for auto grade HHZ1608 size series</p> <p>3. PASU3225 series, low-frequency UV-resin-covered induction antennas for auto grade use</p> <p>4. SNLU2520/3225 Series of Automotive Grade UV Glue All-covered Decoupling Circuit Inductor</p> <p>5. Automotive grade Open Alliance 10Base-T1S common mode filter ACM3225F2UV-241T007-D</p> <p>6. TLVR100512 series of dual winding set inductors used in high-end servers</p> <p>7. Common mode filter WCM4015/WCM5545 series (ferrite core type)</p> <p>8. Innovative LAN transformer module</p> <p>9. TMPC05~07HC series, hot process carbon-substrate current-resistant molded power inductors.</p> <p>10. Molded carbonyl base/alloy power induction hot pressing process THMC04~06/</p>

Year	Technology or product successfully developed
	THMA04~05 series 11. 2PAD/4PAD/8PAD Series, carbonyl base material high current integrated power inductor hot pressing process TVMP 12. THFD series, alloy material high current molded cold pressing process
2024 up to the date of publication of the annual report	1. Automotive grade 175°C high temperature resistant and bent 7mm or more multilayer chip beads HSZ 1608 size series products 2. Automotive grade guide vane low-frequency sensing antenna PASC5530-582J/PASC8030-123J 3. SNLU4532/5650 Series of automotive grade UV Glue all-covered decoupling circuit inductor 4. SLPI/SEPI series of single-wire assembled inductors for high-end servers 5. TLVR966411/110511 series of dual-winding set inductors for high-end servers 6. Common mode filter WCM5025 series (ferrite core type) 7. Common mode filter WCM5050FFSV series 8. Netcom DCMD/WCMD/DWCD matrix products

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

The Company will establish a business method that can adapt to changes, be flexible and strong, and meet the needs of the market. Furthermore, we will establish a short delivery, low-cost, high-quality production system while simultaneously cultivating creative and action-oriented talent as our policy in planning for the Company's future.

1. The short-term development plan is based on the principle of "continuous improvement of operating performance, strengthening of the Company's competitiveness and returning to the track of growth".

Policies that promote the program's guidelines include:

- (1). Expand the breadth of innovative application markets and international market deployment.
  - i. Market research: regularly analyze international market trends, customer needs and competitors.
  - ii. Market entry strategy: formulate customized market entry strategies for the target market, including selection of partners and establishment of sales channels.
  - iii. Product positioning: customized products and marketing strategies based on different market cultures and needs.
- (2). Continue to develop new products, upgrade existing products, and expand product portfolios to meet the evolving needs of the end market.
  - i. R&D plan: establish a cross-departmental R&D team, and define a clear product development timetable and milestones.
  - ii. Customer cooperation: Establish cooperative relationship with key customers to jointly develop new products or customized products.
  - iii. Technological innovation: Invest in the research of new technologies and new products to promote product innovation.
- (3). Activation of idle production capacity; optimization of production processes.
  - i. Capacity assessment: assess the operational efficiency and capacity utilization rate of

- the production line periodically to identify idle resources.
  - ii. Process optimization: Optimization of production and operation processes.
  - iii. Cost control: conduct cost analysis and identify cost reduction opportunities, such as raw materials procurement strategies and energy efficiency improvements.
- (4). Further improvement of the "zero defect" quality mindset.
- i. Quality management system: Improve the quality management system such as ISO 9001/IATF16949 and implement total quality management (TQM).
  - ii. Employee training: the Company conducts quality awareness and skills training for employees on a regular basis.
  - iii. Quality monitoring: strengthen quality control and terminal testing during the production process, and respond and handle quality problems in a timely manner.
- (5). Adopt digital transformation and introduce smart manufacturing.
- i. Technology evaluation: evaluate and select digital technologies suitable for the Company's current situation, such as Internet of Things (IoT), big data analysis, cloud computing and storage, etc.
  - ii. Implementation plan: formulate a clear digital transformation path, including technology deployment, employee training and process improvement.
  - iii. Pilot projects: start with small-scale pilot projects and gradually promote successful digital transformation cases.
- (6). Continue to invest resources to strengthen the implementation of ESG-related affairs.
- i. ESG strategy: formulate the ESG strategy framework and specify the specific goals of environmental protection, social responsibility and governance.
  - ii. Execution team: establish a dedicated ESG team to be responsible for the implementation and execution of strategies.
2. The long-term development plan is to "become the preferred supplier of magnetic components in the world." Strategic guidelines include:
- (1). Continue to increase the product added value and optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance.
  - (2). In the future, for the layout of production lines, we will increase the expansion of production lines in the main plant in Taiwan by taking into account the risk of changes in the international political and economic situation, and strengthen the layout of third-party real estate outside Taiwan and China based on customer needs.
  - (3). Continue to focus on the core business, adopt the business philosophy of stable and practical management, enhance the implementation of ESG, continue to head toward sustainable operation, and achieve the vision of the first class of power inductor supplier worldwide with best effort.

## II. Market and production and sales overview

### (I) Market analysis

1. Sales regions of major products:

Unit: NT\$ thousand; %

Region \ Year		2022		2023	
		Sales amount	Proportion	Sales amount	Proportion
Domestic sales		1,373,265	25.95%	1,002,286	22.62%
Exports	Mainland China	2,661,398	50.30%	2,350,689	53.04%
	Hong Kong	679,816	12.85%	411,593	9.29%
	Singapore	79,482	1.50%	60,377	1.36%
	Others	497,372	9.40%	606,844	13.69%
Total		5,291,333	100.00%	4,431,789	100.00%

2. Market share

The Company and subsidiaries are mainly engaged in the development, design, manufacture, and sale of magnetic components and inductors. The main competitors around the world are some ten manufacturers, including TDK, Murata, Taiyo Yuden, Vishay, Coilcraft, YAGEO, Delta, and Sunlord Electronics Co.,Ltd. Given so, relevant data is not easily accessible. In addition, the sampling method and companies sampled for a survey conducted by the various market survey institutions vary, so does the data they published. So far, a creditworthy survey or report from which the accurate market share of each manufacturer can be inferred is still absent. According to the "Global Inductors Strategic Industry Report 2023" published by Research And Markets on GLOBE NEWSWIRE in December 2023, the total sales value of the global inductor industry in 2022 was estimated to be USD 4.9 billion, and the Company's sales value in 2022 was estimated to be NT\$5,291,333 thousand, which is estimated to account for about 3.0% - 3.5% of the global market of power inductor components. The Company's products such as multilayer ferrite chip bead inductors and wire-wound common mode filters are in a leading position in the related industries.

3. Future market supply, demand and growth

(1) Future market growth

In 2023, the inductor component manufacturing industry is faced with multiple challenges and uncertainties. As the inventory level gradually returns to normal, it is expected that inventory turnover will accelerate in the first half of 2024. However, the cautious attitude of the market is still evident, as downstream customers are reluctant to implement the strategy of large-scale stocking, and still prefer to respond to demand with emergency and short-term orders, which makes the Company's passive electronic component manufacturers, including the Company, to remain cautious about the outlook for orders.

Geopolitical fluctuations and the tension between the US and China have exacerbated the uncertainty of global trade. Even as the US Fed slowed down its rate hikes, the high interest rate environment still brought pressure to the economy, which in turn impacted demand in downstream markets. In addition, although downstream brands continue to introduce new products, and the international large-scale sports events in 2024 may bring a certain degree of vitality to the market,

such boosting effect does not appear to be able to offset the impact of global political and economic instability.

In this context, the inductor component manufacturing industry has turned to focus on niche application markets, such as automotive electronics, AI servers, and low-orbiting satellites. It is hoped that by focusing on stable orders for high-end components and higher unit prices to improve the product structure. However, the competition from Japan and South Korea is becoming increasingly fierce. In particular, Japanese manufacturers are actively taking orders with the help of the weakening yen. This may also increase the pressure on Taiwanese manufacturers.

Based on the above-mentioned recent market demand, although we have seen some positive signs from the low base period, due to the low visibility of orders, it is expected that the economic performance of the power inductor component manufacturing industry in the first half of 2024 will be the same as that of the same period last year. However, with the rebound of the NB and smart phone markets, and the focus of AI applications by major brands, the server industry has also turned its attention to the development of high-end AI servers, indicating that a new wave of growth in the electronics industry is taking shape. This wave is not limited to the traditional consumer electronics field, but also extended to electric vehicles and self-driving cars, where the visibility of orders has increased significantly, reflecting the strong demand for advanced driver assistance systems (ADAS) and electric powertrains. In addition, with the rise of low-orbit satellites and network communication equipment applications, the growth momentum in these fields has further established the expansion direction of the electronics industry.

Like other passive components, the inductor component industry is an indispensable part of electronic devices and will undoubtedly benefit significantly from these trends. From miniaturized components in smartphones to high-performance and high-endurance components in servers and electric vehicles, technological innovation and product upgrades for power inductor components have become the key to supporting the development of these applications. As the demand for electronic products with higher performance and lower energy consumption continues to increase, the demand for power inductor components will also further expand. Therefore, it can be foreseen that the passive component industry, including power inductor components, will become an important force driving the growth of the electronic industry in the future as the electronic industry expands to a higher technical level and broader application fields.

## (2) Market supply and demand analysis

### A. Supply side:

At present, all downstream manufacturers require good quality and low price, and major domestic and foreign manufacturers expect component manufacturers to fully cooperate in terms of delivery time and service. As for the domestic inductor industry, although the biggest competitors are still Japanese manufacturers at present, the technological development of the domestic electronic material information industry is becoming increasingly mature and its process capability and production cost reductions indicate strong competitiveness. In recent years, peers in mainland China have enjoyed the backing of abundant capital for their

development. Coupled with their convenient access to the booming mainland China market, their competitiveness is also increasing day by day. Therefore, from the perspective of market supply, although the situation of big companies has remained unchanged, the living space of small factories has been reduced. However, in Japan, Taiwan, South Korea and China, major manufacturers are actively seeking growth opportunities and the market supply is sufficient and competitive. As such, major peers must cautiously confront the impact of unbalanced supply and demand caused by the over-expansion of popular products and markets, while at the same time actively satisfying the market supply side.

#### B. Demand side:

In the inductor industry, downstream customer manufacturers basically cover all electronics related industries. As the functions of electronic products have become increasingly powerful in recent years, as well as ever more automated and intelligent, this has not only gradually boosted sales volumes of end-use electronic products; the number of inductor components used in a single unit of an electronic product has also grown significantly due to diversification of functions. As a result, demand for inductor components has grown year by year. From the leadership of PC-related applications in the early years, smartphone market applications have gradually transformed into the main driving force for growth in recent years. Moreover, new and diversified application fields are booming, such as automotive grade electronics, the Internet of Things, 5G applications, cloud applications, AI, and high-speed computing; and the growth momentum of this new electronics industry has already taken shape. Therefore, future demand growth for inductor components should be optimistic.

#### 4. Estimated sales volume and basis

Regarding the Company's estimated sales volumes in 2024, multi-layer inductors and ferrite beads are re-planned in the order and product mixes and monthly production capacity will be more than 1.6 billion pieces per month. The monthly production capacity of common mode filters and transformers will reach a monthly production capacity of 280 million units after the expansion in 2022. The total monthly production capacity of molded power inductors will exceed 100 million; and the remaining wire wound inductors and thin inductors are expected to exceed 140 million in monthly sales.

The main growth markets for downstream customer needs and applications are automotive grade electronics, network communications markets, cloud storage, and server markets. In terms of regional markets, we will continue to build market share in China and keep increasing the number of existing European and American OEM orders.

#### 5. Competitive advantage

##### (1) High degree of vertically integration

##### A. Mastering the ability to develop magnetic materials

We have over 40 years of experience in material technology, with more than 40 material formulations such as ferrites, alloys, ceramics, etc., to produce products with the best characteristics and cost-competitiveness for customers to choose from.

#### B Product design ability

With ferrite core and mold design capabilities, we can take into account the best characteristics of the product and the best mass production conditions when developing new products.

#### C. Diverse process capabilities

We have diversified process methods (such as stacking, winding, integral molding, sealing, assembly, etc.) that can provide customers with the best production solutions in terms of product customization.

To sum up, the Company's related products start from the preparation and production of raw material powder, to the laminated, wound, integrated and assembled finished products. The whole process is completed in the factory, which will effectively ensure the quality of the Company's products and reduce costs.

#### (2) Highly automated production

From the outset, design of the Company's products is aimed at whether they can be introduced into automated production. In addition to ensuring high output, high quality and high yield of mass-produced products, this can also reduce the dependence on direct labor, reduce the impact of rising labor costs year by year, and make the Company's products more competitive.

#### (3) Diversified operations mitigate the risk of selling in a single industry

The Company continues to develop various components to meet the needs of the market. a number of new products have successively been introduced in terms of sales content (e.g., ultra-small high-frequency inductors, ultra-high-frequency ferrite beads, low profile power inductors, multilayer product power inductors, chip-type common mode filters, etc.) such that downstream customers are distributed in high-tech electronic industries such as consumer products, information products, and communication products. This is done with the view of diversifying the risk of selling in a single industry via diversified operations, and in order to respond to rapidly changing market trends.

#### (4)Core technologies

##### A. Material technology

(A) Nickel-zinc ferrite material formulation technology: Mainly high temperature materials for ferrite cores, low temperature (with silver) co-fired materials for laminated wafer processes, and high frequency and low temperature co-fired ceramic materials.

(B) Iron alloy formula technology: Special low temperature glass system insulation technology, high magnetic permeability materials, low loss materials, extremely high temperature resistant 180 degree resin formula, etc.

- B. Multilayer technology, where the best process for cost-effectiveness can be chosen for products as follows: Fully wet process, semi-dry and semi-wet process, and fully dry process.
  - C. Winding technology: Winding machines with various winding technologies.
  - D. Production technology for various power inductors: Multilayer product type, winding type (single winding type, sealing type) and molded type, etc.
6. Favorable and unfavorable factors of future development prospects and countermeasures
- (1) Advantageous factors
1. Growing demand for electronic components: The functions of electronic terminal equipment are becoming more and more advanced and complex and the electronic circuits driven by them are becoming more and more complex and the number of electronic components required is also increasing.
  2. Industry growth driven by demand for new applications: with the rise of emerging technologies such as 5G communications, the Internet of Things (IoT), artificial intelligence (AI), electric vehicles and self-driving cars, passive component manufacturers have the opportunity to provide requirements of these technologies.
  3. Product transformation: the traditional power inductor has been gradually transformed into a light, short and small, high-function, high-electricity, automated production-oriented product, which is in line with the Company's development and production model.
  4. Strategic partnerships: Cooperation or establishment of strategic partnerships with other passive component companies will help to enhance the Company's position in the industry and provide opportunities for joint innovation.

(2) Disadvantageous factors, and countermeasures:

1. Talent and manpower:

The characteristics of the passive component industry make it difficult to attract young talent who has graduated from colleges and universities; it is not easy to recruit middle-level Taiwanese talent. The turnover rate of entry-level manpower is high and due to the low birth rate, it is not easy to recruit talent.

Countermeasures:

- (1). Improve salaries and extend education and training periods to focus on training college graduates.
- (2). Retention bonus (contract-based) and treasury stock subscription plan for mid-level talent.
- (3). Actively sign educational cooperation programs with science and technology universities to expand the channels for recruiting entry-level talent.
- (4). Actively recruit international talent to fill the professional gaps in specific fields. Unfavorable factors that end customers demand to adjust production bases in the face of geopolitical tensions.

## 2. Enterprise scale:

The Company is a small and medium-sized company, and it is not easy to compete with leading companies in the industry for the scale of resource investment and fund-raising.

### Countermeasures:

- (1). Determine a clear market positioning and focus on specific areas or product categories to improve product professionalism.
- (2). Strengthen investment in R&D and continue to upgrade product technology to have differentiated technology advantages.
- (3). Conduct cost analysis on a regular basis to find ways to reduce manufacturing costs and improve production efficiency.
- (4). Emphasize quality management and establish strict quality control standards to ensure that products meet international standards and customer expectations.
- (5). Consider establishing strategic partnerships to jointly tackle challenges.

## 3. Insufficient reputation of international brands:

The Company's current brand reputation is better in the Greater China region than internationally and its promotion in the international market is more limited.

### Countermeasures:

- (1). Strengthen the uniqueness of the brand to highlight the Company's unique characteristics and competitive advantages.
- (2). Actively participate in industry events and exhibitions to enhance brand awareness.
- (3). Actively manage customer satisfaction and provide outstanding products and services.
- (4). Encourage customers to share their positive experiences and use word-of-mouth marketing to expand brand influence.
- (5). Value customer feedback and actively adjust corporate strategies to meet customer expectations.
- (6). Participate in industry cooperation and alliances and enhance brand reputation through cooperation with other well-known companies.

## 4. Supply chain risks:

May face supply chain-related challenges, including raw material shortages, transportation issues or geopolitical tensions.

### Countermeasures:

- (1). Choose multiple reliable suppliers to diversify risks and reduce dependence on a single supplier.
- (2). Establish comprehensive supply chain transparency and trace the flow of raw materials, components and products in the supply chain.
- (3). Risk assessments are conducted on a regular basis, taking into account factors such

as natural disasters, geopolitical turbulence and market changes.

- (4). Formulate comprehensive emergency response plans, including measures in case of natural disasters, political instability, supplier failure, etc.
- (5). Actively manage inventory levels to counter the possibility of supply chain disruption.

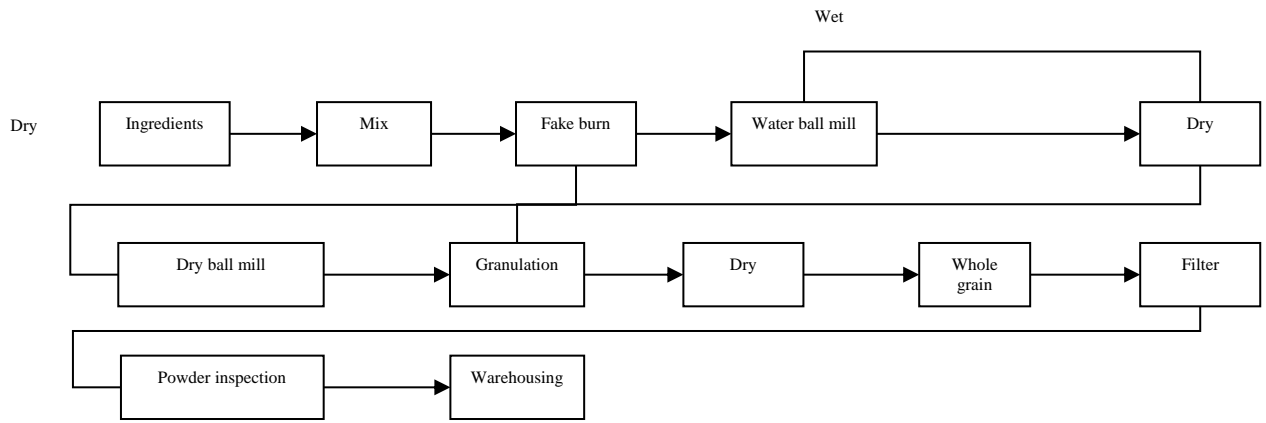
(II) Important applications and production processes of products:

1. Important uses of main products

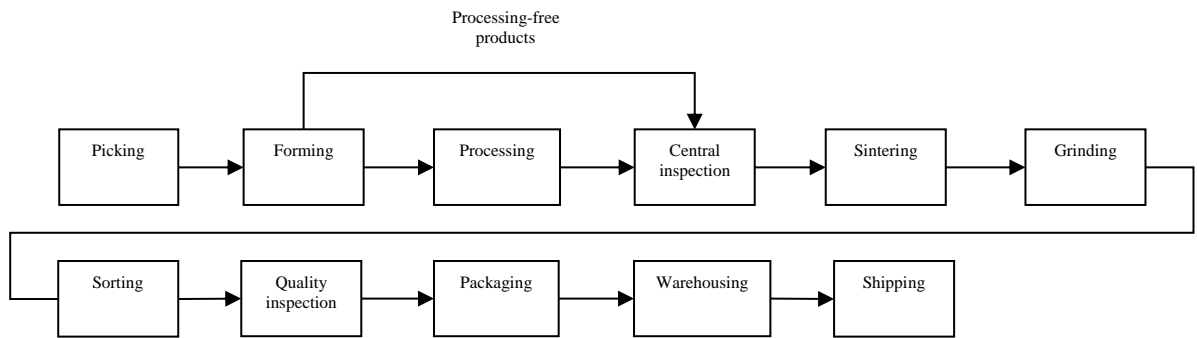
Product category	Important applications
Multilayer product inductors/ferrite beads	Motherboards, graphics cards, notebooks, tablets, LCD tvs/monitors, wireless networks, smart phones, printers, network cards, projectors, digital STBS, automotive grade electronics, data center servers, and edge computing servers.
Molded power inductors	Motherboards, graphics cards, desktop computers, notebook computers, smart phones, tablet computers, LCD TVs/screens, game consoles, automotive grade electronics, new energy vehicle battery management systems, data center servers, and edge computing servers.
Common mode filters and LAN transformers	High-speed connection interface, desktop computer, notebook computer, digital TV, network router, network switch, data center servers, and edge computing servers.
Wire-wound inductors	Motherboards, graphics cards, notebooks, tablets, LCD tvs/monitors, wireless networks, printers, network cards, projectors, digital STBS, smartphones, automotive grade electronics.

2. Production process of main products

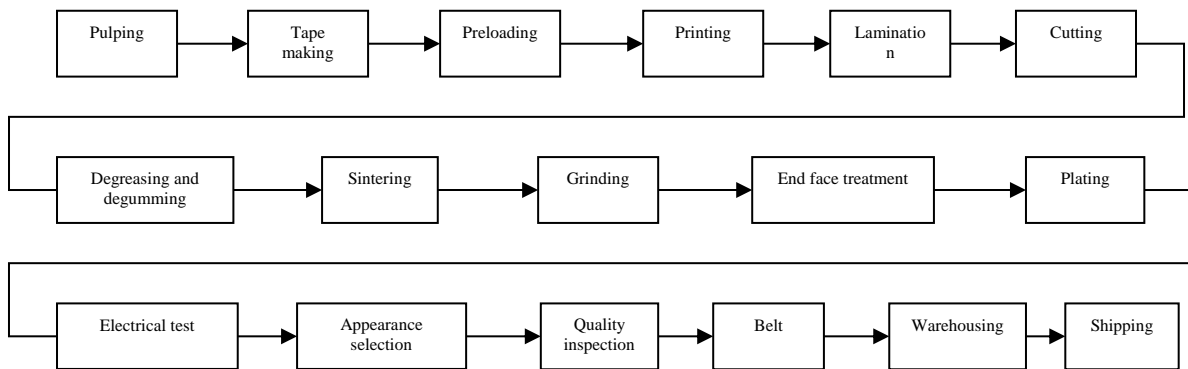
(1) The main production process of magnetic materials:



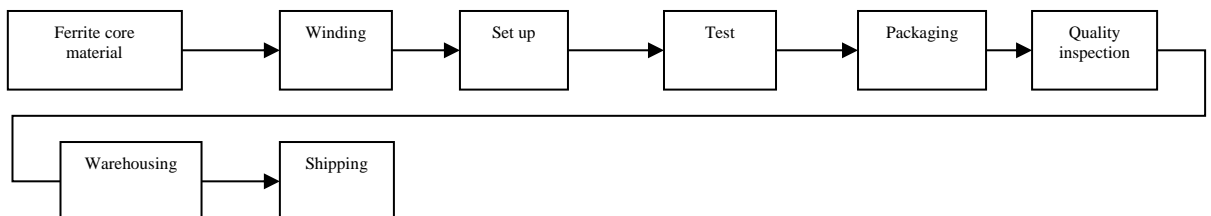
(2) Ferrite core production process:



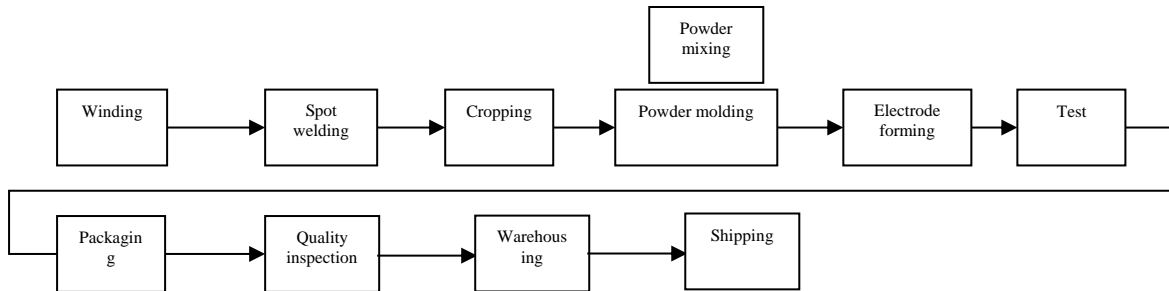
(3) Ferrite beads/inductor production process:



(4) Wire-wound power inductor production process:



(5) Molded power inductor production process:



(III) Availability of major raw materials

Regardless of whether the Company is manufacturing ferrite core powder or wafer tape, the raw materials are mixed with powders such as iron oxide, nickel oxide, copper oxide, magnesium oxide and zinc oxide in different proportions, and then obtained according to individual subsequent different processes. Under the principle of maintaining more than two suppliers for a single raw material, the Company has long maintained close and favorable cooperative relationships with suppliers, a practice that should ensure smooth delivery.

(IV) List of major purchase and sale customers

1. Information on major purchasers in the last two years

Unit: NT\$ thousand; %

Year	2022				2023			
Item	Name	Amount	% of net purchases in the whole year	Relationship with the Company	Name	Amount	% of net purchases in the whole year	Relationship with the Company
1	Company J	162,548	9.77	None	Company J	225,631	15.11	None
	Others	1,501,345	90.23		Others	1,267,258	84.89	
	Total	1,663,893	100.00		Total	1,492,889	100.00	

Description of the change: The increase in revenue from the use of Company A's products in 2023 resulted in an increase in the proportion of Company A's procurement.

2. Information on major sales customers in the last two years

Unit: NT\$ thousand

Item	2022				2023			
	Provider	Net sales	As a percentage of net sales for the year (%)	Relationship with the issuer	Provider	Net sales	As a percentage of net sales for the year (%)	Relationship with the issuer
1	Company A	934,204	17.66	None	Company A	676,234	15.26	None
	Others	4,357,129	82.34	-	Others	3,755,555	84.74	-

Total	5,291,333	100.00	-	Total	4,431,789	100.00	-
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Description of the change: Sales of Company A decreased in 2023 due to deferral of demand from European and American automotive customers

(V) Production volume and value for the most recent two years

Unit: KPCS/NT\$ thousand

Year	2022			2023		
Production value	Capacity	Yield	Output value	Capacity	Yield	Output value
Major products						
Wire-wound	4,109,984	2,743,057	1,917,208	4,137,100	2,564,820	1,857,991
Multilayer products	21,650,370	13,848,857	581,207	21,764,423	16,656,452	688,059
LAN transformers	3,757,841	2,988,518	730,624	4,035,010	1,251,410	348,213
Others	0	22	4,407	0	68	13,201
Total	29,503,195	19,580,454	3,233,446	29,936,533	20,472,750	2,907,464

(VI) Table of sales volume and value for the most recent two years

Unit: KPCS/NT\$ thousand

Year	2022				2023			
Sales value	Domestic sales		Exports		Domestic sales		Exports	
Major products	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wire-wound	781,395	1,223,020	2,255,359	2,241,987	545,266	868,343	2,304,047	2,195,724
Multilayer products	1,853,102	139,959	12,324,447	671,931	1,583,715	124,370	14,872,969	771,015
LAN transformers	5,252	7,385	2,742,385	952,517	5,126	8,071	1,595,199	404,070
Others	13,816	2,901	306,723	51,633	17,799	1,502	317,640	58,694
Total	2,653,565	1,373,265	17,628,914	3,918,068	2,151,906	1,002,286	19,089,855	3,429,503

III. Number of employees in the last two years

	2022	2023	2024 up to through March 31
Number of Management administrative staff	114	116	115
Salespeople	121	139	146
R&D and technical personnel	117	111	115
Manufacturing indirect personnel	141	141	147
Operators	1561	1315	1440
Total	2054	1822	1963

		2022	2023	2024 up to through March 31
Average age		37.19	37.19	37.64
Average years of service		4.99	4.99	5.62
Educational distribution ratio	Master's degree	0.05%	0.05%	0.05%
	Bachelor's	0.39%	0.82%	0.82%
	Junior college	15.24%	17.56%	17.32%
	High school	32.72%	30.57%	31.43%
	Below high school	51.61%	50.99%	50.38%

#### IV. Environmental spending information

(I) Required description of the application for, payment of, or establishment of pollution facility permits or pollution discharge permits, or pollution prevention costs or environmental protection unit by companies in accordance with the law:

##### 1. Pollution facility permit or pollution discharge permit has been obtained

Provider	Category	Permit number
Tai-Tech Advanced Electronics Co., Ltd.	Water pollution prevention and control permit	Fu-Huan-Shui Zi No. 1120333248, Tao-Shi-Huan-Pai-Xu-Zi No. H2072-07
Tai-Tech Advanced Electronics Co., Ltd.	User connection certificate	Tao You Zi No. 1115120681
Tai-Tech Advanced Electronics Co., Ltd.	Fixed pollution source operation license	Fu-Huan-Kong-Zhi No. 1110353550, Cao-Zheng-Zi No. H4513-05
Tai-Tech Advanced Electronics Co., Ltd.	Waste cleanup plan	H09206090005
Tai-Tech Advanced Electronics Co., Ltd.	Dedicated Wastewater And Sewage Treatment Specialists (Class B)	Fu Huan Shui Zi No. 105017778
Tai-Tech Advanced Electronics Co., Ltd.	Appointment of a Dedicated Wastewater And Sewage Treatment Specialists (Class A)	(100) EPD Xunzheng Zi No. GA450214
Tai-Tech Advanced Electronics Co., Ltd.	Dedicated Air Pollution Control Specialist (Class A )	Fu Huan Kong Zi No. 1050149357
Tai-Tech Advanced Electronics Co., Ltd.	Appointment of a Dedicated Air Pollution Control Specialist (Class A )	(104) Environmental Protection Agency Xunzheng Zi No. FA080371
Tai-Tech Advanced Electronics Co., Ltd.	Industrial Waste Disposal	Fu Huan Shi Zi No. 1040327361

Provider	Category	Permit number
	Specialists (Class B)	
Tai-Tech Advanced Electronics Co., Ltd.	Appointment of an Industrial Waste Disposal Technician (Class A)	(102) EPD Xunzheng Zi No. HA060101
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	National sewage permit	91321300683504514N001C
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Sewage permit	91320583730691675U001X
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	General security officer certificate	19032051475978
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Plating security officer certificate	20032051486316
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Pollution source automatic monitoring certificate	KSWRYZDJK20171226302
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Chemical warehouse safety officer certificate	2020-1689
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Safety standardization certificate	Jiangsu AQB320583QCIII202000035

## 2. Payment of pollution prevention and control fees

Provider	Category	2022	2023
Tai-Tech Advanced Electronics Co., Ltd.	Hazardous business waste disposal fee	NT\$3,484 thousand	NT\$3,457 thousand
Tai-Tech Advanced Electronics Co., Ltd.	General business waste disposal fee	NT\$1,348 thousand	NT\$1,446 thousand
Tai-Tech Advanced Electronics Co., Ltd.	Air pollution control fee	NT\$0 thousand	NT\$0 thousand
Tai-Tech Advanced Electronics Co., Ltd.	Soil and groundwater pollution remediation fees	NT\$61 thousand	NT\$62 thousand
Tai-Tech Advanced Electronics Co., Ltd.	Industrial area sewage charges	NT\$1,695 thousand	NT\$1,204 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste activated carbon disposal fee	RMB 56.56 thousand	RMB 49.95 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste filter disposal fee	RMB 18.4 thousand	RMB 23.27 thousand (consolidated according to the

Provider	Category	2022	2023
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste anode bags	RMB 3.57 thousand	requirements of the Hazardous Waste List)
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste rag disposal fee	RMB7.72 thousand	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste packaging container disposal fee	RMB 15.67 thousand	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste oil disposal fee	0	RMB 5 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Fees for disposal of waste liquid	RMB1.01 thousand	RMB 0.635 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste glue	RMB 4.04 thousand	RMB 11.54 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste residue from scrubbers	/	RMB 536 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Sludge disposal fee	RMB 200.67 thousand	RMB 122.79 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste gas treatment environmental protection tax	RMB 4.03 thousand	RMB 1.721 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Environmental protection quarterly sewage charges (wastewater, waste)	RMB 6973.60	RMB 6.653 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Soil testing fee	0	RMB 66 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Surface treatment waste	RMB 46 thousand	RMB 90.75 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Waste filter, waste rag	RMB 32 thousand	RMB 48.294 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Nickel-containing sludge	RMB 75 thousand	RMB 58.8 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Waste packaging drum	RMB 8 thousand	RMB 16.04 thousand

Provider	Category	2022	2023
Co., Ltd.			
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. Co., Ltd.	Industrial waste disposal fee	RMB 60 thousand	RMB 60 thousand
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. Co., Ltd.	Domestic waste disposal fee	RMB 13 thousand	RMB 13 thousand

## (II) Investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits:

Unit: NT\$ thousand / RMB thousand

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(Tai-Tech Advanced Electronics) Maintenance and repair work related to wastewater facilities in the factory	Type 1	2022	142 thousand	0	Maintain wastewater facility operations, reduce environmental impact; comply with statutory emission standards
(Tai-Tech Advanced Electronics) Newly added project for in-plant process exhaust gas ducts	Type 1	2022	189 thousand	0	Maintain the operation of exhaust gas facilities, reduce environmental impact; comply with statutory emission standards.
(Tai-Tech Advanced Electronics) Maintenance and repair work related to wastewater facilities in the factory	Type 1	2023	NT\$326 thousand	0	Maintain wastewater facility operations, reduce environmental impact; comply with statutory emission standards
(Tai-Tech Advanced Electronics) Newly added project for in-plant process exhaust gas ducts	Type 1	2023	NT\$471 thousand	0	Maintain the operation of exhaust gas facilities, reduce environmental impact; comply with statutory emission standards.
Replacement of the flow meter of outfall of processed wastewater (TAIPAQ)	1 set	2022	RMB 4.3 thousand	0	The original flow meter was damaged and gave no data from time to time. therefore, a new flow meter was bought as back-up.
(TAIPAQ) Project on remodeling of exhaust collection equipment of dispensing exhaust processing facility.	Type 1	2022	RMB 220 thousand	RMB 175 thousand	New environmental impact assessment requirements stipulated that the No.1 exhaust processing facility be remodeled from level 1 spray + level 1 activated carbon to level 2 spray + level 2 activated carbon.
(TAIPAQ) Purchased portable COD, ammonia nitrogen detector	1 set	2022	RMB 25.8 thousand	RMB 21.3 thousand	To effectively grasp the quality of domestic waste water and the water at the outfall, portable detectors were purchased to regularly monitor the water quality.

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(TAIPAQ) Replacement of activated charcoal and cotton filter for No.5 exhaust processing facility.	Type 1	2022	RMB 100 thousand	0	Regular replacement of activated charcoal and cotton filter for the exhaust processing facility of the Materials Section.
(TAIPAQ) Septic tank duct dredging	Type 1	2022	RMB 3.7 thousand	0	Part of the domestic sewage pipes were cleaned in order to improve the sewage concentration and reduce and control pollutants.
(TAIPAQ) Soil monitoring	Type 1	2022	RMB 43 thousand	0	Since the Environment and Ecology Bureau of Suqian City has put TAIPAQ on its soil monitoring watchlist and demanded plant-wide soil monitoring and potential hazards resolution, an independent third party needs to be commissioned.
(TAIPAQ) Replacement of electrical control system for No.1 exhaust processing facility.	1 set	2022	RMB 15 thousand	0	The original electrical control system in No.1 exhaust processing facility failed to meet the requirements of current equipment, and were therefore replaced for the purpose of safe operation.
(TAIPAQ) Replacement of PH electrodes of the exhaust processing equipment of the surface treatment station	1 set	2022	RMB 1.8 thousand	0	The PH electrodes of the automatic alkaline sprinkler of No.3 exhaust processing facility was damaged and therefore replaced.
(TAIPAQ) Replacement of activated charcoal and filler for the exhaust processing facility of Plant No.1.	3 sets	2022	RMB 130 thousand	0	Replacement of activated charcoal and filler for the exhaust processing facility No.1, No.2, and No.4.
(TAIPAQ) Installation of an automatic sampler at the nickel outfall.	1 set	2022	RMB 26 thousand	RMB 23 thousand	The provincial cross-examination team demanded that the Company install an automatic sampler at each individual nickel outfall according to the online monitoring regulations.

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(TAIPAQ) Installation of a data gathering and transmission instrument at the outfall.	1 set	2022	RMB 8.6 thousand	RMB 7.7 thousand	The environmental platform demanded that each individual outfall be equipped with a data gathering and transmission instrument so as to ensure the disclosure of information on pollutant discharge.
(TAIPAQ) replacement of filter cotton, activated carbon and air duct maintenance for the exhaust processing facility.	Type 1	2023	RMB 94.7 thousand	0	Regular replacement of filter cotton and activated carbon in waste gas treatment facilities.
(TAIPAQ) Clogged drainage system of waste gas treatment facility	Type 1	2023	RMB 6.9 thousand	0	Clogged drainage of some treatment facilities
Replacement of the flow meter of outfall of processed wastewater (TAIPAQ)	1 set	2023	RMB 14.5 thousand	0	The original flow meter was damaged and gave no data from time to time. therefore, a new flow meter was replaced.
(TAIPAQ) Renovation and upgrade of 2# waste gas treatment facility	1 set	2023	RMB 36.28 thousand	0	Renewal 2# Waste gas treatment facility
(Kunshan) Project on the replacement of activated charcoal for the scrubber.	Type 1	2022	RMB 29 thousand	RMB 25 thousand	After long years of use, the activated charcoal case was severely eroded and needed to be replaced with stainless steel-cased activated charcoal.
(Kunshan) Project on installation of explosion vents in the activated charcoal case in the scrubber.	Type 1	2022	RMB 17 thousand.	RMB 15 thousand	The required explosion vents were already installed.
(Kunshan) Re-engineering of the fire safety system in a logistics warehouse	Type 1	2022	RMB 154 thousand	RMB 137 thousand	Kunshan Fire Brigade demanded re-engineering of the fire safety structure of the logistics and quality assurance premises, and logistics office to an extent meeting the fire safety requirements.

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(Kunshan) Installation of a new stainless steel-cased activated charcoal device.	Type 1	2022	RMB 160 thousand.	RMB 147 thousand	After long years of use, the activated charcoal case was severely eroded and needed to be replaced with stainless steel-cased activated charcoal.
(Kunshan) Replacement of a cooling tower.	Type 1	2022	RMB 64 thousand	RMB 60 thousand	An administrative direction demanding remodeling to an extent meeting the requirements.
(Kunshan) Relocation of the equipment in the supplementary building of the wastewater station.	Type 1	2022	RMB 38 thousand	RMB 37 thousand	The original nickel-containing wastewater tank in the wastewater station was old and obsolete and therefore needed to be replaced with a new one.
(Kunshan) Project on inspection and repair of the water reclaiming station.	Type 1	2022	RMB 165 thousand	RMB 160 thousand	The original nickel-containing wastewater tank in the wastewater station was old and obsolete and therefore needed to be replaced with a new one.
(Kunshan) Project on the water reclaiming and reuse room, rain awnings of the air compressor room, and outdoor restroom.	Type 1	2022	RMB 926 thousand	RMB 900 thousand	The water reclaiming and reuse room, rain awnings of the air compressor room, and outdoor restroom were renovated to meet the requirements.
(Kunshan) Project on the nickel-containing wastewater tank of the sewage station.	Type 1	2022	RMB 194 thousand	RMB 189 thousand	The original nickel-containing wastewater tank in the wastewater station was old and obsolete and therefore needed to be replaced with a new one.
(Kunshan) New scrubber replacement activated carbon project	Type 1	2023	RMB 96 thousand	RMB 90 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Air compressor room reconstruction	Type 1	2023	RMB 59 thousand	RMB 39thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(Kunshan) Wastewater, re-use water annual maintenance	Type 1	2023	RMB 78 thousand	RMB 70 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) 3rd floor pure water tower replacement project	Type 1	2023	RMB 49 thousand	RMB 44 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Technical service fee for VOC equipment operations of pollution source monitoring system	Type 1	2023	RMB 56 thousand	RMB 18 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Service fee for online pollution source remote monitoring	Type 1	2023	RMB 33 thousand	RMB 5.5 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Service fee for sewage treatment limited space information management platform operation and maintenance	Type 1	2023	RMB 87,000	RMB 5.8 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Maintenance fee for IC card emission monitoring and emission trading management system	Type 1	2023	RMB 7 thousand	RMB 5 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Smoke exhaust system rectification	Type 1	2023	RMB 73 thousand	RMB 55 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards

Note: In the data on environmental protection, small expenditures are not included in the above content but are included in the expenses of NT\$50,000 and RMB10,000 or more

(III) The improvement of environmental pollution made by the Company, disputes over pollution events, and how the Company dealt with such disputes in the most recent two years, and up to the date of publication of the annual report: None.

(IV) In the most recent two years and as of the date of publication of the annual report, losses due to environmental pollution (specifying compensation and environmental protection audit results that violate environmental protection regulations, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible measures. When reasonable estimation cannot be provided, explanation for the such cases should be offered:

1. 2022: no related matters.
2. 2023: no related matters.
3. 2024 to date: no related matters.

(V) The current impact of pollution and corresponding improvements on the Company's earnings, competitive position and capital expenditures, and the estimated major environmental capital expenditures for the next two years: None.

#### V. Labor/management relations

(I) List each item of the Company's employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures.

##### 1. Employee benefits:

###### (1) Group Insurance

The Company purchases group accident and medical insurance for all employees. Due to the position and work relationship of specific employees, we give higher group accident medical insurance to protect employees.

###### (2) Distribution of year-end bonuses and compensation to employees

We distribute employee compensation at a fixed percentage of the year's pre-tax earnings (paid in the middle of the following year) as per the Company Act and the Articles of Incorporation. We also distribute year-end bonuses at a fixed percentage of the year's earnings after tax. Business performance and results are reflected in employee compensation appropriately.

###### (3) Employee Welfare Committee

The Company has established an employee welfare committee in accordance with the law and it is responsible for the planning and implementation of employee benefits, The Company also allocates welfare funds in accordance with regulations, and regularly handles various activities and welfare matters such as annual travel, annual festival gifts, and unit dinners.

- (4) Gift vouchers for the three major festivals (Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival) and birthdays are regularly issued on the above-mentioned holidays. Scholarships for employees and their children are applied for twice a year.
- (5) Regular employee health check-ups -- the Company regularly organizes employee health check-ups and cares about the health of employees.
- (6) Employee remuneration: The Company actively discloses salaries for full-time non-managerial employees in non-managerial positions. The average salary in 2023 is NT\$680,000 and the median salary is NT\$580,000.

## 2. Employee education and training

The Company has been attentive toward employee career planning and is committed to talent cultivation. We actively encourage employees to participate in various training courses that are based on the functional needs of the Company's employees as they participate in courses or seminars sponsored by external or internal organizations. Employees can also apply for education and training sessions according to their needs at work, to train their abilities for career development. In addition, the Company has formulated its "Regulations for Application for Continuing Education", by which tuition and miscellaneous expenses are fully subsidized in order to encourage employees to continue their education while working. In 2022, the Company took the initiative to apply for the coaching on the Talent quality-management system (TTQS) of the Ministry of Labor; that was the first time the Company had been evaluated, and it won a bronze certificate, indicating its effort and professionalism in talent training and development. In 2023, the eHRD system was introduced to implement systematic training management and provide an online training platform for colleagues.

## 3. Retirement system and its implementation

In accordance with the provisions and management methods of labor retirement reserves, the Company deposits labor retirement reserves in the dedicated employee retirement reserve accounts in the Bank of Taiwan for use. As of March 31, 2022, the Company already settled the pension payment with all employees who had been with the Company before July 1, 2005 and to whom the old pension scheme is applicable. In addition, starting from July 1, 2005 and after all employees elected to have the new labor retirement scheme applied to them, the Company has contributed 6% of monthly salaries to retirement funds and deposited them into employees' individual retirement accounts.

## 4. Agreements between labor and management

Harmonious labor-management relations have always been one of the areas to which the Company is committed. We adopt a two-way and open approach to communication, and wish that the relationship between labor and management always maintains harmony.

## 5. Measures taken to protect the rights and interests of employees

The Company has established comprehensive management measures that clearly define the rights and obligations of employees and of welfare items, and regularly reviews and revises

welfare content to protect the rights and interests of all employees.

(II) In the most recent year and up to the date of publication of the annual report, list any losses suffered due to labor disputes (including labor inspection results that violate the Labor Standards Act, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclose current and future estimated amounts and possible measures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

1. 2022: No related matters.
2. 2023

The Labor Inspection Department of Taoyuan City Government sent personnel to conduct labor inspections on the Company on April 20 and April 28, 2023. It was found that the Company violated provisions of the Labor Standards Act. The case involved, Kao, a Vietnamese worker who was employed by the Company, had worked 34 hours of extended work hours on weekdays in his attendance record in March 2023, and had not been paid with a full salary. This resulted in the underpayment of wages for the extended hours of work. This was a violation of Article 24, Paragraph 1 of the Labor Standards Act and the Company was fined NT\$50,000.

3. 2024 as of the printing date of this prospectus: no related matters.

## VI. Cyber security management

### (I) Cyber security management framework

The IT Department is in charge of the Company's information security management; it has one officer and several professional engineers, and is mainly responsible for formulating the Company's information security policy, planning information security measures, and implementing information-related work, so as to maintain the system, protect data, make equipment operate stably, and ensure network security.

The IT Department is directly under the supervision of the President on the organizational structure, and is audited by the internal auditing unit from time to time. In addition, an external accounting firm also audits information-related procedures every year; if any deficiency is found, improvement goals will be set and tracked until the deficiency is fully remedied, so as to ensure a well-functioning system.

Since the Company attaches great importance to information security, the Company's information security unit is also required to report to the Company and officers at each level on the progress of the

implementation of information security and governance and related information systems at internal meetings.

(II) Cyber security management policy

All employees of the Company are obliged to protect the Company’s commercial information, secretes, patents, manufacturing process, formula, and intellectual properties, and may not use private computers within the Company to copy or access any media or file without authorization. Any data or information received via any internal equipment is deemed to be the property of Tai-Tech Advanced Electronics. These rules shall apply to all direct, indirect, and contract workers. In the case of violation, the Company retains the right to claim any compensation.

The information security management policy is also incorporated into the “internal control system” and “internal regulations”, which specify the control requirements and matters involved. Below is a summary:

1. Internal control system

“Chapter 10: Digital Information System Processing Operation” of the internal control system specifies the “Cyber Security Checklist”, which enumerates the control points with respect to information-related duties, network security, file back-up, documentation, host protection, equipment management, personal data protection, public information filing, and so on.

2. Management regulations and corresponding forms

Internal regulations include those for information security, which are implemented by using corresponding forms. Below is a summary in this regard:

Name of internal regulations	Corresponding forms
Cyber security management regulations	(Day-to-day and annual information audit)
Regulations for Information System Development and Maintenance	Digital System Operation Proxy
Regulations for System Recovery	Host Checklist; Back-up Checklist; Disaster Recovery Record Form.
Regulations Governing the Management of Computer Rooms	Engine Room Access Control Form
Regulations for Information Asset Management	Equipment Retirement Record Form

Regulations for Purchase of Hardware and Software	Computer Purchase Assessment Form
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### (III) Cyber security management project

To tighten overall information security, and Company continues the following management projects and measures:

#### 1. Computer equipment security management

- (1) The Company's computer room is equipped with access control equipment. All personnel must be registered for access and must be accompanied by personnel from the information unit throughout the process, and the operation status should be recorded.
- (2) The equipment room is has its own air conditioning to ensure that the relevant mainframes are operating under appropriate temperatures. The UPS and APS power switching systems are also planned to ensure operational safety.
- (3) (3) Fire safety equipment and several chemical fire extinguishers are also made available inside and outside the engine room to reduce the threat of fire.

#### 2. Enhanced network security management

- (1) Relevant external network entrances are equipped with enterprise-grade firewalls to prevent illegal intrusions.
- (2) Company personnel are required to log in to use the Internet and keep track of their usage.
- (3) Regularly review network service logs and track abnormalities and adjust network policies at the Company's leisure.

#### 3. Virus protection management

- (1) Servers and employees' computers are installed with renowned anti-virus software, and are required to be regularly updated.
- (2) The email server is equipped with an anti-virus mechanism and spam filtering mechanism, to prevent the intrusion of virus via e-mail.

#### 4. System access control

- (1) If an employee needs to use the internal system, they must apply for permission and be approved by the supervisor. Only then can an account be created by the IT unit and used with permission control.
- (2) Employees who retire, resign, leave without pay, etc. must suspend the relevant business and the HR department will inform them to suspend all emails and information privileges.
- (3) The system shall force employees to change their passwords on a regular basis.

#### 5. Sustainability and disaster response plan

- (1) Differential and complete remote backups of various information systems and network common areas are performed daily and weekly, and are regularly checked.
  - (2) Each year, the IT unit commissions an external IT company to conduct disaster recovery drills for the Company's main systems (such as ERP, electronic approval, HR and payroll).
  - (3) Relevant drill plans, process and result reports are retained as a contingency reference and provide relevant information for audit.
6. Information security advocacy
- (1) Cooperate with the Company's internal training for new recruits, and deliver information security speeches, such as: promoting network usage, system access, and e-mail usage precautions and security guidelines.
  - (2) Issue information security reminders from time to time, or conduct social engineering drills (phishing letters, blind testing).

(IV) Resources invested in information security

To implement cyber security management programs, the Company has invested the following resources:

1. Hardware equipment: access control system, firewall, uninterruptible power supply (UPS) and APS system, backup host, and virtualized host framework.
2. Software protection: anti-virus software, email servers, backup software.
3. Network line: multiple network lines, enterprise-grade private line, VPN.
4. Daily inspection: daily and weekly backup and equipment inspection.
5. Disaster recovery drills: commission external information companies to conduct recovery drills on a regular basis.

(V) Description and effect of material information security incidents in the past

Tai-Tech Advanced Electronics carries out internal and external audits of all information procedures and equipment every year, and did not suffer any material information security incident in the past few years nor any material operational loss.

In addition, according to the report on the disaster recovery drill, if the Company's systems are attacked, major systems, e.g., ERP, HRM (personnel and salary), and electrical approval can be resumed within 24 hours. Therefore, the Company should be able to be in control of such a situation.

VII. Important contracts

Contract nature	Party concerned	Start and end dates of the contract	Main content	Restrictions
Long-term borrowings contract	Chang Hwa Commercial Bank	2021/08/27-2036/08/27 (2021/08/27~2036/08/27)	The Company signed an agreement with Chang Hwa Commercial Bank to obtain a long-term secured loan facility of NT\$477,956 thousand, which is amortized over 15 years.	None
Confidentiality agreement and technical service contract	Multiple companies	2022/04/01 - 2023/09/15 - both parties agreed to sign a contract jointly	The Company and many other companies signed a product manufacturing confidentiality agreement and a technical service contract.	Confidential
Product change notice (PCN) control agreement	Multiple companies	2023/08/16~ The contract is automatically renewed after the term of one year if no party proposes to terminate it, and will continue to be so until a new version of the contract is signed.	Signed a PCN control agreement with multiple companies.	Confidential
Private Label Agreement	Company A	July 4, 2007 – Either party may terminate the contract with prior written notice	Long-term OEM contract signed by Company A and the Company	Confidential
Purchase contract	Company I	July 17, 2019 - Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company I and the Company	Confidential
Purchase contract	Company E	November 12, 2007 - Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company E and the Company	Confidential
Purchase contract	Company C	May 1, 2013 – Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company C and the Company	Confidential
Purchase contract	Company Y	May 1, 2019 – Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company Y and the Company	Confidential
Agency authorization agreement	Multiple companies	2023.01.01~2023.12.31	Signed a one-year agency authorization agreement with a number of agents, renewing every year	Confidential
Client confidentiality agreement	Company A	June 1, 2017 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company A and the Company	Confidential
Client confidentiality agreement	Company U	January 11, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company U and the Company	Confidential
Client confidentiality agreement	Company I	July 17, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company I and the Company	Confidential

Contract nature	Party concerned	Start and end dates of the contract	Main content	Restrictions
Client confidentiality agreement	Company E	November 5, 2007 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company E and the Company	Confidential
Client confidentiality agreement	Company C	May 1, 2013 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company C and the Company	Confidential
Client confidentiality agreement	Company Y	April 25, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company Y and the Company	Confidential
Client confidentiality agreement	Superworld Holdings (Singapore) Pte. Ltd.	June 26, 2013 – Either party may terminate the contract with prior written notice	Confidentiality contract signed between related entity Superworld Holdings (Singapore) Pte. Ltd. and the Company	Confidential
Client confidentiality agreement	Company AA	January 3, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company A and the Company	Confidential
Client confidentiality agreement	Company R	April 8, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company R and the Company	Confidential
Supplier Confidentiality Agreement	Company J	December 25, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company J and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company K	July 23, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company B and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company O	July 23, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company O and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company P	July 15, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company P and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company P	July 12, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company P and the Company's subsidiary TAIPAQ Electronic	Confidential

Contract nature	Party concerned	Start and end dates of the contract	Main content	Restrictions
			Components (Si-Hong) Co., Ltd.	
Supplier Confidentiality Agreement	Company D	Five years beginning March 26, 2020	Long-term confidentiality contract signed by Supplier Company D and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company R	April 1, 2013 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company R and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company Q	April 7, 2012 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company Q and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company H	April 1, 2013 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company H and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential

## Six. Financial Overview

### I. Financial data for the most recent five years

#### (I) Condensed balance sheet and comprehensive income statement

##### 1.1 Condensed balance sheet - International Financial Reporting Standards (consolidated)

Unit: NT\$ thousand

Year		2019	2020	2021	2022	2023
Item						
Current assets		2,550,462	3,340,936	4,718,034	4,317,702	4,623,896
Property, plant and equipment		2,444,207	2,539,871	4,503,865	4,401,609	4,100,494
Intangible assets		13,304	17,530	46,296	43,403	49,980
Other assets		236,762	277,508	337,297	489,205	2,111,679
Total assets		5,244,735	6,175,845	9,605,492	9,251,919	10,886,049
Current liabilities	Before distribution	1,811,912	2,167,761	2,568,840	1,371,552	1,320,318
	After distribution	2,057,612	2,590,610	3,290,778	1,983,756	Not yet distributed
Non-current liabilities		425,231	442,200	814,061	1,355,430	2,829,404
Total liabilities	Before distribution	2,237,143	2,609,961	3,382,901	2,726,982	4,149,722

	After distribution	2,482,843	3,032,810	4,104,839	3,339,186	Not yet distributed
Equity attributable to shareholders of the parent		3,007,592	3,565,884	6,222,591	6,524,937	6,675,645
Share capital		910,000	910,000	1,031,340	1,020,340	1,020,340
Capital surplus		214,523	123,523	1,886,687	1,798,320	1,854,279
Retained earnings	Before distribution	1,973,060	2,546,626	3,321,011	3,642,529	3,661,977
	After distribution	1,727,360	2,123,777	2,599,073	3,030,325	Not yet distributed
Other equity		(89,991)	(14,265)	(16,447)	63,748	139,049
Treasury shares		0	0	0	0	0
Non-controlling interests		-	-	-	-	60,682
Total equity	Before distribution	3,007,592	3,565,884	6,222,591	6,524,937	6,736,327
	After distribution	2,761,892	3,143,035	5,500,653	5,912,733	Not yet distributed

Note 1: The above financial information for each year has been audited by the CPAs.

1.2 Condensed balance sheet - International Financial Reporting Standards (parent company only)

Unit: NT\$ thousand

Year		2019	2020	2021	2022	2023
Item						
Current assets		1,529,686	1,958,771	3,262,733	2,791,795	2,267,415
Property, plant and equipment		973,370	1,015,991	2,497,404	2,267,447	2,148,262
Intangible assets		10,776	15,127	43,961	40,273	44,641
Other assets		2,383,828	2,881,590	3,372,974	3,909,685	5,968,117
Total assets		4,897,660	5,871,479	9,177,072	9,009,200	10,429,495
Current liabilities	Before distribution	1,570,970	1,988,431	2,336,563	1,362,714	1,161,996
	After distribution	1,816,670	2,411,280	3,058,501	1,974,918	Not yet distributed
Non-current liabilities		319,098	317,164	617,918	1,121,549	2,591,854
Total liabilities	Before distribution	1,890,068	2,305,595	2,954,481	2,484,263	3,753,850
	After distribution	2,135,768	2,728,444	3,676,419	3,096,467	Not yet distributed
Share capital		910,000	910,000	1,031,340	1,020,340	1,020,340
Capital surplus		214,523	123,523	1,886,687	1,798,320	1,854,279
Retained earnings	Before distribution	1,973,060	2,546,626	3,321,011	3,642,529	3,661,977
	After distribution	1,727,360	2,123,777	2,599,073	3,030,325	Not yet distributed
Other equity		(89,991)	(14,265)	(16,447)	63,748	139,049
Treasury shares		0	0	0	0	0
Total equity	Before distribution	3,007,592	3,565,884	6,222,591	6,524,937	6,675,645
	After distribution	2,761,892	3,143,035	5,500,653	5,912,733	Not yet distributed

Note 1: The above financial information for each year has been verified by an accountant.

2.1 Condensed comprehensive income statement - International Financial Reporting Standards (consolidated)

Unit: NT\$ thousand

Year Item	2019	2020	2021	2022	2023
Operating revenue	3,351,915	4,478,004	6,165,281	5,291,333	4,431,789
Gross profit	993,058	1,459,493	2,135,564	1,779,525	1,117,683
Operating profit and loss	502,115	889,534	1,330,196	1,019,017	463,144
NON-OPERATING INCOME AND EXPENSES	19,522	(20,116)	61,117	217,943	206,081
Income before income tax	521,637	869,418	1,391,313	1,236,960	669,225
Profit from continuing operations	439,416	734,671	1,197,065	1,038,537	592,783
Profit or loss from discontinued operations	—	—	—	—	—
NET PROFIT (LOSS) FOR THE YEAR	439,416	734,671	1,197,065	1,038,537	592,783
Other comprehensive profit or loss for the year (net of income tax)	(64,626)	69,321	(2,013)	85,114	110,822
Total comprehensive income (loss) for the current period	374,790	803,992	1,195,052	1,123,651	703,605
Net profit attributable to owner of the parent company	439,416	734,671	1,197,065	1,038,537	593,383
Net profit attributable to non-controlling interest	0	0	0	0	(600)
Total comprehensive income attributable to owners of the parent company	374,790	803,992	1,195,052	1,123,651	703,605
Total comprehensive income attributable to non-controlling interest	0	0	0	0	(3,348)
Earnings per share (EPS)	4.83	8.07	12.08	10.11	5.82

Note 1: The above financial information for each year has been verified by an accountant

2.2 Condensed comprehensive income statement - International Financial Reporting Standards (parent company only)

Unit: NT\$ thousand

Year Item	2019	2020	2021	2022	2023
Operating revenue	2,550,205	3,314,401	4,810,030	4,179,085	3,093,378
Gross profit	541,027	762,723	1,355,812	1,142,049	579,020
Operating profit and loss	236,450	410,401	826,723	672,909	210,217
Non-operating income and expenses	249,801	391,934	496,385	500,308	427,238
Income (loss) before income tax	486,251	802,335	1,323,108	1,173,217	637,455

Profit or loss from continuing operations	439,416	734,671	1,197,065	1,038,537	593,383
Profit or loss from discontinued operations	—	—	—	—	—
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>439,416</b>	<b>734,671</b>	<b>1,197,065</b>	<b>1,038,537</b>	<b>593,383</b>
Other comprehensive income for the year	(64,626)	69,321	(2,013)	85,114	113,570
Total comprehensive income (loss) for the current period	374,790	803,992	1,195,052	1,123,651	706,953

Note 1: The above financial information for each year has been audited by the CPAs.

(II) Names and audited opinions of the certified public accountants for the most recent five years

Year	Accounting firm	CPA name	Audit opinion
2019	PricewaterhouseCoopers Taiwan	Wei-hao Wu, Yen-na Li	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Yen-na Li, Wei-hao Wu	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Yen-na Li, Wei-hao Wu	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Yen-na Li, Wei-hao Wu	Unqualified opinion
2023	PricewaterhouseCoopers Taiwan	Wei-Hao Wu, Ya-Hui Cheng	Paragraph of unqualified opinion and additional matters

II. Financial analysis for the last five years - Taiwan financial accounting standards

1.1 Financial analysis for the last five years - International Financial Reporting Standards (consolidated)

Analysis item (Note 3)		Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	42.66	42.26	35.22	29.47	38.12
	Ratio of long-term funds to property, plant, and equipment	140.45	157.81	156.24	179.03	233.28
Solvency %	Current ratio	140.76	154.12	183.66	314.80	350.21
	Quick ratio	110.54	125.94	149.29	243.57	288.80
	Interest coverage ratio	30.79	83.21	198.13	103.98	24.57
Operating ability	Accounts receivable turnover (times)	2.42	2.81	2.91	2.49	2.60
	Average cash collection days	151	130	125	147	140
	Inventory turnover (times)	4.56	5.50	5.61	3.92	3.87
	Payables turnover (times)	4.45	5.13	4.79	4.30	5.75
	Average sales days	80	66	65	93	94
	Property, plant, and equipment turnover rate (times)	1.38	1.80	1.75	1.19	1.04
	Total asset turnover (times)	0.64	0.78	0.78	0.56	0.44

Profitability	Return on assets (%)	8.70	13.01	15.24	11.12	6.11
	Return on equity (%)	14.82	22.35	24.46	16.29	8.94
	Net profit before tax to paid-in capital ratio (%)	57.32	95.54	134.90	121.23	65.59
	Net profit rate (%)	13.11	16.41	19.42	19.63	13.38
	Earnings per share (NT\$)	4.83	8.07	12.08	10.11	5.82
Cash flows	Cash flow adequacy ratio (%)	36.86	38.85	46.42	122.11	91.67
	Cash flow ratio (%)	87.12	90.62	65.65	78.50	88.57
	Cash reinvestment ratio (%)	7.08	9.50	7.99	8.74	4.63
Leverage	Operational leverage	2.42	1.92	1.83	2.14	3.36
	Financial leverage	1.04	1.01	1.01	1.01	1.07

Reasons for changes in financial ratios for the most recent two years: (Analysis is not required if the change in increase or decrease is less than 20%)

1. Debt to asset ratio: Mainly due to the issuance of convertible bonds
2. Ratio of long-term funds to property, plant, and equipment: Mainly due to the issuance of convertible bonds
3. Times interest earned: Mainly due to decrease in net income before tax and increase in interest
4. Accounts payable turnover ratio (times): Mainly due to decrease in main revenue resulting in decrease in accounts payable
5. Property, plant and equipment turnover (times): Mainly due to decrease in operating revenue in the current period
6. Total asset turnover ratio (times): Mainly due to decrease in operating revenue in the current period
7. Return on assets (%): Mainly due to decrease in net income after tax in the current period
8. Return on equity (%): Mainly due to decrease in net income after tax in the current period
9. Ratio of net income before tax to paid-in capital (%): Mainly due to decrease in net profit before tax in the current period
10. Net profit margin (%): Mainly due to decrease in gross profit in the current period
11. Earnings per share (NT\$): Mainly due to decrease in gross profit in the current period
12. Cash flow ratio (%): Mainly due to decrease in cash flow from operating activities in the current period
13. Cash reinvestment ratio (%): Mainly due to decrease in cash flow from operating activities and increase in long-term investment
14. Operating leverage: Mainly due to decrease in revenue and operating income in the current period

Note 1: The above financial information for each year has been verified by an accountant

#### 1.2 Financial analysis for the last five years - International Financial Reporting Standards (parent company only)

Analysis item (Note 3)		Year				
		Financial analysis for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	38.59	39.27	32.19	27.57	35.99
	Ratio of long-term funds to property, plant, and equipment	341.77	382.19	273.90	337.23	431.40
Solvency %	Current ratio	97.37	98.51	139.64	204.87	195.13
	Quick ratio	84.51	86.66	126.25	178.80	166.24
	Interest coverage ratio	61.74	96.26	224.42	117.63	23.45

Operating ability	Accounts receivable turnover (times)	2.59	2.84	2.95	2.52	2.59
	Average cash collection days	141	128	124	145	141
	Inventory turnover (times)	9.74	11.95	12.78	9.38	7.66
	Payables turnover (times)	2.63	3.05	2.95	2.63	3.23
	Average sales days	37	31	29	39	48
	Property, plant, and equipment turnover rate (times)	2.60	3.33	2.74	1.75	1.40
	Total asset turnover (times)	0.53	0.62	0.64	0.46	0.32
Profitability	Return on assets (%)	9.28	13.77	15.97	11.51	6.34
	Return on equity (%)	14.82	22.35	24.46	16.29	8.99
	Ratio of operating profit to paid-in capital (%)	25.98	45.10	80.16	65.95	20.60
	Net profit before tax to paid-in capital ratio (%)	53.43	88.17	128.29	114.98	62.47
	Net profit rate (%)	17.23	22.17	24.89	24.85	19.18
	Earnings per share (NT\$)	4.83	8.07	12.08	10.11	5.82
Cash flows	Cash flow adequacy ratio (%)	12.09	17.27	32.24	64.39	34.14
	Cash flow ratio (%)	74.81	69.20	47.45	56.42	52.60
	Cash reinvestment ratio (%)	(2.52)	2.09	4.25	1.78	(2.06)
Leverage	Operational leverage	2.08	1.72	1.48	1.66	2.81
	Financial leverage	1.04	1.02	1.01	1.02	1.16

Reasons for changes in financial ratios for the most recent two years: (Analysis is not required if the change in increase or decrease is less than 20%)

1. Debt to asset ratio: Mainly due to the issuance of convertible bonds
2. Ratio of long-term capital to property, plant and equipment: Mainly due to the issuance of convertible bonds
3. Debt service coverage ratio: Mainly due to decrease in net income before tax and increase in interest
4. Accounts payable turnover (times): Mainly due to decrease in main revenue resulting in decrease in accounts payable
5. Average sales days: Mainly due to decrease in revenue, resulting in lower cost of sales
6. Property, plant and equipment turnover (times): Mainly due to decrease in operating revenue during the period.
7. Total asset turnover (times): Mainly due to decrease in operating revenue during the period.
8. Return on assets (%): Mainly due to decrease in net income after tax during the period
9. Return on equity (%): Mainly due to decrease in net income after tax during the period
10. Operating profit to paid-in capital (%): Mainly due to decrease in operating income during the period
11. EBT to paid-in capital ratio (%): Mainly due to decrease in net profit before tax during the period
12. Net profit margin (%): Mainly due to decrease in gross profit during the period
13. Earnings per share (NT\$): Mainly due to decrease in gross profit during the period
14. Cash flow ratio (%): Mainly due to decrease in cash flow from operating activities during the period.
15. Cash reinvestment ratio (%): Mainly due to decrease in cash flow from operating activities and increase in long-term investment during the period
16. Operating leverage: Mainly due to decrease in revenue and operating income during the period

Note 1: The above financial information for each year has been verified by an accountant.

Calculation formulas:

1. Financial structure

- (1) Debt to asset ratio = Total liabilities / total assets.
- (2) Ratio of long-term funds to property, plant and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - prepayment) / current liabilities.
- (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating ability
- (1) Accounts receivable (including accounts receivable and notes receivable from operation) turnover = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
- (2) Average collection days = 365 / accounts receivable turnover ratio.
- (3) Inventory turnover = Cost of sales / average inventory.
- (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of goods sold/balance of average accounts payable for each period (including accounts payable and notes payable arising from business operations).
- (5) Average collection days = 365 / accounts receivable turnover ratio.
- (6) Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.
- (7) Total assets turnover ratio = Net sales / average total assets.
4. Profitability
- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = Profit and loss after tax / average total equity.
- (3) Net profit margin = Profit and loss after tax / net sales.
- (4) EPS = Profit and loss attributable to owners of parent company - dividends from preferred shares) / weighted average number of outstanding shares. (Note 4)
5. Cash flows
- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 5)
6. Leverage:
- (1) Operating leverage = (Net operating revenue - variable operating costs and expenses of operations) / operating profit (Note 6).
- (2) Financial leverage = Operating profit/ (operating profit - interest expenses).
- Note 2: When calculating the aforementioned earnings per share formula, special attention should be paid to the following matters:
1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
  2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated taking into account its circulation period.
  3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
  4. Where the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred shares are of a non-cumulative nature, if there is a net profit after tax, the preferred share dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.
- Note 3: Cash flow analysis should pay special attention to the following matters when measuring:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
  2. Capital expenditures refers to the annual cash outflows for capital investment.
  3. An increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
  4. Cash dividends include cash dividends on ordinary shares and preferred shares.
  5. Gross property, plant and equipment is the total property, plant and equipment before accumulated depreciation.

Note 4: Issuers should classify various operating costs and operating expenses into fixed and variable ones according to their nature. If there is an estimate or subjective judgment involved, they should pay attention to their rationality and maintain consistency.

Note 5: If the shares of the company have no par value or the denomination per share is not NT\$10, the ratio of the paid-in capital previously stated shall be calculated as the ratio of equity attributable to the owners of the parent company on the balance sheet.

III. The Audit Committee's report on the most recent annual financial statements

Tai-Tech Advanced Electronics Co., Ltd.  
2023 Annual Review Report of the Auditing Committee

The Board of Directors has submitted the Company's 2023 business report and financial statements, including consolidated financial statements and the statement of earnings distribution. The financial statements have been audited by CPAs Wei-hao Wu and Ya-Hui Cheng of PricewaterhouseCoopers Taiwan, and an audit report has been issued.

The business report, financial statements (including consolidated financial statements) and statement of earnings distribution stated above have been audited by the Audit Committee and found to be in compliance with the Company Act and other applicable laws and regulations. We have presented you the reports based on the provisions stipulated in Article 219 of the Company Act.

Please review

Submitted to

Tai-Tech Advanced Electronics Co., Ltd.

Tai-Tech Advanced Electronics Co., Ltd.



Yang-Pin Shen, Audit Committee Convenor

- IV. Annual financial statements for the most recent year:  
2023 Financial Report: Please refer to Appendix 1.
- V. The Company's parent company only financial statements that have been audited and certified by an accountant in the most recent year:  
2023 Parent Company Only Financial Statements: please refer to Appendix 1.
- VI. In the most recent year and as of the publication date of the annual report, if any financial difficulties occur among the Company and its affiliated companies, their effect on the Company's financial position should be stated: None.

## Seven. Financial position and financial performance review analysis and risk matters

### I. Financial position

Unit: NT\$ thousand; %

Year Item	2022	2023	Difference	
			Amount	%
Current assets	4,317,702	4,623,896	306,194	7.09
Property, plant and equipment	4,401,609	4,100,494	(301,115)	(6.84)
Intangible assets	43,403	49,980	6,577	15.15
Other non-current assets	489,205	2,111,679	1,622,474	331.66
Total assets	9,251,919	10,886,049	1,634,130	17.66
Current liabilities	1,371,552	1,320,318	(51,234)	(3.74)
Non-current liabilities	1,355,430	2,829,404	1,473,974	108.75
Total liabilities	2,726,982	4,149,722	1,422,740	52.17
Equity attributable to shareholders of the parent	6,524,937	6,675,645	150,708	2.31
Share capital	1,020,340	1,020,340	0	0.00
Capital surplus	1,798,320	1,854,279	55,959	3.11
Retained earnings	3,642,529	3,661,977	19,448	0.53
Other equity	63,748	139,049	75,301	118.12
Non-controlling interests	0	60,682	60,682	---
Total equity	6,524,937	6,736,327	211,390	3.24
Description of major changes: (Where the ratio of increase or decrease is more than 20% and the amount of change is more than NT\$10 million)				
(1) Other non-current assets: Mainly due to an increase in investments under the equity method i during the period.				
(2) Non-current liabilities: Mainly due to the increase in convertible bonds issued and long-term borrowings during the period..				
(3) Total liabilities: Mainly due to the increase of non-current liabilities during the period..				
(4) Other equity: Mainly due to the increase in unrealized gain or loss on financial assets at fair value through other comprehensive income during the period.				
(5) Non-controlling interests: mainly due to the increase of investment by equity method during the period.				

### II. Financial performance

Unit: NT\$ thousand; %

Year Item	2022	2023	Difference	
			Amount	%
Operating revenue	5,291,333	4,431,789	(859,544)	(16.24)
Gross profit	1,779,525	1,117,683	(661,842)	(37.19)
Operating profit and loss	1,019,017	463,144	(555,873)	(54.55)

NON-OPERATING INCOME AND EXPENSES	217,943	206,081	(11,862)	(5.44)
Income before income tax	1,236,960	669,225	(567,735)	(45.90)
Net profit (loss) for current period	1,038,537	592,783	(445,754)	(42.92)
Net profit attributable to owner of the parent company	1,038,537	592,783	(445,754)	(42.92)
Description of major changes: (Where the ratio of increase or decrease is more than 20% and the amount of change is more than NT\$10 million)				
(1) Operating profit: mainly due to the decrease in revenue and gross profit margin in the current period.				
(2) Operating profit: mainly due to the decrease in gross profit in the current period.				
(3) Net profit before tax: mainly due to the decrease in gross profit in the current period.				
(4) Net income for the period: mainly due to the decrease in gross profit in the current period.				
(5) Net income attributable to the owners of the parent company: Mainly due to decrease in gross profit in the current period.				

### III. Cash flow

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

Unit: NT\$ thousand

Item	Year	2022	2023	Difference	
				Amount	%
Operating activities		1,674,801	1,210,331	(464,470)	(27.73)
Investing activities		(774,298)	(1,601,303)	(827,005)	(106.81)
Financing activities		(742,237)	1,061,859	1,804,096	(243.06)
Exchange rate effects		29,607	(47,130)	(76,737)	(259.19)
Net cash inflows		187,873	623,757	435,884	232.01
Description of major changes:					
(1) Increase in cash inflow from operating activities: Mainly due to the decrease of net profit before tax in the current period.					
(2) Decrease in cash outflow from investing activities: mainly due to the increase in investments under equity method in the current period.					
(3) Decrease in cash inflow from financing activities: mainly due to the issuance of convertible bonds in the current period.					

(II) Improvement plan for insufficient liquidity: not applicable.

(III) Analysis of cash flows in the coming year:

Unit: NT\$ thousand

Cash balance at the beginning of the period (December 31, 2023)	Expected net cash flow from operating activities for the full year (2024)	Expected net cash flow from investing activities for the full year (2024)	Expected net cash flow from financing activities for the full year (2024)	Estimated cash remaining amount (December 31, 2024)	Remedial measures for projected cash shortfalls	
					Investing plan	Financing plan
2,152,634	1,573,430	-473,303	-459,173	2,793,588	None	None

2024 Cash flow analysis

- (1) Operating activities: The Company continued to control costs and optimized product portfolio in 2023. It is estimated that the net cash flow from operating activities for the whole year will be a net cash inflow.
- (2) Investing activities: May receive cash dividends from investees; continue to make domestic and foreign investments and capital expenditures.
- (3) Financing activities: Mainly repayment of borrowings and payment of dividends.
- IV. The impact of major capital expenditures in the most recent year on the financial business: None.
- V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan, and investment plan for the following year:

December 31, 2023; Units: NT\$thousand

Affiliated company name	Recognized investment gain and loss in 2023	Reinvestment policies	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Best Bliss	343,444	Investment holding company	Recognize investment income	—	—
North Star	1,760	Investment holding company	Recognize interest income	—	—
Techworld (S)	-900	Trading and investment holding	Investment loss recognized	Not in operations yet	Not in operations yet
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	56,432	Production, processing and sale of electronic components	Economies of scale and production management performance	—	—
Fixed Rock	181,825	Investment holding company	Recognize investment income	—	—
TAIPAQ	246,597	Production, processing and sale of electronic components	Economies of scale and production management performance	—	—
Techworld (M)	-2,524	Production, processing and sale of electronic components	Not put into production yet	Not in operations yet	Not in operations yet

- VI. Risk events shall be analyzed and evaluated for the following events in the most recent year and up to the date of publication of the annual report:

- (I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss, and future countermeasures:

1. Impact of interest rate changes and countermeasures:

- (1) Impact on the Company's profit or loss

The financial costs to the Company and its subsidiaries for 2022 and 2023 were NT\$12,012 thousand and NT\$28,396 thousand, respectively, accounting for 0.23% and 0.64% of operating revenues, respectively. Overall, interest expense accounts for a small percentage of operating revenue. The impact on the Company is not significant.

(2) Specific measures

The Company and its subsidiaries actively pay attention to changes in interest rates in the financial market, and adjust fixed or floating borrowings to reduce the risk of rising capital costs caused by changes in interest rates.

2. Impact of exchange rate changes and countermeasures:

(1) Impact on the Company's profit or loss

Unit: NT\$ thousand

Year	2022	2023
Exchange gains and losses	136,022	21,643
Operating revenue	5,291,333	4,431,789
Operating gains	1,019,017	463,144
Proportion of consolidated operating revenue (%)	2.57%	0.49%
Proportion of consolidated operating profit (%)	13.35%	4.67%

(2) Specific measures

In response to the impact of exchange rate fluctuations, when a business unit makes quotations to customers, it regularly considers the exchange rate impact into quotation decisions. The main strategy of exchange rate risk control is still to aim at natural hedging. When necessary, we conduct relevant foreign exchange hedging operations in accordance with the "Procedures for Acquisition or Disposal of Assets" to reduce the impact of exchange rate changes on profit and loss.

3. The impact of inflation most recent year on the Company's profit and loss and future countermeasures:

The Company and its subsidiaries are not significantly affected by inflation. However, we still pay close attention to the market trends of raw materials and adjust sales strategies to avoid major impacts on the Company due to inflation.

(II) Policies for engaging in high-risk, high-leverage investments, lending of funds to others, endorsements/guarantees, and derivatives trading, and the main reasons for profit or loss and future countermeasures:

Item	Policy	Reason for profit and loss	Future countermeasures
High-risk, high-leverage investments	Do not engage in high-risk and highly leveraged investments	Not applicable, no such matters	Adhering to the principle of conservative and stable operations
Loans of funds to others	In accordance with "Operational Procedures for Loans of Funds to Others "	None; we provide loans to subsidiaries only	Conservative and prudent principles to be handled in accordance with procedures
Endorsements/guarantees	In accordance with "Endorsement/Guarantee Operational Procedures"	None; endorsements/guarantees are made for subsidiaries only	Conservative and prudent principles to be handled

			in accordance with procedures
Derivatives trading	n accordance with the “Procedur equisation or Disposal of Assets.”	Not applicable; not engaged in such transactions	Conservative and prudent operating principles.

(III) Future R&D plans and estimated R&D expenses:

1. Future R&D plans

The main products of the Company and its subsidiaries encompass various types of inductors. In response to market demand, we develop new products and technologies for more diverse applications and meet customer and market demands. We continue to research and develop products with high quality and competitive cost. The main development direction at present is in automotive grade electronics, electric vehicle-related products, high-standard network communication-related products, and next-generation personal computer-related products.

2. Expected R&D expenses

The amount of R&D expenses of the Company in 2023 accounted for 3.5% of the revenue. Future investments will be gradually rolled out according to the development progress of new technologies and new materials. With the growth of turnover, annual R&D expenses can be gradually increased to support future R&D projects and increase the Company's market competitiveness.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial business, and countermeasures:

The Company's operations are handled in accordance with relevant domestic and foreign laws and regulations. Furthermore, we always pay attention to domestic and foreign policy trends and changes in regulations, and consult relevant professionals, taking appropriate measures in a timely manner. As of the date of publication of this report, the Company and its subsidiaries had not been affected by any major changes in domestic and foreign policies and laws that would affect its financial business.

(V) The impact of technological changes (including information security risks) as well as industrial changes on the Company's financial business, and countermeasures:

Changes in technology and industry may have a significant impact on the Company's financial operations. Therefore, the Company must adapt to the changes and implement effective countermeasures. Below is a summary:

Impacts of technological changes:

1. Product obsolescence: rapid technological progress may render existing products obsolete, resulting in decreased demand and financial losses.

2. Product life cycle: due to changes in technology, the product life cycle is shortened, which may interrupt the Company's sources of revenue, and requires frequent investment in research and development.
3. Competition: the technological innovation of competitors may introduce better or more cost-effective substitutes, which brings pressure to the Company's market share and profitability.

Impacts of changes in the industry:

1. Shift of end-use industries: changes in industries that use passive components, such as electronics, automobiles, or telecommunications, can directly affect demand and revenue.
2. Supply chain disruption: the shift of global manufacturing centers, trade policies, or geopolitical factors may disrupt the Company's supply chain and increase operating costs.
3. Regulatory environment: changes in environmental regulations, safety standards or trade policies may increase additional compliance costs or restrict access to certain markets.

Countermeasures:

1. Innovative R&D: continue to invest in R&D to keep pace with technological developments, develop innovative products and maintain competitive advantages.
2. Diversified development: develop a diversified product portfolio to meet the needs of multiple application markets and reduce dependence on any single market.
3. Lean manufacturing: implement lean manufacturing processes to quickly adapt to changes in market demand and minimize inventory obsolescence.
4. Strategic partnerships: establish strategic partnerships with major customers, suppliers and technology companies to grasp industry trends and jointly develop solutions.
5. Cost optimization: continue to optimize operating costs through process improvement, supply chain optimization and efficient use of resources.
6. Talent attraction and retention: attract and retain professional talent who is familiar with technology and industrial changes and promote innovation and drive growth.
7. Regulatory compliance: pay close attention to regulatory changes and pro-actively ensure compliance to avoid fines or restricted market entry.

By implementing these countermeasures, the Company can mitigate the risks brought about by technological and industrial changes, adapt to the constantly evolving market environment and maintain financial stability and growth.

#### The impact of cybersecurity risks and countermeasures

The era of convenient information is both an opportunity and a relative source of risk for companies. The importance of information security has become an important issue that businesses cannot avoid. In addition to building firewall defenses for the network and computer room as well as configuring and using internationally certified antivirus software for each endpoint computer, Tai-Tech Advanced Electronics also conducts local and remote cross-backup procedures for each data item. Furthermore, since 2016, disaster recovery plan drills have been carried out for major systems every year, and many improvements have been made to computer room power facilities. These include a UPS uninterruptible power supply system, an ATS power switching system, construction of a special backup generator for the computer room, and so on, all of which have been put in place. All of the above measures are expected to achieve the goal of recovering the risks caused by information security in the shortest time while minimizing the corresponding damage. In the future, the Company will also actively prepare and plan to evaluate the EDR endpoint detection and protection system to target many unknown and potential man-made attacks, and also invest in information security education and training for internal personnel. In addition to giving reminders on relevant daily network operations to avoid risks, social engineering drills are also carried out on a regular basis to enhance information security awareness among internal employees. In view of the scope of information security, which is large, wide, and constantly changing, Tai-Tech Advanced Electronics is continuously seeking various resources to enhance the aspect and depth of information security risk management. Beyond this, we will simultaneously comply with government regulations, strengthen the organizational structure of information security, protect the rights and interests of investors, and advance towards the goal of sustainable business operations.

#### (VI) The impact of corporate image changes on corporate crisis management, and countermeasures:

Since our establishment in 1992, the Company has complied with relevant laws and regulations, actively improves management quality and performance, and continues to operate the business and care for society in the spirit of solidarity, cooperation, mutual assistance, and mutual trust. In the most recent year and through the date of publication of the report, there has been no incident affecting our corporate image.

#### (VII) Expected benefits, possible risks, and countermeasures of M&A:

For the most recent year and up to the date of publication of the annual report, the Company has no ongoing merger and acquisition plans.

#### (VIII) Expected benefits, possible risks and countermeasures of plant expansion:

In response to the needs of new product expansion and production integration, in 2021, we will purchase industrial land and factories in the Youth Industrial Park of Yangmei District, Taoyuan City. We expect to expand production scale and see increased revenue. The relative probable risk is the interest rate risk of the loan cost. Balance interest expense with integration benefits.

(IX) Risks and countermeasures confronted through purchase or sales concentration:

1. Risks and countermeasures faced by the concentration of purchases:

The proportion of purchases from the largest supplier by the Company and its subsidiaries in 2022 and 2023 was 9.77% and 15.11%, respectively, with no excessive concentration. For the main raw material of silver paste, we maintain more than two suppliers to diversify risks. The silver paste suppliers are well-known domestic manufacturers, and the quality of the silver paste they supplies is stable. The Company has maintained a long-term and good cooperative relationship with them, and there has been no shortage or interruption of supply in the last three years.

2. Risks associated with sales concentration and countermeasures

The Company and its subsidiaries accounted for 17.66% and 15.26% of sales to the largest customer in 2022 and 2023, respectively and there was no concentration of sales. In addition to maintaining good and long-term cooperative relationships with our original customers, the Company and its subsidiaries continue to develop new customers and regularly assess the financial business conditions of customers to reduce the risk of diversifying operations. Overall, the Company has no significant risk of sales concentration.

(X) For directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large-scale transfer or replacement of shares on the Company: No such situation.

(XI) The impact, risks and countermeasures of a change of management rights on the Company:

For the most recent year and up to the date of publication of the annual report, the Company has not had any changes in its management rights.

(XII) Litigation or non-litigation events:

In 2022 as of the publication date of the report: None.

(XIII) Other important risks and countermeasures: None

VII. Other important matters: None.

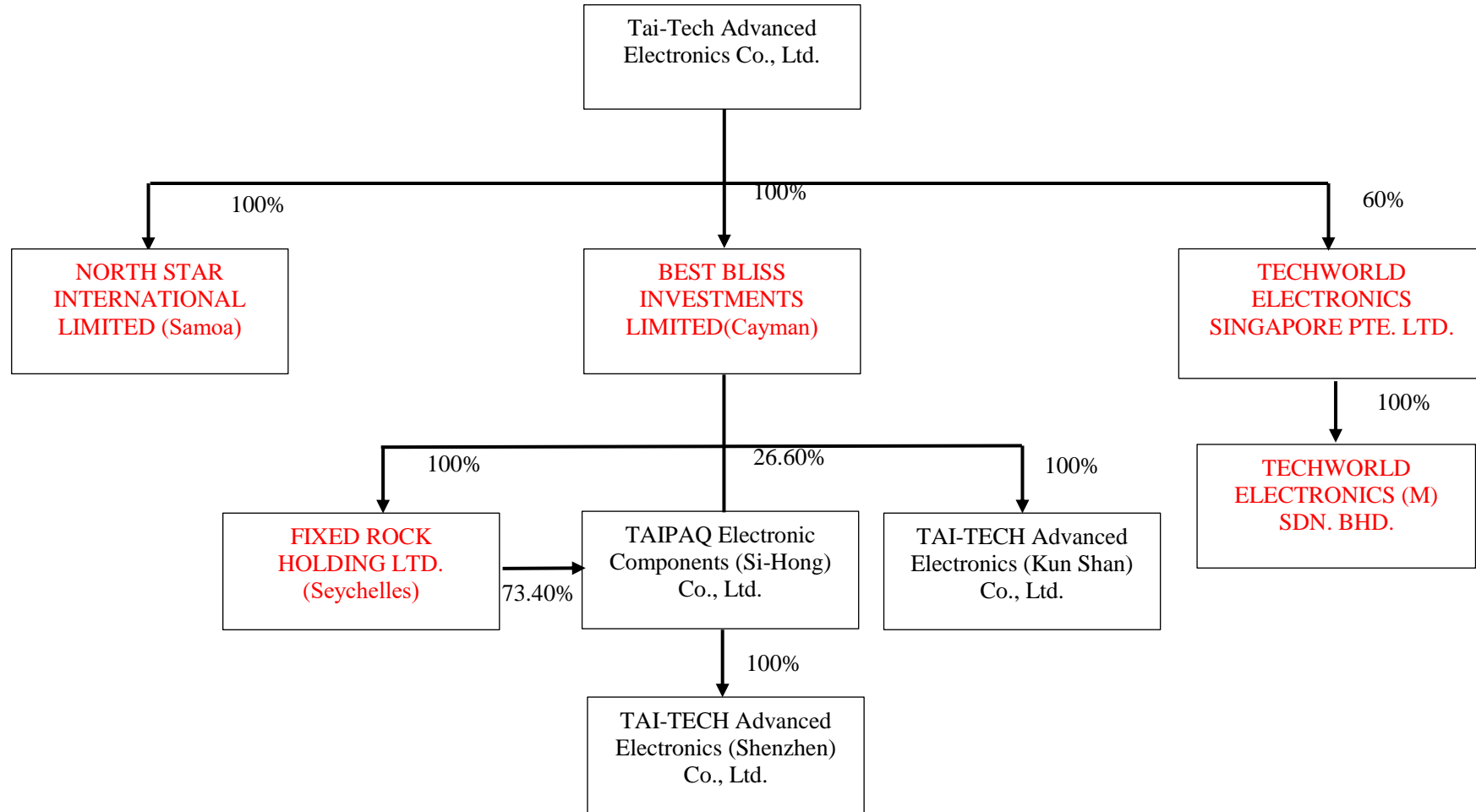
Eight. Special Notes

I. Related company information:

(I) Consolidated Financial Statements of Affiliated Enterprises: Please refer to Appendix I.

1. Organizational chart of affiliated enterprises:

April 25, 2024



Note 1: TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd. was established on September 1, 2022 and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd. But there was no capital injection as of April 25, 2024.

2. Basic information of each affiliated company

Unit: USD and MYR / April 25, 2024

Company name	Date of establishment	Address	Paid-in capital (NT\$)	Main business or production items
BEST BLISS INVESTMENTS LIMITED	February 2001	P O Box 31119, Grand Pavilion, Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.	US\$34,250,452	International investments
NORTH STAR INTERNATIONAL LIMITED	April 2003	OCRA Chambers, Suite 5, Global Travel House, Saleufi Street, Apia, Samoa	US\$100,000	International investments
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	June 2023	16 NEW INDUSTRIAL ROAD #06-01 HUDSON TECHNOCENTRE, SINGAPORE	USD 5,000,000	International investment and trade
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	August 2001	No. 925, Guoshi Road, Hi-Tech Development Zone, Kunshan City, Jiangsu Province	US\$11,935,063	Production, processing and sale of electronic components
FIXED ROCK HOLDING LTD.	May 2008	Vistra Corporate Services Centre, Suite 23, 1st Floor, Eden Plaza, Eden Island, Mahe, Republic of Seychelles.	US\$26,450,345	International investments
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	December 2008	South side of Hangzhou Road and east side of Jianshe North Road, Sihong Economic Development Zone, Suqian City, Jiangsu Province	US\$43,049,221	Production, processing and sale of electronic components
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	September 2022	14C, Caiyun Pavilion, Rainbow New City, No. 3002, Caitian South Road, Gangxia Community, Futian Street, Futian District, Shenzhen	Pending capital injection	Sale of electronic products and power electronic components
TECHWORLD ELECTRONICS (M)	July 2023		MYR 18,000,000	Production, processing and sale of

SDN. BHD.		31-04 LEBEL 31, MENARA LANDMARK, NO.12 JALAN NGEE HENG, 80000 JOHOR BAHRU JOHOR MALAYSIA		electronic components
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3. Those who are presumed to have control and affiliation: None

4. Industries covered by the business of the overall affiliated companies:

- (1) BEST BLISS INVESTMENTS LIMITED: It is a holding company established by the Company as a control transfer investment. No business other than investment.
- (2) NORTH STAR INTERNATIONAL LIMITED: Reinvestment business.
- (3) TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.: reinvestment business and trading.
- (4) TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.: Production, processing and sales of related products.
- (5) FIXED ROCK HOLDING LTD.: Re-investment business.
- (6) TAIPAQ Electronic Components (Si-Hong) Co., Ltd.: Production, processing and sales of related products.
- (7) TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.: Sale of electronic products and power electronic components
- (8) TECHWORLD ELECTRONICS (M) SDN. BHD. : Production, processing and sales of related products.

5. Information on directors, supervisors and general managers of related companies

Unit: Shares; %

Company name	Title	Name or representative	Number of shares	Shareholding percentage (%)
BEST BLISS INVESTMENTS LIMITED	Chairman	Ming-Yen Hsieh	34,250,452	100
NORTH STAR INTERNATIONAL LIMITED	Chairman	Ming-Yen Hsieh	100,000	100
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Chairman	Ming-Yen Hsieh	5,000,000	60
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Chairman	Ming-Yen Hsieh	--	100

FIXED ROCK HOLDING LTD.	Chairman	Ming-Yen Hsieh	26,450,345	100
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Chairman	Ming-Yen Hsieh	--	100
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Chairman	Ming-Yen Hsieh	--	100
TECHWORLD ELECTRONICS (M) SDN. BHD.	Chairman	Ming-Yen Hsieh	18,000,000	60

6. Operational overview of affiliated enterprises

2023

Unit: Thousands of NT\$, USD, CNY and MYR

Company name	Capital	Total asset value	Total liabilities	Net worth	Operating revenue	Operating gains	Profit and loss for the period after tax	Earnings per share after tax
BEST BLISS INVESTMENTS LIMITED	1,075,284 (US\$34,250)	4,137,929 (USD 134,764)	—	4,137,929 (USD 134,764)	—	-187 (USD-6)	332,691 (USD 10,679)	0.31
NORTH STAR INTERNATIONAL LIMITED	3,459 (US\$100)	89,874 (USD 2,927)	—	89,874 (USD 2,927)	—	-31 (US\$ -1)	1,760 (USD 56)	0.56
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD. (Note 2)	106,075 (USD 5,000)	151,713 (USD 4,941)	—	151,713 (USD 4,941)	—	-1,246 (USD-40)	-1,500 (USD-48)	-0.01
TAI-TECH Advanced	384,904 (US\$11,935)	885,779 (RMB 204,322)	233,039 ( RMB 53,755 )	652,740 ( RMB 150,567 )	945,944 ( RMB 213,820 )	57,203 ( RMB 12,930 )	56,432 ( RMB 12,756 )	—

Electronics (Kun Shan) Co., Ltd.									
FIXED ROCK HOLDING LTD.	812,280 (US\$26,450)	2,413,352 (USD 78,598)	89,659 (USD 2,920)	2,323,693 (USD 75,678)	—	-62 (USD-2)	181,825 (USD 5,836)	0.22	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1,343,832 (US\$43,049)	4,221,792 (RMB 973,838)	1,117,474 ( RMB 257,767 )	3,104,318 ( RMB 716,071 )	2,933,108 ( RMB 662,996 )	179,443 ( RMB 40,561 )	246,597 ( RMB 55,740 )	—	
TECHWORLD ELECTRONICS (M) SDN. BHD.	19,632 (MYR 3,000)	19,021 (RM 2,967)	2,256 (RM 352)	16,765 (RM 2,615)	—	-2,457 (RM-375)	-2,524 (RM-385)	-0.13	

Note 1: Exchange rate at the end of 2023: BS exchange rate USD 1 = NT\$30.705; RMB \$1 = NT\$4.33521; MYR \$1 = NT\$6.41100

IS exchange rate USD 1 = NT \$31.1548; RMB \$1 = NT \$4.42402; MYR \$1 = NT \$6.55308

Note 2: 60% shareholding

- II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: None.
- III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: None.
- IV. Other necessary supplementary explanations: None.

**Nine. In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36 Paragraph 2, Item 2 of the Securities and Exchange Act: None.**

Appendix I :

2023 Annual Financial Statements

Tai-Tech Advanced Electronics Co., Ltd. and  
Subsidiaries  
Consolidated Financial Statements and Independent  
Auditors' Report  
2023 and 2022  
(Stock Code: 3357)

Company Address: No.1 You 4th Road, Youth Industrial Park,  
Yangmei District, Taoyuan City

Tel.: (03) 464-1148

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
2023 and 2022 Consolidated Financial Statements and Auditors' Report  
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Tai-Tech Advanced Electronics Co., Ltd.  
Consolidated Financial Statements of Affiliated Enterprises

In 2023 (from January 1 to December 31, 2023), the related entities that are required to be included in the preparation of the Consolidated Financial Statements of the Company, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 “Consolidated Financial Statements.” In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

Represented by

Company name: Tai-Tech Advanced Electronics Co., Ltd.

Person in charge: Ming-Yen Hsieh

February 26, 2024

Report of Independent Accountants

(2024) Cai-Shen-Bao-Zi No. 23003893

To: Tai-Tech Advanced Electronics Co., Ltd.

**Audit Opinions**

The audit of the Consolidated Balance Sheets for December 31, 2023 and 2022, as well as the Consolidated Income Statements, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and Notes to Consolidated Financial Statements for 2022 and from January 1 to December 31, 2023 (including the summary of major accounting policies) for Tai-Tech Advanced Electronics Co., Ltd. and its subsidiaries (hereafter “Tai-Tech Group”) has been completed by this CPA.

In the opinion of this CPA, based on our audits and the reports of the other auditors (see Other Matters), all major aspects of the aforesaid Consolidated Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and the International Accounting Standards recognized and declared as effective by the Financial Supervisory Commission. They are sufficient to present the consolidated financial status of Tai-Tech Group for December 31, 2023 and 2022, as well as the Consolidated Financial Performance and Consolidated Cash Flow for January 1 to December 31, 2023 and 2022.

**Basis of Audit Opinion**

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing. Our responsibilities under those standards are further described in the section titled “Auditors' Responsibilities for the Audit of the Consolidated Financial Statements” in our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of our accountants and the audit reports of other accountants, we are of the opinion that sufficient and appropriate audit evidence has been obtained to be served as the basis for expressing the audit opinion.

**Key Audit Matters**

The key audit items refer to the most important audit matters for the 2023 Consolidated Financial Statements of Tai-Tech Group under the professional judgment of this CPA. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

The key audit items of Tai-Tech Group's 2023 Consolidated Financial Statements are described as follows:

### **Evaluation of Loss Allowance due to Inventory Impairment**

#### Description

Please refer to Notes 4 (13), 5 (2), and 6 (3) of the Notes to Consolidated Financial Statements for detailed descriptions of the accounting policies, important accounting estimates, inventory evaluation assumptions, and accounting items for loss allowance due to inventory impairment. Tai-Tech Group's balances for inventory and loss allowance due to impairment as of December 31, 2023, were NTD 837,273 thousand and NTD 69,150 thousand, respectively.

The Group mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products. Since the value of inventory is subject to market price fluctuation and its lifetime, the risk of becoming obsolete is relatively high. In addition, since the valuation process usually involves subjective judgments, the uncertainty in accounting estimates is high. As such, we determine the valuation of the allowance for inventory valuation loss as one of the key audit matters.

#### Responsive Audit Procedures

We perform the following procedures for the inventory that is ageing and individually obsolete:

1. Assess the reasonableness of inventory allowance evaluation policies and procedures adopted by Tai-Tech Group and its subsidiaries according to our understanding of the Company, including determining the degree of inventory depletion and judging the rationality of the inventory allowance evaluation policy based on past historical data.
2. Review the annual inventory plans of the Group, and observe their annual inventory and management status to assess their management performance and capacity to control obsolete inventories.
3. Verify the accuracy of the inventory aging report and depletion data, and insure report data and policy consistency.
4. Evaluate and confirm the accuracy of the inventory depreciation loss calculation, and assess the adequacy of depreciation loss provisions.

### **Other Matters - audits conducted by other certified public accountants**

We have not audited the financial statements of the investees under the equity method that are included in the consolidated financial statements of the Group, but other independent auditors have. Therefore, our opinion on the amount in the consolidated financial statements is based on the reports of other independent auditors. As of December 31, 2023, the investment in the aforementioned companies under the equity method was NTD 1,463,347 thousand, representing 13% of the consolidated total assets. The profit or loss was NTD 70,078 thousand, representing 10% of consolidated comprehensive income.

## **Other matters - parent company only financial statements**

Tai-Tech Advanced Electronics Co., Ltd. has prepared the parent company only financial statements for 2023 and 2022, for which we have issued an unqualified opinion and the audit report with additional paragraphs for reference.

## **The Responsibilities of the Management Level and Governance Units for the Consolidated Financial Statements**

The responsibilities of the management level are to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and International Accounting Standards as recognized and declared effective by the Financial Supervisory Commission during the preparation of the Consolidated Financial Statements; maintain the necessary internal control mechanism related to the formulation of the Consolidated Financial Statements; and insure that the Consolidated Financial Statements do not contain significant false statements that can lead to fraud or error.

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

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

## **The CPA's Responsibilities during the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

- resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  5. Evaluate the overall representation, structure, and content of the Consolidated Financial Statements (including the relevant notes) and determine whether the Consolidated Financial Statements have sufficiently expressed the relevant transactions and events.
  6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the independence requirements set forth in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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.

This accountant has decided the key audit items for the 2023 Consolidated Financial Statements of Tai-Tech Group based on the items communicated with the governance unit. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Certified Public Accountant (CPA)      Wei-Hao Wu  
Ya-Hui Cheng

Financial Supervisory Commission  
Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No.  
1080323093  
Former Financial Supervisory Commission and Securities and  
Futures Bureau of the Executive Yuan  
Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No.  
0960072936

February 26, 2024

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2023 and 2022

Unit: NTD thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 2,152,634	20	\$ 1,528,877	17
1136	Financial assets measured at amortized cost – current	6 (1)	30,705	-	-	-
1150	Notes receivable, net	6 (2)	49,844	1	60,385	1
1170	Accounts receivable, net	6 (2)	1,464,122	13	1,625,040	18
1180	Accounts receivable from related parties, net	6 (2) and 7	94,850	1	112,545	1
1200	Other receivables		14,002	-	13,427	-
1220	Current income tax assets	6 (25)	6,717	-	-	-
130X	Inventory	6 (3)	768,123	7	944,195	10
1410	Pre-payments		42,632	-	32,764	-
1470	Other current assets		267	-	469	-
11XX	<b>Total current assets</b>		<u>4,623,896</u>	<u>42</u>	<u>4,317,702</u>	<u>47</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6 (11)	880	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6 (5), 7 and 12 (3)	558,896	5	381,069	4
1550	Investment accounted for using the equity method	6 (4)	1,470,603	14	-	-
1600	Property, plant and equipment	6 (6) and 8	4,100,494	38	4,401,609	48
1755	Right-of-use assets	6 (7) and 7	37,587	-	35,390	-
1780	Intangible assets		49,980	1	43,403	1
1840	Deferred income tax assets	6 (25)	26,638	-	40,822	-
1900	Other non-current assets	6 (8)	17,075	-	31,924	-
15XX	<b>Total non-current assets</b>		<u>6,262,153</u>	<u>58</u>	<u>4,934,217</u>	<u>53</u>
1XXX	<b>Total assets</b>		<u>\$ 10,886,049</u>	<u>100</u>	<u>\$ 9,251,919</u>	<u>100</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2023 and 2022

Unit: NTD thousand

	Liabilities and equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6 (9)	\$ 100,000	1	\$ -	-
2150	Notes payable		17,460	-	43,300	1
2170	Accounts payable		550,535	5	533,424	6
2180	Accounts payable - related parties	7	3,111	-	5,327	-
2200	Other payables	6 (10) and 7	553,461	5	651,233	7
2230	Current income tax liabilities	6 (25)	49,655	1	94,813	1
2250	Liability reserve - current		4,278	-	-	-
2280	Lease liabilities - current	7	4,085	-	5,722	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	37,733	-
21XX	<b>Total current liabilities</b>		<u>1,320,318</u>	<u>12</u>	<u>1,371,552</u>	<u>15</u>
	<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6 (11)	1,048,695	10	-	-
2540	Long-term borrowings	6 (12)	1,504,712	14	1,088,446	12
2570	Deferred income tax liabilities	6 (25)	257,748	2	251,772	2
2580	Lease liabilities - non-current	7	7,182	-	2,148	-
2640	Net defined benefit liabilities - non-current	6 (13)	1,053	-	778	-
2670	Other non-current liabilities - others		10,014	-	12,286	-
25XX	<b>Total non-current liabilities</b>		<u>2,829,404</u>	<u>26</u>	<u>1,355,430</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>4,149,722</u>	<u>38</u>	<u>2,726,982</u>	<u>29</u>
	<b>Equity attributable to shareholders of the parent</b>					
	Share capital	6 (14)				
3110	Common shares		1,020,340	9	1,020,340	11
	Capital surplus	6 (15)				
3200	Capital surplus		1,854,279	17	1,798,320	19
	Retained earnings	6 (16)				
3310	Legal reserve		657,300	6	552,955	6
3320	Special reserve		76,642	1	76,642	1
3350	Unappropriated earnings		2,928,035	27	3,012,932	33
	Other equity	6 (17)				
3400	Other equity		139,049	1	63,748	1
31XX	<b>Equity attributable to shareholders of the parent - Total</b>		<u>6,675,645</u>	<u>61</u>	<u>6,524,937</u>	<u>71</u>
36XX	<b>Non-controlling interests</b>		<u>60,682</u>	<u>1</u>	<u>-</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>6,736,327</u>	<u>62</u>	<u>6,524,937</u>	<u>71</u>
	Significant Commitments or Contingencies	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 10,886,049</u>	<u>100</u>	<u>\$ 9,251,919</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand  
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6 (18) and 7	\$ 4,431,789	100	\$ 5,291,333	100
5000 Operating costs	6 (3)(23)(24) and 7	( 3,314,106)	( 75)	( 3,511,808)	( 66)
5900 Gross profit		1,117,683	25	1,779,525	34
Operating expenses	6 (23) (24) and 7				
6100 Selling and marketing expenses		( 291,705)	( 7)	( 341,304)	( 6)
6200 General and administrative expenses		( 208,508)	( 5)	( 261,463)	( 5)
6300 Research and development expenses		( 155,250)	( 3)	( 157,741)	( 3)
6450 Expected credit impairment gain	12 (2)	924	-	-	-
6000 Total operating expenses		( 654,539)	( 15)	( 760,508)	( 14)
6900 Operating gains		463,144	10	1,019,017	20
<b>NON-OPERATING INCOME AND EXPENSES</b>					
7100 Interest income	6 (19)	39,485	1	8,401	-
7010 Other income	6 (20) and 7	99,406	2	79,778	1
7020 Other gains and losses	6 (21) and 7	16,172	1	141,776	3
7050 Financial costs	6 (9)(12) and (22)	( 28,396)	( 1)	( 12,012)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (4)	79,414	2	-	-
7000 Total non-operating incomes and expenses		206,081	5	217,943	4
7900 <b>Income before income tax</b>		669,225	15	1,236,960	24
7950 Income tax expenses	6 (25)	( 76,442)	( 2)	( 198,423)	( 4)
8200 <b>Net profit (loss) for current period</b>		\$ 592,783	13	\$ 1,038,537	20

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand  
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	2023		2022	
		Amount	%	Amount	%
<b>Other comprehensive income/(loss) for the year, net of income tax</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6 (17)				
8311 Remeasurement of defined benefit plans	6 (13)	\$ -	-	\$ 4,919	-
8316 Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (5)	192,848	5	16,040	-
8320 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that will not be reclassified to profit or loss		3,721	-	-	-
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		196,569	5	20,959	-
<b>Items that may be reclassified subsequently to profit or loss</b>	6 (17)				
8361 Exchange differences on translating the financial statements of foreign operations		( 71,946)	( 2)	64,155	1
8370 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that might be reclassified to profit or loss		( 13,801)	-	-	-
8360 Total of items that may be reclassified subsequently to profit or loss		( 85,747)	( 2)	64,155	1
8300 <b>Other comprehensive income/(loss) for the year, net of income tax</b>		\$ 110,822	3	\$ 85,114	1
8500 <b>Total comprehensive income (loss) for the current period</b>		\$ 703,605	16	\$ 1,123,651	21
Net income attributable to:					
8610 shareholders of the parent		\$ 593,383	13	\$ 1,038,537	20
8620 Non-controlling interests		(\$ 600)	-	\$ -	-
Total comprehensive income (loss) attributable to:					
8710 shareholders of the parent		\$ 706,953	16	\$ 1,123,651	21
8720 Non-controlling interests		(\$ 3,348)	-	\$ -	-
Earnings per share (EPS)	6 (26)				
9750 Basic earnings per share attributable to shareholders of the parent company		\$	5.82	\$	10.11
9850 Diluted earnings per share attributable to shareholders of the parent company		\$	5.73	\$	10.01

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Equity attributable to shareholders of the parent											
Note	Retained earnings					Other equity			Total	Non-controlling interests	Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
<u>2022</u>											
	\$	\$	\$	\$	\$	(\$	\$	\$	\$	\$	\$
Balance as of January 1, 2022	1,031,340	1,886,687	433,232	76,642	2,811,137	198,797	182,350	-	6,222,591	-	6,222,591
Net profit (loss) for current period	-	-	-	-	1,038,537	-	-	-	1,038,537	-	1,038,537
Other comprehensive income for the year	-	-	-	-	4,919	64,155	16,040	-	85,114	-	85,114
Total comprehensive income (loss) for the current period	-	-	-	-	1,043,456	64,155	16,040	-	1,123,651	-	1,123,651
Appropriation and distribution of earnings:											
Legal reserve	-	-	119,723	-	( 119,723 )	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 721,938 )	-	-	-	( 721,938 )	-	( 721,938 )
Repurchase of treasury shares	-	-	-	-	-	-	-	( 99,367 )	( 99,367 )	-	( 99,367 )
Write Off Treasury Stock	( 11,000 )	( 88,367 )	-	-	-	-	-	99,367	-	-	-
Balance as of December 31, 2022	<u>1,020,340</u>	<u>1,798,320</u>	<u>552,955</u>	<u>76,642</u>	<u>3,012,932</u>	<u>( 134,642 )</u>	<u>198,390</u>	<u>-</u>	<u>6,524,937</u>	<u>-</u>	<u>6,524,937</u>
<u>2023</u>											
Balance as of January 1, 2023	<u>1,020,340</u>	<u>1,798,320</u>	<u>552,955</u>	<u>76,642</u>	<u>3,012,932</u>	<u>( 134,642 )</u>	<u>198,390</u>	<u>-</u>	<u>6,524,937</u>	<u>-</u>	<u>6,524,937</u>
Net profit (loss) for current period	-	-	-	-	593,383	-	-	-	593,383	( 600 )	592,783
Other comprehensive income for the year	-	-	-	-	-	( 82,999 )	196,569	-	113,570	( 2,748 )	110,822
Total comprehensive income (loss) for the current period	-	-	-	-	593,383	( 82,999 )	196,569	-	706,953	( 3,348 )	703,605
Appropriation and distribution of earnings:											
Legal reserve	-	-	104,345	-	( 104,345 )	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 612,204 )	-	-	-	( 612,204 )	-	( 612,204 )
Issuance of convertible bonds	-	55,190	-	-	-	-	-	-	55,190	-	55,190
Changes in associates and joint ventures accounted for using the equity method	-	769	-	-	-	-	-	-	769	-	769
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	64,030	64,030
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	38,269	-	( 38,269 )	-	-	-	-
Balance on December 31, 2023	<u>1,020,340</u>	<u>1,854,279</u>	<u>657,300</u>	<u>76,642</u>	<u>2,928,035</u>	<u>( 217,641 )</u>	<u>356,690</u>	<u>-</u>	<u>6,675,645</u>	<u>60,682</u>	<u>6,736,327</u>

**The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.**

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Operating Activities</u>			
Income before income tax		\$ 669,225	\$ 1,236,960
Adjustments			
Adjustments for income and expenses			
Expected credit impairment gain	12 (2)	( 924 )	-
Depreciation expenses (including right-of-use assets)	6 (23)	511,098	492,984
Amortization	6 (23)	6,201	5,358
Net gain on financial assets and liabilities at fair value through profit or loss	6 (21)	( 1,672 )	( 512 )
Loss (gain) on disposal of property, plant and equipment	6 (21)	1,886	( 8,401 )
Interest income	6 (19)	( 39,485 )	( 8,401 )
Dividends income	6 (21)	( 33,534 )	( 44,097 )
Interest expenses	6 (22)	28,396	12,012
Share of profit of associates accounted for using equity method	6 (4)	( 79,414 )	-
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current		1,232	512
Notes receivable		10,541	4,473
Accounts Receivable		161,849	557,083
Accounts receivable due from related parties		17,695	94,650
Other receivables		( 575 )	1,482
Inventory		176,072	( 96,101 )
Pre-payments		( 9,868 )	2,249
Other current assets		202	( 386 )
Changes in operating liabilities, net			
Notes payable		5,624	( 11,349 )
Accounts payable		17,111	( 325,104 )
Accounts payables to related parties		( 2,216 )	4,103
Other payables		( 101,186 )	( 76,605 )
Liability reserve - current		4,278	-
Net defined benefit liabilities		275	( 9,065 )
Other non-current liabilities		( 2,272 )	( 1,932 )
Cash generated from operating activities		1,340,539	1,829,913
Interest paid		( 25,454 )	( 12,012 )
Income taxes paid		( 104,754 )	( 143,100 )
Net cash inflow from operating activities		<u>1,210,331</u>	<u>1,674,801</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Investment Activities</u>			
Interests received		\$ 39,485	\$ 8,401
Dividends received		33,534	44,097
Acquisition of financial assets at fair value through other comprehensive income		( 49,918 )	( 128,734 )
Disposal of financial assets at fair value through other comprehensive income		64,431	-
Increase in financial assets measured at amortized cost		( 81,860 )	-
Decrease in financial assets at amortized cost		50,000	-
Investment accounted for using the equity method		( 1,458,000 )	-
Cash dividend of long-term equity investment under equity method		57,500	-
Acquisition of property, plant and equipment	6 (27)	( 248,208 )	( 744,636 )
Proceeds from disposal of property, plant and equipment		4,591	50,367
Acquisition of intangible assets		( 12,765 )	( 2,212 )
Increase in refundable deposits		( 93 )	( 5 )
Increase in other non-current assets		-	( 1,576 )
Net cash flows used in investing activities		<u>( 1,601,303 )</u>	<u>( 774,298 )</u>
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		2,650,000	224,416
Decrease in short-term borrowings		( 2,550,000 )	( 641,631 )
Decrease in short-term notes and bills payable		-	( 20,000 )
Issuance of convertible bonds		1,100,502	-
Increase in long-term borrowings		453,999	660,490
Repayment for long-term borrowings		( 37,733 )	( 137,733 )
Repayment of the principal portion of lease liabilities	6 (28)	( 6,735 )	( 6,474 )
Cash dividends appropriated	6 (16)	( 612,204 )	( 721,938 )
Repurchase of treasury shares	6 (14)	-	( 99,367 )
Increase in non-controlling interests		64,030	-
Net cash generated from/(used in) financing activities		<u>1,061,859</u>	<u>( 742,237 )</u>
Exchange rate adjustments		( 47,130 )	29,607
Increase in cash and cash equivalents for the period		623,757	187,873
Cash and cash equivalents - beginning balance		1,528,877	1,341,004
Cash and cash equivalents - ending balance		<u>\$ 2,152,634</u>	<u>\$ 1,528,877</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements  
2023 and 2022

Unit: NTD thousand  
(unless otherwise specified)

I. Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the “Company”) was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products and acts as an agent for domestic and foreign companies in terms of quotation, bidding, distribution and import and export of the said products. The Company’s shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

The Consolidated Financial Statements have been approved by the Board of Directors for release on February 26, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) recognized and promulgated by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) approved and promulgated into effect by the FSC for application in 2023:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model	May 23, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2024:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations, and amendments to the IFRSs issued by IASB but not yet endorsed by

the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28	Yet to be decided by IASB
“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 - Comparative information	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

#### IV. Summary of Significant Accounting Policies

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

##### (I) Statement of Compliance

The consolidated financial statements are based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards and International Accounting Standards approved and promulgated by the FSC, as well as their interpretations and interpretation announcements (hereafter “IFRSs”).

##### (II) Basis of Preparation

- Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:
  - Financial assets at fair value through profit or loss.
  - Financial assets at fair value through other comprehensive income.
  - Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- Preparing financial statements in conformity with the IFRSs endorsed by the FSC require using some important accounting estimates. The management level's judgments were needed when applying the Group's accounting policies. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of consolidated financial reports.

##### (III) Basis of Consolidation

- Principles for preparing the consolidated financial statements
  - All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - Profit or loss and every component of other comprehensive income attribute to either owners of the parent company or non-controlling interests, so does the total comprehensive income even if this results in the non-controlling interests having a deficit balance.
  - Changes in shareholding in subsidiaries that do not result in loss of control (i.e., transaction with non-controlling interests) are accounted for as equity transaction and as a transaction with owners. The differences between the adjustments to non-controlling interests and the fair value of

consideration paid or received are directly recognized in equity.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Business nature	Shareholding percentage		Remarks
			December 31, 2023	December 31, 2022	
<u>Name</u>	<u>Name</u>				
The Company	NORTH STAR INTERNATIONAL LIMITED	Invested business	100%	100%	
The Company	BEST BLISS INVESTMENTS LIMITED	Invested business	100%	100%	
The Company	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Invested business	60%	-	Note 1
BEST BLISS INVESTMENTS LIMITED	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	100%	100%	
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Invested business	100%	100%	
BEST BLISS INVESTMENTS LIMITED	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	26.60%	Note 2
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	73.40%	Note 2
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Production, processing and sale of electronic components	100%	-	Note 3
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	100%	Note 4

Note 1: Incorporated in June 2023.

Note 2: Best Bliss Investments Limited increased investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. for a total of RMB 60,000 thousand in August 2022.

Note 3: Incorporated in July 2023.

Note 4: Incorporated in September 2022.

3. Subsidiaries not included in the consolidated financial statements  
None.
4. Adjustments for subsidiaries with different accounting periods  
None.
5. Major restrictions  
None.
6. Subsidiaries with significant non-controlling interest for the Group  
None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars," which is the Group's functional currency.

1. Foreign currency transactions and balance
  - (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the trade date or the measurement date, with the resulting exchange difference recognized as gain or loss.
  - (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
  - (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.
2. Translation of foreign operations financial statements  
The results and financial position of associates and entities within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:
  - (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
  - (2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
  - (3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:
  - (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (2) They are held primarily for trading.
  - (3) Assets that are expected to be realized within 12 months after the balance sheet date.
  - (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.Assets that do not meet the above criteria are classified as non-current assets by the Group.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
  - (1) Liabilities that are expected to be settled within the normal operating cycle.
  - (2) They are held primarily for trading.
  - (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
  - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty,

result in its transactions by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(VI) Cash equivalents

Cash equivalents are 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 fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

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

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value and its gain or loss is recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(VIII) Financial assets at fair value through other comprehensive income

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(IX) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:
  - (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
  - (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.
2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

(X) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(XI) Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, and receivables (including significant financial components) and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

- (XII) Derecognition of Financial Assets  
The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.
- (XIII) Inventory  
Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary for completion of the sale.
- (XIV) Investment Accounted for Using the Equity Method — Associates
1. An associate refers to an associate over which the Group has no control but significant influence, typically those in which the Group has at least 20% of the total number of voting shares directly or indirectly. The Group accounts for investment in associates using the equity method and recognizes them at cost upon acquisition.
  2. The Group's share of profit or loss in an associate after acquisition shall be recognized as current gain or loss, and its share of other comprehensive income after acquisition shall be recognized in other comprehensive income. When the Group's loss in any associate exceeds the equity (including any unsecured receivables) in such an associate, the Group does not recognize further losses except when any legal obligation or constructive obligation is incurred or the Group has made payment on behalf of the associate.
  3. When an associate experiences equity changes not attributable to changes in any component of profit or loss or other comprehensive income and not impacting the Group's shareholding in such an associate, the Group accounts for such equity changes as "capital surplus" in proportion to its shareholding percentage.
  4. Unrealized gain or loss arising from transactions between the Group and associates has been eliminated in proportion to the Group's shareholding percentage in the associates; unrealized loss is also eliminated unless evidence proves the impairment of the assets transferred in the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  5. If the Group loses significant influence over an associate, the Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. If significant influence over the associate remains, the Group only proportionally reclassifies the amounts previously recognized in other comprehensive income.
- (XV) Property, plant and equipment
1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
  2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
  3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
  4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic

benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors,” from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	8~50 years
Machinery	5~12 years
Utilities equipment	10~15 years
Transportation equipment	4~5 years
Office equipment	5~10 years
Other equipment	2~12 years

(XVI) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group’s use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:  
Fixed payments, less any lease incentives receivable that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
  - (1) The initial lease liability measured;
  - (2) Lease payments made before or at the inception of the lease;
  - (3) Any original direct costs incurred.

Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XVII) Intangible assets

1. Computer software  
Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life of 2-10 years.
2. Goodwill  
Goodwill results from mergers or acquisition.
3. Patent rights  
Patents are amortized at a period of 13 years using the straight line method.

(XVIII) Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is an asset’s fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.
2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XIX) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially

recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XX) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(XXI) Convertible corporate bonds payable

1. The convertible bonds issued by the Group are embedded with conversion rights (i.e. holders have the right to convert the bonds into the Group's common shares with a fixed amount for a fixed number of shares) and repurchase options. At the time of initial issuance, the issuance price is divided into financial assets, financial liabilities or equity according to the issuance conditions, and the treatment is as follows:
2. Embedded resale rights and repurchase rights: at the time of initial recognition, the net fair value is stated as "financial assets or liabilities measured at fair value through profit and loss." Subsequently, the difference at the balance sheet date is recognized as "gain or loss on financial assets (liabilities) measured at fair value through profit or loss".
3. Master contract of corporate bonds: The difference between the fair value measurement at the time of initial recognition and the redemption value is recognized as the premium or discount of corporate bonds payable. Subsequently, the effective interest method is recognized in profit or loss as an adjustment item for "finance costs" on an amortized basis over the period of liquidity.
4. Embedded conversion options (complying with the definition of equity): at the time of initial recognition, the residual value of the issued amount after deducting the above-mentioned "financial assets or liabilities at fair value through profit or loss" and "corporate bonds payable" is accounted for as "capital surplus - options" and will not be remeasured subsequently.
5. The transaction costs directly attributable to the issuance are allocated to the components of each liability and equity in accordance with the original carrying amount of each of the above-mentioned components.
6. Upon conversion by the holders, the liabilities components (including "corporate bonds payable" and "financial assets or liabilities measured at fair value through profit or loss") are accounted for in accordance with the subsequent measurement methods of their classification, and then the book value of the aforementioned liability components plus the book value of "capital surplus - stock options" is used as the issuance cost of the common shares exchanged.

(XXII) Derecognition of Financial Liabilities

1. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or they expire.

(XXIII) Provisions for liabilities

Provisions (sales return and allowance) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXIV) Employee benefits

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

## 2. Pension

### (1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

### (2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Past service costs are recognized immediately in profit or loss.

### 3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

## (XXV) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the initial recognition of the assets or liabilities in the transaction (excluding business merger), and if it does not affect the accounting profit or taxable income (tax loss) and does not generate an equivalent taxable and deductible temporary difference, it is not recognized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax

assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXVI) Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.
2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

(XXVII) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the Board of Directors' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXVIII) Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, multilayer wire-wound and other wire-wound products. Sales revenue is recognized when the control of products is transferred to clients, i.e., when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXIX) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(XXX) Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

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

When preparing this consolidated financial statements, management has exercised their professional judgment to determine the accounting policies to be applied and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

Please see the description in Note 6 (4) 5.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. This inventory evaluation is mainly based on the current market conditions and past historical experience, so there may be major changes.

As of December 31, 2023, the carrying amount of the inventories of the Group was \$768,123.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2,325	\$ 2,448
Checking deposits and demand deposits	1,566,640	1,100,680
Time deposits	523,669	425,749
Commercial paper with repurchase agreement	<u>60,000</u>	<u>-</u>
Total	<u>\$ 2,152,634</u>	<u>\$ 1,528,877</u>

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group did not pledge any cash and cash equivalents as collaterals.
3. For December 31, 2023 and 2022, the Group recognized \$30,705 and \$0, respectively, for time deposits originally due within three months that are presented as “financial assets measured at amortized cost - current”.

(II) Notes and Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 49,844</u>	<u>\$ 60,385</u>
Accounts Receivable	\$ 1,465,544	\$ 1,628,873
Less: Allowance for bad debt	( 1,422)	( 2,353)
Allowance for sales returns and discounts	<u>-</u>	<u>( 1,480)</u>
	<u>\$ 1,464,122</u>	<u>\$ 1,625,040</u>
Accounts receivable due from related parties	\$ 94,939	\$ 112,634
Less: Allowance for bad debt	<u>( 89)</u>	<u>( 89)</u>
	<u>\$ 94,850</u>	<u>\$ 112,545</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not yet due	\$ 1,534,345	\$ 49,844	\$ 1,733,778	\$ 60,385
Within 30 days	24,900	-	6,825	-
31~90 days	1,230	-	882	-
91~180 days	<u>8</u>	<u>-</u>	<u>22</u>	<u>-</u>
	<u>\$ 1,560,483</u>	<u>\$ 49,844</u>	<u>\$ 1,741,507</u>	<u>\$ 60,385</u>

The above aging analysis is based on the number of days past due.

- The accounts and bills receivables in December 31, 2023 and 2022 were all due to client contracts, and the balance of receivables from client contracts as of January 1, 2022 was \$2,478,376.
- Without considering the collateral held or other credit enhancements; the maximum exposure amounts for credit risks that can best represent the Group's bills receivable as of December 31, 2023 and 2022 were \$49,844 and \$60,385, respectively; and the maximum credit risk amounts that can best represent the Group's accounts receivable as of December 31, 2023 and 2022 were \$1,558,972 and \$1,737,585, respectively.
- Credit risks associated with accounts receivable and notes receivable are stated in Note 12 (2).

(III) Inventory

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 135,708	(\$ 13,036)	\$ 122,672
Supplies	23,504	( 3,093)	20,411
Work in process	340,197	( 22,637)	317,560
Finished products	310,994	( 27,793)	283,201
Goods	<u>26,870</u>	<u>( 2,591)</u>	<u>24,279</u>
Total	<u>\$ 837,273</u>	<u>(\$ 69,150)</u>	<u>\$ 768,123</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 159,525	(\$ 13,448)	\$ 146,077
Supplies	30,320	( 2,244)	28,076
Work in process	397,520	( 17,692)	379,828
Finished products	386,565	( 23,140)	363,425
Goods	<u>29,191</u>	<u>( 2,402)</u>	<u>26,789</u>
Total	<u>\$ 1,003,121</u>	<u>(\$ 58,926)</u>	<u>\$ 944,195</u>

- The inventory costs recognized as expenses by the Group in this period:

	<u>2023</u>		<u>2022</u>	
Cost of inventory sold	\$	3,178,875	\$	3,456,040
Inventory falling price loss		11,045		21,922
Others		<u>124,186</u>		<u>33,846</u>
	\$	<u>3,314,106</u>	\$	<u>3,511,808</u>

- The Group did not pledge any inventory as collaterals.

(IV) Investment under equity method (no such transaction as of December 31, 2022)

	<u>December 31, 2023</u>
Associate:	
APAQ Technology Co., Ltd.	\$ 1,463,347
JDX Technology Co., Ltd.	<u>7,256</u>
	<u>\$ 1,470,603</u>

- Below is the information about the Group's significant associates:

<u>Company name</u>	<u>Main business</u>	<u>Shareholding ratio</u>	<u>Nature of</u>	<u>Measuring method</u>
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	<u>premises</u>	<u>December 31, 2023</u>	<u>relationship</u>	
APAQ Technology Co., Ltd.	Taiwan	28.1%	Business strategy	Equity method

The Company publicly acquired common shares of APAQ Technology Co., Ltd. for 25,000 thousand shares at NTD 58 per share from March 17, 2023 to April 6, 2023. In addition, the acquisition amount was paid and equity transfer was completed on April 13, 2023. Accordingly, the Company has acquired 28.1% of equity of APAQ Technology Co., Ltd.

2. The summarized financial information of the major associates of the Company is as follows:  
Balance sheet

	<u>December 31, 2023</u>	
	APAQ Technology Co., Ltd. and Subsidiaries	
Current assets	\$	3,168,097
Non-current assets		1,754,258
Current liabilities	(	1,687,223)
Non-current liabilities	(	<u>320,757)</u>
Total assets	<u>\$</u>	<u>2,914,375</u>
Share of net total assets of associates	\$	818,939
Goodwill (Note)		<u>644,408</u>
Carrying amount of associate	<u>\$</u>	<u>1,463,347</u>

Note: The Company is required to complete an acquisition price allocation report by April 5, 2024. The report was under preparation as of December 31, 2023 statement of comprehensive income

	<u>2023</u>	
Revenue	\$	<u>2,934,913</u>
Profit from continuing operations	\$	328,378
Other comprehensive income (net of income tax)		<u>64,814</u>
Total comprehensive income (loss) for the current period	<u>\$</u>	<u>393,192</u>
Dividends received from associates	<u>\$</u>	<u>57,500</u>

3. An open market quotation is available for APAQ Technology Co., Ltd., the Group's significant associate, whose fair value was \$1,737,500 as of December 31, 2023.
4. In 2023, the investment income recognized under equity method was \$80,158, which was based on the financial reports issued by other CPAs for the same period.
5. The Group holds 28.1% and 26.67% of the total number of voting shares of APAQ Technology Co., Ltd. and JDX Technology Co., Ltd., respectively, making the Group the single largest shareholder. Since the quantities and dispersion of voting shares held by others were not widely dispersed and the governance body of the Group varies from that of the above companies, the Group is unable to direct the relevant activities of the above companies, hence no control over it. The Group believes that it has only significant influence over the above companies and therefore recognizes them as its associates.

(V) Financial assets at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current:		
Equity instruments		
Shares listed on the stock exchange or the OTC market	\$ 36,094	\$ 53,424
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	<u>169,833</u>	<u>129,255</u>
	205,927	182,679
Adjustments for change in value	<u>352,969</u>	<u>198,390</u>
Total	<u>\$ 558,896</u>	<u>\$ 381,069</u>

1. The Group has classified strategic investment stocks as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022, were \$558,896 and \$381,069, respectively.
2. For the purposes of adjusting its position in strategic investments, in 2023, the Group sold its listing share investments, whose fair value was \$64,431, for \$38,269.
3. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 192,848</u>	<u>\$ 16,040</u>
Cumulative gains or losses derecognized and transferred to retained earnings	<u>(\$ 38,269)</u>	<u>\$ -</u>
Dividends income recognized in profit or loss held at the end of current period	<u>\$ 33,534</u>	<u>\$ 44,097</u>

4. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represents the Group as of December 31, 2023 and 2022. The maximum exposure amounts were \$558,896 and \$381,069, respectively.
5. The Group did not pledge any financial assets at fair value through other comprehensive income as collateral.

(VI) Property, plant and equipment

	<u>2023</u>							<u>Unfinished construction and equipment to be inspected</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>		
January 1									
Cost	\$ 777,560	\$ 572,031	\$ 5,629,094	\$ 25,030	\$ 11,668	\$ 52,523	\$ 352,990	\$ 44,775	\$ 7,465,671
Accumulated depreciation and impairment	-	( 256,815)	( 2,523,061)	( 17,159)	( 8,623)	( 35,823)	( 222,581)	-	( 3,064,062)
	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>
January 1	\$ 777,560	\$ 315,216	\$ 3,106,033	\$ 7,871	\$ 3,045	\$ 16,700	\$ 130,409	\$ 44,775	\$ 4,401,609
Addition	-	1,575	49,686	-	-	5,299	49,753	128,787	235,100
Disposal	-	-	-	-	-	-	-	-	-
Reclassification (Note)	-	23,955	115,849	-	-	2,310	6,214	( 148,397)	( 69)
Depreciation expenses	-	( 26,399)	( 415,359)	( 1,035)	( 904)	( 5,541)	( 54,374)	-	( 503,612)
Net exchange differences	-	( 3,632)	( 26,880)	-	( 6)	( 127)	( 1,936)	47	( 32,534)
December 31	<u>\$ 777,560</u>	<u>\$ 310,715</u>	<u>\$ 2,829,329</u>	<u>\$ 6,836</u>	<u>\$ 2,135</u>	<u>\$ 18,641</u>	<u>\$ 130,066</u>	<u>\$ 25,212</u>	<u>\$ 4,100,494</u>
December 31									
Cost	\$ 777,560	\$ 590,845	\$ 5,644,458	\$ 25,018	\$ 11,611	\$ 58,766	\$ 342,246	\$ 25,212	\$ 7,475,716
Accumulated depreciation and impairment	-	( 280,130)	( 2,815,129)	( 18,182)	( 9,476)	( 40,125)	( 212,180)	-	( 3,375,222)
	<u>\$ 777,560</u>	<u>\$ 310,715</u>	<u>\$ 2,829,329</u>	<u>\$ 6,836</u>	<u>\$ 2,135</u>	<u>\$ 18,641</u>	<u>\$ 130,066</u>	<u>\$ 25,212</u>	<u>\$ 4,100,494</u>

Note: Reclassified into intangible assets.

	<u>2022</u>								
	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
January 1									
Cost	\$ 777,560	\$ 565,912	\$ 5,283,887	\$ 24,369	\$ 12,050	\$ 51,323	\$ 301,219	\$ 109,666	\$ 7,125,986
Accumulated depreciation and impairment	-	( 228,762)	( 2,161,835)	( 16,091)	( 8,050)	( 32,384)	( 174,999)	-	( 2,622,121)
	<u>\$ 777,560</u>	<u>\$ 337,150</u>	<u>\$ 3,122,052</u>	<u>\$ 8,278</u>	<u>\$ 4,000</u>	<u>\$ 18,939</u>	<u>\$ 126,220</u>	<u>\$ 109,666</u>	<u>\$ 4,503,865</u>
January 1	\$ 777,560	\$ 337,150	\$ 3,122,052	\$ 8,278	\$ 4,000	\$ 18,939	\$ 126,220	\$ 109,666	\$ 4,503,865
Addition	-	-	52,183	650	-	1,504	35,480	300,790	390,607
Disposal	-	-	( 47,376)	-	-	-	( 199)	-	( 47,575)
Reclassification	-	-	352,289	-	-	1,022	14,088	( 367,399)	-
Depreciation expenses	-	( 26,021)	( 406,711)	( 1,058)	( 967)	( 4,898)	( 46,148)	-	( 485,803)
Net exchange differences	-	4,087	33,596	1	12	133	968	1,718	40,515
December 31	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>
December 31									
Cost	\$ 777,560	\$ 572,031	\$ 5,629,094	\$ 25,030	\$ 11,668	\$ 52,523	\$ 352,990	\$ 44,775	\$ 7,465,671
Accumulated depreciation and impairment	-	( 256,815)	( 2,523,061)	( 17,159)	( 8,623)	( 35,823)	( 222,581)	-	( 3,064,062)
	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>

1. The amounts of interest capitalization in 2023 and 2022 were \$0.
2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 8~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VII) Lease transactions - lessee

1. The underlying assets of the Group's lease include land use right, buildings, company cars and multi-function peripherals. The lease duration usually lasts 3 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group's lease is the electronic host and printer for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-use land	\$ 26,471	\$ 27,627
Buildings	9,193	3,763
Transportation equipment	1,309	3,029
Machinery and equipment	614	971
	<u>\$ 37,587</u>	<u>\$ 35,390</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Right-of-use land	\$ 705	\$ 707
Buildings	4,704	4,390
Transportation equipment	1,721	1,720
Machinery and equipment	356	364
	<u>\$ 7,486</u>	<u>\$ 7,181</u>

4. Profit or loss items in relation to lease contracts are as follows:

	<u>2023</u>	<u>2022</u>
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 17,444	\$ 14,172
Expenses attributable to low-value assets	84	62

5. The Group's right-of-use asset increased by \$10,133 and \$281 for 2023 and 2022, respectively.
6. The Group's total lease cash outflow for 2023 and 2022 amounted to \$24,263 and \$20,708 , respectively.

(VIII) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 2,626	\$ 2,533
Prepayments for construction and equipment	14,449	29,391
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible-overdue receivables	<u>(1,252)</u>	<u>(1,252)</u>
	<u>\$ 17,075</u>	<u>\$ 31,924</u>

(IX) Short-term borrowings

Nature of borrowings	December 31, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 100,000</u>	1.67%	-
Nature of borrowings	December 31, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ -</u>	-	-

The interest expense recognized in profit or loss of short-term borrowings in 2023 and 2022 were \$6,756 and \$2,509, respectively.

(X) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	\$ 148,177	\$ 183,602
Social benefits liabilities payable	85,624	112,999
Employee compensation and directors' and supervisors' remuneration payable	51,686	95,180
Construction and equipment payable	61,211	57,797
Others	<u>206,763</u>	<u>201,655</u>
	<u>\$ 553,461</u>	<u>\$ 651,233</u>

(XI) Corporate bonds payable (no such transaction as of December 31, 2022)

	<u>December 31, 2023</u>
Corporate bonds payable	\$ 1,100,000
Less: Discount of corporate bond payable	<u>( 51,305)</u>
	1,048,695
Less: Due within one year or one operating cycle	
Corporate bonds with repurchase rights or exercised resale rights	<u>-</u>
	<u>\$ 1,048,695</u>

1. Domestic convertible bonds issued by the Company

The conditions for the Company's issuance of the 1st domestic unsecured convertible corporate bonds are as follows

- (1) The Company was approved by the competent authority to issue the first domestic unsecured convertible corporate bonds. The total amount to be issued is \$1,100,000, the coupon rate of 0%, the issuance period of 3 years, and the circulation period from October 31, 2023 to October 31, 2026. The convertible bonds are repaid in cash in one lump sum at the bond face value upon maturity. The convertible bonds were listed for trading on the Taipei Exchange on October 31, 2023.
- (2) The period from the day following the expiration of three months after the date of issuance to the maturity date of the convertible corporate bond holders, except (1) the period of suspension of the common stock transfer according to law; (2) The period from the 15 business days before the book closure date for cash dividends or the book closure date to the base date of distribution of rights; (3) The base date of capital reduction for capital reduction is scheduled to expire on the day before the trading day before the capital reduction; (4) For a change in the denomination of shares, the Company may inform Taiwan Depository & Clearing Corporation through to request

the Company's stock agent to convert the bonds into shares of the Company's common stock in accordance with the Regulations, the rights and obligations of the common shares after conversion are the same as the common shares issued originally.

- (3) The conversion price of these convertible corporate bonds is set according to the pricing model stipulated in the conversion regulations. The subsequent conversion price will be adjusted in accordance with the pricing model stipulated in the conversion plan in the event of an increase in the number of shares of common stock issued (or private placement) of securities with conversion or subscription rights to common shares at a capital reduction lower than the prevailing conversion or subscription price per share, and capital reduction not due to cancellation of treasury shares. The pricing model shall be adjusted in accordance with the conversion regulations. The conversion price on the issuance date was NTD 118.
  - (4) When the closing price of the Company's common shares has exceeded the conversion price at the time of conversion for 30 consecutive business days by more than 30%, the Company may, within 30 business days, send a copy of the "Notice of Recovery of Bonds" after the expiration of 30 days to the bondholders by registered mail, and also request the Taipei Exchange to make a public announcement, and within 5 business days after the date of the recovery, all the bonds shall be recovered in cash based on the face value of the bonds.
  - (5) In accordance with the conversion regulations, all the convertible corporate bonds recovered (including repurchased from the Taipei Exchange), repaid or converted by the Company shall be cancelled and may not be re-sold or re-issued, and the conversion rights attached shall also be extinguished.
2. When issuing the convertible bonds, the Group separated the equity conversion option and each component of liability in accordance with IAS No. 32 "Financial Instruments: Presentation," and accounted for \$55,190 as "Capital surplus - stock options." In addition, the embedded repurchase options were not closely related to the economic characteristics and risks of the debt instrument of the

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2023</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	\$ 477,955
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.15%	-	226,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.11%~1.15%	Machinery	368,000
Credit loan	The period from March 2023 to March 2026 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2026 to February 2030.	1.15%	-	220,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	1.11%	-	<u>250,000</u>
				1,542,445
Less: Current portion of long-term borrowings				<u>( 37,733)</u>
				<u>\$ 1,504,712</u>

host contract in accordance with IFRS 9 "Financial Instruments," so they were separated and accounted for in the net amount of "Financial assets measured at fair value through profit or loss."

After the separation, the effective interest rate of the main contract debt was 1.7%.

(XII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2022</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	\$ 515,689
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.03%	-	130,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.98%~1.03%	Machinery	368,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.98%	-	<u>112,000</u>
				1,126,179
Less: Current portion of long-term borrowings				<u>( 37,733)</u>
				<u>\$ 1,088,446</u>

In 2023 and 2022, the interest expenses recognized in profit or loss for long-term borrowings were \$18,674 and \$9,498, respectively.

(XIII) Pension

1. (1) By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.” Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (2) The Company has established the “Manager's Retirement and Resignation Method” to determine the payment applicable to the company's appointed managers. The retirement benefit formula is as follows:
  - A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
  - B. The Company contributes an amount of pension equal to 6% of an employee’s monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
  - C. For appointed managers who have rendered 25 or more years of services as of December 31,

2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

(3) The Company is obligated to pay retirement pensions to the directors and chairman of the board who were employees, which is calculated at 6% of the monthly salary according to the "Directors' Salary and Remuneration Measures."

(4) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 1,053	\$ 778
Fair value of plan assets	( 8,747)	( 8,441)
Net defined benefit assets	<u>(\$ 7,694)</u>	<u>(\$ 7,663)</u>

(5) Changes in the Confirmed Net Welfare Liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance at January 1	\$ 55,331	(\$ 40,569)	\$ 14,762
Current service costs	223	-	223
Interest expenses (income)	333	( 303)	30
Settlement of profit or loss	<u>( 6,638)</u>	<u>-</u>	<u>( 6,638)</u>
	<u>49,249</u>	<u>( 40,872)</u>	<u>8,377</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 2,959)	( 2,959)
Change in demographic assumptions	417	-	417
Change in financial assumptions	<u>( 3,144)</u>	<u>-</u>	<u>( 3,144)</u>
Experience adjustments	<u>767</u>	<u>-</u>	<u>767</u>
	<u>( 1,960)</u>	<u>( 2,959)</u>	<u>( 4,919)</u>
Pension contribution by employer	-	-	-
Pension paid	<u>( 46,511)</u>	<u>35,390</u>	<u>( 11,121)</u>
Balance at December 31	<u>\$ 778</u>	<u>(\$ 8,441)</u>	<u>(\$ 7,663)</u>

(6) The Company settled severances for some employees under the old seniority system according to the Labor Standards Act and Labor Pension Act, and the settlement benefits of 2022 were \$6,638.

(7) The Company's Confirmed welfare retirement plan fund assets shall be entrusted within the transportation and amount of entrusted business projects determined by the Bank of Taiwan according to the annual investment and application plan of the fund pursuant to items provided

by Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in financial institutions at home and abroad; investing in domestic and foreign listed, OTC, or privately placed equity securities; and investment in securitized goods for real estate at home and abroad). The relevant application status shall be supervised by the Supervision Committee of the Labor Retirement Fund. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government of each year.

- (8) The actuarial assumptions regarding pensions are summarized as follows:

	<u>2022</u>
Discount rate	<u>1.35%</u>
Future salary increase rate	<u>3.00%</u>

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
December 31, 2022	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Effects on the present value of defined benefit obligations	<u>(\$ 19)</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>

The above sensitivity analysis is based on changes in a single variable, with the other variables held constant. However, in practice, variables are correlated. The manner adopted for conducting sensitivity analysis is the same as that for calculating the net pension liability stated on the balance sheet.

The manner adopted for conducting sensitivity analysis is the same as that adopted for sensitivity analysis in the previous period.

- (9) The Company is expected to contribute \$0 to the pension plan in 2024.
- (10) The Group recognized a pension cost of \$485 in 2023 in accordance with the above regulations.
2. (1) Since July 1, 2005, the Company has established a defined retirement allocation plan in accordance with the "Labor Pension Act," which is applicable to employees of Taiwan nationality. For employees of the Company or domestic subsidiaries who elected to apply the "Labor Pension Act," the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.
- (2) TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. have paid the monthly pension insurance according to a certain percentage of the total salary of local employees according to the pension insurance system stipulated by the People's Republic of China, and the allocation ratios for 2023 and 2022 were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.
- (3) In 2023 and 2022, the pension costs recognized by the Group in accordance with the above pension scheme were \$60,141 and \$73,506, respectively.

(XIV) Share capital

1. As of December 31, 2023, the Company had an authorized capital equal to \$3,000,000 (with \$20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to \$1,020,340, and a share face value equal to NTD 10. All proceeds for share subscription were collected in full. Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows: (Unit: thousand shares)

	<u>2023</u>	<u>2022</u>
January 1	102,034	103,134
Repurchase of treasury shares	<u>-</u>	<u>(1,100)</u>
December 31	<u>102,034</u>	<u>102,034</u>

2. Treasury shares

On July 19, 2022, the Company repurchased 1,100 thousand treasury shares via a Board of Directors resolution. The repurchase price range was \$68 to \$128. The full execution was completed on December 31, 2022, and the repurchase amount was \$99,367. The repurchased shares were cancelled on November 8, 2022 according to the resolution of the Board of Directors and the same date was used as the capital reduction base date.

- (1) Reason of recovering shares and quantity

		<u>December 31, 2022</u>	
<u>Name of shareholding company</u>	<u>Reason for recovery</u>	<u>Number of Shares</u>	<u>Carrying amount</u>
The Company	Protect shareholders' rights and benefits	-	\$ -

- (2) According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.

- (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.

- (4) According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(XV) Capital surplus

1. Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.
2. The capital reserve is detailed as follows:

	<u>2023</u>					
	<u>Issue premium</u>	<u>All changes in equity of recognized subsidiaries</u>	<u>Changes in net equity of associates</u>	<u>Consolidation premium</u>	<u>Stock options</u>	<u>Total</u>
January 1	\$1,783,921	\$ 12,353	\$ -	\$ 2,046	\$ -	\$1,798,320
Issuance of convertible	-	-	-	-	55,190	55,190

bonds						
Changes in associates and joint ventures recognized under the equity method	-	-	769	-	-	769
December 31	<u>\$1,783,921</u>	<u>\$ 12,353</u>	<u>\$ 769</u>	<u>\$ 2,046</u>	<u>\$ 55,190</u>	<u>\$ 1,854,279</u>

2022

	<u>Issue premium</u>	<u>Recognition of all premium subsidiaries</u>	<u>Consolidation premium</u>	<u>Total</u>
January 1	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 1,886,687
Write Off Treasury Stock	( 88,367)	-	-	( 88,367)
December 31	<u>\$ 1,783,921</u>	<u>\$ 12,353</u>	<u>\$ 2,046</u>	<u>\$ 1,798,320</u>

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: 10% as legal reserve until it reaches the Company's paid-in capital; set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.

- (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.
5. On February 25, 2022, the Board of Directors passed a resolution to distribute an ordinary dividend of \$721,938 (\$7.0 per share) according to the 2021 surplus.
  6. On February 24, 2023, the Board of Directors passed a resolution to distribute an ordinary dividends of \$612,204 (\$6.0 per share) according to the 2022 surplus.
  7. On February 26, 2024, the Board of Directors passed a resolution to distribute an ordinary dividends of \$459,153 (\$4.5 per share) according to the 2023 surplus.
- (XVII) Other equity items

	<u>2023</u>		
	<u>Unrealized gains</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>(losses)</u>	<u>translation</u>	
January 1	\$ 198,390	(\$ 134,642)	\$ 63,748
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	192,848	-	192,848
- Associates	3,721	-	3,721
Cumulative gains or losses from disposal of equity instruments transferred to retained earnings	( 38,269)	-	( 38,269)
Exchange differences: -			
Group			
- Group	-	( 69,198)	( 69,198)
- Associates	-	( 13,801)	( 13,801)
December 31	<u>\$ 356,690</u>	<u>(\$ 217,641)</u>	<u>\$ 139,049</u>

	<u>2022</u>		
	<u>Unrealized gains</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>(losses)</u>	<u>translation</u>	
January 1	\$ 182,350	(\$ 198,797)	(\$ 16,447)
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	16,040	-	16,040
Exchange differences: -			
Group			
- Group	-	64,155	64,155
December 31	<u>\$ 198,390</u>	<u>(\$ 134,642)</u>	<u>\$ 63,748</u>

(XVIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with clients	<u>\$ 4,431,789</u>	<u>\$ 5,291,333</u>

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2023</u>	<u>2022</u>
Wire-wound products	\$ 3,064,067	\$ 3,465,007
Multilayer products	895,385	811,890
LAN transformers	412,141	959,902
Other	<u>60,196</u>	<u>54,534</u>
Total	<u>\$ 4,431,789</u>	<u>\$ 5,291,333</u>

(XIX) Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	\$ 37,495	\$ 8,401
Financial assets at amortized cost Interest income	1,958	-
Other interest income	<u>32</u>	<u>-</u>
	<u>\$ 39,485</u>	<u>\$ 8,401</u>

(XX) Other income

	<u>2023</u>	<u>2022</u>
Rental income	\$ 10,520	\$ 10,200
Dividends income	33,534	44,097
Subsidies income	53,599	18,168
Miscellaneous income	<u>1,753</u>	<u>7,313</u>
	<u>\$ 99,406</u>	<u>\$ 79,778</u>

The Group recognized government grants primarily because its qualified for the grants awarded to entice investment in the industries within Si-Hong Economic Development Zone.

(XXI) Other gains and losses

	<u>2023</u>	<u>2022</u>
Disposal of property, plant and equipment (loss) gain	(\$ 1,886)	\$ 8,401
Exchange gains, net	21,643	136,022
Loss of financial assets measured at fair value through profit or loss	1,672	512
Miscellaneous expenses	<u>(5,257)</u>	<u>(3,159)</u>
	<u>\$ 16,172</u>	<u>\$ 141,776</u>

(XXII) Financial costs

<u>2023</u>	<u>2022</u>
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Interest expenses	\$	25,430	\$	12,012
Interest expense of corporate bonds payable		2,942		-
Other interest expenses		24		-
	\$	<u>28,396</u>	\$	<u>12,012</u>

(XXIII) Additional Information on the Nature of Expenses

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 719,818	\$ 315,725	\$ 1,035,543
Depreciation expenses of property, plant and equipment	463,693	39,919	503,612
Depreciation of right-of-use assets	3,005	4,481	7,486
Amortization expenses	3,433	2,768	6,201

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 894,673	\$ 373,498	\$ 1,268,171
Depreciation expenses of property, plant and equipment	447,216	38,587	485,803
Depreciation of right-of-use assets	3,006	4,175	7,181
Amortization expenses	3,277	2,081	5,358

(XXIV) Employee benefit expense

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 602,591	\$ 273,826	\$ 876,417
Labor and health insurance expense	23,033	16,096	39,129
Pension expense	49,104	11,522	60,626
Other personnel expense	45,090	14,281	59,371
	<u>\$ 719,818</u>	<u>\$ 315,725</u>	<u>\$ 1,035,543</u>

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 750,370	\$ 325,832	\$ 1,076,202
Labor and health insurance expense	26,473	14,978	41,451

Pension expense	59,296	14,446	73,742
Other personnel expense	<u>58,534</u>	<u>18,242</u>	<u>76,776</u>
	<u>\$ 894,673</u>	<u>\$ 373,498</u>	<u>\$ 1,268,171</u>

- Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors.
- The estimated amount of employee remuneration in 2023 and 2022 was \$41,349 and \$76,144, respectively; the estimated amount of director/supervisor remuneration was \$10,337 and \$19,036, respectively, and the aforementioned amount was booked in salaries.

The remuneration to employees and directors/supervisors for 2023 is estimated at 6% and 1.5% of the profit, respectively for 2023. The Board of Directors resolved to actually distribute \$41,349 and \$10,337 respectively, of which the remuneration to employees is to be paid in cash.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2022 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2022.

The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the MOPS of TWSE.

(XXV) Income tax

- Income tax expense

- (1) Income tax components:

	<u>2023</u>	<u>2022</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 52,987	\$ 176,617
Income tax		
Additional levy on unappropriated earnings	9,753	12,742
Over-estimate of income tax of the previous period	<u>(10,055)</u>	<u>(19,001)</u>
Total current tax	<u>52,685</u>	<u>170,358</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>23,757</u>	<u>28,065</u>
Income tax expenses	<u>\$ 76,442</u>	<u>\$ 198,423</u>

- (2) Income tax associates with other comprehensive income: None.

- (3) Income tax directly debited or credited in equity: None.

- Relationship between income tax expenses and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax derived from applying the statutory tax rate to income before tax (note)	\$ 185,280	\$ 312,500
Impacts on income tax items that must be adjusted according to the tax law	( 100,025)	( 99,876)
Tax effects of investment deductibles	( 5,432)	( 4,211)
Tax effects of temporary differences	( 1,065)	( 1,450)
Change in estimation of probability of realizing deferred tax assets	( 2,014)	( 2,281)

Over-estimate of income tax of the previous period	(	10,055)	(	19,001)
Additional levy on unappropriated earnings		<u>9,753</u>		<u>12,742</u>
Income tax expenses	\$	<u>76,442</u>	\$	<u>198,423</u>

Note: The tax rate is calculated based on the tax rate applicable to incomes in the relevant country.

3. The amount of each deferred income tax asset or liability arising from temporary differences is as follows:

	<u>2023</u>			
	<u>January 1</u>	<u>Recognized in</u>	<u>Exchange</u>	<u>December 31</u>
		<u>P/L</u>	<u>differences</u>	
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	\$ 4,671	(\$ 1,156)	(\$ 7)	\$ 3,508
Others	1,597	( 320)	( 20)	1,257
Loss carryforwards	<u>34,554</u>	<u>( 12,347)</u>	<u>( 334)</u>	<u>21,873</u>
Sub-total	<u>40,822</u>	<u>( 13,823)</u>	<u>( 361)</u>	<u>26,638</u>
-Deferred tax liabilities:				
Reserve for land revaluation increment tax	( 28,572)	-	-	( 28,572)
Appreciation book-tax differences	<u>( 223,200)</u>	<u>( 9,933)</u>	<u>3,957</u>	<u>( 229,176)</u>
Sub-total	<u>( 251,772)</u>	<u>( 9,933)</u>	<u>3,957</u>	<u>( 257,748)</u>
Total	<u>(\$ 210,950)</u>	<u>(\$ 23,756)</u>	<u>\$ 3,596</u>	<u>(\$ 231,110)</u>

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized in</u>	<u>Exchange</u>	<u>December 31</u>
		<u>P/L</u>	<u>differences</u>	
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	\$ 4,561	\$ 105	\$ 5	\$ 4,671
Others	3,047	( 1,506)	56	1,597
Loss carryforwards	<u>23,688</u>	<u>10,555</u>	<u>311</u>	<u>34,554</u>
Sub-total	<u>31,296</u>	<u>9,154</u>	<u>372</u>	<u>40,822</u>
-Deferred tax liabilities:				
Reserve for land revaluation increment tax	( 28,572)	-	-	( 28,572)
Appreciation book-tax differences	<u>( 183,323)</u>	<u>( 37,219)</u>	<u>( 2,658)</u>	<u>( 223,200)</u>
Sub-total	<u>( 211,895)</u>	<u>( 37,219)</u>	<u>( 2,658)</u>	<u>( 251,772)</u>
Total	<u>(\$ 180,599)</u>	<u>(\$ 28,065)</u>	<u>(\$ 2,286)</u>	<u>(\$ 210,950)</u>

4. Deductible temporary differences that are not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences:	\$ 156,475	\$ 172,688

5. The Company did not recognize deferred income tax liabilities for temporary taxable differences related to investments for certain subsidiaries. The temporary differences in the unrecognized deferred income tax liabilities as of December 31, 2023 and 2022, were NTD 613,807 and NTD 531,182, respectively.

6. The Company's income tax up to 2021 has been approved by the tax authority.

(XXVI) Earnings per share (EPS)

	<u>2023</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 593,383	102,034	\$ 5.82
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 593,383	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	472	
Convertible corporate bonds	2,942	1,554	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 596,325	104,060	\$ 5.73

	<u>2022</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (EPS) (NTD)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,038,537	102,704	\$ 10.11
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,038,537	102,704	
Effects of the potentially dilutive common shares on employee compensation	-	1,061	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 1,038,537	103,765	\$ 10.01

(XXVII) Additional Information on Cash Flows

Investing activities partially involving cash payments:

<u>2023</u>	<u>2022</u>
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Acquisition of property, plant and equipment	\$	235,100	\$	390,607
Add: Construction and equipment payable at the beginning of the period		57,797		273,446
Notes payable at the beginning of the period		37,028		175,408
Prepayments for construction and equipment - ending		14,449		-
Less: Construction and equipment payable at the end of the period	(	61,211)	(	57,797)
Notes payable at the end of the period	(	5,564)	(	37,028)
Prepayments for construction and equipment - opening	(	29,391)		-
Cash paid in the period	\$	<u>248,208</u>	\$	<u>744,636</u>

(XXVIII) Changes in Liabilities Arising from Financing Activities

	<u>2023</u>				<u>Total liabilities</u>
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Corporate bonds payable</u>	<u>from financing activities</u>
January 1	\$ -	\$ 1,126,179	\$ 7,870	\$ -	\$ 1,134,049
Changes from financing cash flows	100,000	416,266	( 6,735)	1,100,502	1,610,033
Effects of exchange rate changes	-	-	( 1)	-	( 1)
Changes in amortized interest of corporate bonds payable	-	-	-	2,942	2,942
Other non-cash changes	-	-	10,133	( 54,749)	( 44,616)
December 31	<u>\$ 100,000</u>	<u>\$ 1,542,445</u>	<u>\$ 11,267</u>	<u>\$ 1,048,695</u>	<u>\$ 2,702,407</u>

	<u>2022</u>				<u>Total liabilities</u>
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>from financing activities</u>
January 1	\$ 415,794	\$ 20,000	\$ 603,422	\$ 14,054	\$ 1,053,270
Changes in cash flow from financing activities	( 417,215)	( 20,000)	522,757	( 6,474)	79,068
Effects of exchange rate changes	1,421	-	-	9	1,430
Others non-monetary changes	-	-	-	281	281
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,179</u>	<u>\$ 7,870</u>	<u>\$ 1,134,049</u>

VII. Related Party Transactions

(I) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Group</u>
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Superworld Electronics (S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Group

(II) Significant Transactions with Related Party

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Other related party	\$ <u>287,137</u>	\$ <u>406,245</u>

The price of goods sold to related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	<u>2023</u>	<u>2022</u>
Purchase of goods:		
Other related party	\$ <u>9,360</u>	\$ <u>7,385</u>

The price of goods purchased from related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinary suppliers.

3. Freight expenses and miscellaneous expenses

	<u>2023</u>	<u>2022</u>
Other related party	\$ <u>1,997</u>	\$ <u>172</u>

4. Other income

	<u>2023</u>	<u>2022</u>
Other related party	\$ <u>-</u>	\$ <u>163</u>

5. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2023 and 2028 and the rental paid on a monthly basis.

(2) Lease liabilities

Balance at the end of the period:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Jui-hsia Tai	\$ 5,444	\$ 382
Chang-i Hsieh	<u>3,676</u>	<u>362</u>
	\$ <u>9,120</u>	\$ <u>744</u>

(3) Rental expense

	<u>2023</u>	<u>2022</u>
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Other related party	\$	<u>170</u>	\$	<u>177</u>
6. Accounts receivables due from related party				
		<u>December 31, 2023</u>		<u>December 31, 2022</u>
Accounts receivable:				
Other related party	\$	<u>94,850</u>	\$	<u>112,545</u>
7. Accounts payables due to related party				
		<u>December 31, 2023</u>		<u>December 31, 2022</u>
Accounts payable:				
Other related party	\$	3,111	\$	5,327
Other payables:				
Other related party		<u>125</u>		<u>28</u>
	\$	<u>3,236</u>	\$	<u>5,355</u>
8. Property transactions (no such transaction in 2023)				
(1) Disposal of real estate, plant, and equipment				
		<u>2022</u>		
		<u>Disposal proceeds</u>		<u>Disposal gain (loss)</u>
Other related party	\$	<u>279</u>	\$	<u>80</u>
(2) Acquisition of financial assets				
	<u>Accounting items</u>	<u>Number of share transactions</u>	<u>Transaction targets</u>	<u>Proceeds from 2022</u>
Superworld Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	2,000 thousand shares	SFI Electronics Technology Inc.	<u>\$ 40,000</u>

(III) Remuneration to Major Management

	<u>2023</u>		<u>2022</u>
Short-term employee benefits	\$ 69,947	\$	100,409
Post-retirement benefits	<u>1,575</u>		<u>1,496</u>
Total	\$ <u>71,522</u>	\$	<u>101,905</u>

VIII. Pledged Assets

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

<u>Type of asset</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of collateral</u>
Property, plant and equipment			
- Land	\$ 766,893	\$ 766,893	Short and long-term borrowings
- Buildings and structures	59,571	63,277	Short and long-term borrowings

- Machinery	401,327	443,592	Long-term borrowings
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IX. Significant Commitments or Contingencies

(I) Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 158,703	\$ 71,809
Computer software	\$ 1,327	\$ 5,649

X. Significant Disaster Losses

None .

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss		
Financial assets compulsorily measured at fair value through profit or loss - current increase	\$ 880	\$ -
Financial assets at fair value through other comprehensive income		
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	\$ 558,896	\$ 381,069
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,152,634	\$ 1,528,877
Financial assets at amortized cost	30,705	-
Notes receivable, net	49,844	60,385
Accounts receivable, net (including those due from related party)	1,558,972	1,737,585
Other receivables (including those due from related party)	14,002	13,427
Refundable deposits (Other non-current liabilities recognized)	2,626	2,533

	<u>\$ 3,808,783</u>	<u>\$ 3,342,807</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 100,000	\$ -
Notes payable	17,460	43,300
Accounts payable (including related party)	553,646	538,751
Other payables (including those due to related party)	553,461	651,233
Corporate bonds payable (including those due within one year or one operating cycle)	1,048,695	-
Long-term borrowings (including the portion with maturity in one year)	1,542,445	1,126,179
Deposits received (Other non-current liabilities recognized)	1,640	1,640
	<u>\$ 3,817,347</u>	<u>\$ 2,361,103</u>
Lease liabilities (including those due to related parties)	<u>\$ 11,267</u>	<u>\$ 7,870</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, *e.g.*, market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.
- (2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

- A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.
- B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.
- C. Since the Group engages in business involving multiple functional currencies (*e.g.*, the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

December 31, 2023

<b>(Foreign currency: functional currency)</b>	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NTD/ RMB)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 30,482	30.71	\$ 936,102
RMB : NTD	84,651	4.34	367,385
USD : RMB	40,037	7.08	283,462
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 19,764	30.71	\$ 606,952
RMB : NTD	706	4.34	3,064
USD : RMB	8,939	7.08	63,288

December 31, 2022

<b>(Foreign currency: functional currency)</b>	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NTD/ RMB)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 60,894	30.71	\$ 1,870,055
RMB : NTD	87,017	4.41	383,745
USD : RMB	38,683	6.96	269,234
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 24,184	30.71	\$ 742,691
RMB : NTD	3,926	4.41	17,314
USD : RMB	16,623	6.96	115,696

- D. The aggregate amount of all exchange gains and losses (including realized and unrealized) recognized in 2023 and 2022 on the Group's monetary items that are significantly affected by exchange rate fluctuations were \$21,643 in exchange gains and \$136,022. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.
- E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

		<u>2023</u>		
		<u>Sensitivity Analysis</u>		
		<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Impact on other</u> <u>comprehensive</u> <u>income/loss</u>
<b>(Foreign currency: functional currency)</b>				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	9,361	\$ -
RMB : NTD	1%		3,674	-
USD : RMB	1%		2,835	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		6,070	-
RMB : NTD	1%		31	-
USD : RMB	1%		633	-

		<u>2022</u>		
		<u>Sensitivity Analysis</u>		
		<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Impact on other</u> <u>comprehensive</u> <u>income/loss</u>
<b>(Foreign currency: functional currency)</b>				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	18,701	\$ -
RMB : NTD	1%		3,837	-
USD : RMB	1%		2,692	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		7,427	-
RMB : NTD	1%		173	-
USD : RMB	1%		1,157	-

Price risk

- A. Since the Group's investment is classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in financial assets of equity instrument.
- B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the price of these equity instruments rises or falls by 1% and all other factors remain unchanged, the 2023 and 2022 difference in other comprehensive income due

to it is classified as equity investment at fair value through other comprehensive income or loss increased or decreased by \$5,589 and \$3,811 respectively.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. In 2023 and 2022, the Group's borrowings with floating interest rates were denominated in NTD and USD.
- B. When the interest rate of NTD and USD borrowings increased or decreased by 1%, and all other factors remained unchanged, the net after tax for 2023 and 2022 would decrease or increase by \$13,140 and \$9,009, respectively. This was mainly due to the changes in interest expense resulting from variable-rate borrowings.
- (2) Credit risk
- A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.
- B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.
- D. The Group's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.
- E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. The Group's written-off claims with recourses still active as of December 31, 2023 and 2022 were both \$0.
- F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- G. The Group incorporates perspective considerations for future specific periods and the loss rate established by the current information in order to estimate the allowance for receivables and contractual assets. The preparation matrix for as of December 31, 2023 and 2022 is as follows:

	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days and above</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,584,189</u>	<u>\$ 24,900</u>	<u>\$ 1,230</u>	<u>\$ 8</u>	<u>\$ 1,611,579</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 924</u>	<u>\$ 552</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 2,763</u>
	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days and above</u>	<u>Total</u>

<u>December 31,</u>						
<u>2022</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,794,163</u>	<u>\$ 6,825</u>	<u>\$ 882</u>	<u>\$ 22</u>	<u>\$ 1,803,144</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 1,834</u>	<u>\$ 559</u>	<u>\$ 27</u>	<u>\$ 22</u>	<u>\$ 3,694</u>

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

	<u>2023</u>			
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ 2,442	\$ -	\$ 1,252	\$ 3,694
Impairment loss reversed	( 924)	-	-	( 924)
Exchange rate effects	( 7)	-	-	( 7)
December 31	<u>\$ 1,511</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 2,763</u>

	<u>2022</u>			
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ 21,955	\$ -	\$ 1,252	\$ 23,207
Amount written off because it is uncollectible	( 19,956)	-	-	( 19,956)
Exchange rate effects	443	-	-	443
December 31	<u>\$ 2,442</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 3,694</u>

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.
- B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

December 31, 2023	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over than 5 years</u>
Short-term borrowings	\$ 100,000	\$ -	\$ -	\$ -
Notes payable	17,460	-	-	-

Accounts payable (including related party)	553,646	-	-	-
Other payables (including those due to related party)	553,461	-	-	-
Lease liability (including the portion with maturity in one year)	4,085	2,199	4,983	-
Corporate bonds payable	-	-	1,100,000	-
Long-term borrowings (including the portion with maturity in one year)	57,227	261,065	902,117	410,727

Non-derivative  
financial liabilities:

December 31, 2022	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over than 5 years</u>
Notes payable	\$ 43,300	\$ -	\$ -	\$ -
Accounts payable	533,424	-	-	-
Accounts payables to related parties	5,327	-	-	-
Other payables (including those due to related party)	651,233	-	-	-
Lease liability (including the portion with maturity in one year)	5,722	1,890	258	-
Long-term borrowings (including the portion with maturity in one year)	51,295	50,729	597,055	505,298

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(III) Fair Value Information

- Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.
  - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.
  - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
  - Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.
- Financial instruments not measured at fair values  
Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable,

accounts receivables, other receivables, short-term borrowings, notes payable, accounts payable, other payable, lease liability and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:

(1) The Group classifies its assets and liabilities by their function; stated as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	<u>\$ 116,876</u>	<u>\$ -</u>	<u>\$ 442,020</u>	<u>\$ 558,896</u>
Derivatives				
Right of redemption of convertible bonds	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>\$ 880</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	<u>\$ 83,412</u>	<u>\$ -</u>	<u>\$ 297,657</u>	<u>\$ 381,069</u>

(2) The techniques and assumptions used to measure fair value are stated as follows:

A. Financial instruments of which the fair value is marked to market quotations (*i.e.*, level 1 inputs) are stated as follows:

	<u>Listed shares</u>	<u>Convertible corporate bonds</u>
Market quotation	Closing price	Weighted average price in hundreds

B. 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. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, *e.g.*, the one that applies market information available on the consolidated balance sheets date to a pricing model for calculation.

C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.*, model risk or liquidity risk.

4. There has been no transfer between the Level 1 and the Level 2 in 2023 and 2022

5. The following table reflects Level 3 changes in 2023 and 2022.

	<u>2023</u>	<u>2022</u>
	<u>Equity-based securities</u>	<u>Equity-based securities</u>
January 1	\$ 297,657	\$ 111,830
Gains or losses recognized in other comprehensive income		

Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	103,785	74,844
Purchase of current period	41,085	108,505
Exchange rate effects	( 507)	2,478
December 31	<u>\$ 442,020</u>	<u>\$ 297,657</u>

- There was no transfer in or out from Level 3 in 2023 and 2022.
- Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification through use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby ensuring a reasonable valuation result.
- The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	December 31, 2023		<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
	<u>Fair value per unit</u>	<u>Valuation technique</u>			
Non-derivative equity instruments:					
Unlisted shares	\$ 442,020	Public company comparables	Discount for lack of marketability	15%~20% (18.75%)	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2022		<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
	<u>Fair value per unit</u>	<u>Valuation technique</u>			
Non-derivative equity instruments:					
Unlisted shares	\$ 297,657	Public company comparables	Discount for lack of marketability	15%~25% (20%)	The higher the discount for lack of marketability, the lower the fair value

- The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

			<u>December 31, 2023</u>		<u>Recognized in other comprehensive income (OCI)</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Recognized in P/L Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets						
Equity instruments	\$ 529,156	±1%	\$ -	\$ -	\$ 4,941	(\$ 5,235)

			<u>December 31, 2022</u>		<u>Recognized in other comprehensive income (OCI)</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Recognized in P/L Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets						

Equity instruments \$ 364,295 ±1% \$ - \$ - \$ 3,163 (\$ 4,076)

(IV) As of December 31, 2023, there were no open-ended financial derivatives for trading purposes. In 2023, the Company's net gains from financial derivatives generated were \$1,672.

### XIII. Additional Disclosures

#### (I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20% or More of Paid-in Capital: Refer to Table 4.
5. Acquisition of real estate reaching NTD 300 million or 20% of paid-in capital or more: None.
6. Disposal of Real Property That Reaches NTD 300 Million or 20% or More of Paid-in Capital: None.
7. Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital: Refer to Table 5.
8. Receivables Due from Related Party That Reach NTD 100 Million or 20% or More of Paid-in Capital: Refer to Table 6.
9. Engagement in Derivatives Transaction: See Note 12 (4).
10. The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries, or among Subsidiaries: Refer to Table 7.

#### (II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): Refer to Table 8.

#### (III) Investment in Mainland China

1. Basic Information: Refer to Table 9.
2. Significant transactions that occurred directly or indirectly through third-region enterprises and investee companies and were reinvested in mainland China: refer to Table 7.

#### (IV) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

### XIV. Segment Information

#### (I) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

#### (II) Segment Information

Information on reportable segment provided to the main operating decision makers:

	<u>2023</u>	<u>2022</u>
Segment revenue	\$ 4,431,789	\$ 5,291,333
Segment gross profit	\$ 1,117,683	\$ 1,779,525
Segment profits or losses	\$ 669,225	\$ 1,236,960
Discount and amortization (including right-of-use assets)	\$ 517,299	\$ 498,342
Income tax expenses	\$ 76,442	\$ 198,423
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Segment assets	\$ 10,886,049	\$ 9,251,919
Segment liabilities	\$ 4,149,722	\$ 2,726,982

#### (III) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

(IV) Product and Labor Information

Revenue from external customers mainly derives from sale of products, e.g. electronic parts, magnet cores, multilayer wire-wound and other wire-wound products; components of revenue are presented as follows:

	<u>2023</u>		<u>2022</u>
Wire-wound products	\$ 3,064,067		\$ 3,465,007
Multilayer products	895,385		811,890
LAN transformers	412,141		959,902
Other	60,196		54,534
Total	<u>\$ 4,431,789</u>		<u>\$ 5,291,333</u>

(V) Regional Information

Information of the Group by region in 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 1,002,286	\$ 2,206,297	\$ 1,373,265	\$ 2,334,459
Mainland China	2,350,689	1,987,373	2,661,398	2,175,334
Hong Kong	411,593	-	679,816	-
Singapore	60,377	-	79,482	-
Others	606,844	8,840	497,372	-
Total	<u>\$ 4,431,789</u>	<u>\$ 4,202,510</u>	<u>\$ 5,291,333</u>	<u>\$ 4,509,793</u>

Note: Revenue is attributable to the country based on the place of receipt.

(VI) Important Customer Information

Information on the Group's important customers in 2023 and 2022 is as follows:

<u>2023</u>			<u>2022</u>		
<u>Name of Clients</u>	<u>Amount</u>	<u>%</u>	<u>Name of Clients</u>	<u>Amount</u>	<u>%</u>
Client A	\$ 676,234	15	Client A	\$ 934,204	18

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Loans of funds to others  
January 1 to December 31, 2023

Unit: NTD thousand  
(unless otherwise specified)

Table 1

No.	Lending company	Borrowing party	Transaction item	Whether or not a related party	Maximum balance amount	Ending balance	Amount actually drawn	Interest rate range	Loans of funds to others	Business dealing amount	Reason for necessary short-term financing	Allowance for Impairment Loss	Collaterals Name	Collaterals Value	Loan and limit of loaning of funds (Note)	Total limit of loans (Note)	Remarks
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 162,125	\$ 153,525	\$ 128,961	2% ~ 3.2%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 5,340,516	\$ 5,340,516	
1	FIXED ROCK HOLDING LTD.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Other receivables	Yes	\$ 95,580	\$ -	\$ -	-	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	5,340,516	5,340,516	
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	Other receivables	Yes	\$ 97,275	\$ 92,115	\$ 86,895	2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	5,340,516	5,340,516	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company.  
The total amount of loaning of funds and the individual loan between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed 80% of the net worth of the parent company of the Group and the loan period shall not exceed three years.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Endorsements/guarantees

January 1 to December 31, 2023

Table 2

Unit: NTD thousand

(unless otherwise specified)

No.	Endorsements/ guarantees	Endorsed/guaranteed party name		Limits on endorsement/ guarantee amount provided (Note)	Balance of maximum amount of endorsement/ guarantee of the period	Ending balance of endorsement/ guarantee	Amount actually drawn	Amount collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum amount of endorsement/ guarantee allowance	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by subsidiary to parent company	Endorsement/ guarantee provided to Mainland China	Remarks
		Provider	Relationship											
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si- Hong) Co., Ltd.	Subsidiary	\$ 2,670,258	\$ 648,500	\$ 153,525	\$ -	\$ -	2.30%	\$ 3,337,823	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Subsidiary	\$ 2,670,258	\$ 64,850	\$ 61,410	\$ -	\$ -	0.92%	\$ 3,337,823	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture)

December 31, 2023

Table 3

Unit: NTD thousand  
(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	Number of shares (in thousands)	End of period		Fair value per unit	Remarks	
					Carrying amount	Shareholdings Percentage			
Tai-Tech Advanced Electronics Co., Ltd.	YUSHIN Motor Co., Ltd.	None	Cash and cash equivalents	-	\$ 29,962	-	\$ 29,962	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	Hung Han Construction Co., Ltd.	None	Cash and cash equivalents	-	\$ 10,780	-	\$ 10,780	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	An Feng Development Co., Ltd.	None	Cash and cash equivalents	-	\$ 10,376	-	\$ 10,376	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	Baotai Investment Co., Ltd.	None	Cash and cash equivalents	-	\$ 8,882	-	\$ 8,882	Unpledged	
Stock:									
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 86,715	0.74%	\$ 86,715	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	Ample Electronic Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	\$ 20,520	0.93%	\$ 20,520	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	179	\$ 9,641	0.43%	\$ 9,641	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	SFI Electronics Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	4,320	\$ 86,795	9.82%	\$ 86,795	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	AZ Venture Investment II Limited	None	Financial assets at fair value through other comprehensive income acquired - non-current	1,500	\$ 15,165	12.50%	\$ 15,165	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	I-See Vision Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 16,100	4.47%	\$ 16,100	Unpledged	
BEST BLISS INVESTMENTS LIMITED	Superworld Holdings (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 266,288	10%	\$ 266,288	Unpledged	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Xiamen Eisend Electronics Co., Ltd	None	Financial assets at fair value through other comprehensive income acquired - non-current	-	\$ 57,672	17%	\$ 57,672	Unpledged	

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2023

Table 4

Unit: NTD thousand

(unless otherwise specified)

Marketable securities		Financial statement account	Transaction counterparty	Relationship	Beginning balance		Purchase		Disposal			End of period (Note 2)		
Buyer/Seller	Type and name				Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book cost	Disposal gains or losses	Number of shares (in thousands)	Amount
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Note 1	-	-	-	\$ -	25,000	\$ 1,450,000	-	\$ -	\$ -	\$ -	25,000	\$ 1,463,347

Note 1: Presented under "Investments accounted for using the equity method".

Note 2: The ending balance includes not only the gains and losses from investments accounted for using the equity method but also relevant adjustment items.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2023

Table 5

Unit: NTD thousand  
(unless otherwise specified)

<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Transaction Details</u>			<u>Payment terms</u>	<u>Abnormal Transaction and Reason</u>		<u>Notes/Accounts Receivable (Payable)</u>		<u>Remarks</u>
			<u>Purchase (Sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>		<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsiary	Sale	(354,986)	11%	Note 1	Note 1	-	156,844	15%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sale	(202,878)	7%	Note 2	Note 2	-	72,213	7%	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsiary	Sale	(436,510)	46%	Note 1	Note 1	-	96,587	32%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsiary	Sale	(1,382,432)	47%	Note 1	Note 1	-	491,585	44%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Associate	Sale	(184,405)	6%	Note 1	Note 1	-	30,252	3%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 2: Transaction price and the payment receipt period adopts the general rules.

Receivables Due from Related Party That Reach NTD 100 Million or 20% or More of Paid-in Capital

December 31, 2023

Table 6

Unit: NTD thousand  
(unless otherwise specified)

<u>Company of accounts receivable recognized</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Balance of accounts receivables due from</u>		<u>Turnover rate</u>	<u>Overdue amount of accounts receivable from related party</u>		<u>Treatment method</u>	<u>Amounts received from related parties in subsequent period</u>	<u>Allowance for Impairment Loss</u>
			<u>related party</u>	<u>Amount</u>		<u>Amount</u>	<u>Amount</u>			
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	\$ 156,844	1.83	\$ -	-	-	\$ 52,045	\$ -
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	491,585	2.74	-	-	-	221,680	-
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	130,975	-	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent company and Subsidiaries or among Subsidiaries  
January 1 to December 31, 2023

Table 7

Unit: NTD thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Item	Transaction details		Percentage of consolidated total revenue or total assets
					Amount	Transaction terms	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	354,986	Note 3	8%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	156,844		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	107,785	Note 3	1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	491,585		5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1,382,432	Note 3	31%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Sales revenue	83,272	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase	436,510	Note 3	10%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable	96,587		1%
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	130,975		1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Sales revenue	38,884	Note 3	1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	184,405	Note 3	4%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	30,252		0%
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	2	Other receivables	89,647		1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are listed in sequential order starting from Arabic number of "1"

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The disclosure standard of the business relationship and important transactions between the parent and subsidiary companies from January 1 to December 31, 2023 is NTD 30 million or more

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Names and Location of Investees (Excluding those in Mainland China)

January 1 to December 31, 2023

Table 8

Unit: NTD thousand

(unless otherwise specified)

Name of Investor	Name of Investee	Location	Main business	Initial investment amount		End of term holding			Current profit/loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year	Number of shares (in thousands)	Percentage	Carrying amount			
Tai-Tech Advanced Electronics Co., Ltd.	NORTH STAR INTERNATIONAL LIMITED	SAMOA	Re-invested business	3,459	3,459	100	100%	89,880	1,760	1,760	
Tai-Tech Advanced Electronics Co., Ltd.	BEST BLISS INVESTMENTS LIMITED	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	4,062,920	332,691	343,444	
Tai-Tech Advanced Electronics Co., Ltd.	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Singapore	Re-invested business	96,045	-	3,000	60%	91,022	(1,500)	(900)	Note 1
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	-	25,000	28.10%	1,463,347	328,376	80,158	Note 2
Tai-Tech Advanced Electronics Co., Ltd.	JDX Technology Co., Ltd.	Taiwan	Electronic components	8,000	-	800	26.67%	7,256	(7,222)	(744)	Note 3
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Mahe Seychelles	Re-invested business	890,624 (USD 29,784 thousand)	890,624 (USD 29,784 thousand)	26,450	100%	2,326,298	181,825	181,825	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Malaysia	Electronic components	19,632	-	3,000	100%	16,764	(2,524)	(2,524)	Note 4

Note 1: Established in June 2023.

Note 2: Based on the audit reports issued by other CPAs during the same period.

Note 3: Not audited.

Note 4: Established in July 2023.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries  
Information on Investments in Mainland China - Basic Information  
January 1 to December 31, 2023

Table 9

Unit: NTD thousand

(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Outward remittance or repatriation for investment		Cumulative outward remittance of the investment amount from Taiwan in the period end (Note 8)	Ownership percentage of direct or indirect investment	Current profit/loss of investee	Current Investment profit/loss recognized (Note 4)	Carrying amount at end of the period (Note 4)	Accumulated repatriation of investment income as of the current period	Remarks
				Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance							
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	US\$11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	\$ 352,249 (USD 10,914 thousand)	\$ -	\$ 352,249 (USD 10,914 thousand)	100%	\$ 56,432	\$ 56,432	\$ 652,739	\$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	US\$43,049 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD 18,821 thousand)	-	600,232 (USD 18,821 thousand)	100%	246,597	246,597	3,104,320	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	(Note 3)	Investment through companies in mainland China (Note 3)	-	-	-	-	-	-	-	-	

Provider	Accumulated outward remittance for investment in Mainland China (Note 5, Note 6)	Investment amount Approved investment amount (Note 7)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Tai-Tech Advanced Electronics Co., Ltd.	\$ 1,412,662 (USD 44,343 thousand)	\$ 1,361,552 (USD 44,343 thousand)	\$ 4,041,796

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.

Note 3: The company was established on September 1, 2022, and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd, but there was no capital injection as of December 31, 2023.

Note 4: The parent company's CPA in Taiwan audited the financial report.

Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 6: NTD is calculated based on the historical exchange rate.

Note 7: NTD is calculated based on rate of the balance sheet date

Note 8: The amount invested with a third place's self-owned funds is not included.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2023

Table 10

	<u>Shares</u>	
<u>Major shareholders</u>	<u>Number of shares held</u>	<u>Shareholdings Percentage</u>
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank Investment	10,207,649	10.00%
Hengyang Investment Co., Ltd.	6,540,995	6.41%
Northwest Investment Co., Ltd.	6,121,718	5.99%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

- (1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.  
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.
- (2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. As for the insider declaration of shareholders holding more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the individual and the shares entrusted by the person with the right to use the trust assets. For the insider declaration information, please refer to the MOPS of TWSE. Information on equity is available on the MOPS of TWSE website.

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Financial Statements and  
Independent Auditors' Report  
2023 and 2022  
(Stock Code: 3357)

Company Address: No.1 You 4th Road, Youth Industrial Park,  
Yangmei District, Taoyuan City  
Tel.: (03) 464-1148

Tai-Tech Advanced Electronics Co., Ltd.  
2023 and 2022 Parent Company Only Financial Statements and Auditors' Report  
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## Report of Independent Accountants

(2024) Cai-Shen-Bao-Zi No. 23003898

To: Tai-Tech Advanced Electronics Co., Ltd.

### **Audit Opinions**

We have audited the Parent Company Only Balance Sheet of Tai-Tech Advanced Electronics Co., Ltd. (the Company) as of December 31, 2023 and 2022 as well as the Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flow, and the Notes to Parent Company Only Financial Statements (including the summary of significant accounting policies) for January 1 to December 31, 2023 and 2022.

In the opinion of this CPA, based on our audits and the reports of the other auditors (see Other Matters), all major aspects of the preceding Parent Company Only Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and are sufficient to present the parent company only financial position as of December 31, 2022, and the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2023 and 2022.

### **Basis of Audit Opinion**

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing. Our responsibilities under those standards are further described in the section titled "Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements" in our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of our accountants and the audit reports of other accountants, we are of the opinion that sufficient and appropriate audit evidence has been obtained to be served as the basis for expressing the audit opinion.

### **Key Audit Matters**

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of the Company in 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. As such, we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023 are as follows:

### **Evaluation of Loss Allowance due to Inventory Impairment**

#### Description

The Company mainly manufactures and processes various electronic components, magnet cores, multilayer wire-wound, and other wire-wound products. Since the value of inventories is affected by market price fluctuations and life cycles, there is a high risk of obsolescence. The evaluation procedure generally involves subjective judgments and may lead to substantial uncertainty in accounting estimates. As of December 31, 2023, the Company's investment balance using the equity method accounted for 55% of its total assets. The financial status and financial performance of its subsidiaries significantly impact the Company's parent company only financial statements, and evaluating the subsidiaries' loss allowance due to inventory impairment is critical. Therefore, the CPA listed the inventory allowance evaluation of the Company and its subsidiaries' loss allowance due to inventory impairment as one of the most critical matters in this year's audit.

Please refer to Notes 4 (11), 5 (2), and 6 (3) of the Notes to Parent Company Only Financial Statements for detailed descriptions of the accounting policies, important accounting estimates, inventory evaluation assumption, and accounting items for loss allowance due to inventory

impairment. The Company's balances for inventory and loss allowance due to impairment as of December 31, 2023 were NTD 340,396 thousand and NTD 21,805 thousand, respectively.

#### Responsive Audit Procedures

We perform the following procedures for the inventory that is ageing and individually obsolete:

1. Assess the reasonableness of inventory allowance evaluation policies and procedures adopted by the Company and its subsidiaries according to our understanding of the Company, including determining the degree of inventory depletion and judging the rationality of the inventory allowance evaluation policy based on past historical data.
2. Review the annual inventory plans of the Company and its subsidiaries, and observe their annual inventory and management status to assess their management performance and capacity to control obsolete inventories.
3. Verify the accuracy of the inventory aging report and depletion data, and insure report data and policy consistency.
4. Evaluate and confirm the accuracy of the inventory depreciation loss calculation, and assess the adequacy of depreciation loss provisions.

#### **Other Matters - Audits Conducted by Other Certified Public Accountants**

We have not audited the financial statements of the Company's parent company only financial statements of the Group, but other independent auditors have. Therefore, our opinion on the amount in the parent company only financial statements is based on the reports of other independent auditors. As of December 31, 2023, the investment in the aforementioned companies under the equity method was NTD 1,463,347 thousand, representing 14% of the consolidated total assets. The profit or loss was NTD 70,078 thousand, representing 10% of comprehensive income.

#### **The Management and Governance Units' Responsibilities for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **The CPA's Responsibilities for the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in parent company only financial statements will be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. We also:

1. Identify the risks of material misstatements that may lead to fraud or error for the parent company only financial statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and appropriate audit evidence as the basis for the audit 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. The CPA must gain the necessary understanding of internal controls related to the audit to design the appropriate audit procedures under the circumstances. However, its purpose is not to express an opinion on the internal control performance of the Company.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Based on the audit evidence obtained, this CPA has concluded that the appropriateness of the accounting basics for continual operations adopted by the management level as well as whether there is any material uncertainty regarding events or circumstances that may cast significant doubt on the Company's capacity to continue its operates. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall representation, structure, and content of the parent company only financial statements (including the relevant notes) and determine whether the parent company only financial statements have sufficiently expressed the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within the Company and issue an opinion regarding the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company audit; we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the independence requirements set forth in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of the Company's 2023 Parent Company Financial Statements. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Wei-Hao Wu

Certified Public Accountant (CPA)

Ya-Hui Cheng

Financial Supervisory Commission

Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No.  
1080323093

Former Financial Supervisory Commission and Securities and  
Futures Bureau of the Executive Yuan

Official Approval Letter No.:Jin-Guan-Zheng-Liu-Zi No.  
0960072936

February 26, 2024

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Unit: NTD thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 901,740	9	\$ 902,773	10
1150	Notes receivable, net	6 (2)	15,894	-	20,966	-
1170	Accounts receivable, net	6 (2)	726,542	7	806,759	9
1180	Accounts receivable from related parties, net	6 (2) and 7	277,898	3	541,855	6
1200	Other receivables		9,363	-	12,999	-
1210	Other receivables (including those due from related party)	7	-	-	151,216	2
130X	Inventory	6 (3)	318,591	3	337,925	4
1410	Pre-payments		17,125	-	17,302	-
1470	Other current assets		262	-	-	-
11XX	<b>Total current assets</b>		<u>2,267,415</u>	<u>22</u>	<u>2,791,795</u>	<u>31</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6 (11)	880	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4), 7, and 12 (3)	234,936	2	141,692	2
1550	Investment accounted for using the equity method	6 (5)	5,714,425	55	3,734,653	42
1600	Property, plant and equipment	6 (6), 7, and 8	2,148,262	21	2,267,447	25
1755	Right-of-use assets	6 (7)	11,064	-	7,500	-
1780	Intangible assets		44,641	-	40,273	-
1840	Deferred income tax assets	6 (23)	3,201	-	4,357	-
1900	Other non-current assets	6 (8)	4,671	-	21,483	-
15XX	<b>Total non-current assets</b>		<u>8,162,080</u>	<u>78</u>	<u>6,217,405</u>	<u>69</u>
1XXX	<b>Total assets</b>		<u>\$ 10,429,495</u>	<u>100</u>	<u>\$ 9,009,200</u>	<u>100</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Unit: NTD thousand

Liabilities and equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6 (9)	\$ 100,000	1	\$ -	-
2150	Notes payable		17,459	-	43,300	1
2170	Accounts payable		74,497	1	101,393	1
2180	Accounts payable - related parties	7	588,172	6	731,348	8
2200	Other payables	6 (10) and 7	286,151	3	366,073	4
2230	Current income tax liabilities	6 (23)	49,655	-	77,356	1
2250	Liability reserve - current		4,278	-	-	-
2280	Lease liabilities - current	7	4,051	-	5,511	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	37,733	-
21XX	<b>Total current liabilities</b>		<u>1,161,996</u>	<u>11</u>	<u>1,362,714</u>	<u>15</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6 (11)	1,048,695	10	-	-
2540	Long-term borrowings	6 (12)	1,504,712	15	1,088,446	12
2570	Deferred income tax liabilities	6 (23)	28,572	-	28,572	1
2580	Lease liabilities - non-current	7	7,182	-	2,113	-
2640	Net defined benefit liabilities - non-current	6 (13)	1,053	-	778	-
2670	Other non-current liabilities - others		1,640	-	1,640	-
25XX	<b>Total non-current liabilities</b>		<u>2,591,854</u>	<u>25</u>	<u>1,121,549</u>	<u>13</u>
2XXX	<b>Total liabilities</b>		<u>3,753,850</u>	<u>36</u>	<u>2,484,263</u>	<u>28</u>
<b>Equity</b>						
Share capital						
3110	Common shares	6 (14)	1,020,340	10	1,020,340	11
Capital surplus						
3200	Capital surplus	6 (15)	1,854,279	18	1,798,320	20
Retained earnings						
3310	Legal reserve	6 (16)	657,300	6	552,955	6
3320	Special reserve		76,642	1	76,642	1
3350	Unappropriated earnings		2,928,035	28	3,012,932	33
Other equity						
3400	Other equity	6 (17)	139,049	1	63,748	1
3XXX	<b>Total equity</b>		<u>6,675,645</u>	<u>64</u>	<u>6,524,937</u>	<u>72</u>
Significant Commitments or Contingencies 9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 10,429,495</u>	<u>100</u>	<u>\$ 9,009,200</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand  
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6 (18) and 7	\$ 3,093,378	100	\$ 4,179,085	100
5000 Operating costs	6 (3) (21) (22) and 7	( 2,514,358)	( 81)	( 3,037,036)	( 72)
5900 Gross profit		579,020	19	1,142,049	28
5910 Unrealized gains from sale		( 25,575)	( 1)	( 72,830)	( 2)
5920 Realized gain from sale		72,830	2	47,122	1
5950 Gross profit, net		626,275	20	1,116,341	27
Operating expenses	6 (21) (22) and 7				
6100 Selling and marketing expenses		( 200,418)	( 6)	( 222,801)	( 5)
6200 General and administrative expenses		( 130,483)	( 4)	( 149,598)	( 4)
6300 Research and development expenses		( 85,157)	( 3)	( 71,033)	( 2)
6000 Total operating expenses		( 416,058)	( 13)	( 443,432)	( 11)
6900 Operating gains		210,217	7	672,909	16
<b>NON-OPERATING INCOME AND EXPENSES</b>					
7100 Interest income		11,793	-	5,415	-
7010 Other income	6 (19) and 7	18,038	1	25,652	1
7020 Other gains and losses	6 (20)	2,083	-	103,539	2
7050 Financial costs	6 (9) and (12)	( 28,394)	( 1)	( 10,059)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)				
		423,718	14	375,761	9
7000 Total non-operating incomes and expenses		427,238	14	500,308	12
7900 <b>Income before income tax</b>		637,455	21	1,173,217	28
7950 Income tax expenses	6 (23)	( 44,072)	( 2)	( 134,680)	( 3)
8200 <b>Net profit (loss) for current period</b>		\$ 593,383	19	\$ 1,038,537	25
<b>Other comprehensive income/(loss) for the year, net of income tax</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Remeasurement of defined benefit plans	6 (13)	\$ -	-	\$ 4,919	-
8316 Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	107,758	4	( 79,524)	( 2)
8330 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that will not be reclassified to profit or loss		88,811	3	95,564	2
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		196,569	7	20,959	-
<b>Items that may be reclassified subsequently to profit or loss</b>					
8361 Exchange differences on translating the financial statements of foreign operations	6 (17)	( 8,691)	-	358,086	9
8380 Share of profit (loss) of associates and joint ventures accounted for using equity method - Items that may be reclassified to profit or loss		( 74,308)	( 3)	( 293,931)	( 7)
8360 Total of items that may be reclassified subsequently to profit or loss		( 82,999)	( 3)	64,155	2
8300 <b>Other comprehensive income/(loss) for the year, net of income tax</b>		\$ 113,570	4	\$ 85,114	2
8500 <b>Total comprehensive income (loss) for the current period</b>		\$ 706,953	23	\$ 1,123,651	27
<b>Basic earnings per share</b>					
9750 Basic earnings per share	6 (24)	\$	5.82	\$	10.11
9850 Diluted earnings per share - Total		\$	5.73	\$	10.01

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	Retained earnings				Other equity			Treasury shares	Total
		Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
<u>2022</u>										
Balance as of January 1, 2022		\$ 1,031,340	\$ 1,886,687	\$ 433,232	\$ 76,642	\$ 2,811,137	(\$ 198,797 )	\$ 182,350	\$ -	\$ 6,222,591
Net profit (loss) for current period		-	-	-	-	1,038,537	-	-	-	1,038,537
Other comprehensive income for the year	6 (17)	-	-	-	-	4,919	64,155	16,040	-	85,114
Total comprehensive income (loss) for the current period		-	-	-	-	1,043,456	64,155	16,040	-	1,123,651
Appropriation and distribution of earnings:	6 (16)									
Legal reserve		-	-	119,723	-	( 119,723 )	-	-	-	-
Cash dividends		-	-	-	-	( 721,938 )	-	-	-	( 721,938 )
Repurchase of treasury shares	6 (14)	-	-	-	-	-	-	-	( 99,367 )	( 99,367 )
Write Off Treasury Stock	6 (14)	( 11,000 )	( 88,367 )	-	-	-	-	-	99,367	-
Balance as of December 31, 2022		\$ 1,020,340	\$ 1,798,320	\$ 552,955	\$ 76,642	\$ 3,012,932	(\$ 134,642 )	\$ 198,390	\$ -	\$ 6,524,937
<u>2023</u>										
Balance as of January 1, 2023		\$ 1,020,340	\$ 1,798,320	\$ 552,955	\$ 76,642	\$ 3,012,932	(\$ 134,642 )	\$ 198,390	\$ -	\$ 6,524,937
Net profit (loss) for current period		-	-	-	-	593,383	-	-	-	593,383
Other comprehensive income for the year	6 (17)	-	-	-	-	-	( 82,999 )	196,569	-	113,570
Total comprehensive income (loss) for the current period		-	-	-	-	593,383	( 82,999 )	196,569	-	706,953
Appropriation and distribution of earnings:	6 (16)									
Legal reserve		-	-	104,345	-	( 104,345 )	-	-	-	-
Cash dividends		-	-	-	-	( 612,204 )	-	-	-	( 612,204 )
Issuance of convertible bonds	6 (11)	-	55,190	-	-	-	-	-	-	55,190
Changes in associates and joint ventures accounted for using the equity method		-	769	-	-	-	-	-	-	769
Disposal of equity instruments measured at fair value through other comprehensive income	6 (17)	-	-	-	-	38,269	-	( 38,269 )	-	-
Balance on December 31, 2023		\$ 1,020,340	\$ 1,854,279	\$ 657,300	\$ 76,642	\$ 2,928,035	(\$ 217,641 )	\$ 356,690	\$ -	\$ 6,675,645

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Statement of Cash Flow  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Operating Activities</u>			
Income before income tax		\$ 637,455	\$ 1,173,217
Adjustments			
Adjustments for income and expenses			
Depreciation expenses (including right-of-use assets)	6 (21)	199,282	202,667
Amortization	6 (21)	5,828	5,311
Net gain on financial assets and liabilities at fair value through profit or loss	6 (20)	( 1,672 )	( 512 )
Gains on disposal of property, plant and equipment	6 (20)	( 3,143 )	( 11,662 )
Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	( 423,718 )	( 375,761 )
(Realized) unrealized gain from sale		( 47,255 )	25,708
Interest income		( 11,793 )	( 5,415 )
Dividends income	6 (19)	( 7,129 )	( 8,541 )
Interest expenses		28,394	10,059
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current		1,232	512
Notes receivable		5,072	17,911
Accounts Receivable		80,217	312,243
Accounts receivable due from related parties		263,957	245,410
Other receivables		3,636	1,860
Other receivables (including those due from related party)		-	( 57,276 )
Inventory		19,334	( 28,105 )
Pre-payments		177	( 14,337 )
Other current assets		( 262 )	-
Changes in operating liabilities, net			
Notes payable		5,622	( 11,349 )
Accounts payable		( 26,896 )	( 127,896 )
Accounts payable - related parties		( 143,176 )	( 279,270 )
Other payables		( 96,908 )	( 28,312 )
Liability reserve - current		4,278	-
Net defined benefit liabilities		275	( 9,065 )
Cash generated from operating activities		<u>492,807</u>	<u>1,037,397</u>
Interest paid		( 25,452 )	( 10,059 )
Income taxes paid		( 70,614 )	( 149,917 )
Net cash inflow from operating activities		<u>396,741</u>	<u>877,421</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.  
Parent Company Only Statement of Cash Flow  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Investment Activities</u>			
Interests received		\$ 11,793	\$ 5,415
Dividends received		7,129	8,541
Acquisition of financial assets at fair value through other comprehensive income		( 49,918 )	( 99,229 )
Disposal of financial assets at fair value through other comprehensive income		64,431	-
Increase in financial assets measured at amortized cost		( 50,000 )	-
Decrease in financial assets at amortized cost		50,000	-
Other receivables (including those due from related party)		151,216	-
Investment accounted for using the equity method		( 1,554,045 )	-
Cash dividend of long-term equity investment under equity method		57,500	-
Acquisition of property, plant and equipment	6 (25)	( 181,480 )	( 371,991 )
Proceeds from disposal of property, plant and equipment		107,784	245,352
Acquisition of intangible assets		( 10,127 )	( 1,623 )
Increase in other non-current assets		( 97 )	( 13,394 )
Net cash flows used in investing activities		<u>( 1,395,814 )</u>	<u>( 226,929 )</u>
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		2,650,000	126,792
Repayments for short-term borrowings		( 2,550,000 )	( 445,706 )
Decrease in short-term notes and bills payable		-	( 20,000 )
Issuance of convertible bonds		1,100,502	-
Increase in long-term borrowings		453,999	660,490
Repayment for long-term borrowings		( 37,733 )	( 137,733 )
Repayment of the principal portion of lease liabilities	6 (26)	( 6,524 )	( 6,262 )
Cash dividends appropriated	6 (16)	( 612,204 )	( 721,938 )
Repurchase of treasury shares	6 (14)	-	( 99,367 )
Net cash generated from/(used in) financing activities		<u>998,040</u>	<u>( 643,724 )</u>
Increase (decrease) in cash and cash equivalents for the period		( 1,033 )	6,768
Cash and cash equivalents - beginning balance		902,773	896,005
Cash and cash equivalents - ending balance		<u>\$ 901,740</u>	<u>\$ 902,773</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.  
Notes to the Parent Company Only Financial Statements  
2023 and 2022

Unit: NTD thousand  
(unless otherwise specified)

I. Company History

Tai-Tech Advanced Electronics (the “Company” hereinafter) was incorporated on November 2, 1992. The Company mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wounds products, and act as an agent for domestic and foreign companies in terms of quotation, bidding, distribution, and import and export of the said products. The Company’s shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

The Parent Company Only Financial Statements were approved by the Board of Directors for release on February 26, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) recognized and promulgated by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) approved and promulgated into effect by the FSC for application in 2023:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model”	May 23, 2023

The Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’s financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2024:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024

The Company has assessed the aforementioned standards and interpretations, and concluded that they

- do not have significant effects on the Company's financial position and financial performance.
- (III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC  
New standards, interpretations, and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 — Comparative information	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company's financial position and financial performance.

#### IV. Summary of Significant Accounting Policies

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

##### (I) Statement of Compliance

These Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (II) Basis of Preparation

1. This financial statement is prepared based on the historical costs except for the following important items:
  - (1) Financial assets and liabilities (including derivatives) measured at fair value through gain or loss.
  - (2) Financial assets at fair value through other comprehensive income.
  - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. Preparing financial reports in conformity with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretations (hereafter "IFRSs") endorsed by the FSC require using some important accounting estimates. When applying the Company's accounting policies, the management level's judgments were needed. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of standalone financial statements.

##### (III) Foreign currency translation

The items listed in the financial statements of each entity of the Company are measured in the currency of the primary economic environment in which the individual operates (i.e., functional currency). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

##### 1. Foreign currency transactions and balance

- (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the trade date or the measurement date, with the resulting exchange difference recognized as gain or loss.
- (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
- (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they

are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

The results and financial position of associates and entities within the Company whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
- (3) All resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) They are held primarily for trading.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) They are held primarily for trading.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(V) Cash equivalents

Cash equivalents are 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 fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

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

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Company's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. At initial recognition, the Company measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value and its gain or loss is recognized in profit or loss.
4. The Company recognizes dividend income in profit or loss when (a) the Company's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(VII) Financial assets at fair value through other comprehensive income

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Company's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. The Company has added the transaction cost measurement at fair value during the original recognition, which is subsequently measured via the fair value method. When changes in the fair value of equity instruments recognized as other comprehensive gains or losses are being derecognized, the cumulative profits or losses previously recognized as other comprehensive gains or losses are not subsequently reclassified to gain or loss and are transferred to retained earnings. The Company recognizes dividend

income in profit or loss when (a) the Company's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(VIII) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The discount effect for unpaid-interest short-term accounts and bills receivable is small, so the Company is measured via the original invoice amount.

(IX) Impairment of Financial Assets

At the end of each reporting period, the Company considers financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI, and receivables (including significant financial components), and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Company recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Company recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or contract assets, the Company recognizes an allowance equal to the lifetime expected credit loss.

(X) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(XI) Inventory

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

(XII) Investment accounted for using the equity method

1. Subsidiaries refer to entities (including structural entities) under the control of this Company. When this Company is exposed to the participation of variable remunerations for said entities or has rights over such variable remunerations and has the power to impact said remunerations of such entities, the Company controls said entities.
2. Unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of gain or loss after the acquisition of the subsidiary shall be recognized as current gain or loss, and other shares of comprehensive gain or loss after acquisition shall be recognized as other comprehensive gain or loss. When the Company's share of losses of its subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its shareholding percentage.
4. An associate refers to an entity over which the Company has no control but significant influence, typically those in which the Company has at least 20% of the total number of voting shares directly or indirectly. The Company accounts for investment in associates using the equity method and recognizes them at cost upon acquisition.
5. The Company's share of profit or loss in an associate after acquisition shall be recognized as current gain or loss, and its share of other comprehensive income after acquisition shall be recognized in other comprehensive income. When the Company's loss in any associate exceeds the equity (including any unsecured receivables) in such an associate, the Company does not recognize further losses except when any legal obligation or constructive obligation is incurred or the Company has made payment on behalf of the associate.
6. When an associate experiences equity changes not attributable to changes in any component of profit or loss or other comprehensive income and not impacting the Group's shareholding in such an associate, the Company accounts for such equity changes as "capital surplus" in proportion to its

shareholding percentage.

7. Unrealized gain or loss arising from transactions between the Company and associates has been eliminated in proportion to the Company's shareholding percentage in the associates; unrealized loss is also eliminated unless evidence proves the impairment of the assets transferred in the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. If the Company loses significant influence over an associate, the Company shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. If significant influence over the associate remains, the Group only proportionally reclassifies the amounts previously recognized in other comprehensive income.
9. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the current gain or loss in standalone financial statements and other comprehensive gains and losses shall be the same as the current gain or loss and other comprehensive gains and losses attributable to the proportion of the share held by the parent company as listed in the financial report prepared on a consolidated basis. The equity ownership listed in standalone financial statements shall be the same as the equity ownership attributable to the parent company as listed in the individual report prepared on a consolidated basis.

(XIII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequently, costs are only likely to flow into this Company for future economic benefits associated with the project. Only when the project costs can be reliably measured can they be included in the book amount of the asset or recognized as a separate asset. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and structures	8~50 years
Machinery	5~12 years
Utilities equipment	10~15 years
Transportation equipment	5 years
Office equipment	5 years
Other equipment	2~12 years

(XIV) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the day available for use by the Company. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Company's incremental borrowing rate on the lease commencement date. The lease payments include:

Fixed payments less any rental incentives that may be received that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.

3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:

- (1) The initial lease liability measured;
- (2) Lease payments made before or at the inception of the lease;
- (3) Any original direct costs incurred.

Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XV) Intangible assets

1. Computer software

Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life, which is 3-5 years.

2. Goodwill

Goodwill results from mergers or acquisition.

3. Patent rights

Patents are amortized at a period of 13 years using the straight line method.

(XVI) Impairment of Financial Assets

1. The Company shall target the assets with signs of impairment on the balance sheet date to assess the recoverable amount and recognize the impairment loss when the recoverable amount is lower than its book value. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XVII) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XVIII) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. Because the effect of discount for unpaid-interest short-term accounts and bills payable is small, the Company is measured via the original invoice amount.

(XIX) Convertible corporate bonds payable

The convertible bonds issued by the Company are embedded with conversion rights (i.e. holders have the right to convert the bonds into the Company's common shares with a fixed amount for a fixed number of shares) and repurchase options. At the time of initial issuance, the issuance price is divided into financial assets, financial liabilities or equity according to the issuance conditions, and the treatment is as follows:

1. Embedded resale rights and repurchase rights: at the time of initial recognition, the net fair value is stated as "financial assets or liabilities measured at fair value through profit and loss."

Subsequently, the difference at the balance sheet date is recognized as “gain or loss on financial assets (liabilities) measured at fair value through profit or loss”.

2. Master contract of corporate bonds: The difference between the fair value measurement at the time of initial recognition and the redemption value is recognized as the premium or discount of corporate bonds payable. Subsequently, the effective interest method is recognized in profit or loss as an adjustment item for “finance costs” on an amortized basis over the period of liquidity.
3. Embedded conversion options (complying with the definition of equity): at the time of initial recognition, the residual value of the issued amount after deducting the above-mentioned “financial assets or liabilities at fair value through profit or loss” and “corporate bonds payable” is accounted for as “capital surplus - options” and will not be remeasured subsequently.
4. The transaction costs directly attributable to the issuance are allocated to the components of each liability and equity in accordance with the original carrying amount of each of the above-mentioned components.
5. Upon conversion by the holders, the liabilities components (including “corporate bonds payable” and “financial assets or liabilities measured at fair value through profit or loss”) are accounted for in accordance with the subsequent measurement methods of their classification, and then the book value of the aforementioned liability components plus the book value of “capital surplus - stock options” is used as the issuance cost of the common shares exchanged.

(XX) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled, or they expire.

(XXI) Provisions for liabilities

Provisions (sales return and allowance) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXII) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

- B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
  - C. Past service costs are recognized immediately in profit or loss.
3. Employee compensation and directors' and supervisors' remuneration  
Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXIII) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The Company calculates the current income tax based on the tax rates enacted or substantively enacted at the balance sheet date in the nations whereby the operations and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
3. Deferred income tax is recognized based on the temporary difference between the taxation basis of assets and liabilities and their carrying amounts on the parent company only balance sheet using the balance sheet method. The Company does not recognize a temporary difference if (1) the Company can control the point of time at which it is reversed; and (2) such a temporary difference is not expected to be reversed in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXIV) Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.
2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

(XXV) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the Board of

Directors' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXVI) Recognition of revenue

Sale of goods

1. The Company manufactures and sells various electronic components, magnet cores, multilayer wire-wound and other wire-wound products. The sales revenue is recognized when the products' control is transferred to the clients or when the products are delivered to the clients. The clients have discretion over product sales and prices, and the Company has no outstanding performance obligations that may affect the clients' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. Accounts receivable are recognized when the goods are delivered to the customer. Since the Company has unconditional rights to the contract price from that point in time, it is only necessary to collect the consideration from the customer when the time comes.

(XXVII) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant, and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

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

When preparing these standalone financial statements, management has exercised their professional judgment to determine the accounting policies to be applied, and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheet date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

Please see the description in Note 6 (5)3.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Company needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the inventory value is affected by market price fluctuations and life cycle, the Company shall evaluate the amount of the inventory due to obsolescence or no market sales value on the balance sheet date and list the inventory cost as net realizable value. This inventory evaluation is mainly based on the current market conditions and past historical experience, so there may be major changes.

As of December 31, 2023, the carrying amount of the Company's inventories is \$318,591.

VI. Description of Significant Accounts

(I) Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 355	\$ 361
Checking deposits and demand deposits	841,385	813,353
Time deposits	-	89,059
Commercial paper with repurchase agreement	<u>60,000</u>	<u>-</u>
Total	<u>\$ 901,740</u>	<u>\$ 902,773</u>

1. The Company's financial institutions have good credit quality and have been dealing with several

financial institutions to diversify credit risk. The possibility of default is expected at extremely low.  
2. The Company pledged no cash or its equivalent as collateral.

(II) Notes and Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 15,894	\$ 20,966
Accounts Receivable	\$ 727,337	\$ 809,035
Less: Allowance for bad debt	( 795)	( 795)
Allowance for sales returns and discounts	-	( 1,481)
	<u>\$ 726,542</u>	<u>\$ 806,759</u>
Accounts receivable due from related parties	\$ 277,986	\$ 541,943
Less: Allowance for bad debt	( 88)	( 88)
	<u>\$ 277,898</u>	<u>\$ 541,855</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not yet due	\$ 973,234	\$ 15,894	\$ 1,347,498	\$ 20,966
Within 30 days	32,081	-	3,457	-
31~90 days	-	-	1	-
91~180 days	8	-	22	-
	<u>\$ 1,005,323</u>	<u>\$ 15,894</u>	<u>\$ 1,350,978</u>	<u>\$ 20,966</u>

The above aging analysis is based on the number of days past due.

- The accounts receivable and notes receivable on December 31, 2023 and 2022 were all derived from contracts with customers. In addition, the balance of accounts receivable from contracts with customers on January 1, 2022 was \$1,947,829.
- Without considering the collateral held or other credit enhancements; the maximum exposure amounts for credit risks that can best represent the Company's bills receivable as of December 31, 2023 and 2022 were \$15,894 and \$20,966, respectively; and the maximum credit risk amounts that can best represent the Company's accounts receivable as of December 31, 2023 and 2022 were \$1,004,440 and \$1,348,614, respectively.
- Credit risks associated with accounts receivable and notes receivable are stated in Note 12 (2).

(III) Inventory

	<u>December 31, 2023</u>		<u>Allowance for</u>	<u>Carrying amount</u>
	<u>Cost</u>		<u>inventory valuation</u>	
Raw materials	\$ 20,770	(\$ 2,572)	\$ 18,198	
Supplies	3,672	( 280)	3,392	
Work in process	121,273	( 8,211)	113,062	
Finished products	31,478	( 3,878)	27,600	
Goods	<u>163,203</u>	<u>( 6,864)</u>	<u>156,339</u>	
Total	<u>\$ 340,396</u>	<u>(\$ 21,805)</u>	<u>\$ 318,591</u>	

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 26,045	(\$ 3,208)	\$ 22,837
Supplies	4,503	( 195)	4,308
Work in process	87,265	( 3,447)	83,818
Finished products	34,164	( 2,390)	31,774
Goods	<u>200,055</u>	<u>( 4,867)</u>	<u>195,188</u>
Total	<u>\$ 352,032</u>	<u>(\$ 14,107)</u>	<u>\$ 337,925</u>

1. The Company's current inventory cost is recognized as a loss:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 2,428,244	\$ 3,013,781
Inventory falling price loss	7,698	3,707
Others	<u>78,416</u>	<u>19,548</u>
	<u>\$ 2,514,358</u>	<u>\$ 3,037,036</u>

2. There is no inventory pledged as collateral by the Company.

(IV) Financial assets at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current:		
Equity instruments		
Shares listed on the stock exchange or the OTC market	\$ 36,094	\$ 53,424
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	<u>120,086</u>	<u>79,000</u>
	156,180	132,424
Adjustments for change in value	<u>78,756</u>	<u>9,268</u>
Total	<u>\$ 234,936</u>	<u>\$ 141,692</u>

1. The Company has classified strategic investment stocks as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022, were \$234,936 and \$141,692, respectively.

2. The detailed breakdown of financial assets measured at fair value through other comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 107,758</u>	<u>(\$ 79,524)</u>
Cumulative gains or losses derecognized and transferred to retained earnings	<u>(\$ 38,269)</u>	<u>\$ -</u>
Dividends income recognized in profit or loss		

held at the end of current period

\$ 7,129    \$ 8,541

3. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represents the Company as of December 31, 2023 and 2022. The maximum exposure amounts were \$234,936 and \$141,692, respectively.
4. The Company did not provide financial assets measured at fair value through other comprehensive income as a pledge guarantee.

(V) Investment accounted for using the equity method

<u>Investee Company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary:		
BEST BLISS INVESTMENT LIMITED	\$ 4,062,920	\$ 3,646,494
NORTH STAR INTERNATIONAL LIMITED	89,880	88,159
TECHWORLD ELECTRONICS SINGAPORE PTE.LTD.	91,022	-
Associate:		
APAQ Technology Co., Ltd.	1,463,347	-
JDX Technology Co., Ltd.	<u>7,256</u>	<u>-</u>
	<u>\$ 5,714,425</u>	<u>\$ 3,734,653</u>

1. For information about the subsidiaries of the Company, please refer to Note 4 (3) of the Company's 2023 consolidated financial statements.
2. The shares of profit and loss of related companies recognized using the equity method in 2023 and 2022 were \$423,718 and \$375,761, respectively.
3. Associates (no such transaction as of December 31, 2022)

(1) The basic information of the Company's major affiliates is as follows:

<u>Company name</u>	<u>Main business premises</u>	<u>Shareholding ratio</u>	<u>Nature of relationship</u>	<u>Measuring method</u>
		<u>December 31, 2023</u>		
APAQ Technology Co., Ltd.	Taiwan	28.1%	Business strategy	Equity method

The Company publicly acquired common shares of APAQ Technology Co., Ltd. for 25,000 thousand shares at NTD 58 per share from March 17, 2023 to April 6, 2023. In addition, the acquisition amount was paid and equity transfer was completed on April 13, 2023. Accordingly, the Company has acquired 28.1% of equity of APAQ Technology Co., Ltd.

(2) The summarized financial information of the major associates of the Company is as follows:  
Balance sheet

	<u>APAQ Technology Co., Ltd. and Subsidiaries</u>	
	<u>December 31, 2023</u>	
Current assets	\$	3,168,097
Non-current assets		1,754,258
Current liabilities	(	1,687,223)
Non-current liabilities	(	<u>320,757)</u>

Total assets	<u>\$ 2,914,375</u>
Share of net total assets of associates	\$ 818,939
Goodwill (Note)	<u>644,408</u>
Carrying amount of associate	<u>\$ 1,463,347</u>

Note: The Company is required to complete an acquisition price allocation report by April 5, 2024. The report was under preparation as of December 31, 2023.

statement of comprehensive income

	<u>APAQ Technology Co., Ltd. and Subsidiaries</u> <u>2023</u>
Revenue	<u>\$ 2,934,913</u>
Profit from continuing operations	\$ 328,378
Other comprehensive income (net of income tax)	<u>64,814</u>
Total comprehensive income (loss) for the current period	<u>\$ 393,192</u>
Dividends received from associates	<u>\$ 57,500</u>

- (3) An open market quotation is available for APAQ Technology Co., Ltd., the Company's significant associate, whose fair value was \$1,737,500 as of December 31, 2023.
4. In 2023, the investment income recognized under equity method was \$80,158, which was based on the financial reports issued by other CPAs for the same period.
5. The Company holds 28.1% and 26.67% of the total number of voting shares of APAQ Technology Co., Ltd. and JDX Technology Co., Ltd., respectively, making the Group the single largest shareholder. Since the quantities and dispersion of voting shares held by others were not widely dispersed and the governance body of the Company varies from that of the above companies, the Company is unable to direct the relevant activities of the above companies, hence no control over it. The Company only has significant influence on the abovementioned, so they are listed as affiliates of the Company.

(VI) Property, plant and equipment  
2023

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment to be inspected</u>	<u>Total</u>
January 1									
Cost	\$ 777,560	\$ 175,019	\$ 2,185,997	\$ 24,315	\$ 8,282	\$ 26,707	\$ 143,616	\$ 11,516	\$ 3,353,012
Accumulated depreciation and impairment	-	( 97,569)	( 870,963)	( 16,444)	( 5,758)	( 17,066)	( 77,765)	-	( 1,085,565)
	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>
January 1	\$ 777,560	\$ 77,450	\$ 1,315,034	\$ 7,871	\$ 2,524	\$ 9,641	\$ 65,851	\$ 11,516	\$ 2,267,447
Addition	-	-	38,984	-	-	3,437	38,698	102,793	183,912
Disposal									
Cost	-	-	( 186,767)	-	-	( 531)	( 1,776)	-	( 189,074)
Cumulative Depreciation	-	-	77,672	-	-	531	556	-	78,759
Reclassification (Note)	-	23,955	60,740	-	-	1,288	6,136	( 92,188)	( 69)
Depreciation expenses	-	( 6,340)	( 156,711)	( 1,035)	( 780)	( 3,099)	( 24,748)	-	( 192,713)
December 31	<u>\$ 777,560</u>	<u>\$ 95,065</u>	<u>\$ 1,148,952</u>	<u>\$ 6,836</u>	<u>\$ 1,744</u>	<u>\$ 11,267</u>	<u>\$ 84,717</u>	<u>\$ 22,121</u>	<u>\$ 2,148,262</u>
December 31									
Cost	\$ 777,560	\$ 198,974	\$ 2,098,954	\$ 24,315	\$ 8,282	\$ 30,901	\$ 186,674	\$ 22,121	\$ 3,347,781
Accumulated depreciation and impairment	-	( 103,909)	( 950,002)	( 17,479)	( 6,538)	( 19,634)	( 101,957)	-	( 1,199,519)
	<u>\$ 777,560</u>	<u>\$ 95,065</u>	<u>\$ 1,148,952</u>	<u>\$ 6,836</u>	<u>\$ 1,744</u>	<u>\$ 11,267</u>	<u>\$ 84,717</u>	<u>\$ 22,121</u>	<u>\$ 2,148,262</u>

Note: Reclassified into intangible assets.

2022

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
January 1									
Cost	\$ 777,560	\$ 175,019	\$ 2,286,310	\$ 23,665	\$ 8,282	\$ 27,045	\$ 123,207	\$ 20,739	\$ 3,441,827
Accumulated depreciation and impairment	-	( 91,656)	( 756,866)	( 15,452)	( 4,983)	( 16,185)	( 59,281)	-	( 944,423)
	<u>\$ 777,560</u>	<u>\$ 83,363</u>	<u>\$ 1,529,444</u>	<u>\$ 8,213</u>	<u>\$ 3,299</u>	<u>\$ 10,860</u>	<u>\$ 63,926</u>	<u>\$ 20,739</u>	<u>\$ 2,497,404</u>
January 1	\$ 777,560	\$ 83,363	\$ 1,529,444	\$ 8,213	\$ 3,299	\$ 10,860	\$ 63,926	\$ 20,739	\$ 2,497,404
Addition	-	-	2,356	650	-	339	18,600	177,909	199,854
Disposal									
Cost	-	-	( 286,549)	-	-	( 1,699)	( 421)	-	( 288,669)
Cumulative Depreciation	-	-	53,343	-	-	1,699	221	-	55,263
Reclassification	-	-	183,880	-	-	1,022	2,230	( 187,132)	-
Depreciation expenses	-	( 5,913)	( 167,440)	( 992)	( 775)	( 2,580)	( 18,705)	-	( 196,405)
December 31	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>
December 31									
Cost	\$ 777,560	\$ 175,019	\$ 2,185,997	\$ 24,315	\$ 8,282	\$ 26,707	\$ 143,616	\$ 11,516	\$ 3,353,012
Accumulated depreciation and impairment	-	( 97,569)	( 870,963)	( 16,444)	( 5,758)	( 17,066)	( 77,765)	-	( 1,085,565)
	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>

1. The capitalized amounts of interest from January 1 to December 31, 2023 and 2022 were both \$0.
2. The major components of the Company's buildings and structures, including buildings and engineering systems, are depreciated over 25 - 50 years and 8 - 20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VII) Lease transactions - lessee

1. The underlying assets leased by the Company include buildings, business vehicles, and multi-function peripherals. The lease contract period is usually 3 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Leased assets are not restricted in any way, except that they shall not be used as collaterals for borrowings.
2. The lease term of the buildings and warehouses leased by the Company is less than 12 months. The low-value underlying asset of the Company's lease is the electronic host for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 9,193	\$ 3,763
Transportation equipment	1,257	2,766
Machinery and equipment	614	971
	<u>\$ 11,064</u>	<u>\$ 7,500</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Buildings	\$ 4,704	\$ 4,390
Transportation equipment	1,509	1,508
Machinery and equipment	356	364
	<u>\$ 6,569</u>	<u>\$ 6,262</u>

4. Profit or loss items in relation to lease contracts are as follows:

	<u>2023</u>	<u>2022</u>
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 14,774	\$ 11,767
Expenses attributable to low-value assets	84	62

5. The increase of the Company's right-of-use assets in 2023 and 2022 were \$10,133 and \$281, respectively.
6. The total lease cash outflow of the Company in 2023 and 2022 was \$21,382 and \$18,091, respectively.

(VIII) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 2,341	\$ 2,244
Prepayments for construction and equipment	2,330	19,239
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible-overdue receivables	( 1,252)	( 1,252)
	<u>\$ 4,671</u>	<u>\$ 21,483</u>

(IX) Short-term borrowings

<u>Nature of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collaterals</u>
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Bank loan

Credit loan	<u>\$ 100,000</u>	1.67%	-
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<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collaterals</u>
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Bank loan

Credit loan	<u>\$ -</u>	-	-
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The interest expense recognized in profit or loss of short-term borrowings in 2023 and 2022 were \$6,756 and \$556, respectively.

(X) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	\$ 89,901	\$ 127,902
Employee compensation and directors' and supervisors' remuneration payable	51,686	95,180
Construction and equipment payable	43,299	26,313
Others	<u>101,265</u>	<u>116,678</u>
	<u>\$ 286,151</u>	<u>\$ 366,073</u>

(XI) Corporate bonds payable (no such transaction as of December 31, 2022)

	<u>December 31, 2023</u>
Corporate bonds payable	\$ 1,100,000
Less: Discount of corporate bond payable	<u>( 51,305)</u>
	1,048,695
Less: Due within one year or one operating cycle	
Corporate bonds with repurchase rights or exercised resale rights	<u>-</u>
	<u>\$ 1,048,695</u>

1. Domestic convertible bonds issued by the Company

The conditions for the Company's issuance of the 1st domestic unsecured convertible corporate bonds are as follows

- (1) The Company was approved by the competent authority to issue the first domestic unsecured convertible corporate bonds. The total amount to be issued is \$1,100,000, the coupon rate of 0%, the issuance period of 3 years, and the circulation period from October 31, 2023 to October 31, 2026. The convertible bonds are repaid in cash in one lump sum at the bond face value upon maturity. The convertible bonds were listed for trading on the Taipei Exchange on October 31, 2023.
- (2) The period from the day following the expiration of three months after the date of issuance to the maturity date of the convertible corporate bond holders, except (1) the period of suspension of the common stock transfer according to law; (2) The period from the 15 business days before the book closure date for cash dividends or the book closure date to the base date of distribution of rights; (3) The base date of capital reduction for capital reduction is scheduled to expire on the day before the trading day before the capital reduction; (4) For a change in the denomination of shares, the Company may inform Taiwan Depository & Clearing Corporation through to request the Company's stock agent to convert the bonds into shares of the Company's common stock in accordance with the Regulations, the rights and obligations of the common

- shares after conversion are the same as the common shares issued originally.
- (3) The conversion price of these convertible corporate bonds is set according to the pricing model stipulated in the conversion regulations. The subsequent conversion price will be adjusted in accordance with the pricing model stipulated in the conversion plan in the event of an increase in the number of shares of common stock issued (or private placement) of securities with conversion or subscription rights to common shares at a capital reduction lower than the prevailing conversion or subscription price per share, and capital reduction not due to cancellation of treasury shares. The pricing model shall be adjusted in accordance with the conversion regulations. The conversion price on the issuance date was NTD 118.
  - (4) When the closing price of the Company's common shares has exceeded the conversion price at the time of conversion for 30 consecutive business days by more than 30%, the Company may, within 30 business days, send a copy of the "Notice of Recovery of Bonds" after the expiration of 30 days to the bondholders by registered mail, and also request the Taipei Exchange to make a public announcement, and within 5 business days after the date of the recovery, all the bonds shall be recovered in cash based on the face value of the bonds.
  - (5) In accordance with the conversion regulations, all the convertible corporate bonds recovered (including repurchased from the Taipei Exchange), repaid or converted by the Company shall be cancelled and may not be re-sold or re-issued, and the conversion rights attached shall also be extinguished.
2. When issuing the convertible bonds, the Company separated the equity conversion option and each component of liability in accordance with IAS No. 32 "Financial Instruments: Presentation," and accounted for \$55,190 as "Capital surplus - stock options." In addition, the embedded repurchase options were not closely related to the economic characteristics and risks of the debt instrument of the host contract in accordance with IFRS 9 "Financial Instruments," so they were separated and accounted for in the net amount of "Financial assets measured at fair value through profit or loss." After the separation, the effective interest rate of the main contract debt was 1.7%.

(XII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2023</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	\$ 477,955
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.15%	-	226,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.11%~1.15%	Machinery	368,000
Credit loan	The period from March 2023 to March 2026 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2026 to February 2030.	1.15%	-	220,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	1.11%	-	<u>250,000</u>
				1,542,445
Less: Current portion of long-term borrowings				<u>( 37,733)</u>
				<u>\$ 1,504,712</u>

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2022</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	\$ 515,689
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid monthly from April 2025 to March 2029.	1.03%	-	130,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid monthly from April 2025 to March 2029.	0.98%~1.03%	Machinery	368,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Paid monthly from April 2025 to March 2027.	0.98%	-	<u>112,000</u>
				1,126,179
Less: Current portion of long-term borrowings				<u>( 37,733)</u>
				<u>\$ 1,088,446</u>

In 2023 and 2022, the interest expenses recognized in profit or loss for long-term borrowings were \$18,674 and \$9,498, respectively.

### (XIII) Pension

1. (1) By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.” Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (2) The Company has established the “Manager's Retirement and Resignation Method” to determine the payment applicable to the company's appointed managers. The retirement benefit formula is as follows:
  - A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
  - B. The Company contributes an amount of pension equal to 6% of an employee’s monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
  - C. For appointed managers who have rendered 25 or more years of services as of December 31,

2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

- (3) The Company is obligated to pay retirement pensions to the directors and chairman of the board who were employees, which is calculated at 6% of the monthly salary according to the "Directors' Salary and Remuneration Measures."
- (4) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 1,053	\$ 778
Fair value of plan assets	( 8,747)	( 8,441)
Net defined benefit assets	<u>(\$ 7,694)</u>	<u>(\$ 7,663)</u>

- (5) Changes in the Confirmed Net Welfare Liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance at January 1	\$ 55,331	(\$ 40,569)	\$ 14,762
Current service costs	223	-	223
Interest expenses (income)	333	( 303)	30
Liquidation loss (gain)	( 6,638)	-	( 6,638)
	<u>49,249</u>	<u>( 40,872)</u>	<u>8,377</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 2,959)	( 2,959)
Change in demographic assumptions	417	-	417
Change in financial assumptions	( 3,144)	-	( 3,144)
Experience adjustments	767	-	767
	<u>( 1,960)</u>	<u>( 2,959)</u>	<u>( 4,919)</u>
Pension contribution by employer	-	-	-
Liquidation payments	( 46,511)	35,390	( 11,121)
Balance at December 31	<u>\$ 778</u>	<u>(\$ 8,441)</u>	<u>(\$ 7,663)</u>

- (6) The Company settled severances for some employees under the old seniority system according to the Labor Standards Act and Labor Pension Act, and the settlement benefits of 2022 were \$6,638.
- (7) The Company's Confirmed welfare retirement plan fund assets shall be entrusted within the transportation and amount of entrusted business projects determined by the Bank of Taiwan according to the annual investment and application plan of the fund pursuant to items provided by Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in financial institutions at home and abroad; investing in

domestic and foreign listed, OTC, or privately placed equity securities; and investment in securitized goods for real estate at home and abroad). The relevant application status shall be supervised by the Supervision Committee of the Labor Retirement Fund. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government of each year.

- (8) The actuarial assumptions regarding pensions are summarized as follows:

	<u>2022</u>
Discount rate	<u>1.35%</u>
Future salary increase rate	<u>3.00%</u>

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Effect on the present value of the defined benefit exchange rate	<u>(\$ 19)</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>

The above sensitivity analysis is based on changes in a single variable, with the other variables held constant. However, in practice, variables are correlated. The manner adopted for conducting sensitivity analysis is the same as that for calculating the net pension liability stated on the balance sheet.

- (9) The Company is expected to contribute \$0 to the pension plan in 2024.
- (10) The Company recognized a pension cost of \$485 in 2023 in accordance with the above regulations.
2. (1) Since July 1, 2005, the Company has established a defined retirement allocation in accordance with the "Labor Pension Act," which is applicable to domestic workers. For employees of the Company who elected to apply the Labor Pension Act, the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.
- (2) In 2023 and 2022, the pension cost recognized by the Company in accordance with the above regulations was \$13,025 and \$13,634, respectively.

(XIV) Share capital

1. As of December 31, 2023, the Company had an authorized capital equal to \$3,000,000 (with \$20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to \$1,020,340, and a share face value equal to NTD 10. All proceeds for share subscription were collected in full. Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows: (Unit: thousand shares)

	<u>2023</u>	<u>2022</u>
January 1	102,034	103,134
Repurchase and annulment of treasury shares	<u>-</u>	<u>( 1,100)</u>

December 31

102,034

102,034

2. Treasury shares

On July 19, 2022, the Company repurchased 1,100 thousand treasury shares via a Board of Directors resolution. The repurchase price range was \$68 to \$128. The full execution was completed on December 31, 2023, and the repurchase amount was \$99,367. The repurchased shares were cancelled on November 8, 2022 according to the resolution of the Board of Directors and the same date was used as the capital reduction base date.

(1) Reason of recovering shares and quantity

<u>Name of shareholding company</u>	<u>Reason for recovery</u>	<u>December 31, 2022</u>	
		<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>
The Company	Protect shareholders' rights and benefits	-	\$ -

(2) According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.

(3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.

(4) According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(XV) Capital surplus

1. Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

2. The capital reserve is detailed as follows:

2023

	<u>Issue premium</u>	<u>Recognition of all premiums issued to subsidiaries</u>	<u>Changes in net equity of associates</u>	<u>Consolidation premium</u>	<u>Stock options</u>	<u>Total</u>
January 1	\$1,783,921	\$ 12,353	\$ -	\$ 2,046	\$ -	\$1,798,320
Issuance of convertible bonds	-	-	-	-	55,190	55,190
Changes in associates and joint ventures recognized under the equity method	-	-	769	-	-	769
December 31	<u>\$1,783,921</u>	<u>\$ 12,353</u>	<u>\$ 769</u>	<u>\$ 2,046</u>	<u>\$55,190</u>	<u>\$1,854,279</u>

2022

	<u>Issue premium</u>	Recognition of all premiums issued to subsidiaries	<u>Consolidation premium</u>	<u>Total</u>
January 1	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 1,886,687
Cancellation of treasury stock	( 88,367)	-	-	( 88,367)
December 31	<u>\$ 1,783,921</u>	<u>\$ 12,353</u>	<u>\$ 2,046</u>	<u>\$ 1,798,320</u>

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: 10% as legal reserve until it reaches the Company's paid-in capital; set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
2. The Company's dividend policy determination factors include the industry's environment and the Company's growth stage, future capital needs, financial structure, capital budget, shareholders' interests, balanced dividends, and long-term financial planning. Each year shall remain within the range available for distribution. If the business development is in the active expansion stage, the profitability is expected to grow, and the stock dividend distribution will not significantly dilute the Company's profitability. The Board of Directors shall draft a distribution proposal according to law and submit it to the shareholders' meeting. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
5. As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.
6. On February 25, 2022, the Board of Directors resolved to distribute common dividends of \$721,938 (\$7 per share) on the 2021 earnings.
7. On February 24, 2023, the Board of Directors resolved to distribute common dividends of \$612,204 (NTD 6 per share) on the 2022 earnings.
8. On February 26, 2024, the Board of Directors passed a resolution to distribute an ordinary dividends of \$459,153 (\$4.5 per share) according to the 2023 surplus.
- 9.

(XVII) Other equity items

	<u>2023</u>		<u>Foreign currency</u>	
	<u>Unrealized gains</u>		<u>translation</u>	<u>Total</u>
	<u>(losses)</u>			
January 1	\$ 198,390		(\$ 134,642)	\$ 63,748
Valuation of financial assets at fair value - Group through Other				
Comprehensive Income:				
- Group	192,848		-	192,848
-Associates	3,721		-	3,721
Cumulative gains or losses from disposal of equity instruments transferred to retained earnings	( 38,269)		-	( 38,269)
Exchange differences:				
- Group	-		( 69,198)	( 69,198)
-Associates	-		( 13,801)	( 13,801)
December 31	<u>\$ 356,690</u>		<u>(\$ 217,641)</u>	<u>\$ 139,049</u>

	<u>2022</u>		<u>Foreign currency</u>	
	<u>Unrealized gains</u>		<u>translation</u>	<u>Total</u>
	<u>(losses)</u>			
January 1	\$ 182,350		(\$ 198,797)	(\$ 16,447)
Valuation of financial assets at fair value - Group through Other				
Comprehensive Income:				
- Group	16,040		-	16,040
Exchange differences:				
-Associates	-		64,155	64,155
December 31	<u>\$ 198,390</u>		<u>(\$ 134,642)</u>	<u>\$ 63,748</u>

(XVIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with clients	<u>\$ 3,093,378</u>	<u>\$ 4,179,085</u>

The Company's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2023</u>	<u>2022</u>
Wire-wound	\$ 2,371,941	\$ 2,894,488
Multilayer products	453,641	481,332
LAN transformers	117,472	548,556
Others	<u>150,324</u>	<u>254,709</u>

Total	<u>\$ 3,093,378</u>	<u>\$ 4,179,085</u>
<u>(XIX) Other income</u>		
	<u>2023</u>	<u>2022</u>
Rental income	\$ 10,129	\$ 10,118
Dividends income	7,129	8,541
Subsidies income	175	13
Miscellaneous income	<u>605</u>	<u>6,980</u>
Total	<u>\$ 18,038</u>	<u>\$ 25,652</u>

<u>(XX) Other gains and losses</u>		
	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	\$ 3,143	\$ 11,662
Exchange gains, net	1,780	94,520
Loss of financial assets measured at fair value through profit or loss	1,672	512
Miscellaneous expenses	<u>(4,512)</u>	<u>(3,155)</u>
Total	<u>\$ 2,083</u>	<u>\$ 103,539</u>

(XXI) Additional Information on the Nature of Expenses

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 237,992	\$ 230,786	\$ 468,778
Depreciation expenses of property, plant and equipment	168,249	24,464	192,713
Depreciation of right-of-use assets	3,005	3,564	6,569
Amortization expenses	3,297	2,531	5,828
	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 307,726	\$ 277,580	\$ 585,306
Depreciation expenses of property, plant and equipment	177,678	18,727	196,405
Depreciation of right-of-use assets	3,006	3,256	6,262
Amortization expenses	3,273	2,038	5,311

(XXII) Employee benefit expense

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>

Salary and wages	\$ 196,808	\$ 198,500	\$ 395,308
Labor and health insurance expense	23,033	16,096	39,129
Pension expense	6,154	7,356	13,510
Other personnel expense	<u>11,997</u>	<u>8,834</u>	<u>20,831</u>
	<u>\$ 237,992</u>	<u>\$ 230,786</u>	<u>\$ 468,778</u>

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 260,431	\$ 245,728	\$ 506,159
Labor and health insurance expense	26,473	14,978	41,451
Pension expense	7,014	6,856	13,870
Other personnel expense	<u>13,808</u>	<u>10,018</u>	<u>23,826</u>
	<u>\$ 307,726</u>	<u>\$ 277,580</u>	<u>\$ 585,306</u>

- Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors.
- The estimated amount of employee remuneration in 2023 and 2022 was \$41,349 and \$76,144, respectively; the estimated amount of director/supervisor remuneration was \$10,337 and \$19,036, respectively, and the aforementioned amount was booked in salaries.

The remuneration to employees and directors/supervisors for 2023 is estimated at 6% and 1.5% of the profit, respectively for 2023. The actual distribution amounts resolved by the Board of Directors were \$41,349 and \$10,337, of which employee remuneration was be paid in cash.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2022 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2022.

The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the MOPS of TWSE.

(XXIII) Income tax

- Income tax expense

- (1) Income tax expense components:

	<u>2023</u>	<u>2022</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 41,052	\$ 148,616
Additional levy on unappropriated earnings	9,753	12,742
Over-estimate of income tax of the previous period	<u>( 7,889)</u>	<u>( 26,573)</u>
Total current tax	<u>42,916</u>	<u>134,785</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>1,156</u>	<u>( 105)</u>
Income tax expenses	<u>\$ 44,072</u>	<u>\$ 134,680</u>

- (2) Income tax expense amount related to other comprehensive income: None.

(3) Income tax amount directly debited or credited to equity: None.

2. Relationship between income tax expenses and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax derived from applying the statutory tax rate to income before tax	\$ 127,491	\$ 234,643
Impacts on income tax items that must be adjusted according to the tax law	( 80,739)	( 77,360)
Temporary differences not recognized as deferred tax assets	1,953	-
Tax effects of investment deductibles	( 5,432)	( 4,211)
Tax effects of temporary differences	( 1,065)	( 1,450)
Change in estimation of probability of realizing deferred tax assets	-	( 3,111)
Over-estimate of income tax of the previous period	( 7,889)	( 26,573)
Additional levy on unappropriated earnings	<u>9,753</u>	<u>12,742</u>
Income tax expenses	<u>\$ 44,072</u>	<u>\$ 134,680</u>

3. The amount of each deferred income tax asset or liability arising from temporary differences is as follows:

	<u>2023</u>		
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>December 31</u>
Deferred tax assets			
-Temporary differences:			
Unrealized gains from disposal	<u>\$ 4,357</u>	<u>(\$ 1,156)</u>	<u>\$ 3,201</u>
Deferred tax liabilities			
Reserve for land revaluation increment tax	<u>(\$ 28,572)</u>	<u>\$ -</u>	<u>(\$ 28,572)</u>
Total	<u>(\$ 24,215)</u>	<u>(\$ 1,156)</u>	<u>(\$ 25,371)</u>

	<u>2022</u>		
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>December 31</u>
Deferred tax assets			
-Temporary differences:			
Unrealized gains from disposal	<u>\$ 4,252</u>	<u>\$ 105</u>	<u>\$ 4,357</u>
Deferred tax liabilities			
Reserve for land revaluation increment tax	<u>(\$ 28,572)</u>	<u>\$ -</u>	<u>(\$ 28,572)</u>
Total	<u>(\$ 24,320)</u>	<u>\$ 105</u>	<u>(\$ 24,215)</u>

4. Deductible temporary differences that are not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences:	<u>\$ 18,047</u>	<u>\$ 8,281</u>

5. The Company did not recognize deferred income tax liabilities for temporary taxable differences related to investments for certain subsidiaries. The temporary differences in the unrecognized deferred

income tax liabilities as of December 31, 2023 and 2022, were NTD 613,807 and NTD 531,182, respectively.

6. The Company's income tax up to 2021 has been approved by the tax authority.

(XXIV) Earnings per share (EPS)

	<u>2023</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 593,383	102,034	\$ 5.82
<u>Diluted earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 593,383	102,034	
Dilutive effects of the potential common shares			
Employee compensation	-	472	
Convertible corporate bonds	2,942	1,554	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	\$ 596,325	104,060	\$ 5.73
	<u>2022</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 1,038,537	102,704	\$ 10.11
<u>Diluted earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 1,038,537	102,704	
Dilutive effects of the potential common shares			
Employee compensation	-	1,061	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	\$ 1,038,537	103,765	\$ 10.01

(XXV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

2023

2022

Acquisition of property, plant and equipment	\$	183,912	\$	199,854
Plus: Equipment payable at the beginning of the period		26,313		60,070
Plus: Notes payable at the beginning of the period		37,028		175,408
Add: Prepayments for construction and equipment - ending		2,330		-
Plus: Equipment payable at the end of the period	(	43,299)	(	26,313)
Less: Notes payable at the end of the period	(	5,565)	(	37,028)
Less: Prepayments for construction and equipment - opening	(	19,239)		-
Cash paid in the period	\$	<u>181,480</u>	\$	<u>371,991</u>

(XXVI) Changes in Liabilities Arising from Financing Activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Corporate bonds payable</u>	<u>Total liabilities from financing activities</u>
January 1, 2023	\$ -	\$ 1,126,179	\$ 7,624	\$ -	\$ 1,133,803
Changes from financing cash flows	100,000		( 6,524)	1,100,502	1,610,244
Amortization of corporate bonds payable	-	416,266	-	2,942	2,942
Changes in interest	-	-	-	-	-
Other non-cash changes	-	-	10,133	( 54,749)	( 44,616)
December 31, 2023	<u>\$ 100,000</u>	<u>\$ 1,542,445</u>	<u>\$ 11,233</u>	<u>\$ 1,048,695</u>	<u>\$ 2,702,373</u>

	<u>Short-term borrowings</u>	<u>Bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$ 318,914	\$ 20,000	\$ 603,422	\$ 13,605	\$ 955,941
Changes from financing cash flows	( 318,914)	( 20,000)	522,757	( 6,262)	177,581
Other non-cash changes	-	-	-	281	281
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,179</u>	<u>\$ 7,624</u>	<u>\$ 1,133,803</u>

VII. Related Party Transactions

(XXVII) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Company</u>
BEST BLISS INVESTMENTS LIMITED	Being the Company's subsidiary
NORTH STAR TINTERNATIONAL LIMITED	Being the Company's subsidiary
FIXED ROCK HOLDING LTD.	Being the Company's subsidiary

TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Being the Company's subsidiary
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Subsidiary of the Company (Note 1)
TECHWORLD ELECTRONICS (M) SDN. BHD.	Subsidiary of the Company (Note 2)
Superworld Electronics (S) Pte. Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Company

Note 1: Established in June 2023.

Note 2: Established in July 2023.

(XXVIII) Significant Transactions with Related Party

1. Operating revenue

	<u>2023</u>		<u>2022</u>
Sale of goods:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 354,986	\$	763,053
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	83,272		135,307
Other related party	<u>286,990</u>		<u>406,098</u>
Total	<u>\$ 725,248</u>	<u>\$</u>	<u>1,304,458</u>

When selling goods to a related party, the price is the same as that for an arm's length transaction, except the price for sales to a subsidiary, in which case the price is negotiated by the Company and the subsidiary. The payment terms also approximate those for ordinarily clients.

2. Purchase

	<u>2023</u>		<u>2022</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 1,382,432	\$	1,481,696
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	436,510		726,440
Other related party	<u>960</u>		<u>4,285</u>
Total	<u>\$ 1,819,902</u>	<u>\$</u>	<u>2,212,421</u>

- (1) The price of commodities purchased by the Company from related parties shall be handled according to general transaction procedures except unless otherwise negotiated by both parties. The payment terms shall be similar to those of general suppliers.
- (2) In 2023, the Company indirectly purchased inventories from TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., of which \$87,194 and \$106,311 were sold by the Company to TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., respectively. But these parts are not included in the sales revenue and cost of the Company.
- (3) In 2022, the Company indirectly purchased inventories from TAIPAQ Electronic Components

(Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., of which \$119,682 and \$234,494 were sold by the Company to TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., respectively. But these parts are not included in the sales revenue and cost of the Company.

3. Other costs

	<u>2023</u>		<u>2022</u>
Subsidiary	\$ -		\$ 692
Other related party		<u>1,075</u>	<u>158</u>
		<u>\$ 1,075</u>	<u>\$ 850</u>

4. Other income

	<u>2023</u>		<u>2022</u>
Other related party	\$ -		<u>\$ 163</u>

5. Lease transactions - lessee

(1) The Company leases buildings from close relatives of key management personnel. The lease contract period is 2023 to 2028. The rent is paid on a monthly basis.

(2) Lease liabilities

Balance at the end of the period:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Jui-hsia Tai	\$ 5,444		\$ 382
Chang-i Hsieh		<u>3,676</u>	<u>362</u>
		<u>\$ 9,120</u>	<u>\$ 744</u>

(3) Rental expense

	<u>2023</u>		<u>2022</u>
Other related party	\$ -		<u>\$ 6</u>

6. Accounts receivables due from related party

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Accounts receivable:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 156,844		\$ 325,726
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.		26,276	103,630
Other related party		<u>94,778</u>	<u>112,499</u>
Sub-total		<u>277,898</u>	<u>541,855</u>
Other receivables:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.		-	<u>151,216</u>
Total		<u>\$ 277,898</u>	<u>\$ 693,071</u>

7. Accounts payables due to related party

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
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Accounts payable:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$	491,585	\$ 517,850
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.		96,587	210,832
Other related party		-	2,666
Sub-total		<u>588,172</u>	<u>731,348</u>
Other payables:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.		-	17,081
Other related party		100	12
Sub-total		<u>100</u>	<u>17,093</u>
Total	\$	<u>588,272</u>	\$ <u>748,441</u>

8. Asset Transactions

(1) Disposal of real estate, plant, and equipment:

	<u>2023</u>		<u>2022</u>	
	<u>Disposal</u>	<u>Disposal gain</u>	<u>Disposal</u>	<u>Disposal</u>
	<u>proceeds</u>	<u>(loss)</u>	<u>proceeds</u>	<u>gain (loss)</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 107,785	(\$ 2,530)	\$ 196,836	\$ 5,397
Other related party	-	-	279	80
Total	<u>\$ 107,785</u>	<u>(\$ 2,530)</u>	<u>\$ 197,115</u>	<u>\$ 5,477</u>

(2) Acquisition of property, plant, and equipment:

	<u>2023</u>		<u>2022</u>	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$	15,222	\$	16,550
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.		11,046		-
Total	<u>\$</u>	<u>26,268</u>	<u>\$</u>	<u>16,550</u>

(3) Acquisition of financial assets (no such transaction in 2023)

	<u>Accounting items</u>	<u>Number of share transactions</u>	<u>Transaction targets</u>	<u>2022</u> <u>Acquisition prices</u>
Superworld Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income acquired - non-current	2,000 thousand shares	SFI Electronics Technology Inc.	<u>\$ 40,000</u>

9. Status of endorsement guarantee for related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIPAQ Electronic Components (Si-Hong) Co.,	\$ 153,525	\$ 153,550

Ltd.		
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	61,410	-
Total	<u>\$ 214,935</u>	<u>\$ 153,550</u>

(XXIX) Remuneration to Major Management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 64,640	\$ 94,908
Post-retirement benefits	<u>1,575</u>	<u>1,496</u>
Total	<u>\$ 66,215</u>	<u>\$ 96,404</u>

VIII. Pledged Assets

Assets pledged as collaterals were as follows:

<u>Type of asset</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of collateral</u>
Property, plant and equipment			
- Land	\$ 766,893	\$ 766,893	Short and long-term borrowings
- Buildings and structures	59,571	63,277	Short and long-term borrowings
- Machinery	401,327	443,592	Long-term borrowings

IX. Significant Commitments or Contingencies

(I) Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 59,465</u>	<u>\$ 48,654</u>
Computer software	<u>\$ 1,327</u>	<u>\$ 5,649</u>

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Company's capital management are to ensure that the Company continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

<u>Financial Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at fair value through profit or loss		

Financial assets compulsorily measured at fair value through profit or loss - current increase	\$ 880	\$ -
Financial assets at fair value through other comprehensive income		
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	\$ 234,936	\$ 141,692
Financial assets at amortized cost		
Cash and cash equivalents	\$ 901,740	\$ 902,773
Notes receivable, net	15,894	20,966
Accounts receivable, net (including those due from related party)	1,004,440	1,348,614
Other receivables (including those due from related party)	9,363	164,215
Refundable deposits (recognized under other non-current assets)	2,341	2,244
	<u>\$ 1,933,778</u>	<u>\$ 2,438,812</u>

#### Financial Liabilities

Financial liabilities at amortized cost		
Short-term borrowings	\$ 100,000	\$ -
Notes payable	17,459	43,300
Accounts payable (including related party)	662,669	832,741
Other payables (including those due to related party)	286,151	366,073
Corporate bonds payable (including those due within one year or one operating cycle)	1,048,695	-
Long-term borrowings (including the portion with maturity in one year)	1,542,445	1,126,179
Guarantee deposits (recognized under other non-current liabilities)	1,640	1,640
	<u>\$ 3,659,059</u>	<u>\$ 2,369,933</u>
Lease liabilities	<u>\$ 11,233</u>	<u>\$ 7,624</u>

## 2. Risk management policy

- (1) The Company's daily operations are subject to several financial risks, including market risks (including exchange rate, interest rate, and price risks), credit risks, and liquidity risks. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Company's financial position and financial performance.
- (2) The Board of Directors shall review important financial activities of the Company according to the relevant norms and internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

## 3. Nature and degree of significant financial risks

- (1) Market risk
  - Foreign currency risk

- A. The Company operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities.
- B. The management level of the Company has established policies to regulate each company's exchange rate risk concerning its functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.
- C. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD, and the functional currency of some subsidiaries is either RMB or USD). So the information on foreign currency assets and liabilities affected by major exchange rate fluctuations due to the exchange rate fluctuation is as follows:

December 31, 2023

	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(New Taiwan Dollars)</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 30,482	30.71	\$ 936,102
RMB : NTD	84,651	4.34	367,385
<u>Non-monetary items</u>			
USD : NTD	138,190	30.71	4,243,822
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 19,764	30.71	\$ 606,952
RMB : NTD	706	4.34	3,064

December 31, 2022

	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(New Taiwan Dollars)</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 60,894	30.71	\$ 1,870,055
RMB : NTD	87,017	4.41	383,745
<u>Non-monetary items</u>			
USD : NTD	121,610	30.71	3,734,653
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 24,184	30.71	\$ 742,691
RMB : NTD	3,926	4.41	17,314

- D. The aggregate amount of all exchange gains and losses (including realized and unrealized)

recognized as of January 1 to December 31, 2023 and 2022 for monetary items of the Company that are materially affected by exchange rate fluctuations was \$1,780 and gain on exchange amounted to \$94,520. Since the Company's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

- E. The Company's analysis of the foreign currency market affected by significant exchange rate fluctuations is as follows:

<u>2023</u>			
<u>Sensitivity Analysis</u>			
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income/loss</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 9,361	\$ -
RMB : NTD	1%	3,674	-
<u>Non-monetary items</u>			
USD : NTD	1%	-	42,438
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	6,070	-
USD : RMB	1%	31	-

<u>2022</u>			
<u>Sensitivity Analysis</u>			
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income/loss</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 18,701	\$ -
RMB : NTD	1%	3,837	-
<u>Non-monetary items</u>			
USD : NTD	1%	-	37,347
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	7,427	-
USD : RMB	1%	173	-

Price risk

- A. Since the investments held by the Company are classified as financial assets measured at fair value through other comprehensive income in the balance sheet, the Company is exposed to equity instrument price risks.

- B. The Company mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by future investment target value uncertainties. If the price of these equity instruments increases or decreases by 1%, and all other factors remain unchanged. In that case, the gains or losses on other comprehensive profit and loss classified as equity investments measured at fair value from January 1 to December 31, 2023 and 2022 through other comprehensive income would increase or decrease by \$2,349 and \$1,417, respectively.

Cash flow and fair value interest rate risk

- A. The company's interest rate risk mainly comes from short-term and long-term loans issued at floating rates. It exposes the Company to cash flow interest rate risks, part of which is offset by cash held at floating rates. For January 1 to December 31, 2023 and 2022, the Company's borrowings at floating interest rates were mainly denominated in NTD.
- B. When the interest rate of NTD borrowings increased or decreased by 1%, and all other factors remained unchanged, the net after tax for January 1 to December 31, 2023 and 2022 would decrease or increase by \$13,140 and \$9,009, respectively. This was mainly due to the changes in interest expense resulting from variable-rate borrowings.

(2) Credit risk

- A. The Company's credit risk refers to the risk of financial losses due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations. It mainly comes from the inability of counterparties to pay off accounts receivable in accordance with the collection terms of the collection agreements.
- B. The Company has established credit risk management from the Company's perspective. As the internal credit approval policy stipulates, an operating entity within the Company shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. The Company adopts IFRS 9 to provide prerequisite assumptions. When the contract payment is more than 30 days overdue according to the agreed payment terms, the financial asset credit risk is deemed to have increased significantly since the original recognition.
- D. When the counterparty has a significant delay in repayment, it is deemed to have breached the contract according to the Company's credit risk management procedures.
- E. The Company shall write off the amount of financial assets that cannot be reasonably expected to be recovered after the recourse procedure. The Company shall continue to execute legal recourse procedures to preserve the creditors' rights. The Company's written-off claims with recourses still active as of December 31, 2023 and 2022 were both \$0.
- F. The Company shall divide the clients' accounts receivable into groups based on rating features. The simplified method is to prepare a matrix to estimate the expected credit losses.
- G. The Company takes into account the future outlook and adjusts the loss rate based on historical and current information in a specific period to estimate the allowance for losses of accounts receivable. The allowance matrix as of December 31, 2023 and 2022 is as follows :

	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	0.00%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 989,128</u>	<u>\$ 32,081</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$1,022,469</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 737</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 2,135</u>
	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days</u>	<u>Total</u>

<u>December 31,</u>					
<u>2022</u>					
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,368,464</u>	<u>\$ 3,457</u>	<u>\$ 1</u>	<u>\$ 22</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 733</u>	<u>\$ 127</u>	<u>\$ 1</u>	<u>\$ 22</u>

H. The table of changes in the allowance for losses of accounts receivable adopted by the Company's simplified approach is as follows:

	<u>2023</u>			
	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 1,252</u>	<u>\$ 2,135</u>

	<u>2022</u>			
	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 1,252</u>	<u>\$ 2,135</u>

(3) Liquidity risk

A. Cash flow forecasting is performed by individual operating entities within the Company and is aggregated by the Company's management department. Administration Department of the Company monitors the forecast of the Company's liquidity needs, so as to ensure that it has sufficient fund to meet operating needs and maintains sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Company's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet, and conformity with external regulatory requirements, such as foreign exchange control.

B. The table below shows the Company's non-derivative financial liabilities groups according to the relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities :

	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over than 5 years</u>
December 31, 2023				
Short-term borrowings	\$ 100,000	\$ -	\$ -	\$ -
Notes payable	17,459	-	-	-
Accounts payable	74,497	-	-	-
Accounts payables to related parties	588,172	-	-	-
Other payables	286,151	-	-	-

(including those due to related party)				
Lease liability	4,051	2,199	4,983	-
(including the portion with maturity in one year)				
Corporate bonds payable	-	-	1,100,000	-
Long-term borrowings (including the portion with maturity in one year)	57,227	261,065	902,117	410,727
<u>Non-derivative financial liabilities:</u>				
December 31, 2022	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over than 5 years</u>
Short-term borrowings	\$ -	\$ -	\$ -	\$ -
Short-term notes and bills payable	-	-	-	-
Notes payable	43,300	-	-	-
Accounts payable	101,393	-	-	-
Accounts payables to related parties	731,348	-	-	-
Other payables (including those due to related party)	366,073	-	-	-
Lease liability (including the portion with maturity in one year)	5,511	1,855	258	-
Long-term borrowings (including the portion with maturity in one year)	51,295	50,729	597,055	505,298

C. The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at a significantly different amount.

(III) Fair Value Information

- Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.
  - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed shares is included in Level 1.
  - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
  - Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.
- Financial instruments not measured at fair values  
Management of the Company thinks that the carrying amount of cash and cash equivalents, notes receivable, accounts receivables, other receivables, and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.
- The Company classifies the financial and non-financial instruments measured at fair value based on the assets and liabilities' nature, characteristics, risks, and fair value levels. The relevant information is as follows:

- (1) The Company is classified according to the nature of its assets and liabilities. The relevant information is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 116,876</u>	<u>\$ -</u>	<u>\$ 118,060</u>	<u>\$ 234,936</u>
Derivatives				
Right of redemption of convertible bonds	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>\$ 880</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 83,412</u>	<u>\$ -</u>	<u>\$ 58,280</u>	<u>\$ 141,692</u>

- (2) The methods and assumptions used by the Company to measure fair value are as follows:  
A. The company uses the market price as the fair value input value (i.e., Level 1) according to the features of the tool as follows:

	<u>Listed shares</u>	<u>Convertible corporate bonds</u>
Market quotation	Closing price	Weighted average price in hundreds

- B. 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. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.
- C. Outputs from the valuation models are estimates, and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, e.g., model risk or liquidity risk.
4. There has been no transfer between the Level 1 and the Level 2 in 2023 and 2022
5. The following table reflects Level 3 changes in 2023 and 2022.

	<u>2023</u>	<u>2022</u>
	<u>Equity-based securities</u>	<u>Equity-based securities</u>
January 1	\$ 58,280	\$ -
Gains or losses recognized in other comprehensive income		
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	18,695	( 20,720)
Purchase of current period	<u>41,085</u>	<u>79,000</u>

December 31

\$ 118,060      \$ 58,280

6. There was no transfer in or out from Level 3 in 2023 and 2022.
7. The management department is responsible for the independent fair value verification of the Company's financial instruments to evaluate the fair value classified as Level 3. Independent source materials allow the evaluation results to closely reflect the market status. The source of the verification data must be independent, reliable, consistent with other resources, and implement any other necessary fair value adjustments to ensure that the valuation results are reasonable.
8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	<u>December 31, 2023</u>		<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
	<u>Fair value per unit</u>	<u>Valuation technique</u>			
Non-derivative equity instruments:					
Unlisted shares	\$ 118,060	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	<u>December 31, 2022</u>		<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
	<u>Fair value per unit</u>	<u>Valuation technique</u>			
Non-derivative equity instruments:					
Unlisted shares	\$ 58,280	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

9. The Company has carefully evaluated and selected the evaluation model and evaluation parameters. However, using different evaluation models or parameters may result in different evaluation results. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

		<u>December 31, 2023</u>			
		<u>Recognized in P/L</u>		<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets	<u>Inputs</u>	<u>Changes</u>			
Equity instruments	\$ 143,786	±1%	\$ -	\$ -	\$ 1,280 (\$ 1,280)

		<u>December 31, 2022</u>			
		<u>Recognized in P/L</u>		<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets	<u>Inputs</u>	<u>Changes</u>			
Equity instruments	\$ 72,862	±1%	\$ -	\$ -	\$ 720 (\$ 720)

(IV) As of December 31, 2023, there were no open-ended financial derivatives for trading purposes. In 2023, the Company's net gains from financial derivatives generated were \$1,672.

### XIII. Additional Disclosures

#### (V) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.

3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20% or More of Paid-in Capital: Refer to Table 4.
5. Acquisition of real estate reaching NTD 300 million or 20% of paid-in capital or more: None.
6. Disposal of Real Property That Reaches NTD 300 Million or 20% or More of Paid-in Capital: None.
7. Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital: Refer to Table 5.
8. Receivables Due from Related Party That Reach NTD 100 Million or 20% or More of Paid-in Capital: Refer to Table 6.
9. Engagement in Derivatives Transaction: See Note 12 (4).
10. Significant Inter-company Transactions during the Reporting Period. Refer to Table 7 for details.

(VI) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): Refer to Table 8.

(VII) Investment in Mainland China

1. Basic Information: Refer to Table 9.
2. Significant transactions that occurred directly or indirectly through third-region enterprises and investee companies and were reinvested in mainland China: refer to Table 7.

(VIII) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

XIV. Segment Information

Not applicable.

Tai-Tech Advanced Electronics Co., Ltd.  
Loans of funds to others  
January 1 to December 31, 2023

Unit: NTD thousand  
(unless otherwise specified)

Table 1

No.	Lending company	Borrowing party	Transaction item	Whether or not a related party	Maximum balance amount	Ending balance	Amount actually drawn	Interest rate range	Loans of funds to others	Business dealing amount	Reason for necessary short-term financing	Allowance for Impairment Loss	Collaterals Name	Value	Loan and limit Limit of loaning of funds (Note)	Total limit of loans (Note)	Remarks
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 162,125	\$ 153,525	\$ 128,961	2%~3.2%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 5,340,516	\$ 5,340,516	
1	FIXED ROCK HOLDING LTD.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Other receivables	Yes	\$ 95,580	\$ -	\$ -	-	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	5,340,516	5,340,516	
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	Other receivables	Yes	\$ 97,275	\$ 92,115	\$ 86,895	2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	5,340,516	5,340,516	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company.  
The total amount of loaning of funds and the individual loan between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed 80% of the net worth of the parent company of the Group and the loan period shall not exceed three years.

Tai-Tech Advanced Electronics Co., Ltd.  
Endorsements/guarantees  
January 1 to December 31, 2023

Unit: NTD thousand

(unless otherwise specified)

Table 2

No.	Endorsements/ guarantees	Endorsed/guaranteed party name		Limits on	Balance of maximum	Ending balance of	Amount actually	Amount of	Ratio of	Maximum amount	Endorsement/ guarantee	Endorsement/ guarantee	Endorsement/ guarantee	Remarks
		Provider	Relationship	endorsement/ guarantee amount provided (Note)	amount of endorsement/ guarantee of the period				endorsement/ guarantee equity per latest financial statements					
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 2,670,258	\$ 648,500	\$ 153,525	\$ -	\$ -	2.30%	\$ 3,337,823	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Subsidiary	\$ 2,670,258	\$ 64,850	\$ 61,410	\$ -	\$ -	0.92%	\$ 3,337,823	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd.

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture)

December 31, 2023

Table 3

Unit: NTD thousand  
(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	Number of shares (in thousands)	End of period		Fair value per unit	Remarks
					Carrying amount	Shareholdings Percentage		
	Short-term bills payable:							
Tai-Tech Advanced Electronics Co., Ltd.	YUSHIN Motor Co., Ltd.	None	Cash and cash equivalents	-	\$ 29,962	-	\$ 29,962	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Hung Han Construction Co., Ltd.	None	Cash and cash equivalents	-	\$ 10,780	-	\$ 10,780	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	An Feng Development Co., Ltd.	None	Cash and cash equivalents	-	\$ 10,376	-	\$ 10,376	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Baotai Investment Co., Ltd.	None	Cash and cash equivalents	-	\$ 8,882	-	\$ 8,882	Unpledged
	Stock:							
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 86,715	0.74%	\$ 86,715	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Ample Electronic Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	\$ 20,520	0.93%	\$ 20,520	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	179	\$ 9,641	0.43%	\$ 9,641	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	SFI Electronics Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	4,320	\$ 86,795	9.82%	\$ 86,795	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	AZ Venture Investment II Limited	None	Financial assets at fair value through other comprehensive income acquired - non-current	1,500	\$ 15,165	12.50%	\$ 15,165	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	I-See Vision Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 16,100	4.47%	\$ 16,100	Unpledged
BEST BLISS INVESTMENTS LIMITED	Superworld Holdings (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 266,288	10%	\$ 266,288	Unpledged
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Xiamen Eisend Electronics Co., Ltd	None	Financial assets at fair value through other comprehensive income acquired - non-current	-	\$ 57,672	17%	\$ 57,672	Unpledged

Tai-Tech Advanced Electronics Co., Ltd.

Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2023

Table 4

Unit: NTD thousand  
(unless otherwise specified)

Marketable securities		<u>Financial statement account</u>	<u>Transaction counterpart</u>	<u>Relationship</u>	<u>Beginning balance</u>		<u>Purchase</u>		<u>Number of shares (in thousands)</u>	<u>Disposal</u>			<u>Ending balance (Note 2)</u>	
<u>Buyer/Seller</u>	<u>Type and name</u>				<u>Number of shares (in thousands)</u>	<u>Amount</u>	<u>Number of shares (in thousands)</u>	<u>Amount</u>		<u>Selling price</u>	<u>Book cost</u>	<u>Disposal gains or losses</u>	<u>Number of shares (in thousands)</u>	<u>Amount</u>
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Note 1	-	-	-	\$ -	25,000	\$ 1,450,000	-	\$ -	\$ -	\$ -	25,000	\$ 1,463,347

Note 1: Presented under "Investments accounted for using the equity method".

Note 2: The ending balance includes not only the gains and losses from investments accounted for using the equity method but also relevant adjustment items.

Tai-Tech Advanced Electronics Co., Ltd.

Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2023

Table 5

Unit: NTD thousand  
(unless otherwise specified)

<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Transaction Details</u>			<u>Abnormal Transaction and Reason</u>			<u>Notes/Accounts Receivable (Payable)</u>		<u>Remarks</u>
			<u>Purchase (Sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>Payment terms</u>	<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sale	(354,986)	11%	Note 1	Note 1	-	156,844	15%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sale	(202,878)	7%	Note 2	Note 2	-	72,213	7%	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sale	(436,510)	46%	Note 1	Note 1	-	96,587	32%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sale	(1,382,432)	47%	Note 1	Note 1	-	491,585	44%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Associate	Sale	(184,405)	6%	Note 1	Note 1	-	30,252	3%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 2: Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd.  
 Receivables Due from Related Party That Reach NTD 100 Million or 20% or More of Paid-in Capital  
 December 31, 2023

Table 6

Unit: NTD thousand  
 (unless otherwise specified)

<u>Company of accounts receivable recognized</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Balance of accounts receivables due from</u>		<u>Turnover rate</u>	<u>Overdue amount of accounts receivable from related party</u>		<u>Amounts received from related parties in subsequent period</u>	<u>Allowance for Impairment Loss</u>
			<u>related party</u>	<u>related party</u>		<u>Amount</u>	<u>Treatment method</u>		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	\$ 156,844	1.83	\$ -	-	\$ 52,045	\$ -
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	491,585	2.74	-	-	221,680	-
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	130,975	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd.

The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent company and Subsidiaries or among Subsidiaries

January 1 to December 31, 2023

Table 7

Unit: NTD thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Item	Transaction details		Percentage of consolidated total revenue or total assets
					Amount	Transaction terms	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	354,986	Note 3	8%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	156,844		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	107,785	Note 3	1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	491,585		5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1,382,432	Note 3	31%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Sales revenue	83,272	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase	436,510	Note 3	10%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable	96,587		1%
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	130,975		1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Sales revenue	38,884	Note 3	1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	184,405	Note 3	4%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	30,252		0%
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	2	Other receivables	89,647		1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are listed in sequential order starting from Arabic number of "1"

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The disclosure standard of the business relationship and important transactions between the parent and subsidiary companies from January 1 to December 31, 2023 is NTD 30 million or more

Tai-Tech Advanced Electronics Co., Ltd.

Names and Location of Investees (Excluding those in Mainland China)

January 1 to December 31, 2023

Table 8

Unit: NTD thousand

(unless otherwise specified)

Name of Investor	Name of Investee	Location	Main business	Initial investment amount		End of term holding			Current investment		Remarks
				End of current period	End of last year	Number of shares (in thousands)	Percentage	Carrying amount	Current profit/loss of investee	profit/loss recognized	
Tai-Tech Advanced Electronics Co., Ltd.	NORTH STAR INTERNATIONAL LIMITED	SAMOA	Re-invested business	3,459	3,459	100	100%	89,880	1,760	1,760	
Tai-Tech Advanced Electronics Co., Ltd.	BEST BLISS INVESTMENTS LIMITED	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	4,062,920	332,691	343,444	
Tai-Tech Advanced Electronics Co., Ltd.	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Singapore	Re-invested business	96,045	-	3,000	60%	91,022	(1,500)	(900)	Note 1
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	-	25,000	28.10%	1,463,347	328,376	80,158	Note 2
Tai-Tech Advanced Electronics Co., Ltd.	JDX Technology Co., Ltd.	Taiwan	Electronic components	8,000	-	800	26.67%	7,256	(7,222)	(744)	Note 3
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Mahe Seychelles	Re-invested business	890,624 (USD 29,784 thousand)	890,624 (USD 29,784 thousand)	26,450	100%	2,326,298	181,825	181,825	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Malaysia	Electronic components	19,632	-	3,000	100%	16,764	(2,524)	(2,524)	Note 4

Note 1: Established in June 2023.

Note 2: Based on the audit reports issued by other CPAs during the same period.

Note 3: Not audited.

Note 4: Established in July 2023.

Tai-Tech Advanced Electronics Co., Ltd.  
Information on Investments in Mainland China - Basic Information  
January 1 to December 31, 2023

Table 9

Unit: NTD thousand  
(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward	Outward remittance or		Cumulative outward	Current	Ownership	Current Investment	Carrying amount at	Accumulated	Remarks
				remittance for investment from Taiwan at beginning of the current period	repatriation for investment	remittance of the investment amount from Taiwan in the period end (Note 8)	percentage of direct or indirect investment		profit/loss investee recognized (Note 4)			end of the period (Note 4)	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	US\$11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	\$ 352,249 (USD 10,914 thousand)	\$ -	\$ -	\$ 352,249 (USD 10,914 thousand)	\$ 56,432	100%	\$ 56,432	\$ 652,739	\$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	US\$43,049 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD 18,821 thousand)	-	-	600,232 (USD 18,821 thousand)	246,597	100%	246,597	3,104,320	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	(Note 3)	Investment through companies in mainland China (Note 3)	-	-	-	-	-	-	-	-	-	

Provider	Accumulated outward remittance for investment Amount of investment in Mainland China (Note 5, Note 6)	Investment amount Approved investment amount (Note 7)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Tai-Tech Advanced Electronics Co., Ltd.	\$ 1,412,662 (USD 44,343 thousand)	\$ 1,361,552 (USD 44,343 thousand)	\$ 4,041,796

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.

Note 3: The company was established on September 1, 2022, and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd, but there was no capital injection as of December 31, 2023.

Note 4: The parent company's CPA in Taiwan audited the financial report.

Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 6: NTD is calculated based on the historical exchange rate.

Note 7: NTD is calculated based on rate of the balance sheet date

Note 8: The amount invested with a third place's self-owned funds is not included.

Tai-Tech Advanced Electronics Co., Ltd.

Major Shareholder Information

December 31, 2023

Table 10

	<u>Shares</u>	
<u>Major shareholders</u>	<u>Number of shares held</u>	<u>Shareholdings Percentage</u>
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank Investment	10,207,649	10.00%
Hengyang Investment Co., Ltd.	6,540,995	6.41%
Northwest Investment Co., Ltd.	6,121,718	5.99%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

- (1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.  
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.
- (2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. As for the insider declaration of shareholders holding more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the individual and the shares entrusted by the person with the right to use the trust assets. For the insider declaration information, please refer to the MOPS of TWSE. Information on equity is available on the MOPS of TWSE website.

Tai-Tech Advanced Electronics Co., Ltd.  
Cash and cash equivalents  
December 31, 2023

Unit: NTD thousand

Schedule 1

Items	Summary	Amount	Remarks
Petty cash		\$ 210	
Cash		145	
Commercial paper with repurchase agreement		60,000	
Bank deposits			
Time deposits - NTD		472,625	
Time deposits - Foreign currency	USD 5,669 thousand exchange rate 30.71	174,076	
	RMB 44,836 thousand exchange rate 4.34	194,373	
	Others	311	
<b>Total</b>		<u>\$ 901,740</u>	

Tai-Tech Advanced Electronics Co., Ltd.  
Accounts Receivable  
December 31, 2023

Schedule 2

Unit: NTD thousand

<u>Name of client</u>	Amount	Remarks
Accounts Receivable		
B.I.	\$ 154,856	
P.C.	58,784	
G.T.	58,548	
Others	455,149	The balance of each sporadic customer does not exceed 5% of the subject amount
	727,337	
Less: Allowance for bad debt	( 795)	
	726,542	
Accounts receivable due from related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	156,844	
Superworld Electronics (S) Pte. Ltd,	72,270	
Others	48,872	The balance of each sporadic customer does not exceed 5% of the subject amount
	277,986	
Less: Allowance for bad debt	( 88)	
	277,898	
	<u>\$ 1,004,440</u>	

Tai-Tech Advanced Electronics Co., Ltd.  
Inventory  
December 31, 2023

Schedule 3

Unit: NTD thousand

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Cost</u>	<u>Market price</u>	
Raw materials	\$ 20,770	\$ 18,806	
Supplies	3,672	3,392	
Work in process	121,273	169,243	
Finished products	31,478	36,128	
Goods	<u>163,203</u>	<u>181,099</u>	
Sub-total	340,396	<u>\$ 408,668</u>	
Less: allowance for loss for market price decline and obsolete and slow- moving inventories	( <u>21,805</u> )		The lower cost and net realizable value method is adopted for item-by-item comparison.
Total	<u>\$ 318,591</u>		

Tai-Tech Advanced Electronics Co., Ltd.  
Investment accounted for using the equity method  
January 1 to December 31, 2023

Schedule 4

Unit: NTD thousand

Name	<u>Beginning balance</u>		<u>Increase</u>		<u>Decrease</u>		<u>Number of shares</u> <u>(in thousands)</u>	<u>Ending balance</u>		<u>Market price or net value</u>	
	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Number of shares (in</u> <u>thousands)</u>	<u>Amount</u>	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>		<u>Shareholdings</u> <u>Percentage</u>	<u>Amount</u>	<u>Unit (NTD)</u>	<u>Total price</u>
BEST BLISS INVESTMENTS LIMITED	34,250	\$ 3,646,494	-	\$ 416,426	-	\$ -	34,250	100%	\$ 4,062,920	119	\$ 4,062,920
NORTH STAR INTERNATIONAL LIMITED	100	88,159	-	1,721	-	-	100	100%	89,880	899	89,880
TECHWORLD ELECTRONICS SINGAPORE PTE.LTD.	-	-	3,000	96,045	-	( 5,023)	3,000	60%	91,022	30	91,022
APAQ Technology Co., Ltd.	-	-	25,000	1,463,347	-	-	25,000	28.10%	1,463,347	69.5	1,737,500
JDX Technology Co., Ltd.	-	-	800	<u>8,000</u>	-	<u>( 744)</u>	800	26.67%	<u>7,256</u>	9	7,256
		<u>\$ 3,734,653</u>		<u>\$ 1,985,539</u>		<u>(\$ 5,767)</u>			<u>\$ 5,714,425</u>		

Tai-Tech Advanced Electronics Co., Ltd.  
Accounts payable  
December 31, 2023

Unit: NTD thousand

Manufacturer name	Amount	Remarks
Accounts payable		
Others	\$ 74,497	Average balance for each sporadic manufacturer does not exceed 5% of the subject amount
Accounts payables to related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	491,585	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	96,587	
	588,172	
	<u>\$ 662,669</u>	

Schedule 6

Tai-Tech Advanced Electronics Co., Ltd.  
Corporate bonds payable  
December 31, 2023

Unit: NTD thousand

Amount

<u>Bond name</u>	<u>Trustee</u>	<u>Interest</u>			<u>Total issuance</u> <u>amount</u>	<u>Amount already</u> <u>repaid</u>	<u>Ending balance</u>	<u>Unamortized</u>		<u>Method of repayment</u>	<u>Guarantee</u> <u>status</u>	<u>Remarks</u>
		<u>Date of</u> <u>issue</u>	<u>payment</u> <u>date</u>	<u>interest rate</u>				<u>premium</u>	<u>(discount)</u>			
1st unsecured convertible corporate bonds in 2023	E.SUN COMMERCIAL BANK,LTD.	112/10/31	None	0%	\$ 1,100,000	\$ -	\$ 1,100,000	(\$ 51,305)	\$ 1,048,695	Repayable in cash at maturity in one lump sum based on the bond face value	None	

Tai-Tech Advanced Electronics Co., Ltd.  
Operating revenue  
January 1 to December 31, 2023

Unit: NTD thousand

Schedule 7	Quantity	Amount	Remarks
Item			
Revenue from wire-wound products	2,191,020 thousand pieces	\$ 2,408,712	
Revenue from multilayer products	6,848,086 thousand pieces	459,085	
Revenue from LAN transformers	317,164 thousand pieces	123,115	
Others		150,777	
		3,141,689	
Less: Returned goods		( 11,654)	
Sales discount		( 36,657)	
Total		<u>\$ 3,093,378</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Operating costs

January 1 to December 31, 2023

Schedule 8

Unit: NTD thousand

Item	Amount
Goods at the beginning of the period	\$ 200,055
Plus: Current period cargo entry	1,834,917
Goods transferred in	5,909
Less: Closing commodity	( 163,203)
Transferred to expense	( 1,656)
Inventory retired	( 919)
Others	84
Cost of purchase	1,875,187
Raw materials at the beginning of the period	26,045
Plus: Current feed	141,209
Less: Transfer to expense	( 20,798)
Costs to sale of raw materials	( 13,142)
Goods transferred in	( 5,909)
Inventory retired	( 179)
Raw materials at the end of the period	( 20,770)
Raw materials consumed	106,456
Supplies at the beginning of the period	4,503
Plus: Current feed	41,847
Less: Transfer to expense	( 35,646)
Costs to sale of supplies	( 7,032)
Supplies at the end of the period	( 3,672)
Supplies consumed	-
Direct labor	156,298
Manufacturing overhead	486,443
manufacturing cost	749,197
Plus: Initial work in progress	87,265
Purchase of raw materials	208
Less: Transfer to expense	( 1,710)
Costs to sale of work in progress	( 36,439)
Inventory retired	( 233)
Others	( 148,832)
Work in progress at the end of the period	( 121,273)
Cost of finished products	528,183

Tai-Tech Advanced Electronics Co., Ltd.  
Operating costs (continued)  
January 1 to December 31, 2023

Schedule 8

Unit: NTD thousand

Finished products at the beginning of the period		34,164
Less: Transfer to expense	(	380)
Inventory retired	(	239)
Others	(	33,806)
Finished products at the end of the period	(	<u>31,478)</u>
Cost of goods sold		<u>496,444</u>
Other operating costs		
Plus: Raw material sales costs	\$	13,142
Costs to sale of supplies		7,032
Costs to sale of work in progress		36,439
Inventory obsolescence and valuation loss		7,698
Retirement		1,570
Others		77,859
Less: Scrape income	(	<u>1,013)</u>
Other operating costs		<u>142,727</u>
Operating costs	\$	<u><u>2,514,358</u></u>

Tai-Tech Advanced Electronics Co., Ltd.  
Operating expenses  
January 1 to December 31, 2023

Schedule 9

Unit: NTD thousand

Items	Summary	Amount	Remarks
Selling and marketing expenses			
Salary and wages expense		\$ 91,019	
Lease expenses		14,112	
Export charges		11,752	
Insurance premium		10,568	
Other expenses		72,967	
		200,418	
General and administrative expenses			
Salary and wages expense		75,323	
Professional service fees		13,957	
Depreciation		8,347	
Other expenses		32,856	
		130,483	
Research and development expenses			
Salary and wages expense		32,158	
Depreciation		13,626	
Research and development expenses		12,698	
Repair and maintenance expense		8,532	
Hydroelectric gas fees		4,264	
Other expenses		13,879	
		85,157	
Expected credit impairment gain		-	
Total operating expenses		<u>\$ 416,058</u>	

Tai-Tech Advanced Electronics Co., Ltd.  
Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization  
January 1 to December 31, 2023

Schedule 10

Unit: NTD thousand

Nature	Function	2023			2022		
		Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense							
Salary and wages		\$ 196,808	\$ 175,955	\$ 372,763	\$ 260,431	\$ 209,721	\$ 470,152
Labor and health insurance expense		23,033	16,096	39,129	26,473	14,978	41,451
Pension expense		6,154	7,356	13,510	7,014	6,856	13,870
Directors' remuneration		-	22,545	22,545	-	36,007	36,007
Other employee benefits expenses		11,997	8,834	20,831	13,808	10,018	23,826
Depreciation (including right-of-use assets)		171,254	28,028	199,282	180,684	21,983	202,667
Amortization expenses		3,297	2,531	5,828	3,273	2,038	5,311

- Notes: 1. The number of employees for the current year and the previous year were 523 and 546, respectively, of which the number of directors who did not serve as employees concurrently was 9 and 9, respectively.
2. A company whose stock is listed on a stock exchange or an OTC securities trading center shall additionally disclose the following information:
- (1) The average employee benefits expense for the year was \$868 (“total amount of employee benefits expense for this year - the total amount of director's remuneration” / “number of employees for this year - number of directors who did not hold concurrent posts”).  
The average employee benefit expense last year was \$1,023, calculated as: (“Total employee benefits expense last year - Total directors' remuneration” / “Number of employees last year - Number of employees not concurrently serving as a director”).
  - (2) The average employee salary cost for this year is \$725 (total salary cost for this year / “number of employees for this year - number of directors who are not also employees”).  
The average employee salary cost in the previous year was \$876 (total salary cost in the previous year / “number of employees in the previous year - number of directors who did not serve as employees concurrently”).
  - (3) The average employee salary cost adjustment changes were decreased by 17% (“average employee salary expense for the current year - average employee salary expense for the previous year” / average employee salary expense for the previous year).
  - (4) The Company has established an audit committee and does not appoint supervisors according to the law. The supervisor's remuneration for this year is NTD 0, and the supervisor's remuneration for the previous year was NTD 0.
  - (5) Please describe the Company's remuneration policy (including directors, supervisors, managers, and employees).
    - A. The remuneration of directors and supervisors includes remuneration, traveling expenses, business execution expenses, and remuneration for profit distribution. The remuneration for profit distribution is stipulated in the Company's articles of incorporation.
    - B. The remuneration of general and deputy general managers includes salaries, bonuses, and employee remuneration, which shall be based on the position, responsibility, and contribution to the Company and are subject to discretion.
    - C. The employee remuneration policy is determined based on personal ability, contribution to the Company, performance, and the Company's future operating risks. The Company abides by the Company Act and its Articles of Incorporation to appropriate a certain percentage of pre-tax income as employee compensation, which is distributed in the middle of the following year. The Company also appropriates a fixed percentage of post-tax earnings as employee bonuses, which are distributed before the Chinese New Year's Eve, and is reflective of the Company's business performance and outcomes.

Tai-Tech Advanced Electronics Co., Ltd



Chairman : Northwest Investment Corporation



Representative : Ming-Yen Hsieh

