Stock Code: 6449

APAQ Technology Co., Ltd.

2023

Annual Report

Printed on March 31, 2024

Available at:
Market Observation Post System: http://mops.twse.com.tw
Company Website: http://www.apaq.com.tw

Names, Titles, Telephone Numbers, and Email Addressees of the Spokesperson and Acting Spokesperson

Spokesperson Name and Title: Li Pei-Ling, Director of Finance and Corporate Governance

Contact Telephone: (037) 777-588

Email Address: estherli@apaq.com.tw

Name and title of the Acting Spokesperson: Lin Hsi-Tung, General Manager

Contact Telephone: (037) 777-588

Email Address: stlin@apaq.com.tw

Addresses and Telephone Numbers of Corporate Headquarters, Subsidiaries and Factories

Address: 4F., No. 2 & 6, Kedong 3rd Rd., Zhunan Township, Miaoli County

Telephone: (037) 777-588

Branch: None

Factory: No. 1201, Lianfu Rd., Xishan Economic & Technological Development Zone, Wuxi City, Jiangsu Province, China

Tel: (86) 510-81025298

Factory: Building 2, Jintongling Electronic Industrial Park, Zhuxi County, Shiyan City, Hubei Province, China

Tel: (86) 719-2727898

Name, Address, Website, and Telephone Number of the Stock Transfer Agency

Name: Stock Affairs Department, Grand Fortune Securities Co., Ltd.

Address: 6F., No. 6, Sec. 1, Chung Hsiao W. Rd., Taipei City

Website: http://www.gfortune.com.tw/

Tel: (02)2371-1658

Name of CPAs who Audited the Financial Statements for the Most Recent Year, and the Name, Address and Telephone Number of the CPAs' Accounting Firm

CPA: Wu Chun-Yuan, Chen Cheng-Hsueh

Office: KPMG Taiwan

Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City

Website: www.kpmg.com.tw

Te: (02)8101-6666

Name of the Stock Exchange Where the Company's Securities Are Traded Offshore and Methods of Searching Information of the Offshore Marketable Securities

N/A

Company Website: www.apaq.com.tw

Table of Contents

Chapter 1 Letter to Shareholders

I. Business Plan, Future Company Development Strategies, Impacts from External Competition, Legal Environment, and Overall Business Environment this Year

AQAP hammers at developing conductive polymer material technology and components. As an internationally professional solid capacitor manufacturer, AQAP has been serving global customers with the best quality and user-friendly cost.

In2023, due to multiple challenges such as the economic, pandemic, and geopolitical factors, the overall market environment was poor, and global PCs and traditional servers continued to decline. However, with the efforts of the team in APAQ Technology, the shipments and revenue of coiled solid-state capacitors (DIP & V-Chip) and chip-type solid-state capacitors (CAP) have increased compared to 2022, and the revenue in 2023 has reached a record high.

II. 2023 Operating Outcome

1. Analysis of the outcome of the business plan, the financial revenue and expenditures, and profitability

Unit: NT$ thousand

Item	2023	2022	Growth Rate
Net operating revenue	2,934,913	2,488,694	17.93%
Gross profit	796,853	648,954	22.79%
Operating profit	377,243	272,010	38.69%
Net income after tax (NIAT)	328,378	338,432	-2.97%

2. Implementation status of budget: Not applicable.

III. Research and Development

In2024, APAQ Technology will continue to develop a series of products such as high-reliability products, high ripple and low ESR coiled (solid-state/hybrid/liquid) capacitors with small size and thinness, and stacked solid-state capacitors, to meet the needs of high-end growth markets such as AI Server, AI PC, Power, and Automotive.

IV. Vision of continuous growth

Thanks to the full support from our shareholders, the team continued to complete the productivity construction and the development of new products, which has laid a solid foundation for the Company’s sustainable development. As the Company has entered the stage of rapid growth at present, we sincerely request the shareholders’ continuous support and recognition.

Sincere wishes for

Happiness and health!

General Manager Lin Hsi-Tung

Chapter 2 Company Profile

I. Founding Date

Establishment Date: December 23, 2005

II. Company History

(I) The Company at current mainly produces subminiature electrolytic capacitor products with the characteristics of high-temperature resistance, long life, and low impedance, as well as conducts R&D in and produces conductive polymer solid-state capacitors and chip-type capacitors to meet client needs. These products mainly target industries such as MB, NB, Server, HPC, power supply, and net communication, are price-competitive domestically and of reliable quality, and altogether occupy a place in the solid-state capacitor market. Important events of the Company are as follows:

2005
- The Company was founded with registered capital of NT$600 million and a paid-up capital of NT$5 million.

2006
- A plant was approved to be established in Miaoli County with factory registration certificate.
- 20,021,000 new shares were issued for cash capital increase, and paid-up capital was increased to NT$ 205,210,000.
- Coiled solid capacitors were officially into mass production as ITRI transferred solid capacitance technology.
- Obtained ISO-9001 Certification.

2007
- 10 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$305,210,000.
- An overseas plant base APAQ Electronic (Wuxi) Co., Ltd., was founded with indirect investment through a third country and officially went into production.

2008
- Chip-type solid capacitors were successfully developed.
- 18 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$485,210,000.

2009
- Obtained QC080000 Certification.
- 10 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$585,210,000.
- Signing an agreement of grant for "development plan for material technology and process technology of microminiature aluminum chips" of industrial technology developed in the industry with the Industrial Development Bureau, MOEA.

2011
- 449,875 new shares were issued for cash capital increase through conversion of surplus, and paid-up capital was increased to NT$589,708,750.

2012
- 4,319,251 new shares were issued for cash capital increase through conversion of surplus, and paid-up capital was increased to NT$632,901,260.
- Obtained ISO14001 Certification.

- Built its own plants in Wuxi City in Mainland to expand capacity for producing coiled solid capacitors.

2013
- Applied for initial public offering.

2014
- Public issue of stock.
- Publicly traded as an Emerging Stock on the Securities Exchange Market, R.O.C., with the stock code 6449.
- Obtained OHSAS18001 Certification.
- Built a new plant of chip-type solid capacitors in Wuxi City in Mainland to expand capacity for producing chip-type solid capacitors.
- Obtained TS16949 Certification.
- 6.9 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$731,901,260.
- Publicly traded on Taiwan Stock Exchange with the stock code 6449.

2015
- The plan to set up R&D and application center of conductive polymer material with the support of government.

2016
- In response to market demands, the capacity for producing coiled V-Chip solid capacitors was expanded from 30 million pieces per month to 50 million pieces per month.

2017
- The technology and products of advanced applications of polymer material prescription were successfully developed. The R&D achievements on the material were introduced into the development of new advanced solid capacitor products with 25V to 100V.
- NT$ 300 million of first batch of domestic unsecured convertible bond was issued.
- 2,904,574 new shares were issued by the conversion of first batch of domestic unsecured convertible corporate bond and paid-up capital was increased to NT$760,947,000.

2018
- 5,167,212 new shares were issued by the conversion of first batch of domestic unsecured convertible bond and paid-up capital was increased to NT$812,619,120.
- Second batch of domestic unsecured convertible corporate bonds was issued for NT$250,000,000.
- 5.5 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$867,619,120.
- 2,320,000 shares of the Company were first redeemed and paid-up capital was decreased to NT$844,419,120.
- High voltage (above 16V) chip-type solid capacitors were successfully developed.

2019 • Hybrid capacitors were successfully developed.

- APAQ Technology (Hubei) Co., Ltd. was founded to mass-produce coiled solid capacitors to expand the market share.
- 59,171 new shares were issued by the conversion of the first domestic unsecured convertible bond and paid-up capital was increased to NT$845,100,830.

2020 • 23,668 new shares were issued by the conversion of first domestic unsecured convertible bond and paid-up capital was increased to NT$845,247,510.

2021 • 4,428,763 new shares were issued for conversion of the second issuance of domestic unsecured convertible corporate bond, and paid-up capital was increased to NT$889,535,140.

2023 • Established a production line for hybrid capacitors at APAQ Electronic (Hubei) Co., Ltd. to promote the automotive electronics market.

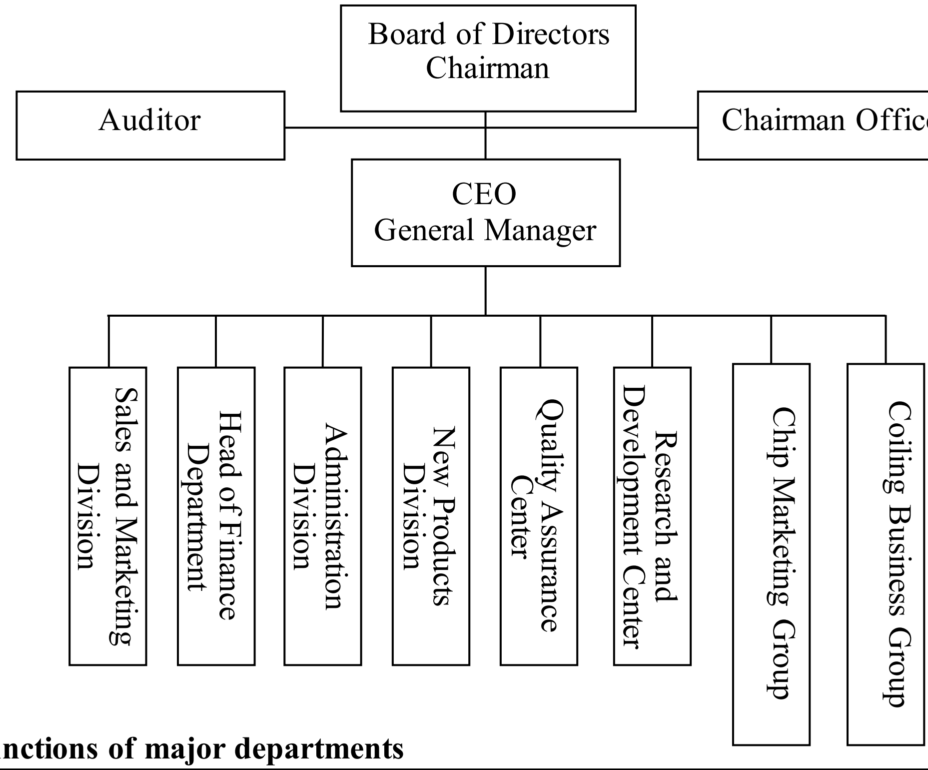
(II) Mass transfer or exchange of shares by the directors, supervisors, or shareholders of more than ten percent of the Company's shares:

- The juristic-person directors of INPAQ Technology Co., Ltd. were certainly removed because on April 13, 2023, the shares transferred exceeding more than half of its shares when being elected.
- TAI-TECH ADVANCED ELECTRONICS CO., LTD. acquired 25,000,000 ordinary shares of the Company through a tender offer on April 13, 2023, accounting for 28.1% of the Company's issued shares.

Chapter 3 Corporate Governance Report

I. Organization

1. Organization chart



2. Functions of major departments

Department	Major duties
CEO and General Manager	• Comprehensive administration of strategies and policies such as the Company's operating target, business operation and organization management. • Execution of resolution of broad meeting and comprehensive management of the Company's affair.
Auditor	• Responsible for audit operations and internal control assessment and implementation of the Company and its subsidiaries, as well as provide suggestions for improvement to promote effective operations.
Sales and Marketing Division	• Plan, fulfillment, confirmation and achievement of sales goals. • Reaching goals of internal requirements by cooperation between clients and the Company. • Connection, evaluation and management of clients, dealers and distributors. • Planning of business forecast and inventory management. • Reconciliation and management of accounts receivable. • Collection and analysis of information on market status. • Planning of product strategy and market development.
Head of Finance Department	• Capital planning and integration and risk management. • Preparation and analysis of financial statements. • Communication and maintenance of shareholders' equities. • Taxation planning and integration. • Management of capital assets. • Establishment and Implementation of Information Management System.

Administration Division	• Planning and fulfillment of procurement strategy. • Support and management of import & export and overseas business. • Establishment and fulfillment of environmental protection, safety and sanitation management system. • Planning, fulfillment and management of relevant operation such as human resource, administration and general affairs.
New Products Division	• Development, design and planning of new product.
Quality Assurance Center	• Planning and maintenance of quality system. • Management operation of product quality. • Document control operation. • Verification of product reliability. • Application and management of safety regulation. • Management of Clients' complaint about quality. • Promotion of the Company's quality and image. • Measurement and management of laboratory.
Research and Development Center	• New product development and technology support. • Fulfillment of R&D project system. • Verification and Confirmation of new materials. • Formulation and revision of material, product and packaging specifications. • Management of intellectual property. • External assistance in promotion of products and the Company's image for marketing division.
Chip Marketing Group and Coiling Business Group	• Formulation and achievement of production quality/costs/target date of delivery. • Production capacity planning and implementation. • Formulation and promotion of corrective and preventive measures and continuous improvement plan. • Development and management of production technology and equipment. • Planning and management of operational environment. • Coordination and management of production, sales and inventory. • New product development and technology support.

II. Information on the Company's Directors, Supervisors, General Managers, Vice General Managers, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

1. Information on directors (I)

On March 31, 2024, unit: shares

Title	Nationality/ place of registration	Name	Gender Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who are Spouses or within the Second Degree of Kinship		
							Number of shares	Percentage of Shareholding (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
Chairman	R.O.C.	Cheng Tun-Jen	Male 60 - 69 years old	2023.06.12	Three years	2005.12.23	3,117,358	3.50	3,117,358	3.50	413,573	0.46	0	0	Ph.D. in Material Science, National Cheng Kung University, Principal researcher of Industrial Technology Research Institute Material Laboratories, Senior R&D Manager of CYNTEC Co., Ltd. Director and CEO of INPAQ Technology Co., Ltd.,	CTO of the Company Director of INPAQ Technology Co., Ltd., Supervisor of Bioptik Technology, Inc., Supervisor, legal person, and representative of IMAT Corporation Supervisor, legal person, and representative of Lianda Intelligent Corporation Juristic-person Director Representative of Greenliant Technology Co., Ltd. Director of Chin Chia Wang Financial Management Co., Ltd., Director of Chenggong Innovation Management Consulting Co., Ltd., Juristic-person Director Representative of Beike Star Venture Capital Co., Ltd. Juristic-person Director Representative of Phoenix Innovation & Venture Capital Co., Ltd. Juristic-person Director Representative of Phoenix II Innovation & Venture Capital Co., Ltd. Juristic-person Director Representative of Phoenix Innovation & Venture Capital Co., Ltd. Director of Syntec	None	None	None

Title	Nationality/ place of registration	Name	Gender Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who are Spouses or within the Second Degree of Kinship		
							Number of shares	Percentage of Shareholding (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
																Technology Co., Ltd. Chairman of I-SEE Vision Technology Inc Juristic-person Director Representative of SHOBIDO TAIWAN CO., LTD Juristic-person Director Representative of K KINGDOM INC. Representative of APAQ Investment Limited, APAQ Electronic (Wuxi) Co., Ltd., and APAQ Electronic (Hubei) Co., Ltd. Director of INPAQ Technology (Suzhou) Co., Ltd., INPAQ Technology (China) Co., Ltd., INPAQ Trading (Suzhou) Co., Ltd., and INPAQ Trade (Suzhou) Co., Ltd.			
Director	R.O.C.	Parawin Venture Capital Corp.	N/A	2023.06.12	Three years	2009.06.26	10,668,012	11.99	10,668,012	11.99	0	0	0	0	N/A	N/A	None	None	None
	R.O.C.	Juristic-person Representative: Hsu Hsien-Yueh	Male 50 - 59 years old	2023.06.12	Three years	2014.08.07	0	0	0	0	0	0	0	0	National Taiwan University and Fudan University EMBA	Juristic-person Director Representative of UPI Semiconductor Corp. Director & Co-CEO of ASUS Computer Inc. Juristic-person Director Representative of AAEON Technology Co., Ltd. Juristic-person Director Representative of Huacheng Venture Capital Juristic-person Director Representative of ASUS COMPUTER INTERNATIONAL	None	None	None
Director	R.O.C.	Lin Ching-Feng	Male 60 ~ 69 years old	2023.06.12	Three years	2009.06.26	1,002,000	1.13	1,002,000	1.13	0	0	0	0	Ph.D. in Chemistry, Iowa State University Executive Vice General Manager of Yonggang Technology Co.,	CEO of the Company R&D Chief the Company General Manager of APAQ Electronic (Wuxi) Co., Ltd. General Manager of	None	None	None

Title	Nationality/ place of registration	Name	Gender Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who are Spouses or within the Second Degree of Kinship		
							Number of shares	Percentage of Shareholding (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
															Ltd. Executive Vice General Manager of Liton Technology Corp., Ltd.	APAQ Electronic (Hubei) Co., Ltd. Juristic-person Director Representative of AiPAQ Technology Co., Ltd.			
Director	R.O.C.	Hsieh Ming-Yen	Male 50 - 59 years old	2023.06.12	Three years	2023.06.12	0	0	0	0	0	0	0	0	Master of Business Administration at the University of West Pacific, United States Department of Mechanical Engineering, Ming Hsin Engineering College CEO of TAI-TECH ADVANCED ELECTRONICS CO., LTD. General Manager of TAI-TECH ADVANCED ELECTRONICS CO., LTD. Vice General Manager of TAI-TECH ADVANCED ELECTRONICS CO., LTD. Executive Vice General Manager of Tai-tech Advanced Electronics Co.	Chairman & General Manager of Qingbang Electronic Components (Sihong) Co. Ltd. Chairman & General Manager of Tai-tech Advanced Electronics (Kunshan) Co. Chairman of Fixed Rock Holding Limited Chairman of North Star International Limited Chairman of Best Bliss Investments Limited Director of Superworld Holdings (S) Pte. Ltd. Chairman of Northwest Investment Corporation Director of AiPAQ Technology Co., Ltd. Chairman of HSIEH HENGTE Investment Co., Ltd. Chairman of Yizhi Investment Co., Ltd. Chairman of Youqi Investment Co., Ltd. Chairman of TECHWORLD ELECTRONICS SINGAPORE PTE.	None	None	None

Title	Nationality/ place of registration	Name	Gender Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who are Spouses or within the Second Degree of Kinship		
							Number of shares	Percentage of Shareholding (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
																LTD Chairman of TECHWORLD ELECTRONICS (M) SDN. BHD. Director of SFI Electronics Technology Inc. Director of I-SEE VISION TECHNOLOGY INC. Director of AZ Venture Investment II Limited.			
Independent Director	R.O.C.	Liu Chung-Ming	Male 70 ~ 79 years old	2023.06.12	Three years	2020.06.17	0	0	0	0	0	0	0	0	Lungmen Executive Program (GE, Crotonville) Stanford Executive Program, Stanford University, Graduate School of Business, MS and Ph.D. in Chemistry, Columbia University, USA, BS in Chemistry, NTHU President of the Industrial Technology Research Institute	Independent Director of Swancor Holding Co., Ltd. Independent Director of Andros Pharmaceuticals Co., Ltd.	None	None	None
Independent Director	R.O.C.	Wu Yung-Tsai	Male 60 ~ 69 years old	2023.06.12	Three years	2023.06.12	0	0	0	0	0	0	0	0	National Taiwan University of Science and Technology, Master of Business Administration General Manager of Inventec Corporation	Chairman of Shanghai Inventec Corporation Chairman of Shanghai Inventec Corporation Chairman of Inventec (Beijing) Electronic Technology Co., Ltd. Director of AIMobile Co., Ltd. Director of Inventec Investment Co., Ltd. Chairman of Inventec (HK) Co., Ltd. Director of Inventec Appliances (Cayman)	None	None	None

Title	Nationality/ place of registration	Name	Gender Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who are Spouses or within the Second Degree of Kinship		
							Number of shares	Percentage of Shareholding (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
																Holding Corp. Director of Inventec (Cayman) Technology Co., Ltd. Director of Inventec Distribution (North America) Corp. Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution (North America) Corp. Director IEC Technologies, S.de R.L.de C.V. Director			
Independent Director	R.O.C.	Te Hsiang-Chu	Male 60 - 69 years old	2023.06.12	Three years	2023.06.12	0	0	0	0	0	0	0	0	Tai-Shan Vocational High School / Department of Mechanical Engineering Chairman of LOTES CO., LTD	Chairman of LOTES CO., LTD Chairman of Garmin Ltd. Chairman of Deyi Precise Electronics (Suzhou) Co., Ltd. Chairman of Guangzhou Panyu Deyi Precise Electronic Industrial Co., Ltd. Chairman of Jiayou Investment Co., Ltd. Chairman of Lintes Technology Co., Ltd. Chairman of Dechuang Investment Co., Ltd.	None	None	None

Note1: Shareholding ratio is calculated as per 88,953,514 shares issued when he was elected.

Table 1: If any of the Directors or Supervisors is an institutional shareholder's representative, the institutional shareholder's name and the names and shareholding ratios of its top 10 shareholders shall be noted.

March 31, 2024

Name of Institutional Shareholder	Major shareholders of institutional shareholder	Shareholding Ratio
Parawin Venture Capital Corp.	ASUSTek Computer Inc.	100%

Table 2: If any of the top 10 shareholders in Table 1 is an institutional shareholder, the name of the institutional shareholder and the names and shareholding ratios of its top 10 shareholders should be noted.

March 31, 2024

Institutional shareholder	Major shareholders of institutional shareholder	Shareholding Ratio
ASUSTek Computer Inc.	Cathay Taiwan ESG Sustainable High Yield ETF	4.12%
	Shih Chung-Tang	4.05%
	Investment account in trust of Cathay United Bank Unlimited No. 1	2.78%
	ASUSTek Computer Inc. depository receipt in trust of Citibank Taiwan Limited	2.66%
	Yuanta Taiwan Dividend Plus ETF account	2.06%
	New Labor Retirement Fund	1.87%
	Fubon Life Insurance Co., Ltd.	1.73%
	Silchester International Investors International Value Equity Trust account in trust of HSBC	1.45%
	The series fund of PGIA Progress International Equity Index Fund account in trust of J.P.Morgan Chase Bank	1.30%
	Vanguard Emerging Markets Stock Index Fund account in trust of J.P. Morgan Taiwan	1.27%

2. Information on Directors (II)

Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Name	Professional qualifications and experience	Criteria of Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Cheng Tun-Jen	For the main education and work experience, please refer to II. 1. Information on Directors (I), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	As the Technical Director of our company, I am an employee of the Company and also a director of our company's subsidiary (a 100% owned subsidiary). I hold more than 1% of the total issued shares of our company and am one of the top ten shareholders. The remaining meet the independence criteria listed in Article 3, Paragraph 1 of the 'Regulations on the Appointment and Compliance Matters of Independent Directors of Publicly Issued Companies' issued by the Financial Supervisory Commission.	0
Director Juristic-person Director Representative of Parawin Venture Capital Corp.: Hsu Hsien-Yueh	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	A director of a corporate shareholder who has been appointed as a director on behalf of the Company in accordance with Paragraph 1 or 2 of Article 27 of the Company Act. The remaining meet the independence criteria listed in Paragraph 1 of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.	0
Director Lin Ching-Feng	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	As the CEO of our company, I am an employee of the Company and also a director of our company's subsidiary (merged subsidiary). I hold more than 1% of the total issued shares of our company and am one of the top ten shareholders. The remaining meet the independence criteria listed in Article 3, Paragraph 1 of the 'Regulations on the Appointment and Compliance Matters of Independent Directors of Publicly Issued Companies' issued by the Financial Supervisory Commission.	0

Name	Professional qualifications and experience	Criteria of Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director Hsieh Ming-Yen	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	As a director of the Company's affiliate (merged subsidiary). The remaining meet the independence criteria listed in Paragraph 1 of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.	0
Independent Director Liu Chung-Ming	For the main education and work experience, please refer to II. 1. Information on Directors (I), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	During the two years before and during their tenure, the independent directors met the qualification requirements set forth by the Financial Supervisory Commission's "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Complied with" and Article 14-2 of the Securities and Exchange Act. Furthermore, the independent directors have been granted the power to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and they have exercised their independent duties accordingly.	2
Independent Director Wu Yung-Tsai	For the main education and work experience, please refer to II. 1. Information on Directors (I), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	During the two years before and during their tenure, the independent directors met the qualification requirements set forth by the Financial Supervisory Commission's "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Complied with" and Article 14-2 of the Securities and Exchange Act. Furthermore, the independent directors have been granted the power to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and they have exercised their independent duties accordingly.	0

Name	Professional qualifications and experience	Criteria of Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director Te Hsiang-Chu	For the main education and work experience, please refer to II. 1. Information on Directors (I), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	During the two years before and during their tenure, the independent directors met the qualification requirements set forth by the Financial Supervisory Commission’s “Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Complied with” and Article 14-2 of the Securities and Exchange Act. Furthermore, the independent directors have been granted the power to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and they have exercised their independent duties accordingly.	0

Diversity of Board of Directors and Independence:

(I) The policy, objectives, and achievements of board diversification: The board structure of the Company should be determined based on the scale of The Company's business development and the shareholding situation of its major shareholders, taking into account the practical operational needs. The composition of the Board of Directors should take into account diversity and formulate appropriate diversity policies based on its own operations, business model, and development needs. This should include, but not be limited to, the following two major aspects: 1. Basic conditions and values: gender, age, nationality, and culture, etc. 2. Professional Knowledge and Skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. In order to achieve the ideal goals of corporate governance, the Board of Directors should generally have operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, an international market perspective, leadership, and decision-making ability. For the future development of the Company, we take professional background as its diversity goal, and the number of directors who meet the professional background of marketing or technology should reach more than 25%.

the Company's diversification policy and implementation are as follows. At present, there are 7 board members, all of whom have professional knowledge and skills, and the talents of individual directors belong to professional fields of industrial operation, technology research and development, marketing management, finance, accounting and taxation. We have achieved diversification goals and possessed all the abilities required to perform their duties.

Diversified Core / Name of Director	Basic composition								Professional knowledge and skills				
	Nationality	Gender	Have employee status	Age			Seniority of Independent Director		Law	Accounting	Industry	Finance	Marketing or Technology
				50 - 59 years old	60 - 69 years old	70 - 79 years old	Below 3 years	4 - 6 years					
Chairman Tun-Jen Cheng	R.O.C.	Male	✓		✓						✓		✓
Juristic-person Director Representative of Parawin Venture Capital Corp.: Hsu Hsien-Yueh	R.O.C.	Male		✓							✓		✓
Director Ching-Feng Lin	R.O.C.	Male	✓		✓						✓		✓

Diversified Core / Name of Director	Basic composition								Professional knowledge and skills				
	Nationality	Gender	Have employee status	Age			Seniority of Independent Director		Law	Accounting	Industry	Finance	Marketing or Technology
				50 - 59 years old	60 - 69 years old	70 - 79 years old	Below 3 years	4 - 6 years					
Director Hsieh Ming-Yen	R.O.C.	Male		✓									
Independent Director Chung-Ming Liu	R.O.C.	Male				✓		✓			✓		✓
Independent Director Yung-Tsai Wu	R.O.C.	Male			✓		✓				✓		✓
Independent Director Te-Hsiang Chu	R.O.C.	Male			✓		✓				✓		✓

(II) Independence of the Board of Directors: The current Board of Directors of the Company consists of 7 directors, including 3 independent directors (42.86% of the total). Mr. Liu Chung-Ming has served as an independent director for 4 years, Mr. Wu Yung-Tsai and Mr. Te Hsiang-Chu have served as independent directors for 1 year. All independent directors have not served more than 3 consecutive terms. Furthermore, there are no spousal or immediate family relationships within the Board of Directors, as defined in Article 26-3, item 3 and 26-4 of the Securities Exchange Act. The Board of Directors of the Company demonstrates independence.

3. General Manager, Vice General Managers, Assistant Managers and Managers of Departments and Branches:

On March 31, 2024, unit: shares

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (Education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
CEO and CRO	R.O.C.	Lin Ching-Feng	Male	2016.01.01	1,002,000	1.13	0	0	0	0	Ph.D. in Chemistry, Iowa State University Executive Vice General Manager of Yonggang Technology Co., Ltd. Executive Vice General Manager of Liton Technology Corp.	Juristic-person Director Representative of AiPAQ Technology Co., Ltd. General Manager of APAQ Electronic (Wuxi) Co., Ltd., and APAQ Electronic (Hubei) Co., Ltd.	None	None	None
General Manager	R.O.C.	Lin Hsi-Tung	Male	2013.08.14	420,990	0.47	422	0	0	0	MS in Machinery, Chung Cheng Institute of Technology Vice Chairman of Quality Promotion Committee of Chung-Shan Institute of Science & Technology Head of QA Div. of Inpaq Technology Co., Ltd. General Manager of INPAQ Technology (China) Co., Ltd.	Chairman of IPU Semiconductor Co., Ltd.	None	None	None

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (Education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
Vice General Manager of Sales & Marketing Division	R.O.C.	Lin Han-Yuan	Male	2011.11.08	88,163	0.10	210,562	0.24	0	0	MS in Chemical Engineering, National Cheng Kung University IEK Industrial Analyst at the Industrial Technology Research Institute Junior Fellow of the Industrial Technology Research Institute, Biomedical Technology and Device Research Laboratories	None	None	None	None
Director of Quality Assurance Center	R.O.C.	Chen Ming-Zung	Male	2011.11.08	44,038	0.05	0	0	0	0	MS, NTHU Institute of Materials Senior Engineer of UMC Junior Fellow of the Industrial Technology Research Institute Material and Chemical Research Laboratories	None	None	None	None
Head of New Products Division	R.O.C.	Chien Ming-Ku	Male	2018.02.27	20,000	0.02	3,000	0	0	0	BS and MS in Materials Science and Engineering, NTHU Junior Fellow of the Industrial Technology Research Institute Material and Chemical Research Laboratories Project Manager in the General Manager's Office of Hitech Energy Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (Education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
Head of Finance Division	R.O.C.	Li Pei-Ling	Female	2012.10.01	72,696	0.08	0	0	0	0	PCCU Accounting Department Associate Manager of the Auditing Department, KPMG Taiwan Associate Manager of the Office of Administration, INPAQ Technology (Suzhou) Co., Ltd. Accounting Manager of INPAQ Technology Co., Ltd.	None	None	None	None
Manager of Auditing Office	R.O.C.	Shao-Yug Kuo	Female	2012.10.01	3,000	0	0	0	0	0	Feng Chia University Accounting Department Europtronic Electronics Co., Ltd., of the Europtronic Group Senior Manager Manager of the Finance Department, APAQ Electronic (Wuxi) Co., Ltd. Project Manager in the General Manager's Office, APAQ Technology Co., Ltd.	None	None	None	None

III. Remuneration Paid to Directors (including Independent Directors), Supervisors, General Manager, and Vice General Managers in the Most Recent Year

1. Remuneration for General Directors (Including Independent Directors)

2023 Unit: NT$ thousand

Title	Name	Remuneration Paid to Directors								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant Remuneration Received by Directors who are also Employees								Ratio of total remuneration (A+B+C+D+E+F+G) to after-tax net income (%)		Compensation paid to Directors from an invested company other than the Company's subsidiary or parent company
		Remuneration (A)		Severance pay and pension (B)		Directors (C) (Note 3)		Business Execution Expenses (D)				Salary, Bonus and Special Allowance (E)		Severance pay and pension (F)		Employee's compensation (G) (Note 3)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman and CTO	Cheng Tun-Jen	0	0	0	0	5,965	5,965	250	250	6,215/ 1.89%	6,215/ 1.89%	11,079	12,879	108	108	7,869	0	7,869	0	25,272/ 7.70%	27,072/ 8.24%	None
Director	Parawin Venture Capital Corp.																					
Juristic-person Director Representative	Hsu Hsien-Yueh																					
Director, CEO and CRO	Lin Ching-Feng																					
Director	INPAQ Technology Co., Ltd. (Note 1)																					
Juristic-person Director Representative	Tseng Ming-Tsan (Note 1)																					
Director	Hsieh Ming-Yen																					
Independent Director	Liang Shu-Jian (Note 2)	0	0	0	0	4,555	4,555	282	282	4,837/ 1.47%	4,837/ 1.47%	0	0	0	0	0	0	0	0	4,837/ 1.47%	4,837/ 1.47%	None
Independent Director	Liu Chung-Ming																					
Independent Director	Chang Chia-Ning (Note 2)																					
Independent Director	Wu Yung-Tsai																					
Independent Director	Te Hsiang-Chu																					

Note1: The directors of INPAQ Technology Co., Ltd. were certainly removed because on April 13, 2023, the shares transferred exceeding more than half of its shares when being elected

Note2: Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.

Note3: This is an estimated amount calculated based on the actual distribution ratio in 2022 according to the total distribution amount approved by the Board of Directors in 2023.

The policy, system, standards, and structure for the payment of remuneration to independent directors shall be based on the responsibilities, risks, and time commitment involved, and shall specify the relationship between these factors and the amount of remuneration to be paid. In accordance with Article 27 of The Company's Articles of Incorporation, if the Company is profitable for the year, the Board of Directors shall allocate no more than three percent as director remuneration. According to the performance evaluation method of the Board of Directors of the Company, the Compensation and Remuneration Committee will consider the overall performance of the Board of Directors, the Company's operating performance, the Company's future operations and risk appetite, formulate distribution recommendations, and submit them to the Board of Directors for resolution. Then, according to the degree of participation of individual directors and the value of their contribution to the Company's operations, the distribution is made according to the weights given and the weighted results. After considering the responsibilities, risks, and investment time of the independent directors, the remuneration distribution weights are added by 0.2, and no other director compensations are drawn.

In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Range of Remuneration

Ranges of remuneration paid to each of the Company's directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT$1,000,000	Hsu Hsien-Yueh, Jia Bang Technology Co., Ltd., Tseng Ming-Tsan, Hsieh Ming-Yen, Liang Shu-Jian, Chang Chia-Ning, Wu Yung-Tsai, Te Hsiang-Chu	Hsu Hsien-Yueh, Jia Bang Technology Co., Ltd., Tseng Ming-Tsan, Hsieh Ming-Yen, Liang Shu-Jian, Chang Chia-Ning, Wu Yung-Tsai, Te Hsiang-Chu	Hsu Hsien-Yueh, Jia Bang Technology Co., Ltd., Tseng Ming-Tsan, Hsieh Ming-Yen, Liang Shu-Jian, Chang Chia-Ning, Wu Yung-Tsai, Te Hsiang-Chu	Hsu Hsien-Yueh, Jia Bang Technology Co., Ltd., Tseng Ming-Tsan, Hsieh Ming-Yen, Liang Shu-Jian, Chang Chia-Ning, Wu Yung-Tsai, Te Hsiang-Chu
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	Lin Ching-Feng, Parawin Venture Capital Corp., Liu Chung-Ming	Lin Ching-Feng, Parawin Venture Capital Corp., Liu Chung-Ming	Parawin Venture Capital Corp., Liu Chung-Ming	Parawin Venture Capital Corp., Liu Chung-Ming
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	Cheng Tun-Jen	Cheng Tun-Jen	-	-
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-	Lin Ching-Feng, Cheng Tun-Jen	Lin Ching-Feng, Cheng Tun-Jen
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	12 people (including 2 legal persons)	12 people (including 2 legal persons)	12 people (including 2 legal persons)	12 people (including 2 legal persons)

2. Remuneration of General Manager and Vice General Manager

2023 Unit: NT$ thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and Allowance (C)		Employee's compensation (D) (Note)				Ratio of total remuneration (A+B+C+D) to net income (%)		Compensation paid to Directors from an invested company other than the Company's subsidiary or parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO & CRO	Lin Ching-Feng	5,299	7,219	324	324	10,010	10,010	10,015	0	10,015	0	25,648/ 7.81%	27,568/ 8.40%	None
General Manager	Lin Hsi-Tung													
Vice General Manager of Sales & Marketing Division	Lin Han-Yuan													

Note: This is an estimated amount calculated based on the actual distribution ratio in 2022 according to the total distribution amount approved by the Board of Directors in 2023.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Vice General Manager	Name of General Manager or Vice General Manager	
	The Company	Companies in the consolidated financial statements
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)	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	Lin Hsi-Tung, Lin Han-Yuan, Lin Ching-Feng	Lin Hsi-Tung, Lin Han-Yuan
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	Lin Ching-Feng
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 persons	3 persons

3. Amount of Employee Bonus Paid to Managerial Officers and Their Names

2023 Unit: NT$ thousand

	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount to NIAT (%)
Managerial officer	CEO & CRO	Lin Ching-Feng	0	18,242	18,242	5.56
	General Manager	Lin Hsi-Tung				
	Vice General Manager of Sales & Marketing Division	Lin Han-Yuan				
	CTO	Cheng Tun-Jen				
	Director of Quality Assurance Center	Chen Ming-Zung				
	Head of New Products Division	Chien Ming-Ku				
	Head of Finance Division	Li Pei-Ling				

Note: This is an estimated amount calculated based on the actual distribution ratio in 2022 according to the total distribution amount approved by the Board of Directors in 2023.

4. The ratio of total compensation paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, Supervisors, General Managers and Vice General Managers of the Company, to the net income, and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining compensation, and the correlation with risks and business performance:

(1) Analysis on proportion of compensation paid to Directors, Supervisors, General Managers and Vice General Managers by the Company and all companies in the consolidated financial statements to net income after tax in the two most recent years

Year	Ratio of total remuneration to NIAT (%)			
	2022		2023	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	8.38%	8.92%	9.17%	9.71%
Supervisor (note)	-	-	-	-
General Managers and Vice General Managers	7.68%	8.25%	7.81%	8.40%

Note: After the election of the directors of Company was held in the 2020 annual shareholders' meeting, the Audit Committee was established to replace the Supervisors.

(2) Policies, standards, and portfolios of compensation payments; procedures for determining remuneration and correlation of remuneration with business performance and future risks

The proportion of remuneration distributed to the Directors and managers of the Company is in accordance with Article 27 of Articles of Incorporation and the Board of Directors has resolved to set aside no less than 8% of the profit for the year as employee's compensation and no more than 3% as Directors and Supervisors' remuneration. To regularly assess the remuneration of Directors and managers, personal performance and engagement in The Company's operations shall be considered for allocating Director and manager remunerations. Other factors to be considered when calculating reasonable remunerations include: any negative impact resulting in The Company's loss caused by the Director or managers, internal mismanagement, goal achievement rate, profit rate, operational performance, degree of contribution. Evaluation shall be carried out on the Director and manager remuneration system depending on the actual operating status and relevant regulations

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

In the past year, the Board of Directors has held 7 (A) meetings, and the attendance of directors is as follows:

Title	Name	Actual Attendance (Presence) in Person (B)	Attendance by Proxy	Percentage of Actual Attendance (Presence) in Person (%) [B/A]	Remarks
Chairman	Cheng Tun-Jen	7	0	100%	Re-elected
Director	Juristic-person Director Representative of Parawin Venture Capital Corp.: Hsu Hsien-Yueh	7	0	100%	Re-elected
Director	Lin Ching-Feng	7	0	100%	Re-elected
Director	INPAQ Technology Co., Ltd. Representative: Tseng Ming-Tsan	1	0	50%	Dismissed on April 13, 2023, with a total of 2 meeting attendances.
Director	Hsieh Ming-Yen	3	0	100%	Newly appointed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 3 meeting attendances.
Independent Director	Liang Shu-Jian	4	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 4 meeting attendances.
Independent Director	Liu Chung-Ming	7	0	100%	Re-elected
Independent Director	Chang Chia-Ning	4	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 4 meeting attendances.
Independent Director	Wu Yung-Tsai	3	0	100%	Newly appointed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 3 meeting attendances.
Independent Director	Te Hsiang-Chu	3	0	100%	Newly appointed after the comprehensive

					re-election of the shareholders' meeting on June 12, 2023, with a total of 3 meeting attendances.

Other matters:

I. Where the proceedings of the Board meeting include one of the following circumstances, describe the date, session, topics discussed, opinions of every independent director, and the responses from the Company:

(I) Items listed in Article 14-3 of the Securities and Exchange Act.

Meeting date/session	Proposals	The independent directors' objections, reservations or major proposals, and the Audit Committee's Resolution Result	The Company's handling of independent directors' opinions	Resolution Situation
2023.05.11 The 7th session of the 16th Board of Directors	1. Discussion on remuneration of director and supervisors and bonus to manager and employees in 2022.	All independent directors had no objections, reservations or major proposals, and the resolution of the Audit Committee was passed.	N/A	Resolution Approved
2023.08.07 The 8th session of the 2nd Board of Directors	1. Discussion on capital lending to the subsidiaries APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd., (APAQ Hubei). 2. Discussion on endorsement and guarantee for the subsidiaries APAQ Wuxi and APAQ Hubei. 3. Discussion on amendment of The Company's system of internal control.			
2023.11.06 The 8th session of the 3rd Board of Directors	1. Proposal for replacement of CPAs. (Internal Rotation within the Accounting Firm) 2. Discussion on remuneration of the CPAs for their services to the Company in 2023			

(II) Other resolutions of the Board, which the independent director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.

II. Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated):

On March 28, 2023, the Board of Directors discussed the notice received by the Company regarding the public acquisition of The Company's common stock by TAI-TECH Advanced Electronics Co., Ltd. (referred to as TAI-TECH). In accordance with Article 14 of the Regulations Governing the Acquisition of Securities of Publicly Issued Companies, the board conducted verification and deliberation on the identity and financial condition of TAI-TECH, the fairness of the acquisition terms, and the reasonableness of the acquisition funds. The board also provided recommendations for discussion to the shareholders of the Company regarding this acquisition. Cheng Tun-Jen, the Chairman, had a self-interested interest as INPAQ Technology, in which he serves as a director, had entered into a share sale undertaking with TAI-TECH and had refrained from participating in the discussion and voting based on the principle for avoidance of conflict of interest. The remaining directors attended the meeting had agreed that the identity and financial condition of TAI-TECH, the fairness of the acquisition terms, and the reasonableness of the source of funding for the acquisition were reasonable.

Directors Cheng Tun-Jen and Lin Ching-Feng, due to the conflict of interest, were recused from discussion and resolution at the Board Meeting on May 11, 2023, concerning remunerations for the directors, supervisors, and employees. The resolution passed unanimously upon a vote cast by the chairperson of the Directors present.

III. The evaluation cycle, period, scope, method, and content of the Board of Directors' self-evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Executed once every year. (Performance evaluation conducted by external professional organizations every three years)	2023.6.12~ 2023.12.31	Entire Board of Directors	Self-evaluation by the directors	Participate in the operation of the Company, improve the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and appointment of the Board of Directors, continuous learning, and internal control.
		Board members	Self-evaluation by the directors	Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
		Functional committees	Self-evaluation by the directors	The level of participation in company operations, awareness of functional committee responsibilities, improving the quality of functional committee decisions, the composition and selection of members of functional committees, internal controls.

IV. The goals of strengthening the functions of the board of directors in the current and recent years (such as establishing an audit committee and enhancing information transparency) and the evaluation of their implementation: the Company has established an audit committee in accordance with the regulations of the competent authority.

(II) Operation of **the Audit Committee:**

A total of 5 (A) meetings of the Audit Committee were held in the most recent year. The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Liu Chung-Ming	5	0	100%	Re-elected
Independent Director	Liang Shu-Jian	3	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 3 meeting attendances.
Independent Director	Chang Chia-Ning	3	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 3 meeting attendances.
Independent Director	Wu Yung-Tsai	2	0	100%	Newly appointed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 2 meeting attendances.
Independent Director	Te Hsiang-Chu	2	0	100%	Newly appointed after the comprehensive re-election of the shareholders' meeting on June 12, 2023, with a total of 2 meeting attendances.

Other matters:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates and terms of the audit committee meeting, the contents of motions, the independent directors' objections, reservations or major proposals, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

(I) Items listed in Article 14-5 of the Securities and Exchange Act.

Meeting date/session	Proposals	The independent directors' objections, reservations or major proposals, and the Audit Committee's resolutions	The Company's handling of Audit Committee' opinions
2023.02.22 The First Session of the Eleventh Audit Committee	1. Discussion on the 2022 Business Report and financial statements. 2. Discussion on The Company's system of internal control.	Three independent directors had no objections, reservations or major proposals, and the resolution of the Audit Committee was passed.	N/A
2023.04.25 The First Session of the Twelfth Audit Committee	1. Discussion on The Company's distribution of the retained earnings for 2022.		

2023.08.07 The Second Session of the First Audit Committee	1. Discussion on capital lending to the subsidiaries APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd., (APAQ Hubei). 2. Discussion on endorsement and guarantee for the subsidiaries APAQ Wuxi and APAQ Hubei. 3. Discussion on amendment of The Company's system of internal control.		
2023.11.06 The Second Session of the Second Audit Committee	1. Proposal for replacement of CPAs. (Internal Rotation within the Accounting Firm) 2. Discussion on remuneration of the CPAs for their services to the Company in 2023		

(II) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations):

1. Independent directors of the Company may investigate the corporate business and financial status at any time, ask the Board of Directors or managers for reports, and even contact with accountants when necessary; heads of internal audit should submit audit report to independent directors regularly.
2. According to internal audit system and discussion rules of the Board of Directors of the Company, the audit head would report internal auditing business to directors and supervisors on Audit Committee meetings and Board meetings regularly. Also, when material violation or major damages to the Company appears, report shall be made and submitted immediately, and independent directors shall be notified.
3. The Company would discuss the internal auditing report and improvement situation of internal control deficiencies together with investigated institutions on the settlement meeting for improvement measures. Also, auditing reports and tracking reports that are submitted for approval quarterly would be regularly submitted to the ndependent directors for review.

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

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established Corporate Governance Best-Practice Principles which aims at protecting the shareholders' equities, enhancing functions of the Board of Directors, full implementation of the functions of the Audit Committee, respecting stakeholders' equities, and improving information transparency. Please refer to the Company's official website for the Corporate Governance Best-Practice Principles.	No material difference
II. Shareholding structure & shareholders' equities				
(I) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Company implement the procedures in accordance with the procedure?	V		(I) The Company has formulated regulations on operation of shareholders' business committee, which is processed by professional agencies. At the same time, relevant matters are handled by dedicated personnel.	No material difference
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company possesses a list ofshareholdersto get on hand its major shareholders with substantial controlling power and the list of ultimate controllers.	No material difference
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) Reinvestment of the Company is processed according to Regulations on Related Party Transaction, Internal Control System, Internal Auditing System, Procedures on the Supervision and Management of Subsidiaries, and relevant regulations.	No material difference
(IV) Has the Company established internal rules against insiders using undisclosed information to trade with?	V		(IV) TheCompanyhas formulated Corporate Governance Best-Practice Principles, Regulationson Preventionfrom Insider Trading and advocated relevant matters to insider personnel.	No material difference
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated diversified policies and specific management objectives and implemented them?	V		(I) the Company has established a diversity policy in its corporate governance practices, which is disclosed on The Company's website and the public information observation station. In consideration of The Company's future development, the Company has set a target of having more than 25% of directors with marketing or technology backgrounds. In the current board of directors, there are 7 directors with marketing or technology expertise,	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			achieving a diversity target completion rate of 100%. Directors Cheng Tun-Jen, Hsu Hsien-Yueh, Lin Ching-Feng, Hsieh Ming-Yen, Liu Chung-Ming, Wu Yung-Tsai, and Te Hsiang-Chu come from various industries and have marketing or technology backgrounds. Independent directors account for 42.86% of the Board. Their terms of office are four years for one independent director and one year each for the other two. Two directors are 50 to 59 years old, four directors are 60 to 69 years old, and one director is 70 to 79 years old. The Board of the Directors of the Company fully fulfills the diversification requirements in terms of qualification, values, professionalism, and skills.	
(II) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?		V	(II) The Company has set up a Remuneration Committee and an Audit Committee, but no other functional committees. It will be reevaluated as per the Company's demands in the future.	It will be reevaluated as per the Company's demands in the future.
(III) Has the Company formulated the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Company has formulated the performance evaluation method of the Board of Directors, and regularly selects the evaluation method according to the evaluation method to conduct performance evaluation every year. Relevant methods can be found on the Company's website.	No material difference
(IV) Does the Company regularly implement assessments on the independence of CPA?	V		(IV) CPAs entrusted by the Company are not directors, supervisors, managers, employees or shareholders of the Company or its affiliates, who are confirmed as non-stakeholders, conforming to the regulation of independent judgement by authorities (please refer to Note 2 for Evaluation Table of CPAs' Independence). The Company conducts an annual evaluation of the independence and suitability of the auditors. After obtaining the independence statement issued by the auditors, the Board of Directors evaluates the auditors. The evaluation was completed at the Board meetings on May 11, 2023 and May 10, 2022 respectively.	No material difference
IV. Has the Company appointed competent and appropriate number of personnel responsible for corporate governance matters, and delegated the Company's corporate governance supervisors to be	V		The Company has established an appropriate principal of corporate governance who has over three years of experience as financial managers in the public companies, pursuant to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
in charge of such matters (including but not limited to providing information for directors and supervisors to perform their functions, handling matters related to Board meetings and shareholders' meetings according to the law, handling company registration and changes to company registration, and producing minutes of the Board meetings and shareholders' meetings)?			Companies and the Board's Exercise of Powers, to protect shareholder interests and strengthen the functions of the Board of Directors. The main responsibilities of the corporate governance supervisor are to handle matters related to the Board of Directors and shareholders' meeting according to law, make minutes of the Board meetings and shareholders' meeting, assist directors and supervisors in taking up their posts and continuing education, provide data necessary for directors and supervisors to carry out their business, and assist directors and supervisors in complying with laws and regulations. Business operations in 2023 are as follows: 1. Providing the necessary data for each director to perform his/her duties. 2. Providing the latest legal developments related to each director's operation of the Company to assist directors in complying with the laws and regulations. 3. Developing and planning an appropriate corporate system and organizational structure to promote Board independence, corporate transparency and compliance with laws and regulations. 4. Consulting opinions of all directors before the board meeting to plan and draw up the agenda, and notifying all directors at least 7 days in priority to attend the meeting and providing sufficient meeting data to facilitate the directors to understand the contents of relevant proposals. The minutes of the Board meetings were completed within 20 days after the meeting. 5. Registering dates for shareholders' meetings every year in accordance with the deadline prescribed in regulations; producing and filing meeting notices, proceedings manual, and meeting minutes within the statutory period. 6. Improving the information related to corporate governance according to the evaluation guidelines of the corporate governance evaluation system. The principal of corporate governance of the Company has studied 12 hours in 2023, which is consistent with the training hours stipulated by law.	
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' section been established on the Company's website? Are major	V		The Company has established a special section for related parties on the Company's website, and all related parties can communicate with each other through the channels disclosed on the website when necessary.	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?				
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The agency of the Company's stock affairs is Stock Affairs Department, Grand Fortune Securities Co., Ltd.	No material difference
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	V		(I) The Company has established a website to disclose information on financial operations and corporate governance.	No material difference
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	V		(II) 1. The Company has established a spokesperson system in accordance with regulations. Spokesmen and acting spokesmen are fully responsible for external communication and establish internal major information processing procedures. 2. The content of the Company website includes information such as products, company profiles, company's financial business, corporate governance, corporate social responsibility, and law-speaking meeting, etc. It also has an English website and has special personnel to update relevant data on a regular basis.	No material difference
(III) Does the Company publish and report its annual financial statements within two months after the end of a fiscal year, and publish and report its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		(III) The Company's financial reports for 2023 have been announced within two months after the end of the year, and each quarterly financial report and monthly operating situation have been announced in advance of the prescribed time limit, so as to facilitate investors to obtain sufficient information in a timely manner.	No material difference
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights,	V		(I) The situation of employee rights and employee care: The Company has established work rules that comply with relevant labor laws and publicly discloses them. At the same time, an internal website is set up for company information dissemination, communication of colleagues' opinions, and enhancing employee loyalty and cohesion to the organization. In addition, the Company has established a welfare committee, which is responsible for all staff	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			welfare matters. (II) Investor relations, supplier relations, stakeholder rights: Based on the concept of coexistence and common prosperity, the Company has maintained a long-term and good interactive and cooperative relationship with investors, suppliers and various stakeholders, and has provided effective communication channels and information transmission to maintain long-term cooperation and economic operation mode as its development direction. (III) The situation of director's further education: detailed as in note 3. (IV) Execution of Risk Management Policies and Risk Measurement Standards: The Company has established various risk management policies and conducted various risk management and assessment in accordance with regulations. (V) Implementation of Customer Policies: The Company maintains a stable and good relationship with its customers in order to make profits. (VI) The Company's situation regarding the purchase of directors' liability insurance: The company purchases directors' liability insurance for its directors every year, with an insurance amount of US$5 million.	
IX. Describe improvements made according to the corporate governance assessment in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out. The Company will strengthen the disclosure of relevant information on the Company's website to comply with the regulations of corporate governance. For other matters that the Company has not improved, the Company will seek to gradually improve and implement them based on the planning of the Company.				

Note1: Regardless of whether the operations column was filled in yes or no, the Company shall state an appropriate explanation in the summary column.

Note2:

Evaluation items for CPA independence	Evaluation results	Meet independence criteria
Not a person who holds regular jobs at APAQ Technology Co., Ltd. and its subsidiaries, receives fixed salary, or serves as a director or supervisor.	Yes	Yes
Not having served as a director, supervisor, executive, or employee with significant influence on certification cases of APAQ Technology Co., Ltd. and its subsidiaries, and not having left the position for less than two years.	Yes	Yes
Not a principal or manager of APAQ Technology Co., Ltd. and its subsidiaries who are spouse, lineal relative, lineal affinity, or collateral consanguinity within the second degree of kinship thereof.	Yes	Yes

Evaluation items for CPA independence	Evaluation results	Meet independence criteria
The person or his/her spouse, minor children have no relationship of investment or sharing financial interests with APAQ Technology Co., Ltd. and its subsidiaries.	Yes	Yes
The person or his/her spouse, minor children have no capital loan with APAQ Technology Co., Ltd. and its subsidiaries.	Yes	Yes
Executive management consulting or other certification businesses do not affect independence.	Yes	Yes
Complying with the competent authority's regulations governing the rotation of accountants, conducting accounting affairs on behalf of other parties, or any other regulations that may affect the independence.	Yes	Yes

Note3: Continuing education of Directors and Supervisors:

Title	Name	Organizer	Course title	Hours of courses
Chairman	Cheng Tun-Jen	R.O.C. Securities and Futures Institute	Development of Sustainable Governance Strategies under Risk Management	3
		R.O.C. Securities and Futures Institute	Key Financial, Tax, and Securities Regulatory Issues in 2023	3
Director	Hsu Hsien-Yueh	Taiwan Corporate Governance Association	The Impact and Opportunities of AI on Industries	3
		Taiwan Corporate Governance Association	Practices of Sustainable Governance in Corporate Succession and Transformation	3
Director	Lin Ching-Feng	R.O.C. Securities and Futures Institute	Green Industrial Revolution	3
		R.O.C. Securities and Futures Institute	Trends in Sustainable Finance and ESG Investment	3
Director	Hsieh Ming-Yen	R.O.C. Securities and Futures Institute	How to leverage the functions of the committees under the Board of Directors for profit	3
		R.O.C. Securities and Futures Institute	From the Perspective of Corporate Governance Evaluation Indicators: The Latest Context of Corporate Governance	3
Independent Director	Liu Chung-Ming	R.O.C. Securities and Futures Institute	Corporate Governance and Securities Regulations	3
		R.O.C. Securities and Futures Institute	From CSR to ESG: Principles of Corporate Management	3
Independent Director	Wu Yung-Tsai	Taiwan Corporate Governance Association	Creating a New Governance Framework to Enhance Corporate Value	6
		R.O.C. Securities and Futures Institute	Exploring Anti-Money Laundering and Counter-Terrorist Financing Practices	3
		R.O.C. Securities and Futures Institute	Trends in Sustainable Finance and ESG Investment	3
Independent Director	Te Hsiang-Chu	Taiwan Corporate Governance Association	Principles and Development Trends of Silicon Photonics (SiPh) and Co-Packaged Optics (CPO)	3
		Taiwan Corporate Governance Association	The Development of Electric Vehicles or Smart Cars and Business Opportunities	3

(IV) When the Company has a compensation committee, its composition, duties, and implementation status shall be disclosed:

The Company's Remuneration Committee is responsible for setting and regularly reviewing the policies, systems, standards and structures of directors, supervisors and managers' performance evaluation and remuneration, regularly evaluating and setting the remuneration of directors, supervisors and managers, and properly combining with the Company's operating performance and goals to attract high-quality talents and enhance the competitiveness of the enterprise.

1. Information on members of the Remuneration Committee

Identity	Qualifications / Name	Independence Criteria	Number of other public companies where the individual concurrently serves as remuneration committee member
I Convener	Liu Chung-Ming	Served as Independence Directors, which satisfies the criteria of independence. Please refer to pages 10- 11 for disclosure of director's professional qualifications, experience, and independence.	2
Independent Director	Wu Yung-Tsai		0
Independent Director	Te Hsiang-Chu		0

2. Operation of the Remuneration Committee

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

(2) The term of office for this committee is from June 12, 2023 to June 11, 2026. The Compensation Committee met twice (A) in the past year. The qualifications of committee members and their attendance are as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Proxy	Percentage of Actual Attendance (Presence) in Person (%) (B/A)	Remarks
Convener	Liu Chung-Ming	2	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.
Committee Member	Liang Shu-Jian	2	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.
Committee Member	Chang Chia-Ning	2	0	100%	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.
Committee Member	Wu Yung-Tsai	0	0	N/A	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.
Committee Member	Te Hsiang-Chu	0	0	N/A	Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.
Other matters: I. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None. II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.					

(V) Implementation Status ofSustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Promoted projects	Status of execution			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish a governance framework for sustainable development and set up an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors? 1. Describe the Company's governance structure to promote sustainable development. 2. Describe the implementation of each organization of the Company, including but not limited to: (1) The name, the setting time and the board authorization of the full-time (part-time) units to promote sustainable development. (2) Composition of the staff members of the unit promoting sustainability, the state of its operation, and the status of implementation in the current year (e.g., its work plan and the tasks it is charged with). (3) The frequency of reporting to the Board of Directors by the promotion unit (at least once a year) or the date of reporting to the Board of Directors in the current year. 3. Describe the Board of Directors' oversight of sustainable development, including but not limited to formulating management guidelines and concrete promotional plans	 V V V V V		The Company has formulated a Corporate Social Responsibility Best Practice Principles, and has assigned the Finance Department as the part-time division for promoting corporate social responsibility, and cooperated with the heads of various departments to promote the Company's sustainable development plan. In response to the environmental, social and corporate governance aspects covered by sustainable development, the responsible department collects stakeholders' concerns on environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance, respects stakeholders' rights and interests, and sets up a special area for stakeholders on the Company's website. The Company reports its stakeholder communication to the Board of Directors every year (at least once a year). The Board of Directors judges the likelihood of success of these strategies according to the Company's report to further supervise and must also regularly review the progress of the strategy and urge the management team to make adjustments when necessary.	No material difference
II. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to the Company's			This disclosure covers the performance of the period from January 2023 to December 2023. The risk assessment boundary is mainly based on the Company,	No material difference

<table>
<tr><td rowspan="2">Promoted projects</td><td colspan="3">Status of execution</td><td rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</td></tr>
<tr><td>Yes</td><td>No</td><td>Description</td></tr>
<tr><td>operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?
1. Describe the boundary of the risk assessment (scope of subsidiaries covered). In addition, the risk assessment boundary in this item should be the same as the boundary of subsequent environmental and social issues in this table. If there is any difference, the boundary should be described in each issue.
2. Describe the risk assessment standards, processes, results and risk management policies or strategies for identifying major issues related to the environment, society and corporate governance.</td><td>V
V</td><td></td><td>and the subsidiaries are also included in the scope.
Based on the principle of materiality of corporate social responsibility, the Company conducted relevant risk assessments on material issues. It also formulated relevant risk management policies or strategies pursuant to the risks assessed, as follows:
<table>
<tr><td>Material Issue</td><td>Assessment item</td><td>Policy or strategy</td></tr>
<tr><td>Corporate Governance</td><td>Socioeconomic status and legal compliance</td><td>We ensure all the personnel and their operations in line with the relevant laws and regulations by establishing and implementing the mechanism of corporate governance and internal control system.</td></tr>
<tr><td>Corporate Governance</td><td>Stakeholder Communication</td><td>1. To avoid misunderstandings and potential operational or legal risks arising from conflicting interests between stakeholders and the merged company, the merged company will conduct an annual analysis of key stakeholders and the material issues of concern to them.
2. Establish multiple communication channels, encourage active interaction, and avoid confrontation and misunderstanding. Set up an investor mailbox, which is handled and responded to by the spokesperson.</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Does the Company establish a suitable environmental management system based on its industrial characteristics?
1. Describe how to implement an effective environmental</td><td>V</td><td></td><td>(I) the Company has built a complete environment management system based on its industrial characteristics and operating demands and has obtained ISO14001 (the duration of validity: September 2, 2024) and QC080000 (the</td><td>No material difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted projects</th><th colspan="3">Status of execution</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>management system and the regulations on which it is based.
2. Describe the relevant international verification standards passed by the Company (which should be valid as of the date of publication of the annual report) and the scope they cover.</td><td>V</td><td></td><td>duration of validity: March 29, 2025) certification.</td><td></td></tr>
<tr><td>(II) Is the Company committed to improving the efficiency of utilizing energy and using recycled materials with low impacts on the environment?
Describe The Company’s policies to improve energy efficiency and use renewable materials, including but not limited to base year data, promotion measures, targets and achievements.</td><td>V</td><td></td><td>(II) the Company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving design, and reduces energy consumption of enterprises and products to optimize energy use efficiency. The raw materials used by the Company comply with EU RoHS, REACH and halogen-free specifications, and the Company has set up a cleaner production working group to reduce pollution in the manufacturing process and reduce the impact on the environment. In green manufacturing, the Company reduces unnecessary waste of resources, seeks the waste reduction and reuse technology development; In the upstream and downstream of the value chain, it makes joint efforts to recycle and share packaging materials; In addition, in terms of products, it makes efforts to test the use of recycled materials with low impact on environmental load, so as to maximize the circular economic benefits.</td><td>No material difference</td></tr>
<tr><td>(III) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to related issues?
Describe how the Company assessed the present and future potential risks and opportunities of climate change for the entity, the assessment results, and the related measures taken.</td><td>V</td><td></td><td>(III) The Company has assessed the impact of climate change, and the evaluation results and response measures are as follows:
<table>
<tr><th>Risk category</th><th>Risk factor</th><th>Countermeasures</th></tr>
<tr><td>Energy risk</td><td>• Government energy policy
• Unstable water and electricity supply</td><td>• When replacing related equipment, cooperate with government subsidy to reduce the overall cost, and reduce energy consumption and demand.
• Promote energy conservation and carbon reduction, and reduce water and electricity consumption.</td></tr>
</table></td><td>No material difference</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Climate risk</td><td>• Total greenhouse gas control</td><td>Participate in external carbon emission calculation and evaluation course as the initial plan for countermeasures to reduce carbon emissions in the future.</td></tr></table></td><td></td></tr>
<tr><td>(IV) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?
1. State the statistical data, intensity (e.g., per unit of product, service, or turnover) and scope of coverage (e.g., all factories and subsidiaries) for the following items in the last two years:
(1) Greenhouse gases: including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride and others announced by the competent central authorities, distinguishing between direct emissions (domain 1, i.e., emissions directly from sources owned or controlled by the Company), emissions from indirect energy choices (domain 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (domain 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies);
(2) Water consumption;
(3) Waste: The total weight of hazardous waste and non-hazardous waste. In the case of non-manufacturing industry, distinguishing is not required, only the total weight of wastes needs to be disclosed, and the statistical</td><td>V</td><td></td><td>(IV) According to the self-examination results, the main production places, the greenhouse gas emissions, water consumption and waste weight of the Company in the past two years are as follows:
<table><tr><td>Year</td><td>2022</td><td>2023</td></tr><tr><td>Greenhouse gas emissions</td><td>15,454.92 tons (note)</td><td>15,455 tons</td></tr><tr><td>Water consumption</td><td>37.83 kilotons</td><td>32.071 tons</td></tr><tr><td>Total weight of waste</td><td>485.16 tons</td><td>478.82 tons</td></tr></table>The Company aims to reduce greenhouse gas emissions and waste by 20% before 2026.
Note: The GHG emissions for 111 have been externally verified.</td><td>No material difference</td></tr>
</table>

Promoted projects	Status of execution			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
method should be explained according to the characteristics of the industry. 2. Describe the policies for greenhouse gas reduction, water use reduction or other waste management, including but not limited to base year data, reduction targets, promotion measures and achievements. 3. Describe the verification status of information (which should be valid as of the date of publication of the annual report) and its coverage.	 V V			
IV. Social Issues (I) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties? Describe the policies and specific management plans for the protection of human rights (such as human rights assessment, human rights risk mitigation measures, relevant education and training, etc.), and the relevant laws and regulations and international human rights conventions on which they are based.	 V		(I) 1. In order to abide by the labor human rights and to achieve full management, the Company observes the International Human Rights Law, the International Covenants of Human Rights and the local laws and regulations of the region where it is located, and is governed by the Occupational Safety and Health Law of Taiwan and the Labor Health Protection Rules. Treating and respecting current colleagues with dignity. 2. The Company is committed to ensuring that the working environment of the supply chain is safe, the employees are respected and dignified, and the operation promotes environmental protection and observes ethics. To fulfill this commitment, our important subsidiary, the direction of RBA (Responsible Business Alliance), is moving forward and establishing systematic documentation. 3. To mitigate human rights risks, the Company actively undertakes specific improvement plans to create a quality working environment. Circumstances. In order to prevent human factors, overwork, maternity, and violence, we focus on prevention and promotion, providing relevant courses to mitigate human rights risks.	 No material difference

Promoted projects	Status of execution			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			4. Specific practices of human rights protection: • Prevent workplace violence, make a written statement in advance, and provide a complaint line. • Conduct risk assessment to avoid potential illegal infringement risks. • Doctors and nurses are stationed on site every month for colleagues' consultation, and the second complaint management is established. • Risk statistical assessment, aggregation and adjustment are conducted annually.	
(II) Does the Company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation? 1. The employee welfare measures that should be described include but are not limited to employee salary/compensation, workplace diversity and equality (including but not limited to the proportion of female employees and senior managers), leave, allowances, gift money, and subsidies, etc. 2. Describe the policies regarding how business performance or results are reflected in employee compensation and their implementation.	 V V		(II) the Company has established employee work rules and related personnel management regulations, which cover the basic wages, working hours, leave, retirement benefits, labor insurance benefits, and occupational accident compensation for The Company's hired workers, all of which comply with the relevant provisions of the Labor Standards Act. A staff welfare committee is established by-election of employees, which handles various welfare matters; The Company's remuneration policy is based on personal ability, contribution to the Company and performance, which is positively correlated to operating performance.	No material difference
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis? 1. Describe the measures for employees' safe and healthy work environment, the employee education policy and their implementation. 2. Describe the relevant verifications obtained by the Company (which should be valid as of the date of publication of the	 V V		(III) the Company has implemented the content of the Occupational Safety and Health Protection Regulations in Taiwan, establishing a comprehensive system for preventing hazards related to human factors, overwork, maternity, and violence. Medical professionals are hired to conduct regular interviews to ensure the safety and health of employees in the workplace, preventing them from being subjected to unlawful harm while performing their duties. As a result, the Company achieved a zero occupational accident rate in the 2023 fiscal year. In the 2023 fiscal year, a total of 89 questionnaires were	No material difference

Promoted projects	Status of execution			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
annual report) and its coverage. 3. Describe the number of occupational accidents, the number of employees involved and the ratio to the total number of employees in the current year, and the related improvement measures.	V		completed for the Occupational Safety and Health Protection Regulations under the Labor Standards Act. The medical staff conducted the implementation 48 times, with a total of 106 participants. Our important subsidiary has obtained ISO 45001 certification.	
(IV) Has the Company established effective career development and training plans for its employees? Describe the aspects (such as newcomer training, ongoing professional training, manager training, etc.) and scope (such as: managers at all levels, colleagues, etc.) of the training programs and the status of their implementation.	V		(IV) the Company plans complete functional training for supervisors and colleagues at all levels, including newcomer training, professional advanced training and executive training, etc., to help colleagues continue to learn and grow through diversified learning methods and cultivate their key abilities. The total number of career training hours in 2023 was 12,875.5 hours.	No material difference
(V) Has the Company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing, and labeling, and formulated relevant consumer protection policies and grievance procedures? Describe the regulations and international standards that each matter follows, and explain the name, content and complaint procedures of the policy to protect the rights and interests of consumers or customers.	V		(V) the Company has formulated Procedures of Customer Service Control and Quality Policies and Quality Goals to ensure that products and services satisfy customer requirements.	No material difference
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented? 1. Describe the supplier management policy and relevant regulations to be followed, and their contents should have positive and specific requirements for suppliers in environmental protection, occupational safety and health or	V		(VI) the Company has formulated a Supplier Control Procedure to enable suppliers to continuously and timely provide products that meet The Company's quality/environmental protection requirements and HSF requirements for hazardous substance exemption, including products that are produced by suppliers under requirements of social responsibility. New suppliers and significant suppliers were evaluated every year pursuant to the Measures for Evaluation and Management of Suppliers.	No material difference

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>labor rights (e.g.: relevant verification should be passed).
2. Describe the implementation of supplier management policies and relevant regulations (e.g.: the implementation of supplier self-assessment, coaching or education, performance evaluation, etc.).</td><td>V</td><td></td><td></td><td></td></tr>
<tr><td>V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?
1. Describe the international preparation standards or guidelines referenced and the report prepared that discloses non-financial information.
2. For the reports that have obtained certification or assurance, describe the name of the certification or assurance verifier, the verification items or scope, and the standards they follow.</td><td></td><td>V</td><td>the Company has not prepared reports such as Sustainability Report to disclose non-financial information of the Company.</td><td>In the future, it will be compiled according to the development needs of the Company.</td></tr>
<tr><td colspan="5">VI. If a company has its own sustainability guidelines in accordance with the ‘Practical Guidelines for Sustainable Development of Listed and OTC Companies,’ please describe the differences between its operation and the established guidelines. Our company has established the ‘Code of Corporate Social Responsibility’ and has been implementing it in accordance with its provisions, with no significant differences.</td></tr>
<tr><td colspan="5">VII. Other important information for understanding the implementation of sustainable development: the Company has long been concerned about creating a friendly workplace environment for employees. As of 2023, female employees accounted for 47% of the total workforce, and the proportion of women in management positions was 38%. In terms of policies, the Company has established internal regulations such as the ‘Employee Handbook,’ ‘Work Rules,’ ‘Prevention and Control Measures for Workplace Sexual Harassment,’ ‘Employment Procedures,’ and ‘Employee Accommodation Subsidy Procedures.’ These regulations clearly declare the protection of employee rights in terms of age, working hours, attendance, and gender, ensuring that colleagues receive proper care. Regular on-site visits by the Company nurse are arranged once a week to provide employee consultations. Our Company is committed to creating a gender-friendly work environment, providing a diverse and inclusive workplace where women can fully utilize their strengths.</td></tr>
</table>

(VI) Climate-related Information of Listed and OTC Companies

Item		Status of execution
1.	Describe the Board's and management's supervision and governance of climate-related risks and opportunities.	The Company has assigned the Finance Department as the part-time division for promoting corporate social responsibility, and cooperated with the heads of various departments to promote the Company's sustainable development plan. The climate-related risks and opportunities are expected to be reported to the Board annually.
2.	Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (in the short, medium and long term).	As of the publication date of the Annual Report, the Company has not yet completed the identification of climate risks and opportunities, which will be disclosed on the Company's official website upon completion.
3.	Describe the financial impact of extreme climate events and transformation actions.	As of the publication date of the Annual Report, assessment of the financial impact of the extreme weather event and the transformation actions, which will be disclosed on the Company's official website upon completion.
4.	Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	As of the publication date of the Annual Report, the Company has not yet completed the climate risk identification, assessment and management processes, which will be disclosed on the Company's official website upon completion.
5.	If using scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and major financial impacts shall be explained.	As of the publication date of the Annual Report, the Company has not yet utilized scenario analysis to assess resilience to climate change risks, so it is not applicable.
6.	If the transition plan for managing climate-related risks has been developed, the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks, shall be explained.	As of the publication date of the Annual Report, the Company has not yet completed the transition plan for managing climate-related risks, which will be disclosed on the Company's official website upon completion.
7.	If using internal carbon pricing as a planning tool, the basis for price determination shall be explained.	As of the publication date of the Annual Report, the Company has not yet utilized internal carbon pricing as a planning tool, so it is not applicable.
8.	If climate-related goals are set, the activities covered, scope of GHG emissions, planning schedule, annual progress, and other information shall be explained. If carbon offsetting or renewable energy certificates (RECs) are used to achieve the goals, the source and quantity of carbon offsetting or the quantity of RECs shall be explained.	As of the publication date of the Annual Report, the Company has not yet set the climate-related goals, which will be disclosed on the Company's official website upon completion.
9.	Greenhouse gas inventories and its assurance status as well as reduction targets, strategies and specific action plans.	As of the publication date of the Annual Report, the Company is not a corporation that meets certain criteria, so it is not applicable.

(VII) Ethical corporate management implementation statusand deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx listed companies and reasons thereof

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of Ethical Corporate Management policies and programs				
(I) Does the Company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?	V		(I) As the basis for implementing ethical corporate management in practice, the Company has formulated Principles of Ethical Corporate Management and adheres to the Company Act, the Securities and Exchange Act, the Business Accounting Act, relevant policies for TWSE/TPEx listed companies and other laws pursuant to business conduct.	No material difference
(II) Does the Company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Article 7, Paragraph 2 of the Ethical Corporate Management for TWSE/TPEx Listed Companies?	V		(II) The Company's Board of Directors has formulated an Ethical Corporate Management Best Practice Principles on January 29, 2014, and has positively enhanced the implementation according to Code of Credit Management for TWSE/TPEx Listed Companies.	No material difference
(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	V		(III) the Company has formulated a code of ethical conduct to enable its employees, management, and stakeholders to better understand and follow The Company's ethical standards.	No material difference
II. Fulfillment of Ethical Corporate Management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(I) Before conducting commercial transactions, the Company will conduct credit investigation to avoid dealing with illegal or dishonest persons.	No material difference
(II) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and	V		(II) The Finance Department has been deployed as a concurrent unit to boost corporate integrity management and assist the Board of	No material difference

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?			Directors and the management in formulating and supervising the implementation of ethical corporate management policies, precautionary measures against unethical conducts. These efforts ensured the implementation of ethical corporate management policies. It regularly reported the implementation status to the Board of Directors once a year. The executive performance of the 2023 fiscal year will be reported at the board meeting on April 25, 2024. In 2023, training and testing are conducted to all employees with the theme of "Implementing the value of integrity, developing corporate sustainability."	
(III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	V		(III) The Board of Directors has formulated rules of procedure. If a director has conflicts of interest in various proposals, he/she should be recused from discussion and resolution.	No material difference
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) In accordance with the accounting system and internal control system, The Company's auditors regularly check its compliance.	No material difference
(V) Does the Company regularly hold internal and external training on ethical corporate management?	V		(V) the Company regularly holds internal and external education and training in ethical corporate management.	No material difference
III. Status of enforcing whistle-blowing systems in the Company				
(I) Has the Company established a concrete whistle-blowing and rewarding system, and set up accessible methods for whistle-blowers, and designate appropriate and dedicated personnel to investigate the accused?	V		(I) the Company has set up a reporting system and exclusive reporting channels. Whistle-blowers can report through The Company's website, and dedicated personnel will be assigned to handle the reporting matters.	No material difference
(II) Has the Company established standard operating procedures for the	V		(II) According to provisions of The Company's reporting system,	No material

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?			reporting matters shall be handled in accordance with the system and relevant contents shall be kept strictly confidential.	difference
(III) Does the Company take any measures to protect whistle-blowers so that they are safe from mishandling?	V		(III) the Company takes measures for protecting whistle-blowers from improper actions due to whistle-blowing.	No material difference
IV. Enhancement of Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company has formulated an 'Ethical Corporate Management Best Practice Principle' and has disclosed it on MOPS and Company's website.	No material difference
V. If a Company has its own integrity operating guidelines based on the "Integrity Operating Guidelines for Listed and Over-the-Counter Companies," please explain the differences between its operations and the guidelines: the Company has established the "Integrity Operating Procedures and Code of Conduct," which is implemented according to its provisions, with no significant differences.				
VI. Other important information for understanding The Company's integrity operation: the Company has established the 'Integrity Operation Procedures and Code of Conduct'. Please refer to the Public Information Observation Station or our Company's website for relevant information.				

(VIII) Please disclose the access to The Company's corporate governance principles and related rules and regulations:

Query method: http://www.apaq.com.tw

(IX) Other important information that can promote the understanding of the Company's corporate governance status shall be disclosed: None

(X) Implementation of the internal control system

1. Statement of Internal Control System:

APAQ Technology Co., Ltd.
Statement of Internal Control System

Date: February 20, 2024

Based on the findings of a self-assessment, the Company states the following about its internal control system in 2023:

I. the Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. the Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”) to determine whether the design and implementation of the internal control system are effective. The internal control system determination items adopted in the ‘Processing Guidelines’ are divided into five components according to the process of management control: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. the Company has already adopted the Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the assessment results, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, is effective in understanding the effectiveness and efficiency of operations, achieving the objectives of reporting reliability, timeliness, transparency, and compliance with relevant regulations and laws.

VI. This statement will constitute the main content of The Company’s annual report and the prospectus and will be disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the board of directors of our company on February 20, 2024. Out of the 7 directors present, there were no objections and all agreed to the content of this statement. This statement is hereby declared.

APAQ Technology Co., Ltd.

Chairman: Cheng Tun-Jen signature

CEO: Lin Ching-Feng signature

General Manager: Lin Hsi-Tung signature

2. For those who are entrusted with the task of reviewing internal control systems, they should disclose the auditor’s review report: none.

(XI) In the recent fiscal year and up to the date of printing of the annual report, the Company and its insiders have been penalized in accordance with the law, or the Company has imposed penalties on its insiders for violations of internal control system regulations. The results of these penalties may have a significant impact on shareholder equity or securities prices. The penalties, including the main deficiencies and improvement measures, should be specified: None.

(XII) Major Decisions of Board Meetings in the most recent year as of the publication date of the Annual Report:

Meeting	Date Convened	Major resolution
Board of Directors	2023.02.22	(1) Approved the fund allocation for the remuneration of The Company's directors, supervisors, and employees in 2022. (2) Approved the 2022 Business Report and financial statements. (3) Approved matters concerning the dates, times, places and agenda for the 2023 regular shareholders' meetings. (4) Approved the proposal that The Company's 2023 regular shareholders' meeting accepted shareholders' right to propose and nomination of director candidates.
Board of Directors	2023.04.25	(1) Approved The Company's distribution of the retained earnings for 2022. (2) Approved the proposal to nominate and resolve the list of director candidates (including Independent Directors)
Board of Directors	2023.05.11	(1) Approved The Company's first quarter consolidated financial statements for 2023.
Board of Directors	2023.06.12	(1) Election of the Chairman of the Eighth Board of Directors. (2) The appointment of the Compensation Committee members has been approved.
Board of Directors	2023.08.07	(1) Approved the consolidated financial statements for the second quarter of 2023. (2) Approved the capital lending to the subsidiaries of APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd. (3) Approved the endorsements and guarantees for APAQ Wuxi and APAQ Hubei.
Board of Directors	2023.11.06	(1) Approved the consolidated financial statements for the third quarter of 2023.
Board of Directors	2024.02.20	(1) Approved the fund allocation for the remuneration of The Company's directors, supervisors, and employees in 2023. (2) Approved the 2023 Business Report and financial statements. (3) Approved The Company's distribution of the retained earnings for 2023. (4) Approved matters concerning the dates, times, places and agenda for the 2024 regular shareholders' meetings. (5) Approved the acceptance of shareholders' motions for the 2024 regular shareholders' meetings.

Matters and implementation of resolutions of shareholders' meeting in 2023:

Meeting	Date Convened	Major resolution	Status of execution
Regular Shareholders' Meeting	2023.06.12	(1) Approved the 2022 Annual Business Report and financial statements.	The resolution was approved upon a vote.
		(2) Approved the distribution of the retained earnings for 2022.	The case was approved by a vote and the Chairman has set July 25, 2023 as the ex-dividend date and August 8, 2023 as the cash dividend payment date.
		(3) The 7th Board of Directors Appointment Proposal of our Company.	The case has been voted to elect 7 directors (including 3 independent directors), with a term from June 12, 2023 to June 11, 2026. The elected directors are: Cheng Tun-Jen, Parawin Venture Capital Corp. Legal Representative Director: Hsu Hsien-Yueh, Lin Ching-Feng Hsieh Ming-Yen, Liu Chung-Ming, Wu Yung-Tsai, Te Hsiang-Chu. The list of shareholders elected at the shareholders' meeting has been approved for registration by the Hsinchu Science Park Administration, Ministry of Science and Technology, on June 28, 2023.
		(4) Approved the revocation of the non-compete covenant for new directors.	The resolution was approved upon a vote.

(XIII) In the recent annual and year-end reports, directors have expressed different opinions on important resolutions passed by the board and have provided records or written statements. The main content is as follows: There is no such situation.

(XIV) During the most recent fiscal year and up until the date of printing of the annual report, resignations or terminations of the Chairman, CEO, CFO, Finance Director, Internal Audit Director, Corporate Governance Director, or R&D Director: None.

V. Information Regarding Audit Fees

(I) Information Regarding Audit Fee:

Unit: NT$ thousand

CPA firm	CPAs	Audit Period	Audit Fees	Non-audit fee	Total	Remarks
KPMG Taiwan	Wu Chun-Yuan Chen Cheng-Hsueh	2023.01.01~ 2023.12.31	2,920	0	2,920	

	Wu Chun-Yuan	-	0	380	380	NT$380,000 for taxation declaration and certification

(II) **Where the Company changed the accounting firm and the audit fees paid for the year of change was less than that of the prior year, the amount of audit fees before and after the change and reasons shall be disclosed. :** None.

(III) **Where accounting fee paid for the current year was more than 10% less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed:** None.

VI. Change of Accountant Information: Due to the internal rotation of accounting firms in accordance with relevant laws and regulations, the Company has decided at the Board of Directors meeting on November 6, 2023 to replace the original accountants, Chen Cheng-Hsueh and Yu Wan-Yuan, with Accountant Wu Chun-Yuan and Accountant Chen Cheng-Hsueh, starting from the third quarter of Year 2023.

VII. The Chairman, General Manager, and managers responsible for finance or accounting of the Company, who have served in the past year at a certified public accountant firm or its affiliated enterprises, should disclose their names, titles, and the duration of their employment at the certified public accountant firm or its affiliated enterprises: There is no such situation.

VIII. The Status Involving Share Transfers and Changes in Equity Pledges of the Directors, Supervisors, Managerial Officers, and Shareholders who Hold More Than 10% of Shares, from the Past Year up to the Publication Date of the Annual Report:

(I) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Unit: Shares

Title	Name	2023		As of March 31, 2024	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman	Cheng Tun-Jen	0	0	0	0
Director and CEO	Lin Ching-Feng	0	0	0	0
Director and major shareholder	Parawin Venture Capital Corp.	0	0	0	0
	Legal Representative: Hsu Hsien-Yueh	0	0	0	0
Director	INPAQ Technology Co., Ltd. (Note 1)	(4,522,000)	0	0	0
	Legal Representative: Tseng Ming-Tsan (Note 1)	0	0	0	0
Director	Hsieh Ming-Yen	0	0	0	0
Independent Director	Liu Chung-Ming	0	0	0	0
Independent Director	Liang Shu-Jian (Note 3)	0	0	0	0
Independent Director	Chang Chia-Ning (Note 3)	0	0	0	0
Independent Director	Wu Yung-Tsai	0	0	0	0
Independent Director	Te Hsiang-Chu	0	0	0	0
Major shareholder	TAI-TECH ADVANCED ELECTRONICS CO., LTD. (Note 2)	0	0	0	0
General Manager	Lin Hsi-Tung	0	0	0	0
Vice General Manager of Sales & Marketing Division	Lin Han-Yuan	0	0	0	0
Director of Quality Assurance Center	Chen Ming-Zung	(27,000)	0	(66,000)	0
Head of New Products Division	Chien Ming-Ku	0	0	0	0
Head of Finance Division	Li Pei-Ling	(32,000)	0	0	0

Note1: The directors thereof were certainly removed because on April 13, 2023, the shares transferred exceeding more than half of its shares when being elected. Therefore, only the changes in equity as of April 13, 2023 were disclosed.

Note2: On April 13, 2023, a total of 25,000,000 ordinary shares of the Company were acquired through a tender offer, accounting for 28.1% of the Company's issued shares, and at the same time, he obtained the identity of a shareholder with a shareholding ratio of more than 10%. Therefore, the equity changes since April 13, 2023 were only disclosed.

Note3: Removed after the comprehensive re-election of the shareholders' meeting on June 12, 2023.

(II) Information on the Counterparty Who Is a Related Party in a Transfer of Equity Interests:

Name (Note 1)	Reason for transfer (Note 2)	Date of transaction	Transaction counterparty	Relationship between the transaction counterparty and the Company, the directors, the managerial officers, and the shareholders who hold more than 10% of the shares of the Company	Number of shares	Price of transaction
INPAQ Technology Co., Ltd. (Termination Date: 2023.04.13)	Disposal (Sell through a tender offer)	2023.04.13	TAI-TECH ADVANCED ELECTRONICS CO., LTD.	A shareholder who holds more than 10% of the shares of the Company	4,522,000	58

Note1: To fill in the names of the directors and managerial officers of the Company, as well as the shareholders who hold more than 10% of the shares of the Company.

Note2: To fill in either acquisition or disposal.

(III) Counterparty of equity pledge is a related party: Not Applicable

IX. Information on The Top 10 Shareholders of the Company Who Are Identified As Related Parties, Spouse or Relative Within The Second Degree Of Kinship:

On March 31, 2024; unit: shares

Name	Shareholding of shareholder		Spouse & minor shareholding		Total shareholding by nominees		If the top 10 shareholders have relations, or relations of spouse, or relatives within the second degree of kinship, indicate their names and relationships		Remarks
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name of entity (or individual)	Relation	
TAI-TECH ADVANCED ELECTRONICS CO., LTD.	25,000,000	28.11	N/A	N/A	0	0	None	None	
TAI-TECH ADVANCED ELECTRONICS CO., LTD. Representative: Hsieh Ming-Yen	0	0	0	0	0	0	None	None	
Parawin Venture Capital Corp.	10,668,012	11.99	N/A	N/A	0	0	SINO ACTION INVESTMENTS LIMITED	They are both subsidiaries of ASUSTek Computer Inc.	
Parawin Venture Capital Corp. Representative: Shih Chong-tang	0	0	0	0	0	0	SINO ACTION INVESTMENTS LIMITED	Chairman of the Company	
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90	N/A	N/A	0	0	None	None	
TAIFLEX Scientific Co., Ltd. Representative: Sun Dawen	0	0	0	0	0	0	None	None	
SINO ACTION INVESTMENTS LIMITED	3,210,015	3.61	N/A	N/A	0	0	Parawin Venture Capital Corp.	They are both subsidiaries of ASUSTek Computer Inc.	
SINO ACTION INVESTMENTS LIMITED Representative: Shih Chong-tang	0	0	0	0	0	0	Parawin Venture Capital Corp.	Chairman of the Company	
Special property account of APAQ TECHNOLOGY CO., LTD. in custody of Taipei Fubon Commercial Bank	3,204,772	3.60	0	0	0	0	None	None	
Cheng Tun-Jen	3,117,358	3.50	413,573	0.46	0	0	Cheng Chao-Kai, Cheng Fu-Jen	Relative within the second degree of kinship	

Name	Shareholding of shareholder		Spouse & minor shareholding		Total shareholding by nominees		If the top 10 shareholders have relations, or relations of spouse, or relatives within the second degree of kinship, indicate their names and relationships		Remarks
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name of entity (or individual)	Relation	
TAI-TECH ADVANCED ELECTRONICS CO., LTD.	25,000,000	28.11	N/A	N/A	0	0	None	None	
TAI-TECH ADVANCED ELECTRONICS CO., LTD. Representative: Hsieh Ming-Yen	0	0	0	0	0	0	None	None	
Chaintech Technology Corp.	3,050,000	3.43	N/A	N/A	0	0	None	None	
Chaintech Technology Corp. Representative: Gao Shu Rong	55,000	0.06	0	0	0	0	None	None	
Fu Kai Investment Management and Consulting Co., Ltd.	2,058,000	2.31	N/A	N/A	0	0	None	None	
Fu Kai Investment Management and Consulting Co., Ltd. Representative: Cheng Chao-kai	266,307	0.30	0	0	0	0	Cheng Tun-Jen	Relative within the second degree of kinship	
Wang Fu-Tai	1,602,000	1.80	0	0	0	0	None	None	
Yao Kai Investment Management and Consulting Co., Ltd.	1,395,000	1.57	N/A	N/A	0	0	None	None	
Yao Kai Investment Management and Consulting Co., Ltd. Representative: Cheng Fu-Jen	0	0	0	0	0	0	Cheng Tun-Jen	Relative within the second degree of kinship	

X. Shares held by the Company, its Directors, managers, and businesses directly or indirectly controlled by the Company as a result of investment, and the ratio of consolidated shares held:

On December 31, 2023 unit: thousand shares

Investee business (Note 1)	Investment by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio
APAQ Investments Limited	45,104	100%	0	0%	45,104	100%
APAQ Electronic (Wuxi) Co., Ltd.	Note 2	100%	Note 2	0%	Note 2	100%
APAQ Electronic (Hubei) Co., Ltd.	Note 2	100%	Note 2	0%	Note 2	100%
Shenzhen Gather Electronics Science Co., Ltd.	Note 2	35%	Note 2	0%	Note 2	35%
JDX Technology Co., Ltd.	700	23.33%	0	0%	700	23.33%
AiPAQ Technology Co., Ltd.	3,000	30%	660	6.60%	3,660	36.60%

Note1: Invested by the Company using the equity method

Note2: the Company is a limited company with no share issued.

Chapter 4 Funding Status

I. Capital and Shares

(I) Sources of capital

On March 31, 2024; Unit: shares; NT$

Year/ Month	Issue price	Authorized capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
2005.12	10	60,000,000	600,000,000	500,000	5,000,000	Establishment	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09433433750 issued on December 27, 2005
2006.6	10	60,000,000	600,000,000	3,000,000	30,000,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09532265240 issued on June 2, 2006
2006.6	12	60,000,000	600,000,000	19,021,000	190,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09532262450 issued on June 2, 2006
2007.1	13	60,000,000	600,000,000	20,521,000	205,210,000	Capital increase	Technology price NT$15,000,000	Approved by the Ministry of Economic Affairs Letter No. Economic-Central- 09631521190 issued on January 5, 2007
2007.10	10	60,000,000	600,000,000	30,521,000	305,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09632914170 issued on October 22, 2007
2008.10	10	60,000,000	600,000,000	48,521,000	485,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central- 09733285520 issued on October 20, 2008
2009.11	15	60,000,000	600,000,000	58,521,000	585,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09801265660 issued on November 20, 2009
2011.10	10	60,000,000	600,000,000	58,970,875	589,708,750	Recapitalization of retained earnings	Dividend and bonus NT$4,498,750	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-10001230920 issued on October 7, 2011
2012.11	10	100,000,000	1,000,000,000	63,290,126	632,901,260	Recapitalization of retained earnings	Dividend and bonus NT$43,192,510	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10101219470 issued on November 8, 2012
2014.2	10	100,000,000	1,000,000,000	65,070,126	650,701,260	Issue of new shares by conversion of employee stock options	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301021450 issued on February 10, 2014
2014.2	10	100,000,000	1,000,000,000	66,290,126	662,901,260	Issue of new shares by conversion of	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301022910

Year/ Month	Issue price	Authorized capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
						employee stock options		issued on February 11, 2014
2014.12	32	100,000,000	1,000,000,000	73,190,126	731,901,260	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301268970 issued on December 30, 2014
2018.03	10	150,000,000	1,500,000,000	76,094,700	760,947,000	Issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070006900 issue on March 6, 2018
2018.05	10	150,000,000	1,500,000,000	86,104,150	861,041,500	Issue of new shares by conversion of convertible bond and capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070015421 issued on May 28, 2018
2018.09	10	200,000,000	2,000,000,000	86,493,651	864,936,510	Issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070026345 issued on September 10, 2018
2018.12	10	200,000,000	2,000,000,000	84,441,912	844,419,120	Cancellation of treasury stock and issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070036633 issued on December 12, 2018
2020.04	10	200,000,000	2,000,000,000	84,524,751	845,247,510	Issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1090010329 issued on April 16, 2020
2021.05	10	200,000,000	2,000,000,000	88,953,514	889,535,140	Issue of new shares by conversion of convertible bond	None	Approved by Official Letter Chin-Chu-Shang No. 1100014851 issued on May 28, 2021

Share type	Authorized capital			Remarks
	Issued shares	Unissued shares	Total	
Ordinary shares	88,953,514 (Note)	111,046,486	200,000,000	Public shares

Including 1,000,000 treasury stocks.

(II) Shareholder structure

On March 31, 2024, unit: shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juristic persons	Individual	Foreign Institutions and Natural Person	Total
Number	0	2	193	21,482	41	21,718
Number of shares held	0	3,308,772	55,314,919	27,704,462	2,625,361	88,953,514
Shareholding ratio %	0	3.72	62.18	31.15	2.95	100

(III) Shareholding distribution status

On March 31, 2024, unit: shares

Range of Shares	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	19,330	113,311	0.13
1,000 to 5,000	1,868	3,492,167	3.93
5,001 to 10,000	207	1,661,842	1.87
10,001 to 15,000	72	916,067	1.03
15,001 to 20,000	44	788,124	0.89
20,001 to 30,000	36	930,738	1.05
30,001 to 40,000	30	1,062,732	1.20
40,001 to 50,000	18	840,263	0.95
50,001 to 100,000	42	2,952,376	3.31
100,001 to 200,000	26	3,480,119	3.91
200,001 to 400,000	23	6,468,553	7.27
400,001 to 600,000	10	4,801,065	5.39
600,001 to 800,000	0	0	0.00
800,001 to 1,000,000	1	1,000,000	1.12
1,000,001 or more	11	60,446,157	67.95
Total	21,718	88,953,514	100.00

(IV) List of major shareholders

Name, number of shares held, and shareholding percentage of shareholders who hold more than 5% of the shares or the 10 largest shareholders:

On March 31, 2024, unit: shares

Shares / Name of Major Shareholder	Number of shares held	Shareholding ratio (%) (Note)
TAI-TECH ADVANCED ELECTRONICS CO., LTD.	25,000,000	28.11
Parawin Venture Capital Corp.	10,668,012	11.99
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90
SINO ACTION INVESTMENTS LIMITED	3,210,015	3.61
Special property account of APAQ TECHNOLOGY CO., LTD. in custody of Taipei Fubon Commercial Bank	3,204,772	3.60
Cheng Tun-Jen	3,117,358	3.50
Chaintech Technology Corp.	3,050,000	3.43
Fu Kai Investment Management and Consulting Co., Ltd.	2,058,000	2.31
Wang Fu-Tai	1,602,000	1.80
Yao Kai Investment Management and Consulting Co., Ltd.	1,395,000	1.57

(V) Market price per share, net value, surplus, capital bonus and related information in the most recent two years

<table>
<tr><th colspan="3">Year
Item</th><th>2022</th><th>2023</th><th>As of March 31, 2024</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest</td><td>61.3</td><td>76.9</td><td>84.1</td></tr>
<tr><td colspan="2">Lowest</td><td>38.55</td><td>40.7</td><td>64.6</td></tr>
<tr><td colspan="2">Average</td><td>47.33</td><td>58.2</td><td>76.5</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before distribution</td><td>30.93</td><td>33.14</td><td>Note 5</td></tr>
<tr><td colspan="2">After distribution</td><td>28.63</td><td>30.84 (Note 4)</td><td>N/A</td></tr>
<tr><td rowspan="3">Earnings Per Share (NT$)</td><td colspan="2">Weighted average number of shares (thousand shares)</td><td>88,686</td><td>87,954</td><td>N/A</td></tr>
<tr><td colspan="2">Before adjustment of warnings per share</td><td>3.82</td><td>3.73</td><td>Note 5</td></tr>
<tr><td colspan="2">After adjustment of earnings per share</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>2.3</td><td>2.3 (Note 4)</td><td>N/A</td></tr>
<tr><td rowspan="2">Uncompensated Rights Issue</td><td>0</td><td>0</td><td>0</td><td>N/A</td></tr>
<tr><td>0</td><td>0</td><td>0</td><td>N/A</td></tr>
<tr><td colspan="2">Accumulated undistributed dividend</td><td>0</td><td>0</td><td>N/A</td></tr>
<tr><td rowspan="3">Return on investment</td><td colspan="2">Price /Earnings ratio (Note 1)</td><td>12.39</td><td>15.6</td><td>N/A</td></tr>
<tr><td colspan="2">Price /Dividend ratio (Note 2)</td><td>20.58</td><td>25.3</td><td>N/A</td></tr>
<tr><td colspan="2">Cash Dividend Yield (%) (Note 3)</td><td>4.86</td><td>3.95</td><td>N/A</td></tr>
</table>

Note1: Price /Earnings ratio = Average closing price for each share for the year/Earnings Per Share

Note2: Price/Dividend ratio = Average closing price for each share for the year/cash dividend per share

Note3: Cash dividend yield = Cash dividends per share/average closing price per share for the year.

Note4: The distribution of the retained earnings for 2023 has been approved by the Board of Directors; however, a resolution of the shareholders' meeting has not been secured.

Note5: Not reviewed by CPA.

(VI) The Company's dividend policy and implementation status:

1. Dividend Policy

According to the Articles of Incorporation of the Company, the industry is changeable, capital-intensive, and technology-intensive. The corporate life cycle is in a stable growth of operation. It is necessary to adopt the residual dividend policy at this stage in order to retain surplus funds to meet the needs of operation growth and investment. The distribution of shareholder dividends, in cash or stock forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.

2. Dividend distribution proposal of the year

On February 20, 2024, the board of directors of our company approved the proposal to be submitted to the shareholders' general meeting on May 29, 2024 for resolution: a cash dividend of NT$202,293,083, with a cash distribution of NT$2.3 per share.

3. Explanation for the expected dividend policy to undergo significant changes:

None.

(VII) The impact of the proposed free stock distribution on The Company's business performance and earnings per share: not applicable, as there have been no instances of free stock distribution.

(VIII) Compensation of employees, Directors and Supervisors:

1. the Company shall appropriate no less than 8% of current year profit as employee bonuses by cash or shares upon approval of the Board of Directors. Employee bonuses may be issued to employees in affiliate companies that meet certain criteria. the Company may appropriate no more than 3% of the above profit as Directors' remuneration upon approval of the Board of Directors. The distribution plan of the remuneration to employees and directors shall be reported at the shareholders' meeting.

   However, the Company shall reserve sufficient amount to compensate its accumulated deficits in advance before appropriating the remuneration of employees, directors, and supervisors according to the previous ratio.

2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   In the fiscal year 2023, the Company made a profit of NT$420,817,416. Based on The Company's articles of association and considering the overall operational structure and industry distribution level, the distribution ratio is determined. It is proposed to distribute employee remuneration in the amount of NT$35,769,327 and director remuneration in the amount of NT$10,520,391. If the employee remuneration is to be distributed in the form of stocks, the number of shares to be distributed will be calculated based on the closing price of ordinary shares on the day before the board of directors' resolution. There is no difference with the estimated amount of the recognized expenses in the year.

3. Information on any approval by the Board of Directors of distribution of remuneration:

   (1) The amount of employee compensation and director remuneration distributed in cash or stock, if different from the estimated amount of expenses for the year, should disclose the difference, reasons, and treatment: the Company, by resolution of the Board of Directors on February 20, 2024, has determined that there is no difference from the estimated amount.

Allocation items	Estimated amount	Distributed amount
Remuneration of employees	NT$35,769,327	NT$35,769,327
Director Remuneration	NT$10,520,391	NT$10,520,391
Total allocation	NT$46,289,718	NT$46,289,718

   (2) The proportion of employee compensation distributed in stock and its total

amount as a percentage of the current period's individual or separate financial report's after-tax net income and total employee compensation: the Company, after the Board of Directors' resolution on February 20, 2024, decided to distribute all employee compensation in cash, so it is not applicable.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including the number and total amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and Directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated. the Company approved the resolution of the Board of Directors on February 22, 2023, and submitted the following report to the shareholders' meeting on June 12, 2023. There is no difference with the proposed allotment approved by the original Board of Directors.

Allocation items	Resolved amount	Remarks
Remuneration of employees	NT$36,374,914	Cash
Remuneration of directors and supervisors	NT$10,698,505	Cash
Total allocation	NT$47,073,419	

(IX) Redemption of The Company's Own Shares:

1. Redemption of the Company's own shares (redeemed):

March 31, 2024

Times of redemption	The 3rd time
Purpose of redemption	Transferred shares to employees
Period of redemption	From August 10, 2022 to October 7, 2022
Price range of redemption	NT$27.93 to NT$63.48 per share
Type and quantity of shares redeemed	1,000,000 ordinary shares
Amount of shares redeemed	NT$40,373,628
Ratio of repurchased shares to scheduled repurchased shares (%)	100
Number of shares that have been canceled and transferred	0
Cumulative number of shares held in the Company	1,000,000 shares
Cumulative number of shares held in the Company to the total issued shares (%)	1.12

2. Redemption of Company Share (under redemption): None.

II. Handling Status of Corporate Bond: None.

III. Handling Status of Preferred Shares: None.

IV. Handling Status of Global Depository Shares: None.

V. Handling Status of Employee Stock Options: None.

VI. Handling Status of New Restricted Employee Shares:

Types of Restricted Stock Awards	First time Restricted Stock Awards
Effective date of declaration and total number of shares	On June 20, 2023 / 3,000,000 shares.
Date of Issuance:	Not yet issued.
The number of shares of restricted stock awards issued.	0 shares
The number of shares of restricted stock awards remaining to be issued	3,000,000 shares
Issue price	NT$0 (issued without charge)
Ratio of the number of shares of restricted stock awards issued to the total number of issued shares	0%
Vesting conditions for restricted stock awards	1. After the issuance of new restricted employee shares (i.e., the base date of capital increase), any employee remains in office whose personal performance met the target set by the company in the year prior to the expiration, is eligible for the new shares under the following vesting conditions respectively: (1) 1 year from the allotment date: 20% of the allotted shares. (2) 2 years from the allotment date: 20% of the allotted shares. (3) 3 year from the allotment date: 20% of the allotted shares. (4) 4 year from the allotment date: 20% of the allotted shares. (5) 5 years from the allotment date: 20% of the allotted shares. 2. The aforementioned “personal performance” refers to the annual assessment of B+ or above. 3. After the allotment of restricted stock awards, in case of gross negligence such as violation of labor contract, work rules or company regulations, the employee shall be deemed to have not satisfied the vesting conditions.
Restricted rights of the restricted stock awards	1. Employees shall not sell, pledge, transfer, sell, pledge, transfer, donate, set up, or otherwise dispose of the restricted stock awards, except by way of inheritance, until the vesting conditions have been satisfied after the new shares have been allocated to them. 2. In addition to the aforementioned restrictions, employees who are allocated the restricted stock awards under the regulation shall have the same rights as the ordinary shares already issued by the Company, including but not limited to: dividends, bonuses, rights to receive capital surplus, and rights

	to subscribe to cash capital increases, until the vesting conditions for obtaining such rights are met. The relevant operations shall be carried out in accordance with the trust/custody agreement. 3. The rights of attendance, proposal, speech, voting, and other matters related to shareholders' rights at shareholders' meetings are the same as those of the ordinary shares issued by the Company, and are governed by the trust/custody agreement, until the vesting conditions have been satisfied after the new shares have been allocated to them. 4. During the vesting period, if the Company carries out cash reduction, reduction of capital to offset losses, or any other capital reduction that is not mandated by law, the restricted stock awards shall be cancelled in proportion to the reduction of capital. If it is a cash reduction, the cash to be refunded must be delivered to the trustee/custodian and can only be delivered to employees after the vesting conditions are met. However, if the conditions are not met, the Company will recover the cash.
Custody of restricted stock awards	Delivery into trust
Handling of employees who have not fulfilled the vesting conditions after allotment or subscription of new shares	1. If an employee is absent from work on the vesting date or fails to fulfill the vesting conditions after he/she has been granted the restricted stock awards, the Company will reclaim the restricted stock awards for which he/she fails to fulfill the vesting conditions without any compensation and will cancel the awards. 2. During the vested period, if an employee voluntarily resigns, is terminated, or is laid off, the Company will retrieve and cancel the unvested shares without any compensation.
The number of shares of restricted stock awards repossessed or acquired	Not yet issued, so it's not applicable.
The number of shares of restricted stock awards released from restrictions	Not yet issued, so it's not applicable.
The number of shares of restricted stock awards unreleased from restrictions	Not yet issued, so it's not applicable.
The number of shares of restricted stock awards unreleased from restrictions as a ratio to total number of shares issued (%)	Not yet issued, so it's not applicable.
Impact on Shareholders' equity	The dilution of earnings per share for the Company is still limited, therefore it has no significant impact on Shareholders' equity.

VII. Handling Status of Issuance of new shares in connection with the merger or acquisition of other companies: None.

VIII. Implementation of Capital Utilization Plans: None.

Chapter 5 Operational Highlights

I. Company Business

(I) Business Scope

1. Business Scope
   (1) The Company's business
      A. CC01080 Electronic Parts and Components Manufacturing
      B. CC01110 Computers and Peripheral Equipment Manufacturing
      C. E603050 Automatic Control Equipment Engineering
      D. F401010 International Trade
      E. I501010 Product Designing

      Research, development, manufacturing, and sales for the following products: Aluminum Solid Capacitor, Aluminum Liquid Electrolytic Capacitor and general electronic components
   (2) Operational Proportion of major products

Unit: NT$ thousand

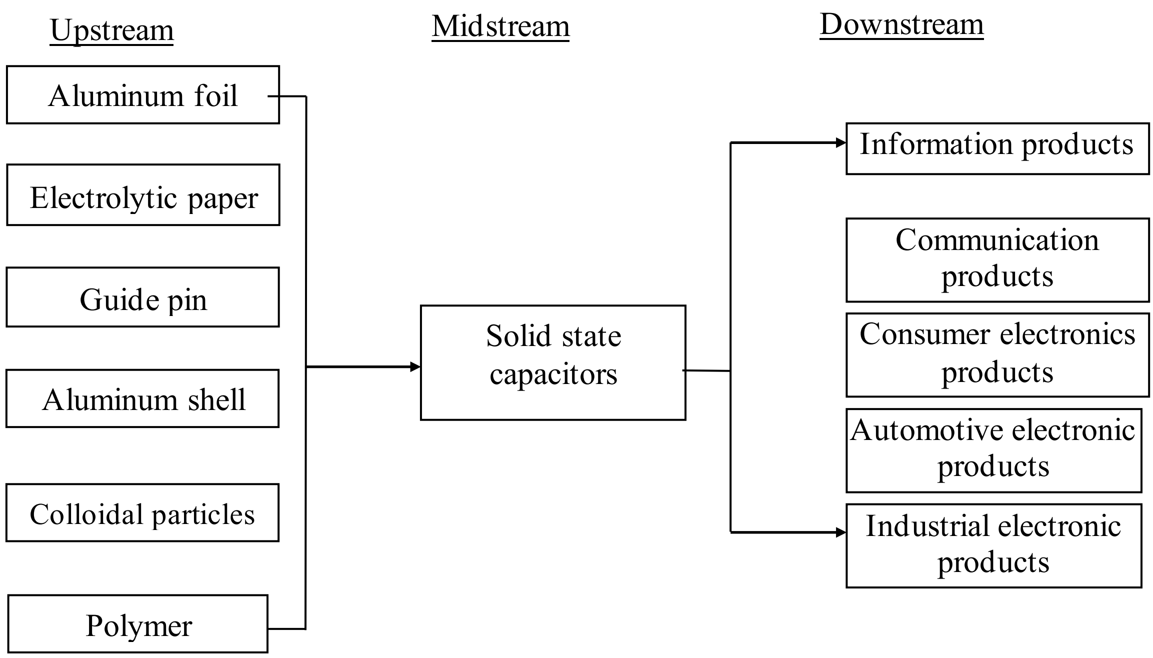
Year / Products	2022		2023	
	Net Operating Revenue	Proportion (%)	Net Operating Revenue	Proportion (%)
Coiled conductive polymer solid state capacitors	1,950,624	78.38	2,107,748	71.82
Chip-type conductive polymer solid state capacitors	538,070	21.62	827,165	28.18
Total	2,488,694	100.00	2,934,913	100.00

   (3) Current Commodities (Services) of the Company
      A. Coiled conductive polymer solid state capacitors
      B. Chip-type conductive polymer solid state capacitors
   (4) New Products (Services) Planned to Be Developed
      A. Coiled capacitors with high voltage and high reliability (for industrial power supply and server)
      B. High-capacity chip-type capacitor (for advanced drawing card and server)
2. Industry Overview
   (1) Industry Status and Development

      the Company mainly researches, develops, and sells solid-state capacitors. The rise of solid-state capacitors is mainly to solve the problem of explosicum of traditional aluminum electrolytic capacitors in case of high heat. It has long life and is suitable for application in a high-frequency environment. In downstream applications such as advanced mainboards, notebook computers, industrial computers, servers, VGA cards, game consoles, miniaturized adapters, chargers, etc., solid-state capacitors will gradually replace traditional liquid aluminum electrolytic capacitors with improving efficiency and quality. According to IEK of Industrial Technology Research Institute, the scale of global solid-state capacitor market is under slow expansion. With the price of traditional aluminum electrolysis capacitors close to the price of solid-state capacitors and increased permeability, the solid-state capacitor industry has a predictable prospect.

(2) The Relevance of Upstream, Midstream and Downstream Industry

The main upstream raw materials of solid-state capacitors are aluminum foil, electrolytic paper, guide pins, aluminum shells, colloidal particles, and polymers, while the downstream users are information products, communication products, consumer electronic products, automotive electronic products, and industrial electronic products.



(3) Development trends and competitive situations of Industry

Solid-state capacitor manufacturers are mainly in Japan, Taiwan, South Korea, and Mainland China. Originally Japanese manufacturers were the industry leaders, but in recent years they have been caught up by Taiwanese manufacturers. Japanese manufacturers have gradually ceded the market due to insufficient price competitiveness.

Solid state capacitors are mainly used in PC-related products. In the past two years, the demand for PCs has increased due to the COVID-19 pandemic. Although the market made significant adjustments in 2023, it is expected to recover and increase again in the future due to application demand for AI PCs. In addition, the expansion of the cloud and Internet markets, as well as the demand for servers and high-speed computing, will continue to drive the gradual growth of the solid-state capacitor market.

3. Technology and Research & Development

(1) Technical Level of The Company's Business and R&D Development

the Company continues to develop solid-state capacitor products, including solid-state capacitors with high voltage (> 35V), capacitors with high reliability and resistance to environmental climate. In addition, the Company has cooperated with ITRI, academic fields and major international factories to enhance The Company's R&D capability and the development and application of new technologies.

(2) The annual expenses on R&D invested in the past five years and technologies or products successfully developed

A. The annual expenses on R&D invested in the past five years

Unit: NT$ thousand

Item \ Year	2019	2020	2021	2022	2023
R&D expenses	54,256	70,706	90,959	88,446	105,514
Net Operating Revenue	2,002,841	2,384,625	2,822,408	2,488,694	2,934,913
Percentage Accounting for Net Revenue (%)	2.71	2.97	3.22	3.55	3.59

B. Research and Development Achievements:

Year	Name or Project of Product and Technology
2010	1. Coiled solid capacitors: 25V Specification 2. V Chip Solid Capacitor: 6ϕ Size AVEA Series 3. Chip Type Solid State Capacitor: 2.5V 100uF ACAS Series
2011	1. Wound Type Solid State Capacitor: High Reliability AR5K Series 2. V Chip solid capacitor: Low Impedance AVEC Series (10mΩ) 3. Chip-type solid-state capacitor: 2V 220uF ACAS series
2012	1. Coiled solid capacitors: solid capacitor with high voltage (35V, 50V) 2. Chip-type solid-state capacitor: M size ACAM series 3. Chip-type solid-state capacitor: 2V 330uF ACAS series
2013	1. Coiled solid capacitors: solid capacitor with high voltage (63V) 2. V Chip solid capacitor: solid capacitor with low back (4.5mm high) 3. V Chip solid capacitor: solid capacitor with high voltage (25V and 6 mm high)
2014	1. V Chip solid capacitor: solid capacitor with high voltage and low back (4.5mm high and 25V) 2. Chip-type solid-state capacitor: 2V 470uF ACAH series
2015	1. AREP series of solid capacitor dedicated for coiled power supply 2. Low Impedance Chip Type Solid State Capacitor: ESR=4.5mΩ
2016	1. ARHA series of coiled solid capacitor with high voltage (25V~100V) 2. hrs series of chip-type solid capacitor with high reliability in 125°C and 1k
2017	ARHT series of coiled solid capacitor with high reliability (125°C 2k hrs)
2018	Development of high voltage (above 16V) chip-type solid capacitors
2021	V Chip solid capacitor: solid capacitor with low back (4mm high)

Year	Name or Project of Product and Technology
2022	1. Low Impedance Chip Type Solid State Capacitor: ESR=3mΩ 2. Industrial/Automotive Hybrid Capacitor AVMC/AVQC Series 25~80V (125℃ 4k hrs)
2023	1. High-capacity chip-type solid capacitor: 560uF 2. Low total height chip-type capacitor (1.4mm) 3. Industrial/Automotive Hybrid Capacitor AVME/AVQE Series 25~35v(135℃ 4k hrs)

4. Long-term and Short-term Business Development Plan

(1) Short-term development plan

A. Marketing Strategy

a. Strengthen product development and after-sales service to consolidate existing customers.

b. Promote the development and in-depth cultivation of regional markets.

c. Lock in the new application market, actively collect market information and develop new customers.

d. Regularly visit to customers to strengthen the cooperative relationship between the two parties.

B. Production, R&D, and product development direction

a. Improve capacity utilization and reduce costs.

b. Actively introduce and cultivate R&D and project management talents to extend the technical field and accelerate the product development speed.

c. Develop products close to customers and market demands.

C. Operation management policy

a. Stabilize the source of raw materials and Strengthen supply chain management

b. Enhance quality control system, continuously improve product quality, and strengthen customer service.

c. Make good use of information management system to improve the Company's operating performance.

(2) Long-term development plan

A. Marketing Strategy

a. Consolidate current major customers and expand cooperation in product lines.

b. Establish strategic partnership.

B. Production, R&D, and product development direction

a. Integrate process management to improve production performance and yield.

b. Continue to develop talents and upgrade technology in R&D.

c. Expand product applications and lead the development of new products and services

C. Operation management policy

a. Vertically integrate technology and manufacturing capabilities to provide customers with all-round services.

b. Further expand the enterprise territory through capital market financing.

II. Overview of Marketing and Production & Sales, Business

1. Market Analysis

(1) Main product sales area

Year / Geographic Distribution	2022		2023	
	Amount	%	Amount	%
Domestic sales	123,202	4.95	82,754	2.82
Export sales - Asia	2,352,273	94.52	2,834,990	96.60
Export sales - Other	13,219	0.53	17,169	0.58
Total	2,488,694	100.00	2,934,913	100.00

Note: The above is classified according to the destination of the product shipment.

(2) Market share

The Company and its subsidiaries are mainly engaged in the research, development, design, manufacturing, and sales of solid-state capacitors. At present, its main competitors include more than 10 manufacturers such as Chemicon, Nichicon, Panasonic, Elite and OC Con. The Company has gradually expanded its production capacity and market share. Currently, it has been the largest supplier of coiled solid-state capacitors in the world with a leading position in the solid-state capacitor industry.

(3) Future market demand and supply status and growth

In the past two years, global personal computer (PC) usage has increased due to the rebound in PC demand during the COVID-19 period. Although the PC market is revised and adjusted in 2023, the future growth of the market is expected to come from the growth of AI applications, cloud and networking applications, including AI PCs, servers, express computing, automotive and net communication products, etc.

Solid-state capacitors have the characteristics of long life, small volume, and high-temperature resistance. In the long run, the application of solid-state capacitors will greatly increase the permeability as the price gradually approaches the traditional aluminum electrolytic capacitors, which will be the driving force for market growth in the next few years. Due to uncompetitive production costs, Japanese manufacturers have gradually given up the mid-to-high-end market and turned to compete in the automotive market. As the production capacity and specifications of our chip capacitors continue to increase, the continuous growth of the server and HPC & AI markets has driven the use of solid capacitors, which provides opportunities for the Company to continue to expand its market share.

(4) Competitive niche

A. Experienced management team

B. Long-term management of customer relationship

C. Accumulated manufacturing experience and internal management

(5) Favorable Factors and Unfavorable Factors of the Development Prospect and Countermeasures

A. Favorable factors

a. It is not easy for competitors to gain access to customers in DT, NB, and Server factories.

b. Outstanding R&D and project management teams continuously develop and manufacture products with excellent quality to meet customer requirements.

B. Unfavorable: factors

a. Prices of raw materials has risen.

<u>Countermeasures</u>:

In addition to maintaining good interaction and close contacts with suppliers to ensure the stability of the existing supply, the Company is also actively developing new material formulas and alternative raw materials to reduce its dependence on high-priced raw materials.

b. Development of domestic and foreign competitors

<u>Countermeasures</u>:

Strengthen R&D capacity and production capacity, develop differentiated products, establish partnerships with customers, increase market share of products, and expand distance and competitiveness with competitors.

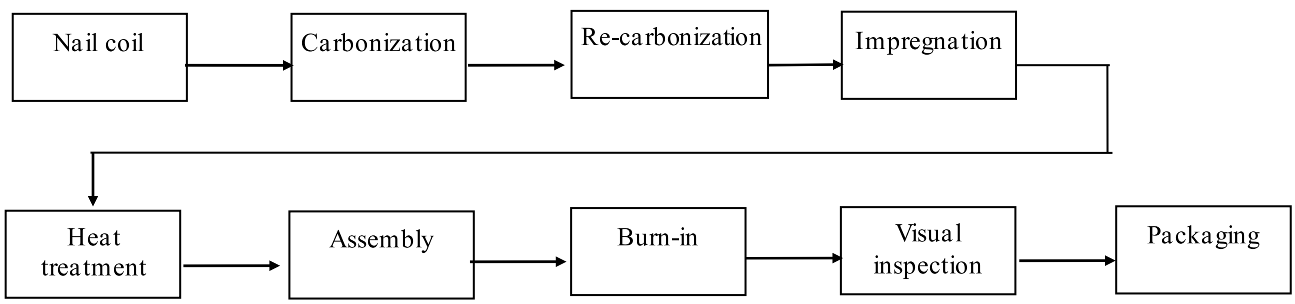
2. Major applications and production process of the main products

(1) Usage of main products

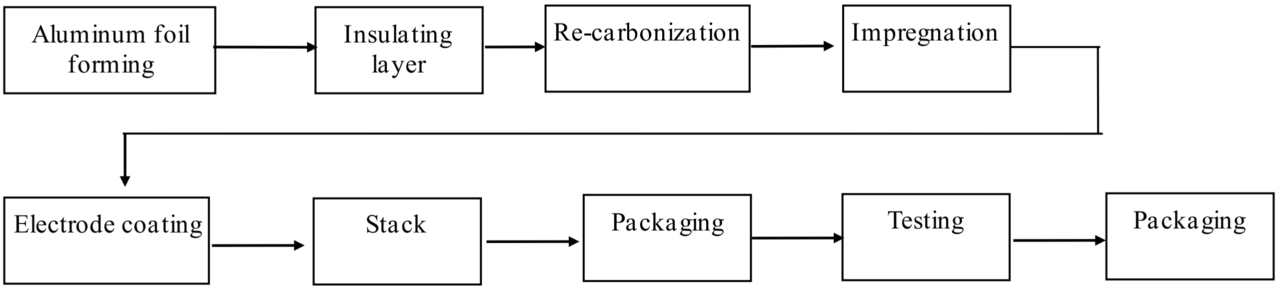
Major products	Important use
Coiled conductive polymer solid state capacitors	For stabilivolt application of power on MB, VGA, NB, Server and HPC
Chip-type conductive polymer solid state capacitors	For stabilivolt application of power on MB, VGA, NB, Server and HPC

(2) Manufacturing processes of main products

A. Coiled conductive polymer solid state capacitors



B. Chip-type conductive polymer solid state capacitors



3. Supply Status of Main Materials

Name of raw materials	State of supply
Aluminum foil	Stable and sound
Electrolytic paper	Stable and sound
Guide pin	Stable and sound
Colloidal particles	Stable and sound
Aluminum shell	Stable and sound
Polymer monomer	Stable and sound
Polymer oxidizing agent (ferrite)	Stable and sound
Carbon colloids	Stable and sound
Silver colloids	Stable and sound
Packaging colloids	Stable and sound
Lead frame	Stable and sound

4. List of Major Customers of Import and Sales

(1) Names of suppliers that accounted for more than 10% of the total purchase amount in any of the last two years, their purchase amounts and ratios, and the reasons for the increase or decrease.

Unit: NT$ thousand

	2022				2023			
Item	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the Issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the Issuer
1	Capchem Technology Co., Ltd.	100,744	10.44%	None	Capchem Technology Co., Ltd.	110,301	10.47%	None
2	Others	864,668	89.56%		Others	943,052	89.53%	
	Net Purchase	965,412	100.00%		Net Purchase	1,053,353	100.00%	

No significant changes in the past two years.

(2) Names of clients that accounted for more than 10% of the total sales amount in any of the last two years, their sales amounts and ratios, and the reasons for the increase or decrease.

Unit: NT$ thousand

Item	2022				2023			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the Issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the Issuer
1	ASUS	397,440	15.97%	None	ASUS	436,019	14.86%	None
2	Others	2,091,254	84.03%		Others	2,498,894	85.14%	
	Net Sales	2,488,694	100.00%		Net Sales	2,934,913	100.00%	

Explanation of Increase or Decrease Variations: No significant changes in the past two years.

5. Production value table of the most recent two years

Unit: One thousand pcs, NT$ thousand

Year / Production Volume and Value / Main products (or department)	2022			2023		
	Capacity	Production Volume	Production value	Capacity	Production Volume	Production value
Coiled conductive polymer solid state capacitors	2,600,000	1,744,018	1,405,465	2,600,000	1,915,306	1,581,501
Chip-type conductive polymer solid state capacitors	311,000	236,295	599,706	343,000	291,894	757,573
Total	2,911,000	1,980,313	2,005,171	2,943,000	2,207,200	2,339,074

Explanation of Increase and Decrease: In the 2023 fiscal year, customer inventory adjustments improved, resulting in stabilized revenue and increased production volume.

6. Sales volume & value of the most recent two years

Unit: One thousand pcs, NT$ thousand

Year / Sales volume and value / Main Products	2022				2023			
	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coiled conductive polymer solid state capacitors	83,220	99,953	1,677,130	1,850,671	38,333	75,386	1,881,799	2,032,362
Chip-type conductive polymer solid state capacitors	6,306	23,250	172,736	514,820	1,810	7,367	293,211	819,798
Total	89,526	123,203	1,849,866	2,365,491	40,143	82,753	2,175,010	2,852,160

Explanation of Increase and Decrease Variations: In the 2023 fiscal year, with the supervision of the Board of Directors and the efforts of the team, both shipments and revenue grew compared to the 2022 fiscal year.

III. Number of employees employed during the most recent two years and up to the date of publication of the annual report, their average years of service, average age, and education levels.

Year		2022	2023	Till March 31, 2024
Number of employees	R&D Department	65	65	65
	Business and Administrative Department	132	150	155
	Direct Personnel	236	249	276
	Total	433	464	496
Average age		31.6	30.9	30.8
Average year of services		2.9	3.1	3.0
Academic distribution ratio	Ph.D.	1%	1%	1%
	Master	6%	4%	4%
	Junior College	32%	36%	34%
	High school	40%	38%	39%
	Below high school	21%	20%	21%

IV. Information on Environmental Protection Expenditure

1. In the most recent fiscal year and up to the date of printing of the annual report, there have been no losses incurred due to environmental pollution (including compensation and the results of environmental protection inspections for violations of environmental regulations). If there were any violations, the date of the penalty, penalty reference number, violated regulations, details of the violation, and the penalty imposed should be specified.
2. The estimated amounts and corresponding measures that may occur currently and in the future, and if unable to estimate reasonably, the fact that it cannot be reasonably estimated should be explained: In the recent fiscal year and up until the date of printing the annual report, there have been no losses or disposals due to environmental pollution, therefore there are no corresponding measures or potential expenses.

V. Labor Relations

1. Various employee benefits of the Company, further education, training, retirement system and its implementation status, as well as the agreements between the employees and various employee rights protection measures:

(1) Employee benefits:

A. The Company provides the following benefits: in addition to labor insurance and national health insurance, employees also enjoy free group insurance, travel accident insurance, and year-end bonuses. Additionally, free health check-ups are provided annually.

B. Employee Welfare Committee: the Company has established an Employee Welfare Committee in accordance with the Employee Welfare Act to coordinate various employee welfare initiatives, promote the establishment of associations, and provide financial assistance. Annual budget and welfare plan are prepared. In addition to various subsidies for the marriage, funeral, illness and childbirth of employees, there are birthday and annual festival gifts, and various travel activities are not regularly conducted to provide physical and mental relaxation for employees and strengthen the friendship among employees.

(2) Education and training

The Company has established employee education and training procedures to help new employees adapt to the working environment, improve their working skills and abilities, and cooperate with training related to employee career development planning to meet future needs.

(3) Employee retirement plan and implementation status:

In order to enable the employees of the Company to work at ease and maintain their life after retirement, the retirement of employees is handled in accordance with the Labor Pension Regulations and relevant regulations. All employees of the Company are appropriate for the new system of retirement from work. 6% of the personal salary is deposited into the special account for the personal pension of the labor insurance bureau. If the employee makes voluntary contribution, the amount of the contribution is also deposited into the same account.

(4) Labor-capital agreement and protection of employee’s equities

The Company adheres to the concept of “integration of labor and capital”, focuses on rational and humanized management, establishes smooth communication channels, maintains good relations between labor and capital, jointly creates productivity, shares profits, and establishes stable and harmonious labor-capital relations. All systems of the Company refer to labor-related laws and regulations such as the Labor Standards Act. Regular labor-management meetings are held to discuss and negotiate labor-related issues and promote a harmonious relationship between labor and management. Therefore, no major labor disputes occur in the most recent year and up to the date of publication of the annual report.

2. In the most recent fiscal year and up until the date of printing of the annual report, the Company has incurred losses due to labor disputes (including violations of labor standards as determined by labor inspections, which should include the date of disciplinary action, the reference number of the disciplinary action, the specific legal provisions violated, the nature of the violations, and the details of the disciplinary action). The estimated amount of these losses and the corresponding measures to address them should be disclosed. If it is not possible to reasonably estimate these losses, the reasons for the inability to do so should be explained. However, in the most recent fiscal year and up until the date of printing of the annual report, the Company has not incurred any losses due to labor disputes. the Company maintains a good labor-management relationship with smooth communication between both parties, and the likelihood of future labor disputes is extremely low. Therefore, there are no estimated future losses.

VI. Cyber security management:

1. The Company's information security management team, led by the head of the administrative management department and the head of the information department will be the convener, regularly assesses information security risks. Through the information security team, they develop operational management measures for information security maintenance, establish an information security operating model, and conduct comprehensive information security management in terms of security maintenance, governance, risk, employee awareness, and promotion. The main focus of the information security strategy is on compliance with regulations, security governance, and internal control. From systems to process management, from personnel to organization, the overall security protection capability is enhanced. In view of current security trends such as DDoS (Distributed Denial of Service) attacks, ransomware, social engineering attacks, and phishing websites, the Company exchanges information with international security vendors annually to update protection information and detect and block threats such as DDoS in a timely manner. In addition to the network hardware structure, The Company's internal "Information Security Management Measures" has also been formulated. Starting from the dimension of implementation, the Company also works on process management, security awareness and information publicization so as to effectively reduce The Company's internal and external cyber security risks from the aspects of software, hardware, and implementation.

	Unit (TW)
	Unit (WX)
各部門配合代表	Various departments cooperate with representatives
各單位主管	Managers of each department

The resources invested by the Company in cyber security management are as follows:

(1) Total number of personnel: There are 3 employees for MIS, and 13 employees in cyber security related units.

(2) Insurance: Cost NT$ 145,701, total insured amount NT$ 53,785,757.

(3) Data backup frequency: 365 times per year, equipment inspection: 12 times per year, disaster recovery drill: 1 time per year.

(4) Management Unit Meetings: 26 times per year.

2. In the most recent fiscal year and up to the date of printing of the annual report, any losses suffered due to significant information security incidents, potential impacts, and corresponding measures, if unable to be reasonably estimated, should be disclosed as such: the Company did not incur any losses in the most recent fiscal year due to

significant information security incidents.

VII. Important Contract: No such occurrence.

Chapter 6 **Financial Information**

I. Condensed Balance Sheet and Comprehensive Income Sheet in the Most Recent Five Years

(I) Condensed Balance Sheet and Comprehensive Income Sheet

Condensed Balance Sheet (Consolidated)

Unit: Shares in thousand

Item \ Year		Financial statements for the most recent five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,157,422	2,482,274	2,869,715	3,194,551	3,168,097
Real property, plant, and equipment		1,176,196	1,183,327	1,330,505	1,363,219	1,296,039
Intangible assets		37,259	36,796	31,697	26,508	25,215
Other assets		283,236	334,200	369,904	334,073	433,004
Total asset value		3,654,113	4,036,597	4,601,821	4,918,351	4,922,355
Current liabilities	Before distribution	1,431,964	1,839,477	2,028,334	1,821,771	1,687,223
	After distribution	1,516,489	2,008,489	2,206,241	2,024,064	(Note 2)
Non-current liabilities		257,162	17,782	21,502	375,840	320,757
Total liabilities	Before distribution	1,689,126	1,857,259	2,049,836	2,197,611	2,007,980
	After distribution	1,773,651	2,026,271	2,227,743	2,399,904	(Note 2)
Equity attributable to owners of parent Company		1,964,987	2,179,338	2,551,985	2,720,740	2,914,375
Share capital		845,011	845,248	889,535	889,535	889,535
Capital surplus		560,800	561,362	765,757	765,757	768,493
Retained earnings	Before distribution	680,939	858,029	995,384	1,155,909	1,372,023
	After distribution	596,414	689,017	817,477	953,616	(Note 2)
Other equities		(121,763)	(85,301)	(98,691)	(50,087)	(75,302)
Treasury stock		0	0	0	(40,374)	(40,374)
Non-controlling equity		0	0	0	0	0
Total equity	Before distribution	1,964,987	2,179,338	2,551,985	2,720,740	2,914,375
	After distribution	1,880,462	2,010,326	2,374,077	2,518,447	(Note 2)

Note1: Audited and attested by CPA.

Note2: Distribution of earnings for 2023 is subject to the resolution of the annual shareholders' meeting. Therefore, the amount after the distribution is not listed.

Condensed Comprehensive Income Sheet (Consolidated)

Unit: NT$ thousand, but the unit of earnings per share is NT$

Item \ Year	Financial statements for the most recent five fiscal years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,002,841	2,384,625	2,822,408	2,488,694	2,934,913
Gross profit	462,123	683,272	746,862	648,954	796,853
Operating profit (loss)	208,051	386,898	402,471	272,010	377,243
Non-operating income and expenses	(15,849)	(41,474)	(250)	173,022	44,547
Profit before income tax	192,202	345,424	402,221	445,032	421,790
Net income from continuing operations	139,071	261,615	306,367	338,432	328,378
Loss from discontinued operations	0	0	0	0	0
Net income (loss) in current period	139,071	261,615	306,367	338,432	328,378
Other comprehensive income in current period (net amount after tax)	(67,691)	36,462	(13,390)	48,604	64,814
Total comprehensive income for the year	71,380	298,077	292,977	387,036	393,192
Net income attributable to owners of parent Company	139,071	261,615	306,367	338,432	328,378
Net income attributable to Non-controlling equities	0	0	0	0	0
Comprehensive income (loss) attributable to owners of parent Company	71,380	298,077	292,977	387,036	393,192
Comprehensive income (loss) attributable to non-controlling equities	0	0	0	0	0
Earnings per share	1.66	3.10	3.49	3.82	3.73

Note1: Audited and attested by CPA.

Condensed Balance Sheet (Individual)

Unit: NT$ thousand

Item \ Year		Financial statements for the most recent five fiscal years (Note1)				
		2019	2020	2021	2022	2023
Current assets		1,543,435	1,574,013	1,955,019	2,158,147	1,790,766
Real property, plant, and equipment		117,116	93,632	87,635	76,230	53,775
Intangible assets		36,986	36,384	31,413	26,339	24,811
Other assets		1,841,166	2,202,712	2,433,071	2,663,323	2,948,942
Total asset value		3,538,703	3,906,741	4,507,138	4,924,039	4,818,294
Current liabilities	Before distribution	1,316,554	1,709,621	1,933,651	1,827,459	1,583,162
	After distribution	1,401,079	1,878,633	2,111,558	2,029,752	(Note 2)
Non-current liabilities		257,162	17,782	21,502	375,840	320,757
Total liabilities	Before distribution	1,573,716	1,727,403	1,955,153	2,203,299	1,903,919
	After distribution	1,658,241	1,896,415	2,133,060	2,405,592	(Note 2)
Equity attributable to owners of parent Company		1,964,987	2,179,338	2,551,985	2,720,740	2,914,375
Share capital		845,011	845,248	889,535	889,535	889,535
Capital surplus		560,800	561,362	765,757	765,757	768,493
Retained earnings	Before distribution	680,939	858,029	995,384	1,155,909	1,372,023
	After distribution	596,414	689,017	817,477	953,616	(Note 2)
Other equities		(121,763)	(85,301)	(98,691)	(50,087)	(75,302)
Treasury stock		0	0	0	(40,374)	(40,374)
Non-controlling equity		0	0	0	0	0
Total equity	Before distribution	1,964,987	2,179,338	2,551,985	2,720,740	2,914,375
	After distribution	1,880,462	2,010,326	2,374,077	2,518,447	(Note 2)

Note1: Audited and attested by CPA.

Note2: Distribution of earnings for 2023 is subject to the resolution of the annual shareholders' meeting. Therefore, the amount after the distribution is not listed.

Condensed Comprehensive Income Sheet (Individual)

Unit: NT$ thousand, but the unit of earnings per share is NT$

Item \ Year	Financial statements for the most recent five fiscal years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,770,683	2,012,954	2,330,432	2,114,615	2,460,981
Gross profit	235,411	425,051	428,026	360,402	467,241
Operating profit (loss)	65,015	212,601	191,542	114,653	178,945
Non-operating income and expenses	107,001	86,102	156,398	265,657	195,583
Profit before income tax	172,016	298,703	347,940	380,310	374,528
Net income from continuing operations	139,071	261,615	306,367	338,432	328,378
Loss from discontinued operations	0	0	0	0	0
Net income (loss) in current period	139,071	261,615	306,367	338,432	328,378
Other comprehensive income in current period (net amount after tax)	(67,691)	36,462	(13,390)	48,604	64,814
Total comprehensive income for the year	71,380	298,077	292,977	387,036	393,192
Net income attributable to owners of parent Company	139,071	261,615	306,367	338,432	328,378
Net income attributable to Non-controlling equities	0	0	0	0	0
Comprehensive income (loss) attributable to owners of parent Company	71,380	298,077	292,977	387,036	393,192
Comprehensive income (loss) attributable to non-controlling equities	0	0	0	0	0
Earnings per share	1.66	3.10	3.49	3.82	3.73

Note1: Audited and attested by CPA.

(II) Name of the CPA for the most recent year and audit opinions

Year	Accounting Firm	CPAs	Opinion
2018	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion
2019	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion
2020	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion
2021	KPMG Taiwan	Chen Cheng-Hsueh, Yu Wan-Yuan	Unqualified opinion
2022	KPMG Taiwan	Chen Cheng-Hsueh, Yu Wan-Yuan	Unqualified opinion
2023	KPMG Taiwan	Wu Chun-Yuan, Chen Cheng-Hsueh	Unqualified opinion

II. Financial Analysis in the Most Recent Five Years

(I) Financial analysis (consolidated)

Item analyzed (Note 3) \ Year		Financial analysis for the most recent five fiscal years (Note 1) 2019	2020	2021	2022	2023
Financial structure (%)	Ratio of liabilities to assets	46.22	46.01	44.54	44.68	40.79
	Ratio of long-term capital to property, plant, and equipment	184.08	179.95	189.15	222.90	243.09
Solvency ability (%)	Current ratio	150.66	134.94	141.48	175.35	187.76
	Quick ratio	122.12	104.51	105.54	131.10	145.05
	Times interest earned	8.40	22.15	33.94	24.14	15.32
Operating ability	Receivables turnover rate (times)	2.73	2.44	2.55	2.34	2.60
	Average days for cash receipts	133.69	149.59	143.13	155.98	140.38
	Inventory turnover (times)	3.10	3.63	3.34	2.50	2.93
	Payables turnover rate (times)	6.16	4.56	4.88	5.30	6.64
	Average days for sale of goods	117.74	100.55	109.28	146.00	124.57
	Turnover rate for property, plant, and equipment (times)	1.61	1.96	2.18	1.81	2.15
	Total assets turnover rate (times)	0.54	0.62	0.65	0.52	0.59
Profitability	Return on asset (%)	4.26	7.12	7.30	7.41	7.13
	Return on equity (%)	7.11	12.62	12.95	12.83	11.65
	Net profit before tax to paid-up capital ratio (%)	22.74	40.86	45.21	50.02	47.41
	Net profit ratio (%)	6.92	10.97	10.85	13.59	11.18
	Earnings Per Share (NT$)	1.66	3.10	3.49	3.82	3.73
Cash flow	Cash flow ratio (%)	27.46	19.08	12.48	29.93	29.06
	Cash flow adequacy ratio (%)	60.98	59.99	55.50	62.29	96.08
	Cash reinvestment ratio (%)	10.25	8.17	2.19	8.02	5.88
Leverage	Operating leverage	2.68	2.02	2.19	2.80	2.32
	Financial leverage	1.14	1.04	1.03	1.08	1.08

Description of reasons for changes to various financial ratios in the most recent two years: (Not required if the difference does not exceed 20%):
The decrease in interest coverage ratio: mainly due to the decrease in exchange gains and interest expenses in 2023, resulting in higher interest expenses.
The increase in accounts payable turnover: mainly due to the rise in cost of goods sold in 2023 year.
Cash reinvestment ratio decreased: The main reason is the decrease in net cash inflow from operating activities and the increase in cash dividends distributed in the 2022 fiscal year.

Note1: Audited and attested by CPA.

Note2: The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure
   (1) Liability to asset ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net amount of property, plant, and equipment.
2. Solvency ability
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.
   (3) Interest protection multiples = Income before income tax and interest expenditure/ Interest expenditures for this period.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average collection days = 365/Receivables turnover rate.
   (3) Inventory turnover = Sales expense/Average inventory value.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average sales days = 365/Inventory turnover ratio.
   (6) Property, plant and equipment turnover=Net sales/Average of property, plant and equipment, net
   (7) Total asset turnover ratio = Net sales/Average total PP&E value.
4. Profitability
   (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
   (2) Equity remuneration rate = Net gain (loss) after tax/Average total equity value.
   (3) Net profit rate = Net gain (loss) after tax/Net sales.
   (4) Earnings Per Share (EPS) = (Gain (loss) attributable to the owner of the parent company-Dividend for preferred shares)/Weighted average of issued shares (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash from business activities/Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.
   (3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of PP&E + Long-term investments + Other non-current assets + Business capital). (Note 5)
6. Leverage:
   (1) Operating Leverage =(Net sales-variable operating cost and expense)/Operating income. (Note 6)
   (2) Financial leverage= Operating profit/(Operating profit - Interest expenditures).

Note4: Special attention shall be paid to the following matters when using the formula of earnings per share above:
1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.
3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semiannual or annual EPS of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after income tax if net profit after income tax is earned, or no adjustment is required if loss arises.

Note5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow to annual capital investment.
3. The increase in inventory is included only when the balance at the end of the period is larger than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment value are measured at the total value of property, plant, and equipment prior to the subtraction of accumulated depreciation.

Note6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, Special attention shall be paid to their reasonableness and consistency.

(II) Financial Analysis (Individual)

Item analyzed (Note 4) / Year		Financial analysis for the most recent five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Ratio of liabilities to assets	44.47	44.21	43.37	44.74	39.51
	Ratio of long-term capital to property, plant, and equipment	1,293.13	1,828.51	2,408.52	3,770.38	4,683.98
Solvency ability (%)	Current ratio	117.23	92.06	101.10	118.09	113.11
	Quick ratio	107.36	81.05	90.13	106.34	99.48
	Times interest earned	11.05	20.72	30.05	20.95	13.75
Operating ability	Receivables turnover rate (times)	3.03	2.66	2.63	2.38	2.67
	Average days for cash receipts	120.46	137.21	138.78	153.36	136.70
	Inventory turnover (times)	9.35	9.88	9.49	8.20	9.21
	Payables turnover rate (times)	3.87	3.91	4.28	4.01	4.74
	Average days for sale of goods	39.03	36.94	38.46	44.51	39.63
	Turnover rate for property, plant, and equipment (times)	11.39	13.78	20.53	22.37	32.55
	Total assets turnover rate (times)	0.50	0.54	0.55	0.44	0.50
Profitability	Return on asset (%)	4.39	7.38	7.53	7.53	7.26
	Return on equity (%)	7.11	12.62	12.95	12.83	11.65
	Net profit before tax to paid-up capital (%)	20.35	35.33	39.11	42.75	42.10
	Net profit ratio (%)	7.85	12.99	13.14	16.00	13.34
	Earnings Per Share (NT$)	1.66	3.10	3.49	3.82	3.73
Cash flow	Cash flow ratio (%)	0.00	6.35	4.21	14.98	2.70
	Cash flow adequacy ratio (%)	99.01	72.69	74.30	92.99	57.34
	Cash reinvestment ratio (%)	(2.14)	0.54	(1.76)	1.67	(2.61)
Leverage	Operating leverage	1.34	1.19	1.17	1.31	1.18
	Financial leverage	1.35	1.07	1.06	1.19	1.19

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

The increase in the ratio of long-term funds to real estate, factories, and equipment is mainly due to the increase in retained earnings.

The decrease in interest coverage ratio: mainly due to the decrease in exchange gains and interest charges in 2023, resulting in higher interest expenses.

The decrease in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: primarily due to a reduction in net cash inflow from operating activities.

Note1: Audited and attested by CPA.

Note2: N/A.

Note4: The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure
    (1) Liability to asset ratio = Total liabilities/Total assets.
    (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net amount of property, plant, and equipment.
2. Solvency ability
    (1) Current ratio = Current assets/Current liabilities
    (2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.
    (3) Interest protection multiples = Income before income tax and interest expenditure/ Interest expenditures for this period.
3. Operating ability
    (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
    (2) Average collection days = 365/Receivables turnover rate.
    (3) Inventory turnover = Sales expense/Average inventory value.
    (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
    (5) Average sales days = 365/Inventory turnover ratio.
    (6) Property, plant and equipment turnover=Net sales/Average of property, plant and equipment, net
    (7) Total asset turnover ratio = Net sales/Average total PP&E value.
4. Profitability
    (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
    (2) Equity remuneration rate = Net gain (loss) after tax/Average total equity value.
    (3) Net profit rate = Net gain (loss) after tax/Net sales.
    (4) Earnings Per Share (EPS) = (Gain (loss) attributable to the owner of the parent company-Dividend for preferred shares)/Weighted average of issued shares (Note 5)
5. Cash flow
    (1) Cash flow ratio = Net cash from business activities/Current liabilities.
    (2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.
    (3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of PP&E + Long-term investments + Other non-current assets + Business capital). (Note 6)
6. Leverage:
    (1) Operating Leverage =(Net sales-variable operating cost and expense)/Operating income. (Note 7)
    (2) Financial leverage= Operating profit/(Operating profit - Interest expenditures).

Note5: Special attention shall be paid to the following matters when using the formula of earnings per share above:

1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.
3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semiannual or annual EPS of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after income tax if net profit after income tax is earned, or no adjustment is required if loss arises.

Note6: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow to annual capital investment.
3. The increase in inventory is included only when the balance at the end of the period is larger than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment value are measured at the total value of property, plant, and equipment prior to the subtraction of accumulated depreciation.

Note7: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, Special attention shall be paid to their reasonableness and consistency.

III. Audit Committee’s Report on the Financial Statements for the Most Recent Fiscal Year

APAQ Technology Co., Ltd.
Audit Committee Report

The Board of Directors has submitted to the Company the Annual Operating Report, Consolidated Financial Report, Individual Financial Report, and Profit Distribution Proposal for the 2023 year. The Consolidated Financial Report and Individual Financial Report have been audited and a report has been issued by Wu Chun-Yuan and Chen Cheng-Hsueh , certified public accountants from KPMG Taiwan. The aforementioned Operating Report, Consolidated Financial Report, Individual Financial Report, and Profit Distribution Proposal have been reviewed by our Audit Committee and found to be in compliance. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby report as above. Please review accordingly.

Sincerely,

2024 Regular Shareholders’ Meeting of APAQ TECHNOLOGY CO., LTD.

Convener of the Audit Committee: 劉仲明

February 20, 2024

IV. Consolidated Financial Reports Audited and Certified by CPAs for the Most Recent Fiscal Year

Declaration

In year 2023 (from January 1 to December 31, 2023), pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company’s entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.

Sincerely,

Company Name: APAQ TECHNOLOGY CO.,

LTD.

Chairman: Dr. DJ Zheng

February 20, 2024

Independent Auditors' Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.:

Opinions

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

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed by the Financial Supervisory Commission (FSC).

Basis for Opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the section titled Auditor's Responsibilities for the Audit of the Consolidated Financial Statements. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not express a separate opinion on these matters. Key audit matters for the Group's financial statements of the current period are stated as follows:

Inventory assessment

For accounting policies related to inventory assessment, please refer to Note IV(VIII) Inventory of the financial report. For accounting estimates and assumption uncertainty for inventory assessment, please refer to Note V of the consolidated financial statements. Relevant details can be found in Note VI(V) net inventory.

Description of key audit matters:
Since inventory is measured by the lower of cost and net realizable value, companies need to employ judgments and estimates to determine the net realizable value of inventory on the reporting date. Due to the rapid evolution in technology, the net realizable value fluctuates and potentially leads to significant changes. Therefore, the assessment for the allowance for price decline in inventories is one of the important evaluation items for the accountant when auditing the Group's consolidated financial report.
How our audit addressed the matter:
Our main audit procedure for the aforementioned key matters includes obtaining the inventory aging report and checking the general ledger, selecting appropriate samples from the inventory aging report to compare with the transaction documents to verify that the inventory has been placed in the appropriate interval of the inventory aging report, understanding the management's strategy for calculating the net realizable value and checking relevant documents, evaluating the reasonableness of the inventory price decline and the policy for taking stock of obsolete and slow-moving inventories, assessing whether the inventory evaluation has been implemented in accordance with the established accounting policies, and evaluating whether the management's disclosure for allowance for price decline in inventories is reasonable.

Other Matters

We have audited and expressed an unqualified opinion with other matter sections on the parent company only financial statements of APAQ TECHNOLOGY CO., LTD. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatement may 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.

As part of an audit in accordance with auditing standards, we maintain professional skepticism throughout the audit. We also:

I. 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.

II. 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.

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

KPMG Taiwan

Certified public accountant	:	
Securities Competent Authority Approval No.	:	Jin-Guan-Zheng-Shen-Zi No. 1040007866 Jin-Guan-Zheng-Shen-Zi No. 1020002066

February 20, 2024

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheet

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents [Note VI(I)]	$ 1,124,174	23	1,232,368	25
1110	Financial assets at fair value through profit or loss - current [Note VI(II)]	29,775	1	-	-
1120	Financial assets at fair value through other comprehensive income - current [Note VI(III)]	-	-	146,010	3
1150	Notes receivable [Note VI(IV)]	49,562	1	46,131	1
1170	Accounts receivable [Note VI(IV)]	1,166,299	24	885,458	18
1180	Accounts receivable - related parties [Notes VI(IV) & VII]	60,048	1	46,685	1
1310	Inventories, net [Note VI(V)]	684,754	14	773,510	16
1479	Other current assets [Note VI(IX)]	53,485	1	64,389	1
		3,168,097	65	3,194,551	65
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(III)]	212,957	4	145,021	3
1550	Investments accounted for under the equity method [Note VI(VI)]	76,665	2	80,623	2
1600	Property, plant and equipment [Note VI(VII)]	1,296,039	26	1,363,219	28
1755	Right-of-use assets [Note VI(VIII)]	34,754	1	25,986	-
1780	Intangible assets [Note VI(X)]	25,215	-	26,508	1
1840	Deferred income tax assets [Note VI(XV)]	61,284	1	39,800	1
1920	Refundable deposits	29,007	1	23,155	-
1990	Other non-current assets [Note VI(IX)]	18,337	-	19,488	-
		1,754,258	35	1,723,800	35
	Total assets	$ 4,922,355	100	4,918,351	100

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans [Note VI(XI)]	$ 837,000	17	1,254,000	25
2170	Accounts payable	353,109	7	268,379	5
2180	Accounts payable - related parties [Note VII]	12,921	-	8,896	-
2201	Payroll and bonus payable	137,035	3	123,208	2
2213	Payable on equipment	27,339	1	27,714	1
2280	Lease liabilities - current [Note VI(XIII)]	14,294	-	14,627	-
2322	Long-term loans due within one year or one operating cycle [Note VI(XII)]	152,111	3	-	-
2399	Other current liabilities	153,414	3	124,947	3
		1,687,223	34	1,821,771	36
	Non-current liabilities:				
2540	Long-term loans [Note VI(XII)]	310,389	6	375,000	8
2580	Lease liabilities - non-current [Note VI(XIII)]	10,368	-	840	-
		320,757	6	375,840	8
	Total Liabilities	2,007,980	40	2,197,611	44
	Equity [Note VI (XVI)]:				
3100	Share capital	889,535	18	889,535	18
3200	Capital surplus	768,493	16	765,757	16
3300	Retained earnings	1,372,023	28	1,155,909	24
3400	Other equity	(75,302)	(1)	(50,087)	(1)
3500	Treasury shares	(40,374)	(1)	(40,374)	(1)
	Total equity	2,914,375	60	2,720,740	56
	Total liabilities and equity	$ 4,922,355	100	4,918,351	100

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years ended December 31, 2023 and 2022

Unit: NT$ thousands

		2023		2022	
		Amount	%	Amount	%
4110	Net sales revenue [Notes VI(XIX) & VII]	$ 2,934,913	100	2,488,694	100
5110	Cost of goods sold [Notes VI(V),(XX) & VII]	2,138,060	73	1,839,740	74
5950	**Gross profit**	796,853	27	648,954	26
6000	Operating expenses [Notes VI(XX) & VII]:				
6100	Selling expenses	124,346	4	106,988	4
6200	Administrative expenses	189,750	6	181,510	7
6300	Research and development expenses	105,514	4	88,446	4
	Total operating expenses	419,610	14	376,944	15
6900	**Operating income**	377,243	13	272,010	11
7000	**Non-operating income and expenses:**				
7020	Other gains and losses [Notes VI(II) & (XXI)]	37,662	-	40,055	2
7050	Finance costs [Notes VI(XIII) & (XXI)]	(29,448)	(1)	(19,232)	(1)
7100	Interest income [Notes VI(XXI)]	18,441	1	7,050	-
7230	Foreign exchange gain (loss) [Note VI(XXII)]	24,185	1	150,409	6
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(VI)]	(6,293)	-	(5,260)	-
	Non-operating income and expenses, net	44,547	1	173,022	7
7900	**Income before income tax**	421,790	14	445,032	18
7950	Less: Income tax expense [Note VI(XV)]	93,412	3	106,600	4
	Net income for the period	328,378	11	338,432	14
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	100,014	3	22,984	1
	Total of items that may not be reclassified subsequently to profit or loss	100,014	3	22,984	1
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Financial statements translation differences of foreign operations	(44,000)	(1)	32,025	1
8399	Less: Income tax related to items that may be reclassified [Note VI(XV)]	(8,800)	-	6,405	-
	Total of items that may be reclassified subsequently to profit or loss	(35,200)	(1)	25,620	1
8300	**Other comprehensive income, net of tax**	64,814	2	48,604	2
	Total comprehensive income for the year	$ 393,192	13	387,036	16
	Earnings per share (Unit: NT$) [Note VI(XVIII)]				
9750	Basic earnings per share	$ 3.73		3.82	
9850	Diluted earnings per share	$ 3.71		3.78	

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years ended December 31, 2023 and 2022

Unit: NT$ thousands

			Retained earnings				Other equity items				
	Share capital - common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance as of January 1, 2022	$ 889,535	765,757	166,116	85,301	743,967	995,384	(92,490)	(6,201)	(98,691)	-	2,551,985
Net income for the period	-	-	-	-	338,432	338,432	-	-	-	-	338,432
Other comprehensive income for the period	-	-	-	-	-	-	25,620	22,984	48,604	-	48,604
Total comprehensive income for the year	-	-	-	-	338,432	338,432	25,620	22,984	48,604	-	387,036
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	30,637	-	(30,637)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	13,390	(13,390)	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(177,907)	(177,907)	-	-	-	-	(177,907)
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(40,374)	(40,374)
Balance as of December 31, 2022	889,535	765,757	196,753	98,691	860,465	1,155,909	(66,870)	16,783	(50,087)	(40,374)	2,720,740
Net income for the period	-	-	-	-	328,378	328,378	-	-	-	-	328,378
Other comprehensive income for the period	-	-	-	-	-	-	(35,200)	100,014	64,814	-	64,814
Total comprehensive income for the year	-	-	-	-	328,378	328,378	(35,200)	100,014	64,814	-	393,192
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	33,843	-	(33,843)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(48,604)	48,604	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(202,293)	(202,293)	-	-	-	-	(202,293)
Effect of changes in percentage of shareholding in long-term equity investments	-	2,736	-	-	-	-	-	-	-	-	2,736
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	90,029	90,029	-	(90,029)	(90,029)	-	-
Balance as of December 31, 2023	**$ 889,535**	**768,493**	**230,596**	**50,087**	**1,091,340**	**1,372,023**	**(102,070)**	**26,768**	**(75,302)**	**(40,374)**	**2,914,375**

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years ended December 31, 2023 and 2022

Unit: NT$ thousands

		2023	2022
Cash flows from operating activities:			
Income before income tax for the period	$	421,790	445,032
Adjustments:			
Income and expense items:			
Depreciation		243,046	239,563
Amortization		4,708	5,194
Loss on valuation of financial assets at fair value through profit or loss		4	-
Interest expense		29,448	19,232
Interest income		(18,441)	(7,050)
Dividend income		(6,501)	(11,229)
Loss on market value decline and obsolete and slow-moving inventories		13,531	13,951
Share of loss of associates accounted for under the equity method		6,293	5,260
Loss on disposal of property, plant, and equipment		1,133	43
Other non-cash expense items, net		360	304
Total income and expense items		273,581	265,268
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		(311,706)	168,883
Inventories		66,213	(83,264)
Other operating assets		9,384	(688)
Accounts payable (including related parties)		96,657	(140,138)
Other operating liabilities		38,848	6,993
Total adjustments		172,977	217,054
Cash generated from operations		594,767	662,086
Interest received		19,151	7,050
Dividends received		6,501	11,229
Interest paid		(29,089)	(18,902)
Income tax paid		(100,981)	(116,071)
Net cash generated from operating activities		490,349	545,392
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income - current		(1,546)	-
Disposal of financial assets at fair value through other comprehensive income - current		250,823	-
Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income		8,811	-
Acquisition of financial assets at fair value through profit or loss - current		(29,779)	-
Acquisition of financial assets at fair value through other comprehensive income - non-current		(80,000)	-
Acquisition of property, plant and equipment		(169,356)	(217,592)
Disposal of property, plant and equipment		190	57
Decrease (increase) in refundable deposits		(6,225)	3,418
Acquisition of intangible assets		(3,417)	-
Decrease in other non-current assets		2,184	5,810
Increase in prepayments for business facilities		(9,742)	(8,649)
Net cash used in investing activities		(38,057)	(216,956)
Cash flows from financing activities:			
Increase in short-term loans		980,000	548,000
Repayment of short-term loans		(1,397,000)	(600,000)
Long-term borrowings		100,000	365,000
Repayments of long-term loans		(12,500)	-
Repayment of lease principal		(19,989)	(23,443)
Cash dividends paid		(202,293)	(177,907)
Repurchase of treasury shares		-	(40,374)
Net cash inflow (outflow) from financing activities		(551,782)	71,276
Effect of exchange rate changes		(8,704)	4,478
Increase (decrease) in cash and cash equivalents		(108,194)	404,190
Cash and cash equivalents, beginning of the year		1,232,368	828,178
Cash and cash equivalents, end of the year	$	1,124,174	1,232,368

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

APAQ TECHNOLOGY CO., LTD. (hereinafter referred to as the "Company") was established on December 23, 2005 with the registered address at 4F., No. 2 and 6, Kedong 3rd Rd., Zhunan Township, Miaoli County. The Company's shares have been listed and traded at TWSE since December 9, 2014.

The core business of the Company and its subsidiaries (hereinafter referred to as the "Group") focuses on the research, development, manufacturing and sales of electronic components.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and issued on February 20, 2024, by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adopting newly issued or amended standards and interpretations endorsed by the Financial Supervisory Commission (referred to as "FSC")

Since January 1, 2023, the Group has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

Since May 23, 2023, the Group has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial statements.

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

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

The Group has evaluated that the aforementioned amendments effective on January 1, 2024, do not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”
- Amendment to IAS 1 “Non-current Liabilities with Contractual Terms”
- Amendments to IFRS 7 and IAS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(III) Newly issued and amended standards and interpretations yet to be endorsed by the FSC

The Group has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- IAS 21 “The Effects of Changes in Foreign Exchange Rates”

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the “Preparation Regulations” and IFRS, IAS, IFRIC interpretations and SIC interpretations endorsed and issued into effect by the Financial Supervisory Commission, Executive Yuan (hereinafter referred to as “IFRSs”).

(II) Preparation basis

1. Basis of measurement

Except for the financial assets measured at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.

(1) Financial assets measured at fair value through profit or loss in accordance with fair value measurement;

(2) Financial assets measured at fair value through other comprehensive income in accordance with fair value measurement;

2. Functional currency and presentation currency

The Group takes the currency of the primary economic environment in which each entity operates as the functional currency. The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements

All subsidiaries are included in the consolidated financial statements. Subsidiaries are all entities controlled by the Company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries. Inter-company transactions, balances and unrealized gains or losses on transactions between entities within the consolidated companies are eliminated while compiling the consolidated financial statements.

Accounting policies of subsidiaries have been adjusted so that they are consistent with that of the Group.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Business Activities	Percentage of Ownership	
			2023.12.31	2022.12.31
The Company	APAQ Investments Limited (APAQ Samoa)	Investment holding company	100%	100%
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Production and sales of electronic products	100%	100%
The Company	APAQ Technology (Hubei) Co., Ltd. (APAQ Hubei)	Production and sales of electronic products	100%	100%

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

(IV) Foreign currency

1. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are converted into functional currency at the end of each subsequent date of financial reporting (hereinafter referred to as the reporting date) at the exchange rate on that day.

Foreign currency items measured at fair value are re-translated into functional currency according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the date of transaction.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations are converted to NTD (representation currency of the consolidated financial statements) at the exchange rate on the reporting date. All income and expense items are converted to NTD at the current average exchange rate, and the difference is recognized as other comprehensive income.

(V) Classification of current and non-current items

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

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet date; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities arising mainly from trading activities;

3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(VI) Cash and cash equivalents

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

(VII) Financial instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Group became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

For the purchase or sale of financial assets that conforms to customary transactions, the Group consistently treats all purchases and sales of financial assets classified according to the accounting treatment based on the transaction date consistently.

Financial assets are classified into the following categories: financial assets measured at amortized cost and equity instrument investment measured at fair value through other comprehensive income.

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets from the next reporting period.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit and loss:

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

A financial asset measured at amortized cost is subsequently recognized at their initial value, plus any directly attributable transaction costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency profit or loss and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

An investment through equity instrument is subsequently measured at fair value. Dividend income (unless it clearly represents the return of parts of the investment cost) is recognized in profit or loss. The rest of net profit or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or fair value through other comprehensive income, are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, the Group may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss in order to eliminate or materially reduce the accounting misalignment.

The assets are subsequently measured at fair value, and any net profit or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable (including related party), other receivables, refundable deposit).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

・debt securities that are determined to have low credit risk at the reporting date; and

・other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

The Group evaluates whether there is credit impairment in measuring financial assets through amortized cost on every reporting date. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. Evidence that a financial assets is credit-impaired includes the following observation data:

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

  The allowance loss of financial assets measured through amortized cost is deducted from the carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Group expects that the amount written off will not be materially reversed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets, or when the Group has neither transferred nor retained ownership of all risks and rewards or control over said financial assets.

When the Group signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

Debt and equity instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

Equity instruments refer to any contracts containing the Group's residual interest after subtracting liabilities from assets. The equity instrument issued by the Group shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury shares

When buying back the equity instruments recognized by the Group, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury shares. For subsequent sales or re-issuance of treasury shares, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for offsetting).

(4) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value. All related net benefits and losses, including any interest expenses, are recognized as profit or loss.

Other financial liabilities are measured at amortized cost by the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. When the terms of financial liabilities are modified and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

(6) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

Embedded derivatives are separated from the host contract when certain conditions are met and the host contract is not a financial asset. Derivatives are initially recognized at fair value; they are subsequently measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss.

(VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(IX) Investments in associates

Associates refer to those over which the Group has significant influence over its financial and operating policies without control or joint control.

The Group adopts the equity method to deal with the interests of associates. Under equity method, they are recognized through cost in original acquisition, and investment costs includes transaction costs. The carrying amount of invested associates includes identified goodwill at the time of investment less any cumulative impairment.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in the equity other than profit or loss and other comprehensive income incur to associates that does not affect the Group's shareholding ratio, the Group will recognize the changes in equity attributable to the Group's share of the associates as capital reserve based on the shareholding ratio.

Unrealized profit or loss resulting from the transaction between the Group and associates shall be recognized in the financial statements only to the extent unrelated to the investor's interests in associates. When the Group's share of losses exceeds its interest in associates, the carrying amount of that investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has a present legal or constructive obligation or has made payments on behalf of the investees.

(X) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

As the useful life of property, plant and equipment varies, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognized as non-operating income and expenses.

2. Subsequent cost

Subsequent cost is only capitalized when the future economic benefits are likely to flow into the Group.

3. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The estimated useful lives for the current and comparative years are as follows:

(1) Buildings: 10-20 years

(2) Machinery and equipment: 4-10 years

(3) Other equipment and others: 4-8 years

Buildings constitute mainly buildings, air-conditioning equipment and related engineering. Each constituent is depreciated based on its useful life of 20 years and 10 years, respectively.

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

(XI) Leases

The Group evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

Lessee

The Group recognizes the right-of-use asset and lease liability upon the inception of the lease. The right-of-use asset is initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the inception of the lease and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis between the inception of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the Group regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid at the inception of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the Group is used. Generally speaking, the Group adopts the incremental borrowing rate as the discount rate.

Lease payments in the measurement of lease liabilities include:

1. Fixed benefits, including substantial fixed benefits;
2. Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;
3. The residual value guarantee expected to be paid; and

4. When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and the amount is measured when the following occurs:

1. Changes in the indicator or rate used to determine lease payments result in changes in future lease payments;
2. Changes in the residual value guarantee expected to be paid;
3. Changes in the evaluation of the underlying asset purchase option;
4. Changes in the estimate of whether to exercise the extension or termination option and the assessment of the lease period;
5. Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned indicator or rate used to determine lease payments, changes in the residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

The Group expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For the lease of low-value underlying assets leased by the office premises, the Group chooses not to recognize the right-of-use assets and lease liabilities, but the related lease payments are recognized on a straight-line basis as expenses during the lease period.

(XII) Intangible assets

1. Recognition and measurement

Expenditures related to research activities are recognized as profit or loss when incurred.

Development expenditures are only capitalized when they can be reliably measured, when the technical or commercial feasibility of the product or process has been achieved, when future economic benefits are likely to flow into the

Group, and when the Group intends and has sufficient resources to complete the development for use or for sale. Other development expenditures are recognized in profit or loss when incurred. After the initial recognition, capitalized development expenditures are measured by its cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in profit or loss when such expenses are incurred.

3. Amortization

Amortization is calculated with the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

The estimated useful lives for the current and comparative years are as follows:

(1) Computer software: 3 years

(2) Royalty fees: 12 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

(XIII) Impairment of non-financial assets

The Group assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is any sign of impairment, an estimate is made of its recoverable amount. An impairment test is conducted on goodwill on a yearly basis.

For the purpose of impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized.

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

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XIV) Revenue recognition

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

1. Sales of goods

   The Group engages in business such as research, development, production, manufacturing and sales of electronic components. The Group recognizes revenue when control of the products has transferred. The control of the products has transferred when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

2. Financial components

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

(XV) Government grants

The Group recognized government grants with no conditions attached as other income when the grants became receivable. Government grants intended to compensate expenses incurred or losses of the Group were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

(XVI) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expenses for the periods during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses for the periods during which services are rendered. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(XVII) Share-based compensation transactions

The share-based compensation agreement for equity settlement recognizes expenses at the fair value on the grant date and records them over the vesting period, thereby increasing corresponding equity during the period in which the compensation is earned. The recognized expenses are adjusted for the expected quantity of compensation that meets both service and non-market-based vesting conditions. The final amount recognized is measured based on the quantity of compensation that meets both service and non-market-based vesting conditions on the vesting date.

Non-market-based conditions related to stock-based compensation awards are already reflected in the measurement of fair value on the grant date. Therefore, there is no need to make adjustment for differences between expected and actual outcomes.

(XVIII) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date, as well as tax adjustments related to prior years. The amount is based on the statutory tax rate at the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect net income or taxable gains (losses) during the transaction;
2. Temporary differences arising from equity investments in subsidiaries, associates and joint ventures, where the Company is able to control the reverse of the temporary difference and where there is a highly probability that such temporary differences will not reverse in the future; and
3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset should be recognized for the carry forward of unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

   (1) levied by the same taxing authority; or

   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(XIX) Earnings per Share (EPS)

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Group divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares include convertible bonds payable and employee remuneration through the issuance of shares.

(XX) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When preparing the consolidated financial statements, the management has to make judgments, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information of critical judgments in applying accounting policies that have significant impact on these consolidated financial statements is as follows:

Whether it has substantial control on the investee, please refer to Note VI(VI).

The following provides explanation on the assumption and estimation uncertainty made. Such assumption and uncertainty have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. The aforementioned uncertainties of assumption and estimation have a significant risk of causing a material adjustment to the asset's carrying amount in the next fiscal year. Please refer to note VI(V) for further description of the valuation of inventories.

The accounting policy and disclosure of the Group include adopting fair value to measure financial and non-financial assets and liabilities. The Group's finance department determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

(I) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

(II) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(III) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the transition among different levels of fair value, the Group shall recognize it on the reporting date.

For the assumption used in fair value measurement, please refer to Note VI (XXII) of the financial instruments.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash and demand deposit	$ 963,055	718,732
Time deposit	161,119	513,636
Cash and cash equivalents	**$ 1,124,174**	**1,232,368**

Please refer to Note VI (XXII) for currency risk and sensitivity analysis disclosure of the financial assets and liabilities.

Please refer to note VI(XXIII) for the disclosure of credit risks.

(II) Financial assets measured at fair value through profit or loss

	2023.12.31
Financial assets mandatorily measured at fair value through profit or loss	
U.S. Treasury bonds	$ 29,775

In November 2023, the Group purchased a US Treasury bond with a face value of US$1,000 thousand and acquired it at a fair value of $29,779 thousand.

The amount of profit or loss recognized from remeasurement at fair value, please refer to Note VI(XXI) for details.

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

1. Current:

	2023.12.31	2022.12.31
Domestic listed shares	$ -	146,010

During the period from July 1 to August 31, 2023, the Group sold shares of Chaintech Technology Corporation, which were classified as available-for-sale financial assets measured at fair value through other comprehensive income. The fair value of the shares at the time of disposal was $250,823 thousand, and the cumulative disposal gain amounted to $90,029 thousand. As a result, the accumulated disposal gain has been transferred from other equity to retained earnings.

2. Non-current:

	2023.12.31	2022.12.31
Domestic and foreign unlisted common stocks -		
Foxfortune Technology Ventures Limited	$ 25,147	29,170
Inpaq Korea Co., Ltd.	4,196	1,803
Element I Venture Capital Co., Ltd.	11,696	16,794
Kuan Kun Electronic Enterprise Co., Ltd.	76,424	66,584
AICP Technology Corporation	2,777	2,510
IPU Semiconductor Co., Ltd.	23,597	28,160
WK Technology Fund IX II Ltd.	27,240	-
I-See Vision Technology Inc.	41,880	-
	$ 212,957	145,021

Information on major equity investments denominated in foreign currencies as of the reporting date is as follows:

	2023.12.31			2022.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
USD	$ 956	30.705	29,343	1,009	30.71	30,973

Equity instruments held by the Group are strategic long-term investments and not for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

Element I Venture Capital Co., Ltd. reduced its capital and returned $2,000 thousand to the Company in May 2023, as resolved by the shareholders' meeting.

Foxfortune Technology Ventures Limited reduced its capital by 22% and returned $6,811 thousand to the Company in May 2023, as resolved by the board of directors.

The Group recognized dividend income of NT$6,501 thousand and NT$11,229 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, respectively. Please refer to Note VI(XXI) for details.

(IV) Notes and accounts receivable (including related parties)

	2023.12.31	2022.12.31
Notes receivable	$ 49,562	46,131
Accounts receivable	1,166,299	885,458
Accounts receivable - related parties	60,048	46,685
	$ 1,275,909	978,274

The Group adopts a simplified method to estimate the expected credit loss for all receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information.

The expected credit losses of the Group's accounts receivable (including related parties) are analyzed as follows:

	2023.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 1,265,569	0%	-
Past due 1-90 days	10,340	0%	-
Total	$ 1,275,909		-

	2022.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 968,646	0%	-
Past due 1-90 days	9,628	0%	-
Total	$ 978,274		-

No impairment loss has been provided for receivables (including related parties) for the years ended December 31, 2023 and 2022.

Please refer to Note VI(XXIII) for details of remaining credit risk information.

(V) Inventories, net

	2023.12.31	**2022.12.31**
Raw materials	$ 157,756	201,064
Work in process and semi-finished products	79,979	66,276
Finished goods and commodity	447,019	506,170
	$ 684,754	773,510

The details of operating costs were as follows:

	2023	**2022**
Cost of goods sold	$ 2,124,529	1,825,789
Loss on market value decline and obsolete and slow-moving inventories	13,531	13,951
	$ 2,138,060	1,839,740

As of December 31, 2023 and 2022, the inventories of the Group were not provided as pledged assets.

(VI) Investments accounted for under the equity method

Investments of the Group under equity method at financial reporting end date are individually non-significant and are listed below:

		2023.12.31	2022.12.31
Associate	$	76,665	80,623

Share attributable to the Group:

		2023	2022
Net loss for the period	$	(6,293)	(5,260)
Other comprehensive income for the period		-	-
Total comprehensive income	$	(6,293)	(5,260)

(VII) Property, plant and equipment

		Houses and buildings	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Cost:						
Balance as of January 1, 2023	$	380,034	2,066,646	203,504	174,483	2,824,667
Additions		610	68,896	14,290	95,034	178,830
Disposals and obsolescence		-	(25,177)	(2,055)	-	(27,232)
Transfer fees		-	-	-	(360)	(360)
Reclassification		623	114,886	4,741	(120,250)	-
Effect of exchange rate changes		(6,409)	(35,576)	(2,287)	(2,165)	(46,437)
Balance as of December 31, 2023	$	374,858	2,189,675	218,193	146,742	2,929,468
Balance as of January 1, 2022	$	374,665	1,788,724	179,724	225,930	2,569,043
Additions		-	101,686	22,062	108,903	232,651
Disposals and obsolescence		-	(5,664)	(3,017)	(1,406)	(10,087)
Reclassification		-	158,571	3,077	(162,092)	(444)
Effect of exchange rate changes		5,369	23,329	1,658	3,148	33,504
Balance as of December 31, 2022	$	380,034	2,066,646	203,504	174,483	2,824,667
Depreciation:						
Balance as of January 1, 2023	$	194,791	1,137,524	129,133	-	1,461,448
Depreciation for the period		22,803	165,318	34,686	-	222,807
Disposals and obsolescence		-	(23,897)	(2,012)	-	(25,909)
Effect of exchange rate changes		(3,489)	(19,676)	(1,752)	-	(24,917)
Balance as of December 31, 2023	$	214,105	1,259,269	160,055	-	1,633,429
Balance as of January 1, 2022	$	166,899	974,161	97,478	-	1,238,538
Depreciation for the period		25,594	156,535	33,725	-	215,854
Disposals and obsolescence		-	(6,086)	(2,769)	-	(8,855)
Effect of exchange rate changes		2,298	12,914	699	-	15,911
Balance as of December 31, 2022	$	194,791	1,137,524	129,133	-	1,461,448
Carrying Amount:						
December 31, 2023	$	160,753	930,406	58,138	146,742	1,296,039
January 1, 2022	$	207,766	814,563	82,246	225,930	1,330,505
December 31, 2022	$	185,243	929,122	74,371	174,483	1,363,219

(VIII) Right-of-use assets

		Land use rights	Houses and buildings	Transportation equipment	Total
Cost of right-of-use assets:					
Balance as of January 1, 2023	$	11,798	32,578	1,567	45,943
Additions		-	29,130	-	29,130
Decrease (contract matured or early contract termination)		-	(15,490)	-	(15,490)
Effect of exchange rate changes		(200)	(212)	-	(412)
Balance as of December 31, 2023	$	11,598	46,006	1,567	59,171
Balance as of January 1, 2022	$	11,631	39,940	1,567	53,138
Additions		-	28,099	-	28,099
Decrease (contract matured or early contract termination)		-	(35,245)	-	(35,245)
Effect of exchange rate changes		167	(216)	-	(49)
Balance as of December 31, 2022	$	11,798	32,578	1,567	45,943
Depreciation of right-of-use assets:					
Balance as of January 1, 2023	$	1,169	18,004	784	19,957
Depreciation for the period		290	19,427	522	20,239
Decrease (contract matured or early contract termination)		-	(15,703)	-	(15,703)
Effect of exchange rate changes		(22)	(54)	-	(76)
Balance as of December 31, 2023	$	1,437	21,674	1,306	24,417
Balance as of January 1, 2022	$	864	22,031	262	23,157
Depreciation for the period		294	22,893	522	23,709
Decrease (contract matured or early contract termination)		-	(26,893)	-	(26,893)
Effect of exchange rate changes		11	(27)	-	(16)
Balance as of December 31, 2022	$	1,169	18,004	784	19,957
Carrying amount of right-of-use assets:					
December 31, 2023	$	10,161	24,332	261	34,754
January 1, 2022	$	10,767	17,909	1,305	29,981
December 31, 2022	$	10,629	14,574	783	25,986

(IX) Other assets - current and non-current

		2023.12.31	2022.12.31
Prepaid expenses	$	24,413	19,900
Business tax credit		17,550	31,731
Prepayments for business facilities		11,573	10,458
Long-term deferred expenses		6,764	9,030
Prepayments for goods and others		11,522	12,758
	$	71,822	83,877

(X) Intangible assets

The amount of the Group's cost and amortization of intangible asset for the years ended December 31, 2023 and 2022 was as follows:

	Computer software	Royalty fees	Total
Cost:			
Balance as of January 1, 2023	$ 8,775	45,038	53,813
Separate acquisition	3,417	-	3,417
Effect of exchange rate changes	(22)	-	(22)
Balance as of December 31, 2023	$ 12,170	45,038	57,208
Balance as of January 1, 2022	$ 8,757	45,038	53,795
Effect of exchange rate changes	18	-	18
Balance as of December 31, 2022	$ 8,775	45,038	53,813
Amortization:			
Balance as of January 1, 2023	$ 7,914	19,391	27,305
Amortization for the period	955	3,753	4,708
Effect of exchange rate changes	(20)	-	(20)
Balance as of December 31, 2023	$ 8,849	23,144	31,993
Balance as of January 1, 2022	$ 6,460	15,638	22,098
Amortization for the period	1,441	3,753	5,194
Effect of exchange rate changes	13	-	13
Balance as of December 31, 2022	$ 7,914	19,391	27,305
Carrying Amount:			
December 31, 2023	$ 3,321	21,894	25,215
January 1, 2022	$ 2,297	29,400	31,697
December 31, 2022	$ 861	25,647	26,508

(XI) Short-term loans

	2023.12.31	2022.12.31
Unsecured bank loans	$ 837,000	1,254,000
Unused limit	$ 1,406,408	1,044,506
Interest rate range	1.72%~1.88%	1.43%~2%

The additional amounts for the years 2023 and 2022 are $980,000 thousand and $548,000 thousand, respectively, with interest rates ranging from 1.72% to 1.88% and 1.43% to 2%, and maturity dates from February 2024 to March 2024 and January 2023 to May 2023, respectively. The repayment amounts are $1,397,000 thousand and $600,000 thousand, respectively.

(XII) Long-term loans

		2023.12.31	2022.12.31
Unsecured bank loans	$	462,500	375,000
Less: Due within one year		(152,111)	-
	$	310,389	375,000
Unused limit	$	475,000	275,000
Interest rate range		1.80%~ 2.13%	1.675%~ 1.87089%

(XIII) Lease liabilities

The carrying amount of the Group's lease liability is as follows:

		2023.12.31	2022.12.31
Current	$	14,294	14,627
Non-current	$	10,368	840

For maturity analysis, please refer to Note VI(XXII) Financial instruments.

The amount of lease recognized in profit or loss is as follows:

		2023	2022
Interest expense of lease liabilities	$	210	255
Expense for leases of low-value assets	$	74	81

The amount of lease recognized in the statements of cash flows is as follows:

		2023	2022
Total cash outflow for lease	$	20,273	23,779

1. Leasing of houses and buildings

The Group leased houses and buildings as office premises and factory buildings as of December 31, 2023 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires.

Some of the aforementioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the Group. These options are only enforceable by the Group, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease liability.

2. Other leases

The lease period for leasing office premises of the Group is two years. These leases are for low-value assets, and the Group chooses to apply the exemption recognition requirement instead of recognizing the right-of-use assets and lease liabilities.

(XIV) Employee benefits

The Group allocates 6% of each employee's monthly wages to the personal labor pension account at the Bureau of Labor Insurance, Ministry of Labor in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance, Ministry of Labor without additional legal or constructive obligation. The Group's pension costs under the defined contribution plan were NT$4,955 thousand and NT$4,411 thousand for the years ended December 31, 2023 and 2022, respectively, and were contributed to the Bureau of Labor Insurance.

In addition, the pension expenses recognized by the foreign subsidiaries for the years ended December 31, 2023 and 2022 in accordance with relevant local laws and regulations were NT$1,102 thousand and NT$1,050 thousand, respectively.

(XV) Income tax

1. Income tax expense

The amount of the Group's income tax expenses (gains) for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Current income tax expenses		
Current income tax expenses	$ 87,392	109,488
Current income tax from adjustment of prior period	(6,664)	(11,084)
	80,728	98,404
Deferred income tax expense		
Origination and reversal of temporary differences	12,684	(8,196)
Current income tax expenses	$ 93,412	106,600

2. The amount of income tax expense recognized in other comprehensive income was as follows:

	2023	2022
Exchange differences on translation of foreign operations	$ (8,800)	6,405

3. The reconciliation of income tax expenses and income before income tax of the Group was as follows:

   The reconciliation of the Group's income tax expenses and income before income tax was as follows:

		2023	2022
Income before income tax	$	421,790	445,032
Income tax at the Company's domestic tax rate	$	84,358	89,006
Effects of different tax rates in foreign jurisdictions		11,735	12,063
Permanent difference		(3,562)	12,393
Under-estimated (over-estimated) amount		(6,664)	(11,084)
Additional tax on undistributed earnings		7,545	4,222
Income tax expense	$	93,412	106,600

4. Unrecognized deferred tax liabilities

   As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company plans to use undistributed earnings of the foreign subsidiaries for permanent investment rather than distribution. The relevant amounts are as follows:

		2023.12.31	2022.12.31
Undistributed earnings from subsidiaries	$	1,137,522	938,788
Unrecognized deferred tax liabilities	$	(227,504)	(187,758)

5. Recognized deferred tax assets (liabilities)

   Deferred income tax assets

		2022.1.1	Recognized in profit or loss	Recognized in other comprehensive income	2022.12.31	Recognized in income statement	Recognized in other comprehensive income	2023.12.31
Loss for market price decline and obsolete and slow-moving inventories	$	719	1,020	-	1,739	11,066	-	12,805
Unrealized expenses		21,273	(997)	-	20,276	(9,360)	-	10,916
Unrealized profit between associates		6,704	(829)	-	5,875	(3,861)	-	2,014
Financial statements translation differences of foreign operations		21,384	-	(6,405)	14,979	-	8,800	23,779
Unrealized exchange loss		4,032	(7,301)	-	(3,269)	7,488	-	4,219
Others		289	(89)	-	200	7,351	-	7,551
	$	54,401	(8,196)	(6,405)	39,800	12,684	8,800	61,284

6. The ROC income tax authorities have examined the Company's income tax returns through 2021.

(XVI) Capital and other equity

1. Share capital

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to NT$2,000,000 thousand, of which included the amount of NT$60,000 thousand reserved for employee share options; the paid-in capital amounted to NT$889,535 for both years respectively, and at NT$10 per share.

2. Capital surplus

		2023.12.31	2022.12.31
Share premium	$	320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase		7,852	7,852
Subscription right to convertible corporate bonds		117	117
Treasury share transactions		3,642	3,642
Premium from conversion of corporate bonds to common shares		433,380	433,380
Changes in percentage of shareholding in long-term equity investments		2,736	-
	$	768,493	765,757

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or share dividends for the portion in excess of 25% of the paid-in capital by resolution of the shareholders' meeting.

(2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to NT$6,954 thousand. In accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 issued by the FSC, the net increase of NT$6,236 thousand in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve generated due to the aforementioned reasons amounted to NT$6,236 thousand as of December 31, 2023.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end profit, it shall firstly make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the aforementioned amounts, together with the balance of the unappropriated retained earnings of the previous year as dividends to shareholders, to be proposed by the Board of Directors to be approved at the shareholders' meeting.

The Company operates in an industry with rapid changes, intensive capital and technologies, and the life cycle of the Company is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder dividends, in cash or share forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.

The appropriation of earnings of the two most recent years was approved during shareholders' meetings held on June 12, 2023 and June 21, 2022, respectively. Information on dividends appropriated to owners is as follows:

	2022		2021	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of common shares:				
Cash (NT$)	$ 2.3	202,293	2.0	177,907

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2023 appropriation of earnings, the Board of Directors would draft a proposal to be resolved at the shareholders' meeting. Information will be available at the Market Observation Post System (MOPS).

4. Treasury shares

The Company offers treasury stocks and buys back shares from the Taiwan Stock Exchange. The increase/decrease caused by the buyback are listed as follows:

Unit: thousand shares

	2023				
Reason of recovering shares	**Number of shares at beginning of the period**	**Increase in current period**	**Transfer in current period**	**Cancellation in current period**	**Number of shares at end of the period**
Transfer to employees	1,000	-	-	-	1,000

	2022				
Reason of recovering shares	**Number of shares at beginning of the period**	**Increase in current period**	**Transfer in current period**	**Cancellation in current period**	**Number of shares at end of the period**
Transfer to employees	-	1,000	-	-	1,000

In accordance with provisions of the Securities and Exchange Act, the share buyback rate shall not exceed 10% of total number of shares issued by the Company. The total amount of buyback shares shall not exceed the sum of retained earnings, share premium and realized capital surplus. No treasury stock held by the Company has exceeded the aforementioned limit. In accordance with provisions of the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged, and are not entitled to the rights of shareholders before being transferred.

(XVII) Share-based payment

The Company's Restricted Employee Stock Plan

The company's shareholders' meeting resolved on June 21, 2022, to issue 3,000,000 restricted employee stocks to eligible full-time employees of the Company, subject to specific conditions. The issuance has been filed with the Securities and Futures Bureau of the Financial Supervisory Commission for approval and is pending approval from the board of directors regarding the issuance date.

Employees receiving the restricted employee stocks must deliver all units to a designated institutional trustee appointed by the Company for safekeeping until the vesting conditions are met. During this period, employees are prohibited from selling, pledging, transferring, gifting, assigning, or otherwise disposing of the stocks in any way. Other than the restriction on disposal and the requirement to deliver the units to the trust for safekeeping until the vesting conditions are met, the rights associated with the restricted stock units are the same as those of the common shares issued by the Company. In addition, in the event that employees fail to meet the vesting conditions as per the issuance regulations, the Company reserves the right to reclaim and cancel all shares of restricted stock units allocated to the employees at no cost.

(XVIII) Earnings per Share (EPS)

	2023	2022
Basic EPS:		
Net income attributable to the Company	$ 328,378	338,432
Weighted-average number of ordinary shares (in thousands)	87,954	88,686
Basic EPS (NT$)	$ 3.73	3.82
Diluted EPS:		
Net income attributable to the Company	$ 328,378	338,432
Weighted-average number of ordinary shares (in thousands)	87,954	88,686
Effect of potential diluted common shares:		
Employee compensation to be distributed in shares	629	937
Weighted average number of common shares outstanding for the calculation of diluted EPS (in thousands of shares)	88,583	89,623
Diluted EPS (NT$)	$ 3.71	3.78

(XIX) Revenue of customer contract

	2023	2022
Major regional markets		
China	$ 2,783,779	2,349,251
Taiwan	82,754	123,202
Other countries	68,380	16,241
	$ 2,934,913	2,488,694
Major products		
Coiled conductive polymer solid state capacitors	$ 2,107,748	1,950,624
Chip-type conductive polymer solid state capacitors	827,165	538,070
	$ 2,934,913	2,488,694

Please refer to Note VI(IV) for the disclosure of notes and accounts receivable and impairment.

(XX) Employee compensations and remuneration for Directors

The Company's Articles of Incorporation provide that if there is profit in the year, at least 8 percent of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT$35,769 thousand and NT$36,375 thousand as employee compensation and NT$10,520 thousand and NT$10,699 thousand as remuneration for Directors for the years ended 2023 and 2022, respectively. These amounts were calculated using the Company's income before income tax before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in shares, the number of shares is determined by dividing the amount of compensation by the closing price of common shares on the day preceding the Board of Directors' meeting.

The amounts allocated for remuneration to employees were NT$36,375 thousand and the remuneration to Directors were NT$10,699 thousand for the years ended December 31, 2022, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XXI) Non-operating income and expenses

1. Other gains and losses, net

		2023	2022
Subsidy income	$	29,728	29,138
Dividend income		6,501	11,229
Loss on valuation of financial assets		(4)	-
Loss on disposal of property, plant, and equipment		(1,133)	(43)
Service revenue		-	843
Others		2,570	(1,112)
	$	37,662	40,055

2. Finance costs

		2023	2022
Interest expenses of loans from banks	$	29,238	18,977
Interest expense of lease liabilities		210	255
	$	29,448	19,232

3. Interest income

		2023	2022
Interests on bank deposits	$	18,427	7,037
Other interest income		14	13
	$	18,441	7,050

(XXII) Financial instruments

1. Credit risk

(1) Maximum credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount of credit risk exposure.

(2) Credit risk concentration

The Group's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the Group continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As at December 31, 2023 and 2022, 43% and 46% of the Group's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(3) Credit risk of accounts receivable and debt securities

Please refer to Note VI(IV) for credit risk exposure of accounts receivable.

Other financial assets at amortized cost included other receivables and time deposits. No impairment loss was recognized.

The aforementioned financial assets have low credit risk, so the allowance loss of the period is measured based on twelve-month expected credit loss (please refer to Note IV(VII) for details on how the Group determines the level of credit risk).

2. Liquidity risk

The following table shows the contractual maturity analysis of financial liabilities(including the impact of interest payable):

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
December 31, 2023					
Non-derivative financial liabilities					
Short-term loans	$ 837,000	839,882	839,882	-	-
Accounts payable (including related parties)	366,030	366,030	366,030	-	-
Payroll and bonus payable	137,035	137,035	137,035	-	-
Payable on equipment	27,339	27,339	27,339	-	-
Expenses payable (recorded as other current liabilities)	97,822	97,822	97,822	-	-
Lease liabilities (including current and non-current)	24,662	25,173	9,369	5,262	10,542
Long-term loans (including within one year)	462,500	477,570	36,255	123,806	317,509
	$ 1,952,388	**1,970,851**	**1,513,732**	**129,068**	**328,051**

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 1,254,000	1,257,231	1,257,231	-	-
Accounts payable (including related parties)	277,275	277,275	277,275	-	-
Payroll and bonus payable	123,208	123,208	123,208	-	-
Payable on equipment	27,714	27,714	27,714	-	-
Expenses payable (recorded as other current liabilities)	76,227	76,227	76,227	-	-
Lease liabilities (including current and non-current)	15,467	15,607	9,410	5,354	843
Long-term loans	375,000	399,226	3,228	3,317	392,681
	$ 2,148,891	**2,176,488**	**1,774,293**	**8,671**	**393,524**

3. Exchange rate risk

(1) Exchange rate risk exposure

The Group's financial assets and liabilities exposed to material exchange rate risk were as follows:

	2023.12.31			2022.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 53,400	30.705	1,639,655	48,596	30.71	1,492,383
RMB	61,167	4.3352	265,171	79,120	4.4094	348,872
Financial liabilities						
Monetary items						
USD	1,742	30.705	53,488	1,176	30.71	36,115

(2) Sensitivity analysis

The Group's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, short-term loans, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the years ended December 31, 2023 and 2022 due to depreciation or appreciation of NTD against USD and RMB as of December 31, 2023 and 2022 with all other variables held constant were as follows:

	Range of the fluctuations	**2023**	**2022**
TWD exchange rate	1% depreciation against USD	$ 12,689	11,650
	1% appreciation against USD	$ (12,689)	(11,650)
	1% depreciation against RMB	$ 2,121	2,791
	1% appreciation against RMB	$ (2,121)	(2,791)

(3) Foreign exchange gains (losses) on monetary items

As the Group has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (including realized and unrealized) for the years ended December 31, 2023 and 2022 were NT$24,185 thousand and 150,409 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the Group is described in the liquidity risk management of the Notes.

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the three months ended December 31, 2023 and 2022 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	**2023**	**2022**
Annual borrowing rate	Increase by 1%	$ (10,396)	(13,032)
	Decrease by 1%	$ 10,396	13,032

5. Other price risk

If the price of equity securities changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

	2023		**2022**	
Securities price as of the reporting date	**Other comprehensive income before tax**	**Income before income tax for the period**	**Other comprehensive income before tax**	**Income before income tax for the period**
Increase of 1%	$ 2,130	298	2,910	-
Decrease of 1%	(2,130)	(298)	(2,910)	-

6. Fair value of financial instruments

(1) Type and fair value of financial instruments

The Group's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current					
Government bonds	$ 29,775	29,775	-	-	29,775
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 212,957	-	-	212,957	212,957

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed shares	$ 146,010	146,010	-	-	146,010
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 145,021	-	-	145,021	145,021

(2) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions adopted by the Group for valuating instruments not at fair value were as follows:

For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. When market value is unavailable, valuation method is adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

(3) Valuation techniques for financial instruments that are measured at fair value

If there is an active market for a financial instrument, the fair value of the instrument is based on the quoted market price in the active market. The market prices announced by major exchanges and the central government bond counter trading centers, which are judged to be popular, are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments with active market quotations.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and the price represents an actual and frequent arm's length market transaction. If above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

The fair value of financial instruments held by the Group that are traded in an active market are presented by category and attribute as follows:

The fair values of listed redeemable bonds, listed stocks, bills of exchange and corporate bonds, which are financial assets and financial liabilities with standard terms and conditions and traded in active markets, are determined based on the quoted market prices, respectively.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counter-parties. The fair values obtained through valuation techniques may be calculated based on the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including the models based on market information available at the date of the consolidated balance sheet (e.g., over-the-counter (OTC) reference yield curves, Reuters average quoted commercial paper rates).

The fair value of financial instruments held by the Group that do not have an active market is estimated using the Comparable Listed Company Act and the net asset value method, with the main assumptions of the Comparable Listed Company Act being the net share price multiplier and the cost-benefit ratio multiplier of comparable listed companies. The net asset value method is used to assess the total value of the individual assets and liabilities covered by the valuation technique to reflect the overall value of the Company. This estimate adjusts for the effect of the lack of marketability of the equity securities at a discount.

(4) Transfers between Level 1 and Level 2 fair value hierarchy: None.

(5) Details of changes in Level 3 fair value hierarchy:

	Financial assets measured at fair value through other comprehensive income - inactive market
Balance as of January 1, 2023	$ 145,021
Addition	80,000
Reduction of capital and return of share capital contributions	(8,811)
Total gains and losses	
Recognized in other comprehensive income	(3,253)
Balance as of December 31, 2023	$ 212,957
Balance as of January 1, 2022	$ 129,807
Total gains and losses	
Recognized in other comprehensive income	15,214
Balance as of December 31, 2022	$ 145,021

The aforementioned total gains and losses are recognized under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income." As of December 31, 2023 and 2022, gains or losses of assets in the book amounted to gain of NT$26,769 thousand and gain of NT$30,022 thousand, respectively.

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group classified the financial assets measured at fair value through other comprehensive income and loss – non-current as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs are independent, therefore, there is no correlation between them. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through other comprehensive income - non-current (investments in equity instrument without active market)	Net asset value method	• Net asset value • Marketability discount (9% for December 31, 2023 and December 31, 2022)	• The higher the value of net asset, the higher the fair value • The higher the marketability discount, the lower the fair value
Financial asset at fair value through other comprehensive income - non-current (investments in equity instrument without active market)	Market approach	• Price-book ratio (PBR) multiples (1.06~4.81 and 1.12~4.16 as of December 31, 2023 and December 31, 2022) • Price-earnings ratio (PER) multiples (18.91~21.33 and 13.3~13.7 as of December 31, 2023 and December 31, 2022) • Marketability discount (15.09%~23.22% and 14.48%~28.15% as of December 31, 2023 and December 31, 2022)	• The higher the price-book ratio, the higher the fair value • The higher the price-to-earning ratio, the higher the fair value • The higher the marketability discount, the lower the fair value

(7) Fair value measurement for Level 3, and sensitivity analysis of fair value on reasonably possible alternative assumptions

The Group's fair value measurement on the financial instruments is considered reasonable; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. If valuation parameters change, financial instruments classified as Level 3 will have effects on the profit/loss or other comprehensive income, stated as follows:

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
December 31, 2023				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	2,589	(2,589)
	Net asset value method	±1%	705	(705)
	Price-book ratio (PBR) multiples	±1%	12,854	(12,854)
	Price-earnings ratio (PER) multiples	±1%	55	(55)

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
December 31, 2022				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	1,776	(1,776)
	Net asset value method	±1%	504	(504)
	Price-book ratio (PBR) multiples	±1%	5,369	(5,369)
	Price-earnings ratio (PER) multiples	±1%	76	(76)

The Group's favorable and unfavorable changes refer to fluctuation of fair value, and the fair value is calculated according to unobservable inputs of different level via the valuation technique. The fair value of the financial instrument is affected by more than one inputs, the table above only reflects the effect caused by the change of one single input, and the correlation and difference among inputs are not considered.

(XXIII) Financial risk management

1. Overview

The Group is exposed to the following risks due to usage of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

2. Risk management framework

The Board of Directors is solely responsible for overseeing the risk management of the Group. The Group's risk management policies are formulated to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Group's activities.

The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other market price risks).

3. Credit risk

The main credit risk the Group faces is caused by the potential impact of the counterparty or other party of the financial asset transaction failing to meet its contractual obligations. The Group deposits its cash in creditworthy banks with low credit risk.

The main credit risk of the Group arises from financial products derived from cash and accounts receivable. The Group deposits its cash in various financial institutions. The Group controls exposure to the credit risk of each financial institution and believes that there is no concentration of significant credit risk for the cash.

The credit risk exposure of the Group is influenced by the conditions of each individual customer. The management also considers the statistical data on the basis of the Group customers, including the default risk of industry and country, as these factors play a role in credit risk. To lower credit risk, management of the Group appoints a dedicated team to make decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of all accounts receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable accounts receivable.

The Group did not provide any endorsements or guarantees to parties other than the subsidiaries for the years ended December 31, 2023 and 2022.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The method of the Group adopts for managing liquidity lies in ensuring sufficient working capital to pay for due liabilities under normal and pressing circumstances so as to avoid unacceptable losses or risk of damage to goodwill. The Group supports business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

5. Market risk

Market risk refers to the risk of the value of revenue or held financial instruments being influenced by market price changes, such as exchange rate and interest rate. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the bearable scope.

(1) Exchange rate risk

The Group is exposed to currency risk arising out of sales, procurement and loan transaction through functional currency valuation from its entities. The Group's functional currency is New Taiwan dollars. The main valuation currencies for these types of transactions includes RMB and USD.

Loan interest is denominated in the currency of the loan. Generally speaking, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Group, which is mainly NTD and USD. This provides economic hedging without signing derivatives, so hedging accounting is not adopted.

For monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Group purchases or sells foreign currencies at the real-time exchange rate to ensure that net risk exposure remains at an acceptable level.

(2) Interest rate risk

The short-term borrowings of the Group are debts with floating interest rates, so changes in market interest rates will cause the effective interest rate of short-term borrowings to change accordingly, leading to fluctuations in future cash flows.

(XXIV) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Group operates in an industry with rapid changes, intensive capital and technologies, and the life cycle of the Company is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder cash dividends shall not be lower than 10% of the distributable surplus of the year.

The Group's management periodically reassesses the capital structure every six months, with the scope covering capital costs of various categories and related risks. The Group will distribute dividend, issue new shares, issue new bonds, or repay old debts among other methods to balance its overall capital structure in accordance with the recommendations of its management.

The Group's debt-to-adjusted-capital ratio at the reporting date was as follows:

	2023.12.31	2022.12.31
Total liabilities	$ 2,007,980	2,197,611
Less: Cash and cash equivalents	(1,124,174)	(1,232,368)
Net liabilities	$ 883,806	965,243
Total equity	$ 2,914,375	2,720,740
Debt-to-capital ratio	30.33%	35.48%

(XXV) Non-cash financing activities

The Group's non-cash investing and financing activities for the years ended December 31, 2023 and 2022 were as follows:

1. For right-of-use assets obtained via leases, please refer to Note VI(VIII).
2. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	2023.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2023.12.31
Short-term loans	$ 1,254,000	(417,000)	-	-	837,000
Lease liabilities	15,467	(19,989)	(158)	29,342	24,662
Long-term loans (including within one year)	375,000	87,500	-	-	462,500
	$ 1,644,467	(349,489)	(158)	29,342	1,324,162

			Non-cash changes		
	2022.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2022.12.31
Short-term loans	$ 1,306,000	(52,000)	-	-	1,254,000
Lease liabilities	19,487	(23,443)	(81)	19,504	15,467
Long-term loans	10,000	365,000	-	-	375,000
	$ 1,335,487	289,557	(81)	19,504	1,644,467

VII. Related Party Transactions

(I) Related parties' name and relationships

Name of related party	Relationship with the Group
Shenzhen Gather Electronics Science Co., Ltd.	Associates of the Group accounted for under the equity method
Hubei Gather Electronics Science Co., Ltd.	Subsidiaries controlled by Shenzhen Gather Electronics Science Co., Ltd.
INPAQ Technology Co., Ltd. (Note)	The chairman of the Group is a natural person director of the company
WALSIN Technology Corporation (Note)	Parent company of INPAQ Technology Co., Ltd.
JDX Technology co., Ltd.	Associates of the Group accounted for under the equity method
AiPAQ Technology Co., Ltd	Associates of the Group accounted for under the equity method

Note: INPAQ Technology Co., Ltd. was originally a corporate director of the Company. However, as of April 13, 2023, it ceased to hold directorship due to transferring its shareholding exceeding half of the shareholding at the time of appointment, as required by law.

(II) Significant transactions with related parties

1. Operating revenue

	2023	2022
Hubei Gather Electronics Science Co., Ltd.	$ 79,652	73,110
JDX Technology co., Ltd.	469	-
WALSIN Technology Corporation	-	43
	$ 80,121	**73,153**

The sales price to related parties and non-related parties is determined by the specifications of the products being sold, and some products are given discounts of varying degrees depending on the quantity sold. Therefore, the pricing strategy is not significantly different. The credit conditions of the related parties are from 90 days to 150 days based on the monthly statement. The credit conditions of general customers are determined by the individual client's past transaction experience and the results of debt evaluation. The range is between 60 to 150 days.

2. Purchases

		2023	2022
Hubei Gather Electronics Science Co., Ltd.	$	23,035	14,269
AiPAQ Technology Co., Ltd		2,380	-
	$	25,415	14,269

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days from end of month for general suppliers, and 60 to 90 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of related parties		2023.12.31	2022.12.31
Accounts receivable	Hubei Gather Electronics Science Co., Ltd.	$	59,749	46,639
	WALSIN Technology Corporation		-	45
	JDX Technology co., Ltd.		299	-
		$	60,048	46,684

4. Payables to related parties

Financial Statement Account	Category of related parties		2023.12.31	2022.12.31
Accounts payable	Hubei Gather Electronics Science Co., Ltd.	$	10,689	7,513
	AiPAQ Technology Co., Ltd		2,232	-
		$	12,921	7,513

5. Property Transactions

The Company purchased other equipment from INPAQ Technology for total amount of NT$1,317 thousand in September 2022. Up to December 31, 2022, the final payment yet to be paid was NT$1,383 thousand. The amount was paid in full on March 31, 2023.

6. Other transactions

The Group engaged in contracts associated with winding machines with INPAQ Technology. Service income were NT$0 thousand and NT$843 thousand for the years ended December 31, 2023 and 2022, respectively.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

		2023	2022
Short-term employee benefits	$	42,979	44,307
Benefits after retirement		432	432
	$	43,411	44,739

VIII. Pledged Assets: None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events

On November 6, 2023, the Board of Directors of the Group approved participation in the cash capital increase of AiPAQ Technology Co., Ltd. As of February 15, 2024, we have invested NT$151,920 thousand, increasing our equity stake in AiPAQ Technology Co., Ltd from 30% to 52%. Consequently, the Group has gained control over AiPAQ Technology Co., Ltd.

XII. Others

The following is the summary statement of employee benefits and depreciation expenses by function:

Function / Type	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	294,508	211,076	505,584	283,785	196,325	480,110
Labor and health insurance expense	1,441	10,564	12,005	1,225	9,747	10,972
Pension expense	977	5,079	6,056	986	4,475	5,461
Other employee benefits expenses	4,950	7,812	12,762	5,625	8,559	14,184
Depreciation	206,466	36,580	243,046	206,214	33,349	239,563
Amortization	546	4,162	4,708	885	4,309	5,194

XIII. Supplementary Disclosures

(I) Significant transactions information

Relevant information about significant transactions to be disclosed by the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

1. Financing provided to others:

No.	Lending Company	Borrower	Subject	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount actually drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for Short-term Financing	Loss allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	Apaq Wuxi	Other receivables - related parties	Yes	194,550	184,230	-	-	Business Transaction	1,931,416	Business needs of subsidiary	-		-	1,165,750	1,165,750
0	The Company	Apaq Hubei	Other receivables - related parties	Yes	194,550	184,230	-		Short-term Financing	-	Business needs of subsidiary	-		-	1,165,750	1,165,750

Note 1: For firms or companies having business relationship with the Company, the financing amount to an individual party is limited to the transaction amount between both parties.

Note 2: Total amount of financing to external parties shall be limited to 40% of the equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/ Guarantee Provider	Object of Endorsements/ Guarantees		Limit on Endorsements/ Guarantees Provided for A Single Party	Maximum Balance of Endorsements/Guarantees in Current Period	Ending Balance of Endorsement and Guarantee	Amount actually drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Apaq Wuxi	Subsidiary	2,914,375	226,975	214,935	-	-	7.37%	2,914,375	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,914,375	226,975	214,935	-	-	7.37%	2,914,375	Y	N	Y

Note 1: The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

Note 2: The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remarks
				Shares	Carrying amount	Shareholding %	Fair value	
The Company	U.S. Treasury bonds	None	Financial assets at fair value through profit or loss - current	10,000	29,775	- %	29,775	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - non-current	780	25,147	5.80%	25,147	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - non-current	18	4,196	10.73%	4,196	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,600	11,696	3.64%	11,696	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,770	76,424	5.39%	76,424	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income - non-current	240	2,777	3.20%	2,777	
The Company	IPU Semiconductor Co.,	None	Financial assets at fair value through other comprehensive	800	23,597	8.00%	23,597	

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remarks
				Shares	Carrying amount	Shareholding %	Fair value	
	Ltd.		income - non-current					
The Company	WK Technology Fund IX II Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,000	27,240	2.67%	27,240	
The Company	I-See Vision Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	5,000	41,880	11.18%	41,880	

4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital:

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				End of the Period	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Chaintech Technology Corporation - common share	Financial assets at fair value through other comprehensive income - current	None	None	4,710	159,248 (Note)	30	1,546	4,740	250,823	160,794	90,029	-	-

Note: The beginning balance is the acquisition cost.

5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital:

Company of purchase (sales)	Name of the counterparty	Relationship	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchases (sales)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	1,931,416	99%	60 days from the end of the month	-	Note 1	404,819	96%	Note 2
Apaq Wuxi	Apaq Hubei	Same parent company	Purchases	514,845	38%	120 days from the end of the month	-	Note 1	99,421	22%	Note 2

Note 1: The payment period of general suppliers ranges from net 30 days to 90 days on the monthly statement, and the payment period for Apaq Wuxi and Apaq Hubei is net 60 days and net 120 days, respectively.

Note 2: Related transactions and closing balances have been eliminated from the consolidated financial statements.

8. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount:

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

Company Name	Name of the counterparty	Relationship	Balance of Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Periods (Note 2)	Loss allowance
					Amount	Action taken		
Apaq Wuxi	The Company	Parent-subsidiary company	404,819 (Note 1)	-	-	-	120,602	-

Note 1: Including accounts receivable arising from sales.

Note 2: It refers to the recovery status as of January 19, 2024.

9. Trading in derivative instruments: None.

10. Parent-subsidiary company business relation and significant transactions:

No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Conditions of Transactions			
				Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Purchases	1,931,416	60 days from the end of the month	66%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Sales	68,452	60 days from the end of the month	2%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts payable	404,819	60 days from the end of the month	9%
1	Apaq Wuxi	Apaq Hubei	Subsidiary to Subsidiary	Purchases	514,845	120 days from the end of the month	18%
1	Apaq Wuxi	Apaq Hubei	Subsidiary to Subsidiary	Accounts payable	99,421	120 days from the end of the month	2%

(II) Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

Name of Investor	Name of investees	Primary Business	Primary business activities	Original Investment Amount		Shares held at the end of the period			Midterm maximum capital contribution ratio	Current income (loss) of the investee	Investment Profit or Loss Recognized in the Current Period	Remarks
				End of the period	End of Last Year	Shares	%	Carrying amount				
The Company	APAQ Samoa	Samoa	Holding	1,396,226	1,377,960	45,104	100%	2,268,332	100.00%	137,789	156,089	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components	30,000	30,000	3,000	30%	23,378	30.00%	(7,641)	(2,293)	Associate
The Company	JDX Technology Co.,Ltd.	Taiwan	Production and sales of electronic components	7,000	7,000	700	23.33%	3,420	23.33%	(7,222)	(2,650)	Associate

Note 1: Share of profit/loss includes adjustments for upstream transactions between affiliates.

Note 2: Related transactions and closing balances have been eliminated from the consolidated financial statements.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China:

Name of Investee	Primary business activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Current income (loss) of the investee	The Company's Percentage of Direct or Indirect Ownership	Midterm maximum capital contribution ratio	Investment Gains (Losses) Recognized in the Current Period	Carrying Amount of Investment at the End of Period	Ending Balance of Accumulated Inward Remittance of Earnings	Remarks
					Outward Remittance	Recovery								
Apaq Wuxi	Production and sales of electronic components	1,220,424 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	144,017	100%	100.00%	144,017 Note 3	2,235,661 Note 3	-	Note 4
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	51,589 (RMB11,900 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	(2,660)	35%	35.00%	(1,350) Note 3	49,867 Note 3	-	
Apaq Hubei	Production and sales of electronic components	248,146 (USD8,500 thousand)	Note 2	231,962 (USD8,000 thousand)	15,222 (USD500 thousand)	-	247,184 (USD8,500 thousand)	43,424	100%	100.00%	42,645 Note 3	366,127 Note 3	-	Note 4

2. Limits of reinvestments in mainland China:

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note5)	Upper limit on investment authorized by MOEAIC
1,585,195 (USD50,200 thousand and RMB9,800 thousand)	1,701,766 (USD53,700 thousand and RMB11,900 thousand)	(Note 6)

Note 1:Investment in Mainland China indirectly through a third area.

Note 2:Direct investment in Mainland China.

Note 3:It was recognized based on financial statements of the same period audited by CPAs of the parent company.

Note 4:Related transactions and closing balances have been eliminated from the consolidated financial statements.

Note 5:The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 53,700 thousand and RMB 11,900 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2023, the approved investment amount was US$3,500 thousand and RMB$2,100 thousand, of which US$2,000 thousand had not been automatically lapsed for three years, and the remaining US$1,500 thousand and RMB$2,100 thousand had not been remitted.

Note 6:The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. Substantial transactions:

Please refer to the "Information on significant transactions" for direct or indirect material transactions between the Group and investees in China (which have been eliminated during the preparation of consolidated financial statements) for the years ended December 31, 2023.

(IV) Information on major shareholders:

Unit: Shares

Shareholding Name of Major Shareholder	No. of Shares Held	Shareholding %
TAI-TECH Advanced Electronics Co., Ltd.	25,000,000	28.10%
Hua Cheng Venture Capital Co., Ltd.	10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

XIV. Segment Information

(I) General information and segment information

The Group focuses on producing ultra-small, high temperature-resistant, long life, low impedance electrolytic capacitors and cooperates with customers to develop and manufacture high voltage capacitors, chip capacitors, organic semiconductor solid capacitors and high energy storage capacitors. It is a single operating segment. The information of the operating segment is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for revenue (revenue from external customers) and income/loss of the segment and the consolidated balance sheet for segment information.

(II) Information on product categories

Please refer to Note VI(XIX) for information on product for the years ended December 31, 2023 and 2022.

(III) Geographical information

The Group compiled the following information with the revenue based on geographic location of customers and non-current assets based on the geographic location of assets.

1. Revenue from external customers:

   Please refer to Note VI(XIX) for information on revenue from external customers for the years ended December 31, 2023 and 2022.

2. Non-current assets:

	2023.12.31	2022.12.31
China	$ 1,272,424	1,322,833
Taiwan	101,921	112,368
	$ 1,374,345	1,435,201

Note: Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets.

(IV) Major customer information

Customers accounting for more than 10% of the Group's net operating revenues include:

	2023		2022	
	Amount	Percentage of net operating revenue for the current period	Amount	Percentage of net operating revenue for the current period
Customer A	$ 436,019	15	397,439	16

V. Individual Financial Reports Audited and Certified by CPAs for the Most Recent Fiscal Year

Independent Auditors' Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.:

Opinions

We have audited the accompanying balance sheets of APAQ TECHNOLOGY CO., LTD. (the "Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements." We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not express a separate opinion on these matters. Key audit matters for the Company's financial statements of the current period are stated as follows:

Inventory assessment

For accounting policies related to inventory assessment, please refer to Note IV(VII) Inventory of the financial report. For accounting estimates and assumption uncertainty for inventory assessment, please refer to Note V of the parent company only financial statements. Relevant details can be found in Note VI(IV) net inventory.

Description of key audit matters:

Since inventory is measured by the lower of cost and net realizable value, companies need to employ judgments and estimates to determine the net realizable value of inventory on the reporting date. Due to the rapid evolution in technology, the net realizable value fluctuates and potentially leads to significant changes. Therefore, the assessment for the allowance for price decline in inventories is one of the important evaluation items for the accountant when auditing the Company's parent company only financial report.

How our audit addressed the matter:

Our main audit procedure for the aforementioned key matters includes obtaining the inventory aging report and checking the general ledger, selecting appropriate samples from the inventory aging report to compare with the transaction documents to verify that the inventory has been placed in the appropriate interval of the inventory aging report, understanding the management's strategy for calculating the net realizable value and checking relevant documents, evaluating the reasonableness of the inventory price decline and the policy for taking stock of obsolete and slow-moving inventories, assessing whether the inventory evaluation has been implemented in accordance with the established accounting policies, and evaluating whether the management's disclosure for allowance for price decline in inventories is reasonable.

Responsibilities of Management and Governing Bodies 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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatement may 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.

As part of an audit in accordance with auditing standards, we maintain professional skepticism throughout the audit. We also:

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

Certified public accountant :

Securities Competent Authority Approval No.	:	Jin-Guan-Zheng-Shen-Zi No. 1040007866 Jin-Guan-Zheng-Shen-Zi No. 1020002066

February 20, 2024

APAQ Technology Co., Ltd.

Balance Sheet

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents [Note VI(I)]	$ 526,765	11	933,280	19
1110	Financial assets at fair value through profit or loss - current [Note VI(II)]	29,775	1	-	-
1120	Financial assets at fair value through other comprehensive income - current [Note VI(III)]	-	-	146,010	3
1170	Notes and accounts receivable - net [Note VI (IV)]	977,507	20	774,513	16
1180	Accounts receivable - related parties [Notes VI(IV) & VII]	28,098	1	62,001	1
1210	Other receivables - related parties [Note VII]	4,025	-	15,736	-
1310	Inventories, net [Note VI(V)]	215,663	4	218,531	4
1479	Other current assets [Note VI(X)]	8,933	-	8,076	-
		1,790,766	37	2,158,147	43
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(III)]	212,957	5	145,021	3
1550	Investments accounted for under the equity method [Note VI(VI) & VII]	2,662,992	55	2,467,684	50
1600	Property, plant and equipment [Note VI(VII)]	53,775	1	76,230	2
1755	Right-of-use assets [Note VI(VIII)]	15,293	-	5,899	-
1780	Intangible assets [Note VI(IX)]	24,811	1	26,339	1
1840	Deferred income tax assets [Note VI(XV)]	42,414	1	39,800	1
1920	Refundable deposits	7,244	-	1,019	-
1990	Other non-current assets [Note VI(X)]	8,042	-	3,900	-
		3,027,528	63	2,765,892	57
	Total assets	$ 4,818,294	100	4,924,039	100

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans [Note VI(XI)]	$ 837,000	17	1,254,000	26
2170	Accounts payable	13,741	-	10,023	-
2180	Accounts payable - related parties [Note VII]	407,051	8	411,978	8
2201	Payroll and bonus payable	93,603	2	85,324	2
2213	Payables on equipment	4,938	-	6,475	-
2280	Lease liabilities - current [Note VI(XIII)]	4,982	-	5,156	-
2322	Long-term loans due within one year or one operating cycle [Note VI(XII)]	152,111	3	-	-
2399	Other current liabilities	69,736	2	54,503	1
		1,583,162	32	1,827,459	37
	Non-current liabilities:				
2540	Long-term loans [Note VI(XII)]	310,389	6	375,000	8
2580	Lease liabilities - non-current [Note VI(XIII)]	10,368	-	840	-
		320,757	6	375,840	8
	Total Liabilities	1,903,919	38	2,203,299	45
	Equity [Note VI (XVI)]:				
3100	Share capital	889,535	18	889,535	18
3200	Capital surplus	768,493	17	765,757	16
3300	Retained earnings	1,372,023	29	1,155,909	23
3400	Other equity	(75,302)	(1)	(50,087)	(1)
3500	Treasury shares	(40,374)	(1)	(40,374)	(1)
	Total equity	2,914,375	62	2,720,740	55
	Total liabilities and equity	$ 4,818,294	100	4,924,039	100

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD.
Statements of Comprehensive Income
For the Years ended December 31, 2023 and 2022

Unit: NT$ thousands

		2023		2022	
		Amount	**%**	**Amount**	**%**
4110	Net sales revenue [Notes VI(XIX) & VII]	$ 2,460,981	100	2,114,615	100
5110	Cost of goods sold [Notes VI(V),(XX) & VII]	2,001,589	81	1,760,515	83
5950	**Gross profit**	459,392	19	354,100	17
5910	Add: Unrealized sales profit and loss [Note VII]	7,849	-	6,302	-
5900	**Realized gross profit**	467,241	19	360,402	17
6000	Operating expenses [Notes VI(XX) & VII]:				
6100	Selling expenses	74,901	3	59,710	3
6200	Administrative expenses	107,881	5	97,548	5
6300	Research and development expenses	105,514	4	88,491	4
	Total operating expenses	288,296	12	245,749	12
6900	**Operating income**	178,945	7	114,653	5
7000	**Non-operating income and expenses:**				
7020	Other gains and losses [Notes VI(II) & (XXI)]	8,458	-	16,138	1
7050	Finance costs [Notes VI(XIII) & (XXI)]	(29,369)	(1)	(19,058)	(1)
7100	Interest income [Notes VI(XXI) & VII]	17,553	1	6,811	-
7230	Foreign exchange gain (loss) [Note VI(XXII)]	5,150	-	112,600	5
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(VI)]	193,791	8	149,166	7
	Non-operating income and expenses, net	195,583	8	265,657	12
7900	**Income before income tax**	374,528	15	380,310	17
7950	Less: Income tax expense [Note VI(XV)]	46,150	2	41,878	2
	Net income for the period	328,378	13	338,432	15
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	100,014	4	22,984	1
	Total of items that may not be reclassified subsequently to profit or loss	100,014	4	22,984	1
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Financial statements translation differences of foreign operations	(44,000)	(1)	32,025	2
8399	Less: Income tax related to items that may be reclassified [Note VI(XV)]	(8,800)	-	6,405	-
	Total of items that may be reclassified subsequently to profit or loss	(35,200)	(1)	25,620	2
8300	**Other comprehensive income, net of tax**	64,814	3	48,604	3
	Total comprehensive income for the year	**$ 393,192**	**16**	**387,036**	**18**
	Earnings per share (Unit: NT$) [Note VI(XVIII)]				
9750	Basic earnings per share	**$**	**3.73**		**3.82**
9850	Diluted earnings per share	**$**	**3.71**		**3.78**

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD.
Statements of Change in Equity
For the Years ended December 31, 2023 and 2022

Unit: NT$ thousands

			Retained earnings				Other equity items				
	Share capital - common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance as of January 1, 2022	$ 889,535	765,757	166,116	85,301	743,967	995,384	(92,490)	(6,201)	(98,691)	-	2,551,985
Net income for the period	-	-	-	-	338,432	338,432	-	-	-	-	338,432
Other comprehensive income for the period	-	-	-	-	-	-	25,620	22,984	48,604	-	48,604
Total comprehensive income for the year	-	-	-	-	338,432	338,432	25,620	22,984	48,604	-	387,036
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	30,637	-	(30,637)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	13,390	(13,390)	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(177,907)	(177,907)	-	-	-	-	(177,907)
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(40,374)	(40,374)
Balance as of December 31, 2022	889,535	765,757	196,753	98,691	860,465	1,155,909	(66,870)	16,783	(50,087)	(40,374)	2,720,740
Net income for the period	-	-	-	-	328,378	328,378	-	-	-	-	328,378
Other comprehensive income for the period	-	-	-	-	-	-	(35,200)	100,014	64,814	-	64,814
Total comprehensive income for the year	-	-	-	-	328,378	328,378	(35,200)	100,014	64,814	-	393,192
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	33,843	-	(33,843)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(48,604)	48,604	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(202,293)	(202,293)	-	-	-	-	(202,293)
Effect of changes in percentage of shareholding in long-term equity investments	-	2,736	-	-	-	-	-	-	-	-	2,736
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	90,029	90,029	-	(90,029)	(90,029)	-	-
Balance as of December 31, 2023	**$ 889,535**	**768,493**	**230,596**	**50,087**	**1,091,340**	**1,372,023**	**(102,070)**	**26,768**	**(75,302)**	**(40,374)**	**2,914,375**

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD.

Statements of Cash Flows

For the Years ended December 31, 2023 and 2022

Unit: NT$ thousands

		2023	2022
Cash flows from operating activities:			
Income before income tax for the period	$	374,528	380,310
Adjustments:			
Income and expense items:			
Depreciation		40,048	37,480
Amortization		4,604	5,074
Loss on valuation of financial assets at fair value through profit or loss		4	-
Interest expense		29,369	19,058
Interest income		(17,553)	(6,811)
Dividend income		(6,501)	(11,229)
Loss (reversal gain) on market value decline and obsolete and slow-moving inventories		(1,821)	5,100
Share of profit of associates accounted for using the equity method		(193,791)	(149,166)
Loss (gain) on disposal and retirement of property, plant and equipment		(1,612)	(2,590)
Unrealized sale profit or loss between associates		(7,849)	(6,302)
Other non-cash expense items, net		-	(140)
Total income and expense items		(155,102)	(109,526)
Changes in operating assets and liabilities:			
Notes and accounts receivable (payable)		(202,994)	113,747
Accounts receivable - related parties		33,903	(9,849)
Other receivables - related parties		11,711	(3,019)
Inventories		4,689	(12,874)
Other operating assets		(1,569)	(1,151)
Accounts payable		3,718	(2,887)
Accounts payable - related parties		(4,927)	(28,295)
Other operating liabilities		13,013	350
Total adjustments		(297,558)	(53,504)
Cash generated from operations		76,970	326,806
Interest received		18,264	8,064
Cash dividends received		6,501	11,229
Interest paid		(29,010)	(18,783)
Income tax paid		(29,823)	(53,406)
Net cash generated from operating activities		42,902	273,910

(Continued on next page)

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng Manager: Shi-Dong Lin Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd.

Statements of Cash Flows (continued)

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income - current	(1,546)	-
Disposal of financial assets at fair value through other comprehensive income - current	250,823	-
Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income	8,811	-
Acquisition of financial assets at fair value through profit or loss - current	(29,779)	-
Acquisition of financial assets at fair value through other comprehensive income - non-current	(80,000)	-
Acquisition of investments accounted for under the equity method	(33,488)	(55,699)
Proceeds from purchases of property, plant and equipment	(12,340)	(20,287)
Disposal of property, plant and equipment	937	57
Decrease in other receivables - related parties	-	80,594
Acquisition of intangible assets	(3,076)	-
(Increase) Decrease in refundable deposits	(6,225)	3,508
Increase in other non-current assets	(1,526)	(89)
Increase in prepayments for business facilities	(2,911)	-
Net cash inflow from investing activities	89,680	8,084
Cash flows from financing activities:		
Increase in short-term loans	980,000	548,000
Repayment of short-term loans	(1,397,000)	(600,000)
Increase in long-term loans	100,000	365,000
Repayments of long-term loans	(12,500)	-
Repayment of lease principal	(7,304)	(7,562)
Cash dividends paid	(202,293)	(177,907)
Proceeds from repurchase of treasury shares	-	(40,374)
Net cash (outflow) inflow from financing activities	(539,097)	87,157
Increase (decrease) in cash and cash equivalents	(406,515)	369,151
Cash and cash equivalents, beginning of the year	933,280	564,129
Cash and cash equivalents, end of the year	$ 526,765	933,280

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng Manager: Shi-Dong Lin Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD.

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

APAQ TECHNOLOGY CO., LTD. (hereinafter referred to as the "Company") was established on December 23, 2005 with the registered address at 4F., No. 2 and 6, Kedong 3rd Rd., Zhunan Township, Miaoli County. The Company's shares have been listed and traded at TWSE since December 9, 2014.

The core business of the Company focuses on the research, development, manufacturing and sales of electronic components.

II. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved and issued on February 20, 2024, by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adopting newly issued or amended standards and interpretations endorsed by the Financial Supervisory Commission (referred to as "FSC")

Since January 1, 2023, the Company has adopted below newly amended IFRSs which does not have a material impact on the parent company only financial statements.

- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

  Since May 23, 2023, the consolidated company has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial statements.

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

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

The Company has evaluated that the aforementioned amendments effective on January 1, 2024, do not have a material impact on the parent company only financial statements.

- Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”
- Amendment to IAS 1 “Non-current Liabilities with Contractual Terms”
- Amendments to IFRS 7 and IAS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(III) Newly issued and amended standards and interpretations yet to be endorsed by the FSC

The Company has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- IAS 21 “The Effects of Changes in Foreign Exchange Rates”

IV. Summary of Significant Accounting Policies

The significant accounting policies applied for the parent company only financial report is as follows. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of compliance

The parent company only financial statements have been prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(II) Preparation basis

1. Basis of measurement

Except for the financial assets measured at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention:

(1) Financial assets measured at fair value through profit or loss in accordance with fair value measurement;

(2) Financial assets measured at fair value through other comprehensive income in accordance with fair value measurement;

2. Functional currency and presentation currency

The Company takes the currency of the primary economic environment in which it operates as the functional currency. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

(III) Foreign currency

1. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are converted into functional currency at the end of each subsequent date of financial reporting (hereinafter referred to as the reporting date) at the exchange rate on that day.

Foreign currency items measured at fair value are re-translated into functional currency according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the date of transaction.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations are converted to NTD (representation currency of the parent company only financial statements) at the exchange rate on the reporting date. All income and expense items are converted to NTD at the current average exchange rate, and the difference is recognized as other comprehensive income.

(IV) Classification of current and non-current items

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

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet date; or

4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities arising mainly from trading activities;
3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and cash equivalents

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

(VI) Financial instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Company became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

For the purchase or sale of financial assets that conforms to customary transactions, the Company consistently treats all purchases and sales of financial assets classified according to the accounting treatment based on the transaction date consistently.

Financial assets are classified into the following categories: financial assets measured at amortized cost and equity instrument investment measured at fair value through other comprehensive income.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets from the next reporting period.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit and loss:

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

A financial asset measured at amortized cost is subsequently recognized at their initial value, plus any directly attributable transaction costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency profit or loss and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

An investment through equity instrument is subsequently measured at fair value. Dividend income (unless it clearly represents the return of parts of the investment cost) is recognized in profit or loss. The rest of net profit or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or fair value through other comprehensive income, are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss in order to eliminate or materially reduce the accounting misalignment.

The assets are subsequently measured at fair value, and any net profit or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable (including related party), other receivables, refundable deposit).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

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

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

The Company evaluates whether there is credit impairment in measuring financial assets through amortized cost on every reporting date. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. Evidence that a financial assets is credit-impaired includes the following observation data:

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

The allowance loss of financial assets measured through amortized cost is deducted from the carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets, or when the Company has neither transferred nor retained ownership of all risks and rewards or control over said financial assets.

When the Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

Debt and equity instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

Equity instruments refer to any contracts containing the Company's residual interest after subtracting liabilities from assets. The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury shares

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury shares. For subsequent sales or re-issuance of treasury shares, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for offsetting).

(4) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value. All related net benefits and losses, including any interest expenses, are recognized as profit or loss.

Other financial liabilities are measured at amortized cost by the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. When the terms of financial liabilities are modified and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

(6) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

Embedded derivatives are separated from the host contract when certain conditions are met and the host contract is not a financial asset. Derivatives are initially recognized at fair value; they are subsequently measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss.

(VII) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(VIII) Investments in associates

Associates refer to those over which the Company has significant influence over its financial and operating policies without control or joint control.

The Company adopts the equity method to deal with the interests of associates. Under equity method, they are recognized through cost in original acquisition, and investment costs includes transaction costs. The carrying amount of invested associates includes identified goodwill at the time of investment less any cumulative impairment.

The parent company only financial statements include the parent company only company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the parent company only company, from the date that significant influence commences until the date that significant influence ceases. When changes in the equity other than profit or loss and other comprehensive income incur to associates that does not affect the Company's shareholding ratio, the Company will recognize the changes in equity attributable to the Company's share of the associates as capital reserve based on the shareholding ratio.

Unrealized profits resulting from the transaction between the Company and associates shall be recognized in the financial statements only to the extent unrelated to the investor's interests in associates. When the Company's share of losses exceeds its interest in associates, the carrying amount of that investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has a present legal or constructive obligation or has made payments on behalf of the investees.

(IX) Investments in subsidiaries

In preparation of parent company only financial statements, the Company uses equity method for investments with controlling interests. Under equity method, allocated amount in income (loss) of parent company only financial statements, consolidated financial statements prepared, and other comprehensive income (loss) attributable to shareholders of the parent company are the same. Shareholders' equity in parent company only financial statements and equity attributable to shareholders of the parent Company in consolidated financial statements are the same.

If change of ownership in the Company's subsidiaries does not lead to loss of control, the change is considered equity transaction between shareholders.

(X) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

As the useful life of property, plant and equipment varies, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognized as non-operating income and expenses.

2. Subsequent cost

Subsequent cost is only capitalized when the future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The estimated useful lives for the current and comparative years are as follows:

(1) Machinery and equipment: 4-8 years

(2) Other equipment and others: 3-8 years

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

(XI) Leases

1. Lease judgment

The Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

2. Lessee

The Company recognizes the right-of-use asset and lease liability upon the inception of the lease. The right-of-use asset is initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the inception of the lease and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis between the inception of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid at the inception of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the Company is used. Generally speaking, the Company adopts the incremental borrowing rate as the discount rate.

Lease payments in the measurement of lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;

(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

(3) The residual value guarantee expected to be paid; and

(4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and the amount is measured when the following occurs:

(1) Changes in the indicator or rate used to determine lease payments result in changes in future lease payments;

(2) Changes in the residual value guarantee expected to be paid;

(3) Changes in the evaluation of the underlying asset purchase option;

(4) Changes in the estimate of whether to exercise the extension or termination option and the assessment of the lease period;

(5) Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned indicator or rate used to determine lease payments, changes in the residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

(XII) Intangible assets

1. Recognition and measurement

Expenditures related to research activities are recognized as profit or loss when incurred.

Development expenditures are only capitalized when they can be reliably measured, when the technical or commercial feasibility of the product or process has been achieved, when future economic benefits are likely to flow into the Company, and when the Company intends and has sufficient resources to complete the development for use or for sale. Other development expenditures are recognized in profit or loss when incurred. After the initial recognition, capitalized development expenditures are measured by its cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in profit or loss when such expenses are incurred.

3. Amortization

Amortization is calculated with the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

The estimated useful lives for the current and comparative years are as follows:

(1) Computer software: 3 years

(2) Royalty fees: 12 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is any sign of impairment, an estimate is made of its recoverable amount. An impairment test is conducted on goodwill on a yearly basis.

For the purpose of impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized.

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

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XIV) Revenue recognition

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

1. Sales of goods

   The Company engages in business such as research, development, production, manufacturing and sales of electronic components. The Company recognizes revenue when control of the products has transferred. The control of the products has transferred when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

2. Financial components

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

(XV) Government grants

The Company recognized government grants with no conditions attached as other income when the grants became receivable. Government grants intended to compensate expenses incurred or losses of the Company were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

(XVI) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expenses for the periods during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses for the periods during which services are rendered. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(XVII) Share-based compensation transactions

The share-based compensation agreement for equity settlement recognizes expenses at the fair value on the grant date and records them over the vesting period, thereby increasing corresponding equity during the period in which the compensation is earned. The recognized expenses are adjusted for the expected quantity of compensation that meets both service and non-market-based vesting conditions. The final amount recognized is measured based on the quantity of compensation that meets both service and non-market-based vesting conditions on the vesting date.

Non-market-based conditions related to stock-based compensation awards are already reflected in the measurement of fair value on the grant date. Therefore, there is no need to make adjustment for differences between expected and actual outcomes.

(XVIII) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date, as well as tax adjustments related to prior years. The amount is based on the statutory tax rate at the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect net income or taxable gains (losses) during the transaction;

2. Temporary differences arising from equity investments in subsidiaries, associates and joint ventures, where the Company is able to control the reverse of the temporary difference and where there is a highly probability that such temporary differences will not reverse in the future; and
3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset should be recognized for the carry forward of unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

   (1) levied by the same taxing authority; or

   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(XIX) Earnings per share (EPS)

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares include convertible bonds payable and employee remuneration through the issuance of shares.

(XX) Segment Information

The Company has disclosed information of operating segments in consolidated financial statements. Therefore, related information is not disclosed in the parent company only financial statements.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When preparing the parent company only financial statements, the management has to make judgements, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information of critical judgments in applying accounting policies that have significant impact on these parent company only financial statements is as follows:

Whether it has substantial control on the investee, please refer to Note VI(VI).

The following provides explanation on the assumption and estimation uncertainty made. Such assumption and uncertainty have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. The aforementioned uncertainties of assumption and estimation have a significant risk of causing a material adjustment to the asset's carrying amount in the next fiscal year. Please refer to note VI(V) for further description of the valuation of inventories.

The accounting policy and disclosure of the Company include adopting fair value to measure financial assets and liabilities. The Company's finance department determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Company also periodically assesses the evaluation model, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

(I) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

(II) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(III) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the transition among different levels of fair value, the Company shall recognize it on the reporting date.

For the assumption used in fair value measurement, please refer to Note VI (XXII) of the financial instruments.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash and demand deposit	$ 365,646	419,644
Time deposit	161,119	513,636
Cash and cash equivalents	$ 526,765	933,280

Please refer to Note VI(XXII) for currency risk and sensitivity analysis disclosure of the financial assets and liabilities.

Please refer to note VI(XXIII) for the disclosure of credit risks.

(II) Financial assets measured at fair value through profit or loss

	2023.12.31
Financial assets mandatorily measured at fair value through profit or loss	
U.S. Treasury bonds	$ 29,775

In November 2023, the Company purchased a US Treasury bond with a face value of US$1,000 thousand and acquired it at a fair value of $29,779 thousand.

The amount of profit or loss recognized from remeasurement at fair value, please refer to Note VI(XXI) for details.

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

1. Current:

	2023.12.31	2022.12.31
Domestic listed shares	$ -	146,010

During the period from July 1 to August 31, 2023, the Company sold shares of Chaintech Technology Corporation, which were classified as available-for-sale financial assets measured at fair value through other comprehensive income. The fair value of the shares at the time of disposal was $250,823 thousand, and the cumulative disposal gain amounted to $90,029 thousand. As a result, the accumulated disposal gain has been transferred from other equity to retained earnings.

2. Non-current:

	2023.12.31	2022.12.31
Domestic and foreign unlisted common shares -		
Foxfortune Technology Ventures Limited	$ 25,147	29,170
Inpaq Korea Co., Ltd.	4,196	1,803
Element I Venture Capital Co., Ltd.	11,696	16,794
Kuan Kun Electronic Enterprise Co., Ltd.	76,424	66,584
AICP Technology Corporation	2,777	2,510
IPU Semiconductor Co., Ltd.	23,597	28,160
WK Technology Fund IX II Ltd.	27,240	-
I-See Vision Technology Inc.	41,880	-
	$ 212,957	145,021

Information on major equity investments denominated in foreign currencies as of the reporting date is as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	$ 956	30.705	29,343	1,009	30.71	30,973

Equity instruments held by the Company are strategic long-term investments and not for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

Element I Venture Capital Co., Ltd. reduced its capital and returned $2,000 thousand to the Company in May 2023, as resolved by the shareholders' meeting.

Foxfortune Technology Ventures Limited reduced its capital by 22% and returned $6,811 thousand to the Company in May 2023, as resolved by the shareholders' meeting.

The Company recognized dividend income of NT$6,501 thousand and NT$11,229 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, respectively. Please refer to Note VI(XXI) for details.Notes and accounts receivable (including related parties)

(IV) Notes and accounts receivable (including related parties)

	2023.12.31	2022.12.31
Notes receivable	$ 8	-
Accounts receivable	977,499	774,513
Accounts receivable - related parties	28,098	62,001
	$ 1,005,605	836,514

The Company adopts a simplified method to estimate the expected credit loss for all accounts receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these accounts receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information.

The expected credit losses of the Company's accounts receivables (including related parties) are analyzed as follows:

	2023.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 995,707	0%	-
Past due 1-90 days	9,898	0%	-
Total	$ 1,005,605		-

	2023.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 804,644	0%	-
Past due 1-90 days	31,870	0%	-
Total	$ 836,514		-

Other receivables - related parties are not included in the aforementioned receivables. Please refer to Note VII for details.

No impairment loss has been provided for receivables (including related parties) for the years ended December 31, 2023 and 2022.

Please refer to Note VI(XXIII) for details of remaining credit risk information.

(V) Inventories, net

	2023.12.31	2022.12.31
Raw materials	$ 12,462	20,497
Work in process and semi-finished products	1,174	11
Finished goods and commodity	202,027	198,023
	$ 215,663	218,531

The details of operating costs were as follows:

	2023	2022
Cost of goods sold	$ 2,003,410	1,755,415
Loss (reversal gain) on market value decline and obsolete and slow-moving inventories	(1,821)	5,100
	$ 2,001,589	1,760,515

As of December 31, 2023 and 2022, the inventories of the Company were not provided as pledged assets.

(VI) Investments accounted for under the equity method

Investments of the Company under equity method at reporting date are listed below:

	2023.12.31	2022.12.31
Subsidiary	$ 2,636,194	2,438,679
Associate	26,798	29,005
	$ 2,662,992	2,467,684

1. Subsidiary

The Company invested NT$55,699 thousand in Apaq Technology (Hubei) Co., Ltd. in March 2022. Please refer to the consolidated financial statements of 2022 for relevant information.

The Company invested NT$15,222 thousand in Apaq Technology (Hubei) Co., Ltd. in March 2023. Please refer to the consolidated financial statements of 2023 for relevant information.

The Company invested NT$18,266 thousand in APAQ Investments Limited in March 2023. Please refer to the consolidated financial statements of 2023 for relevant information.

The Company's share in profits and losses:

	2023	2022
Subsidiary	$ 198,734	155,625

2. Associate

The summary of financial information of the Company's associates accounted for under the equity method and individually insignificant is as follows and the amount is included in the financial statements of the Company:

	2023.12.31	2022.12.31
The carrying amount of equity of individually immaterial associates at end of period	$ 26,798	29,005

	2023	2022
Share attributable to the Company		
Net loss for the period	$ (4,943)	(6,459)

(VII) Property, plant and equipment

	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Cost:				
Balance as of January 1, 2023	$ 152,274	74,743	3,252	230,269
Additions	1,750	7,256	2,093	11,099
Disposals and obsolescence	(4,013)	(922)	-	(4,935)
Reclassification	-	3,252	(3,252)	-
Balance as of December 31, 2023	$ 150,011	84,329	2,093	236,433
Balance as of January 1, 2022	$ 147,967	59,827	8,334	216,128
Additions	2,980	12,323	3,252	18,555
Disposals and obsolescence	(4,113)	(301)	-	(4,414)
Reclassification	5,440	2,894	(8,334)	-
Balance as of December 31, 2022	$ 152,274	74,743	3,252	230,269
Depreciation:				
Balance as of January 1, 2023	$ 107,060	46,979	-	154,039
Depreciation for the period	21,633	11,151	-	32,784
Disposals and obsolescence	(3,243)	(922)	-	(4,165)
Balance as of December 31, 2023	$ 125,450	57,208	-	182,658
Balance as of January 1, 2022	$ 89,733	38,760	-	128,493
Depreciation for the period	21,440	8,520	-	29,960
Disposals and obsolescence	(4,113)	(301)	-	(4,414)
Balance as of December 31, 2022	$ 107,060	46,979	-	154,039

		Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Carrying Amount:					
December 31, 2023	$	24,561	27,121	2,093	53,775
January 1, 2022	$	58,234	21,067	8,334	87,635
December 31, 2022	$	45,214	27,764	3,252	76,230

(VIII) Right-of-use assets

		Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2023	$	19,968	1,567	21,535
Additions		16,732	-	16,732
Decrease (contract matured or early contract termination)		(3,092)	-	(3,092)
Balance as of December 31, 2023	$	33,608	1,567	35,175
Balance as of January 1, 2022	$	39,940	1,567	41,507
Additions		2,666	-	2,666
Decrease (contract matured or early contract termination)		(22,638)	-	(22,638)
Balance as of December 31, 2022	$	19,968	1,567	21,535
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	$	14,852	784	15,636
Depreciation for the period		6,742	522	7,264
Decrease (contract matured or early contract termination)		(3,018)	-	(3,018)
Balance as of December 31, 2023	$	18,576	1,306	19,882
Balance as of January 1, 2022	$	22,031	262	22,293
Depreciation for the period		6,998	522	7,520
Decrease (contract matured or early contract termination)		(14,177)	-	(14,177)
Balance as of December 31, 2022	$	14,852	784	15,636
Carrying amount of right-of-use assets:				
December 31, 2023	$	15,032	261	15,293
January 1, 2022	$	17,909	1,305	19,214
December 31, 2022	$	5,116	783	5,899

(IX) Intangible assets

		Computer software	Royalty fees	Total
Cost:				
Balance as of January 1, 2023	$	7,495	45,038	52,533
Separate acquisition		3,076	-	3,076
Balance as of December 31, 2023	$	10,571	45,038	55,609
Balance as of December 31, 2022 (referring to the balance at the beginning of the period)	$	7,495	45,038	52,533

		Computer software	Royalty fees	Total
Amortization:				
Balance as of January 1, 2023	$	6,803	19,391	26,194
Amortization for the period		851	3,753	4,604
Balance as of December 31, 2023	$	7,654	23,144	30,798
Balance as of January 1, 2022	$	5,482	15,638	21,120
Amortization for the period		1,321	3,753	5,074
Balance as of December 31, 2022	$	6,803	19,391	26,194
Carrying Amount:				
December 31, 2023	$	2,917	21,894	24,811
January 1, 2022	$	2,013	29,400	31,413
December 31, 2022	$	692	25,647	26,339

(X) Other assets - current and non-current

		2023.12.31	2022.12.31
Prepaid expenses	$	6,988	4,919
Long-term deferred expenses		4,087	2,561
Prepayments for business facilities deposit		3,955	1,339
Business tax credit		1,524	2,066
Other receivables and others		421	1,091
	$	16,975	11,976

(XI) Short-term loans

		2023.12.31	2022.12.31
Unsecured bank loans	$	837,000	1,254,000
Unused limit	$	1,233,000	776,000
Interest rate range		1.72%~1.88%	1.43%~2%

The additional amounts for the years 2023 and 2022 are $980,000 thousand and

$548,000 thousand, respectively, with interest rates ranging from 1.72% to 1.88% and 1.43% to 2%, and maturity dates from February 2024 to March 2024 and January 2023 to May 2023, respectively. The repayment amounts are $1,397,000 thousand and $600,000 thousand, respectively.

(XII) Long-term loans

	2023.12.31	2022.12.31
Unsecured bank loans	$ 462,500	375,000
Less: Due within one year	(152,111)	-
	$ 310,389	**375,000**
Unused limit	**$ 475,000**	**275,000**
Interest rate range	**1.80%~ 2.13%**	**1.675%~ 1.87089%**

(XIII) Lease liabilities

The carrying amount of the Company's lease liability is as follows:

	2023.12.31	2022.12.31
Current	**$ 4,982**	**5,156**
Non-current	**$ 10,368**	**840**

For maturity analysis, please refer to Note VI(XXII) Financial instruments.

	2023	2022
Interest expense of lease liabilities	**$ 130**	**140**

The amounts recognized in the statements of cash flows are:

	2023	2022
Total cash outflow for lease	**$ 7,434**	**7,702**

Leasing of houses and buildings

The Company leased houses and buildings as office premises and factory buildings as of December 31, 2023 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires.

Some of the above-mentioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the Company. These options are only enforceable by the Company, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease liability.

(XIV) Employee benefits

The Company allocates 6% of each employee's monthly wages to the personal labor pension account at the Bureau of Labor Insurance, Ministry of Labor in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance, Ministry of Labor without additional legal or constructive obligation. The Company's pension costs under the defined contribution plan were NT$4,955 thousand and NT$4,411 thousand for the years ended December 31, 2023 and 2022, respectively, and were contributed to the Bureau of Labor Insurance.

(XV) Income tax

1. Income tax expense

The amount of the Company's income tax expenses for the years ended December 31, 2023 and 2022 was as follows:

		2023	2022
Current income tax expenses			
Current income tax expenses	$	43,202	42,398
Current income tax from adjustment of prior period		(3,238)	(8,716)
		39,964	33,682
Deferred income tax expense			
Origination and reversal of temporary differences		6,186	8,196
Current income tax expenses	**$**	**46,150**	**41,878**

2. The amount of income tax expense recognized in other comprehensive income was as follows:

		2023	2022
Exchange differences on translation of foreign operations	**$**	**(8,800)**	**6,405**

3. The reconciliation of income tax expenses and income before income tax of the Company was as follows:

		2023	2022
Income before income tax	$	374,528	380,310
Income tax at the Company's domestic tax rate		74,906	76,062

	2023	2022
Share of unrecognized income from investment in foreign subsidiaries	(36,763)	(32,444)
Additional tax on undistributed earnings	7,545	4,222
Permanent difference	3,700	2,754
Overestimation in previous periods and others	(3,238)	(8,716)
Total	$ 46,150	41,878

4. Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company plans to use undistributed earnings for permanent investment rather than distribution. The relevant amounts are as follows:

	2023.12.31	2022.12.31
Undistributed earnings from subsidiaries	$ 1,137,522	938,788
Unrecognized deferred tax liabilities	$ (227,504)	(187,758)

5. Recognized deferred tax assets

Deferred income tax assets

	2022.1.1	Recognized in profit or loss	Recognized in other comprehensive income	2022.12.31	Recognized in profit or loss	Recognized in other comprehensive income	2023.12.31
Loss for market price decline and obsolete and slow-moving inventories	$ 719	1,020	-	1,739	(364)	-	1,375
Unrealized expenses	21,273	(997)	-	20,276	(9,360)	-	10,916
Unrealized profit between associates	6,704	(829)	-	5,875	(3,861)	-	2,014
Financial statements translation differences of foreign operations	21,384	-	(6,405)	14,979	-	8,800	23,779
Unrealized exchange loss	4,032	(7,301)	-	(3,269)	7,488	-	4,219
Others	289	(89)	-	200	(89)	-	111
	$ 54,401	(8,196)	(6,405)	39,800	(6,186)	8,800	42,414

6. The ROC income tax authorities have examined the Company's income tax returns through 2021.

(XVI) Capital and other equity

1. Share capital

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to NT$2,000,000 thousand, of which included the amount of NT$60,000 thousand reserved for employee share options; the paid-in capital amounted to NT$889,535 for both years respectively, and at NT$10 per share.

2. Capital surplus

		2023.12.31	2022.12.31
Share premium	$	320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase		7,852	7,852
Subscription right to convertible corporate bonds		117	117
Treasury share transactions		3,642	3,642
Premium from conversion of corporate bonds to common shares		433,380	433,380
Changes in percentage of shareholding in long-term equity investments		2,736	-
	$	768,493	765,757

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or share dividends for the portion in excess of 25% of the paid-in capital by resolution of the shareholders' meeting.

(2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to NT$6,954 thousand. In accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 issued by the FSC, the net increase of NT$6,236 thousand in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve generated due to the aforementioned reasons amounted to NT$6,236 thousand as of December 31, 2023.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end profit, it shall firstly make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the aforementioned amounts, together with the balance of the unappropriated retained earnings of the previous year as dividends to shareholders, to be proposed by the Board of Directors to be approved at the shareholders' meeting.

The Company operates in an industry with rapid changes, intensive capital and technologies, and the life cycle of the Company is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder dividends, in cash or share forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.

The appropriation of earnings of the two most recent years was approved during shareholders' meetings held on June 12, 2023 and June 21, 2022, respectively. Information on dividends appropriated to owners is as follows:

	2022		2021	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of common shares:				
Cash (NT$)	$ 2.3	202,293	2.0	177,907

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2023 appropriation of earnings, the Board of Directors would draft a proposal to be resolved at the shareholders' meeting. Information will be available at the Market Observation Post System (MOPS).

4. Treasury shares

The Company offers treasury stocks and buys back shares from the Taiwan Stock Exchange. The increase/decrease caused by the buyback are listed as follows:

Unit: thousand shares

	2023				
Reason of recovering shares	**Number of shares at beginning of the period**	**Increase in current period**	**Transfer in current period**	**Cancellation in current period**	**Number of shares at end of the period**
Transfer to employees	1,000	-	-	-	1,000

	2022				
Reason of recovering shares	**Number of shares at beginning of the period**	**Increase in current period**	**Transfer in current period**	**Cancellation in current period**	**Number of shares at end of the period**
Transfer to employees	-	1,000	-	-	1,000

In accordance with provisions of the Securities and Exchange Act, the share buyback rate shall not exceed 10% of total number of shares issued by the

Company. The total amount of buyback shares shall not exceed the sum of retained earnings, share premium and realized capital surplus. No treasury stock held by the Company has exceeded the aforementioned limit. In accordance with provisions of the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged, and are not entitled to the rights of shareholders before being transferred.

(XVII) Share-based payment

The Company's Restricted Employee Stock Plan

The company's shareholders' meeting resolved on June 21, 2022, to issue 3,000,000 restricted employee stocks to eligible full-time employees of the Company, subject to specific conditions. The issuance has been filed with the Securities and Futures Bureau of the Financial Supervisory Commission for approval and is pending approval from the board of directors regarding the issuance date.

Employees receiving the restricted employee stocks must deliver all units to a designated institutional trustee appointed by the Company for safekeeping until the vesting conditions are met. During this period, employees are prohibited from selling, pledging, transferring, gifting, assigning, or otherwise disposing of the stocks in any way. Other than the restriction on disposal and the requirement to deliver the units to the trust for safekeeping until the vesting conditions are met, the rights associated with the restricted stock units are the same as those of the common shares issued by the Company. In addition, in the event that employees fail to meet the vesting conditions as per the issuance regulations, the Company reserves the right to reclaim and cancel all shares of restricted stock units allocated to the employees at no cost.

(XVIII) Earnings per share (EPS)

	2023	2022
Basic EPS:		
Net income attributable to the Company	$ 328,378	338,432
Weighted-average number of common shares (in thousands)	87,954	88,686
Basic EPS (NT$)	$ 3.73	3.82
Diluted EPS:		
Net income attributable to share capital of common shares	$ 328,378	338,432
Weighted-average number of common shares (in thousands)	87,954	88,686

	2023	2022
Employee compensation to be distributed in shares	629	937
Weighted average number of common shares outstanding for the calculation of diluted EPS (in thousands of shares)	88,583	89,623
Diluted EPS (NT$)	$ 3.71	3.78

(XIX) Revenue of customer contract

	2023	2022
Major regional markets		
China	$ 2,309,849	1,945,978
Taiwan	82,752	123,202
Other countries	68,380	45,435
	$ 2,460,981	2,114,615
Major products		
Coiled conductive polymer solid state capacitors	$ 1,700,151	1,579,295
Chip-type conductive polymer solid state capacitors	713,133	485,414
Others	47,697	49,906
	$ 2,460,981	2,114,615

For the disclosures of accounts receivable and impairment thereof, please refer to Note VI(IV).

(XX) Employee compensations and remuneration for Directors

The Company's Articles of Incorporation provide that if there is profit in the year, at least 8 percent of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT$35,769 thousand and NT$36,375 thousand as employee compensation and NT$10,520 thousand and NT$10,699 thousand as remuneration for Directors for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's income before income tax before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in shares, the number of shares is determined by dividing the amount of compensation by the closing price of common shares on the day preceding the Board of Directors' meeting. The aforementioned amounts of employee compensations and remunerations for Directors for distribution according to the resolution of the Board of Directors were consistent with the estimated amounts indicated in the 2022 parent company only financial statements, and the estimated amount for 2023 has been approved by the Board of Directors through resolution. Relevant information is available on the MOPS website.

(XXI) Non-operating income and expenses

1. Other gains and losses, net

		2023	2022
Dividend income	$	6,501	11,229
Loss (gain) on disposal and retirement of property, plant and equipment		1,612	2,590
Loss on financial assets measured at fair value through profit or loss		(4)	-
Others		349	2,319
	$	**8,458**	**16,138**

2. Finance costs

		2023	2022
Interest expenses of loans from banks	$	29,239	18,918
Interest expense of lease liabilities		130	140
	$	**29,369**	**19,058**

3. Interest income

		2023	2022
Interests on bank deposits	$	17,538	6,300
Other interest income		15	511
	$	**17,553**	**6,811**

(XXII) Financial instruments

1. Credit risk

(1) Maximum credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount of credit risk exposure.

(2) Credit risk concentration

The Company's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the Company continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As at December 31, 2023 and 2022, 55% and 55% of the Company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(3) Credit risk of accounts receivable and debt securities

Please refer to Note VI(IV) for credit risk exposure of accounts receivable.

Other financial assets at amortized cost included other receivables and time deposits. No impairment loss was recognized.

The aforementioned financial assets have low credit risk, so the allowance loss of the period is measured based on twelve-month expected credit loss (please refer to Note IV(VI) for details on how the Company determines the level of credit risk).

2. Liquidity risk

The following table shows the contractual maturity analysis of financial liabilities(including the impact of interest payable):

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
December 31, 2023					
Non-derivative financial liabilities					
Short-term loans	$ 837,000	839,882	839,882	-	-
Accounts payable (including related parties)	420,792	420,792	420,792	-	-
Payroll and bonus payable	93,603	93,603	93,603	-	-
Payables on equipment	4,938	4,938	4,938	-	-

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
Expenses payable (recorded as other current liabilities)	27,407	27,407	27,407	-	-
Lease liabilities (including current and non-current)	15,350	15,672	2,987	2,143	10,542
Long-term loans (including within one year)	462,500	477,570	36,255	123,806	317,509
	$ 1,861,590	1,879,864	1,425,864	125,949	328,051
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 1,254,000	1,257,231	1,257,231	-	-
Accounts payable (including related parties)	422,001	422,001	422,001	-	-
Payroll and bonus payable	85,324	85,324	85,324	-	-
Payables on equipment	6,475	6,475	6,475	-	-
Expenses payable (recorded as other current liabilities)	22,340	22,340	22,340	-	-
Lease liabilities (including current and non-current)	5,996	6,036	3,011	2,182	843
Long-term loans	375,000	399,226	3,228	3,317	392,681
	$ 2,171,136	2,198,633	1,799,610	5,499	393,524

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's financial assets and liabilities exposed to material exchange rate risk were as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 39,878	30.705	1,224,454	44,173	30.71	1,356,553
RMB	61,167	4.3352	265,171	79,081	4.4094	348,700
Financial liabilities						
Monetary items						
USD	11,453	30.705	351,664	12,800	30.71	393,088
RMB	13,370	4.3352	57,962	17,593	4.4094	77,575

(2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the years ended December 31, 2023 and 2022 due to depreciation or appreciation of NTD against USD and RMB as of December 31, 2023 and 2022 with all other variables held constant were as follows:

	Range of the fluctuations	2023	2022
TWD exchange rate	1% depreciation against USD	$ 6,982	7,708
	1% appreciation against USD	$ (6,982)	(7,708)
	1% depreciation against RMB	$ 1,658	2,169
	1% appreciation against RMB	$ (1,658)	(2,169)

(3) Foreign exchange gains (losses) on monetary items

As the Company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (including realized and unrealized) for the years ended December 31, 2023 and 2022 were NT$5,150 thousand and 112,600 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the Company is described in the liquidity risk management of the Notes.

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the three months ended December 31, 2023 and 2022 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	2023	2022
Annual borrowing rate	Increase by 1%	$ (10,396)	(13,032)
	Decrease by 1%	$ 10,396	13,032

5. Other price risk

If the price of equity securities changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

	2023		2022	
Securities price as of the reporting date	Other comprehensive income before tax	Income before income tax for the period	Other comprehensive income before tax	Income before income tax for the period
Increase of 1%	$ 2,130	298	2,910	-
Decrease of 1%	(2,130)	(298)	(2,910)	-

6. Fair value of financial instruments

(1) Type and fair value of financial instruments

The Company's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current					
Government bonds	$ 29,775	29,775	-	-	29,775
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 212,957	-	-	212,957	212,957

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other					

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
comprehensive income - current					
Domestic listed shares	$ 146,010	146,010	-	-	146,010
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 145,021	-	-	145,021	145,021

(2) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions adopted by the Company for valuating instruments not at fair value were as follows:

For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. When market value is unavailable, valuation method is adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

(3) Valuation techniques for financial instruments that are measured at fair value

If there is an active market for a financial instrument, the fair value of the instrument is based on the quoted market price in the active market. The market prices announced by major exchanges and the central government bond counter trading centers, which are judged to be popular, are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments with active market quotations.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and the price represents an actual and frequent arm's length market transaction. If above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

The fair value of financial instruments held by the Company that are traded in an active market are presented by category and attribute as follows:

- The fair values of listed redeemable bonds, listed stocks, bills of exchange and corporate bonds, which are financial assets and financial liabilities with standard terms and conditions and traded in active markets, are determined based on the quoted market prices, respectively.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counter-parties. The fair values obtained through valuation techniques may be calculated based on the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including the models based on market information available at the reporting date (e.g., over-the-counter (OTC) reference yield curves, Reuters average quoted commercial paper rates).

The fair value of financial instruments held by the Company that do not have an active market is estimated using the Comparable Listed Company Act and the net asset value method, with the main assumptions of the Comparable Listed Company Act being the net share price multiplier and the cost-benefit ratio multiplier of comparable listed companies. The net asset value method is used to assess the total value of the individual assets and liabilities covered by the valuation technique to reflect the overall value of the Company. This estimate adjusts for the effect of the lack of marketability of the equity securities at a discount.

(4) Transfers between Level 1 and Level 2 fair value hierarchy: None.

(5) Details of changes in Level 3 fair value hierarchy:

	Financial assets measured at fair value through other comprehensive income - inactive market
Balance as of January 1, 2023	$ 145,021
Addition	80,000
Reduction of capital and return of share capital contributions	(8,811)
Total gains and losses	
Recognized in other comprehensive income	(3,253)

Balance as of December 31, 2023	**$**	**212,957**
Balance as of January 1, 2022	$	129,807
Total gains and losses		
Recognized in other comprehensive income		15,214
Balance as of December 31, 2022	**$**	**145,021**

The aforementioned total gains and losses are recognized under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income." As of December 31, 2023 and 2022, gains or losses of assets in the book amounted to gain of NT$26,769 thousand and gain of NT$30,022 thousand, respectively.

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company classified the financial assets measured at fair value through other comprehensive income and loss – non-current as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs are independent, therefore, there is no correlation between them. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through other comprehensive income - non-current (investments in equity instrument without active market)	Net asset value method	• Net asset value • Marketability discount (9% for December 31, 2023 and December 31, 2022)	• The higher the value of net asset, the higher the fair value • The higher the marketability discount, the lower the fair value
Financial asset at fair value through other comprehensive income - non-current (investments in equity instrument without active market)	Market approach	• Price-book ratio (PBR) multiples (1.06~4.81 and 1.12~4.16 as of December 31, 2023 and December 31, 2022) • Price-earnings ratio (PER) multiples (18.91~21.33 and 13.3~13.7 as of December 31, 2023 and December 31, 2022) • Marketability discount (15.09%~23.22% and 14.48%~28.15% as of December 31, 2023 and December 31, 2022)	• The higher the price-book ratio, the higher the fair value • The higher the price-to-earning ratio, the lower the fair value • The higher the marketability discount, the lower the fair value

(7) Fair value measurement for Level 3, and sensitivity analysis of fair value on reasonably possible alternative assumptions

The Company's fair value measurement on the financial instruments is considered reasonable; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. If valuation parameters change, financial instruments classified as Level 3 will have effects on the profit/loss or other comprehensive income, stated as follows:

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
December 31, 2023				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	2,589	(2,589)
	Net asset value method	±1%	705	(705)
	Price-book ratio (PBR) multiples	±1%	12,854	(12,854)
	Price-earnings ratio (PER) multiples	±1%	55	(55)
December 31, 2022				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	1,776	(1,776)
	Net asset value method	±1%	504	(504)
	Price-book ratio (PBR) multiples	±1%	5,369	(5,369)
	Price-earnings ratio (PER) multiples	±1%	76	(76)

The Company's favorable and unfavorable changes refer to fluctuation of fair value, and the fair value is calculated according to unobservable inputs of different level via the valuation technique. The fair value of the financial instrument is affected by more than one inputs, the table above only reflects the effect caused by the change of one single input, and the correlation and difference among inputs are not considered.

(XXIII) Financial risk management

1. Overview

The Company is exposed to the following risks due to usage of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these parent company only financial statements.

2. Risk management framework

The Board of Directors is solely responsible for overseeing the risk management of the Company. The Company's risk management policies are formulated to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Company's activities.

The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other market price risks).

3. Credit risk

The main credit risk the Company faces is caused by the potential impact of the counterparty or other party of the financial asset transaction failing to meet its contractual obligations. The Company deposits its cash in creditworthy banks with low credit risk.

The main credit risk arises from financial products derived from cash and accounts receivable. The Company deposits its cash in various financial institutions. The Company controls exposure to the credit risk of each financial institution and believes that there is no concentration of significant credit risk for the cash.

The credit risk exposure of the Company is influenced by the conditions of each individual customer. The management also considers the statistical data on the basis of the Company customers, including the default risk of industry and country, as these factors play a role in credit risk. To lower credit risk, management of the Company appoints a dedicated team to make decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of all accounts receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable accounts receivable.

The Company did not provide any endorsements or guarantees to parties other than the subsidiaries for the years ended December 31, 2023 and 2022.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The method of the Company adopts for managing liquidity lies in ensuring sufficient working capital to pay for due liabilities under normal and pressing circumstances so as to avoid unacceptable losses or risk of damage to goodwill. The Company supports business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

5. Market risk

Market risk refers to the risk of the value of revenue or held financial instruments being influenced by market price changes, such as exchange rate and interest rate. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the bearable scope.

(1) Exchange rate risk

The Company is exposed to currency risk arising out of sales, procurement and loan transaction through functional currency valuation from its entities. The Company’s functional currency is New Taiwan dollars. The main valuation currencies for these types of transactions includes RMB and USD.

Loan interest is denominated in the currency of the loan. Generally speaking, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Company, which is mainly NTD and USD. This provides economic hedging without signing derivatives, so hedging accounting is not adopted.

For monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Company purchases or sells foreign currencies at the real-time exchange rate to ensure that net risk exposure remains at an acceptable level.

(2) Interest rate risk

The short-term borrowings of the Company are debts with floating interest rates, so changes in market interest rates will cause the effective interest rate of short-term borrowings to change accordingly, leading to fluctuations in future cash flows.

(XXIV) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Company operates in an industry with rapid changes, intensive capital and technologies, and the life cycle of the Company is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder cash dividends shall not be lower than 10% of the distributable surplus of the year.

The Company's management periodically reassesses the capital structure every six months, with the scope covering capital costs of various categories and related risks. The Company will distribute dividend, issue new shares, issue new bonds, or repay old debts among other methods to balance its overall capital structure in accordance with the recommendations of its management.

The Company's debt-to-adjusted-capital ratio at the reporting date was as follows:

		2023.12.31	**2022.12.31**
Total liabilities	$	1,903,919	2,203,299
Less: Cash and cash equivalents		(526,765)	(933,280)
Net liabilities	**$**	**1,377,154**	**1,270,019**
Total equity	**$**	**2,914,375**	**2,720,740**
Debt-to-capital ratio		**47.25%**	**46.68%**

(XXV) Non-cash financing activities

The Company's non-cash investing and financing activities for the years ended December 31, 2023 and 2022 were as follows:

1. For right-of-use assets obtained via leases, please refer to Note VI(VIII).
2. Reconciliation of liabilities arising from financing activities were as follows:

	2023.1.1	Cash flow	Non-cash changes: Change in exchange fluctuations	Non-cash changes: Other changes	2023.12.31
Short-term loans	$ 1,254,000	(417,000)	-	-	837,000
Lease liabilities	5,996	(7,304)	-	16,658	15,350
Long-term loans (including within one year)	375,000	87,500	-	-	462,500
	$ 1,634,996	(336,804)	-	16,658	1,314,850

	2022.1.1	Cash flow	Non-cash changes: Change in exchange fluctuations	Non-cash changes: Other changes	2022.12.31
Short-term loans	$ 1,306,000	(52,000)	-	-	1,254,000
Lease liabilities	19,487	(7,562)	-	(5,929)	5,996
Long-term loans	10,000	365,000	-	-	375,000
	$ 1,335,487	305,438	-	(5,929)	1,634,996

VII. Related Party Transactions

(I) Related parties' name and relationships

Name of related party	Relationship with the Company
APAQ Investment Limited (APAQ Samoa)	Subsidiary of the Company
Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Subsidiary of the Company
APAQ Technology (Hubei) Co., Ltd. (APAQ Hubei)	Subsidiary of the Company
INPAQ Technology Co., Ltd. (Note)	The chairman of the Company is a natural person director of the company
WALSIN Technology Corporation (Note)	Parent company of INPAQ Technology Co., Ltd.
JDX Technology co., Ltd.	Associates of the Company accounted for under the equity method
AiPAQ Technology Co., Ltd	Associates of the Company accounted for under the equity method

Note: INPAQ Technology Co., Ltd. was originally a corporate director of the Company. However, as of April 13, 2023, it ceased to hold directorship due to transferring its shareholding exceeding half of the shareholding at the time of appointment, as required by law.

(II) Significant transactions with related parties

1. Operating revenue

		2023	2022
Apaq Wuxi	$	68,452	103,926
Walsin Technology		-	43
JDX Technology co., Ltd.		469	-
	$	68,921	103,969

The Company's sales price to related parties and non-related parties is not significantly different to the sales price to general customers. The credit conditions of the related parties are from 60 days to 90 days based on the monthly statement. The credit conditions of general customers are determined by the individual client's past transaction experience and the results of debt evaluation. The range is between 60 days to 150 days.

As of December 31, 2023 and December 31, 2022, the deferred unrealized gross profit due to sales was (NT$2,979) thousand and NT$4,869 thousand, which was included in the investment deduction using the equity method.

2. Purchases

		2023	2022
Apaq Wuxi	$	1,931,416	1,695,410
AiPAQ Technology		2,380	-
	$	1,933,796	1,695,410

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days from end of month for general suppliers, and 60 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of related parties		2023.12.31	2022.12.31
Accounts receivable - related parties	Apaq Wuxi	$	26,886	61,956

Financial Statement Account	Category of related parties	2023.12.31	2022.12.31
Accounts receivable - related parties	Walsin Technology	-	45
Accounts receivable - related parties	JDX Technology co., Ltd.	299	-
		$ 27,185	62,001

4. Payables to related parties

Financial Statement Account	Category of related parties	2023.12.31	2022.12.31
Accounts payable - related parties	Apaq Wuxi	$ 404,819	410,595
Accounts payable - related parties	AiPAQ Technology	2,232	-
		$ 407,051	410,595

5. Property Transactions

The Company sold machinery and equipment to Apaq Wuxi in March 2023 for a sale price of $913 thousand. As of December 31, 2023, the remaining payment of $913 thousand has not been received.

The Company purchased other equipment from Apaq Wuxi for total amount of NT$544 thousand in September 2022. Up to December 31, 2022, all remaining amount has been paid in full.

The Company purchased other equipment from INPAQ Technology for total amount of NT$1,317 thousand in September 2022. Up to December 31, 2022, the final payment yet to be paid was NT$1,383 thousand. The amount was paid in full on March 31, 2023.

6. Endorsements and guarantees

The Company’s endorsement of the consolidated comprehensive amount of guarantees for subsidiaries with years ended on December 31, 2023 and 2022 was NT$429,870 thousand and NT$429,940 thousand, respectively.

7. Loaning of funds to related parties

In 2023 and 2022, interest income generated from loaning of funds to subsidiaries was NT$0 thousand and NT$499 thousand, respectively.

8. Other transactions

As of December 31, 2023 and 2022, the unrealized benefits arising from the sale and purchase of fixed assets were NT$1,244 thousand and NT$2,689 thousand, respectively, and were included in the equity method Investment deduction.

The Company engaged in contracts associated with winding machines with INPAQ Technology. Service income were NT$0 thousand and NT$843 thousand for the years ended December 31, 2023 and 2022.

In summary, the Company's other receivables - related party balance due to the aforementioned other transactions and collection of advances, etc. with the subsidiary and INPAQ Technology as of December 31, 2023 and 2022, was NT$4,025 thousand, NT$0 thousand, NT$15,736 thousand and NT$0 thousand, respectively.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

		2023	2022
Short-term employee benefits	$	36,676	39,958
Benefits after retirement		324	432
	$	37,000	40,390

VIII. Pledged Assets: None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events

On November 6, 2023, the Board of Directors of the Company approved participation in the cash capital increase of AiPAQ Technology Co., Ltd. As of February 15, 2024, we have invested NT$151,920 thousand, increasing our equity stake in AiPAQ Technology Co., Ltd from 30% to 52%. Consequently, the Company has gained control over AiPAQ Technology Co., Ltd.

XII. Others

The following is the summary statement of employee benefits and depreciation expenses by function:

Function / Type	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	14,962	166,265	181,227	13,802	145,840	159,642
Labor and health insurance expense	1,275	10,323	11,598	1,036	9,551	10,587
Pension expense	458	4,497	4,955	420	3,991	4,411
Remuneration Paid to Directors	-	10,520	10,520	-	10,699	10,699
Other employee benefits expenses	1,655	6,121	7,776	778	5,965	6,743
Depreciation	25,099	14,949	40,048	27,670	9,810	37,480
Amortization	442	4,162	4,604	765	4,309	5,074

Additional information on the number of employees and expenses for employee benefits of the Company in 2023 and 2022 is as follows:

	2023	2022
Number of employees	132	119
Number of directors who do not serve as employees	5	5
Average employee benefit expenses	$ 1,619	1,591
Average employee salary expenses	$ 1,427	1,400
Adjustment of average employee salary expenses	1.93%	
Remuneration for Supervisor	$ -	-

Information on the Company's policy of salary and remuneration (including Directors, managers, and employees) is as follows:

The proportion of remuneration distributed to the Directors and managers of the Company is in accordance with Article 27 of Articles of Incorporation and the Board of Directors has resolved to set aside no less than 8% of the profit for the year as employee's compensation and no more than 3% as Directors remuneration. To assess the remuneration of Directors and managers on a regular basis, the remuneration of Directors and managers are reasonably remunerated based on their level of participation in the Company's operations and individual performance contributed with assessment items, such as whether there are any negative events caused by Directors and managers leading to loss of the Company, risk events of internal management failures, etc., together with their remuneration ratios calculated after comprehensive consideration of target achievement rate, profitability, operational efficiency, contribution, etc., and review the remuneration system of Directors and managers at all times based on actual operation situation and related statues.

XIII. Supplementary Disclosures

(I) Significant transactions information

Relevant information about significant transactions to be disclosed by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Financing provided to others:

No.	Lending Company	Borrower	Subject	Whether A Related Party	Maximum Balance in Current Period	Ending balance	Amount actually drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for Short-term Financing	Loss allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	Apaq Wuxi	Other receivables - related parties	Yes	194,550	184,230	-	-	Business Transaction	1,931,416	Business needs of subsidiary	-		-	1,165,750	1,165,750
0	The Company	Apaq Hubei	Other receivables - related parties	Yes	194,550	184,230	-	-	Short-term Financing	-	Business needs of subsidiary	-		-	1,165,750	1,165,750

Note 1: For firms or companies having business relationship with the Company, the financing amount to an individual party is limited to the transaction amount between both parties.

Note 2: Total amount of financing to external parties shall be limited to 40% of the equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/ Guarantee Provider	Object of Endorsements/ Guarantees		Limit on Endorsements/ Guarantees Provided for A Single Party	Maximum Balance of Endorsements/Guarantees in Current Period	Ending Balance of Endorsement and Guarantee	Amount actually drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Apaq Wuxi	Subsidiary	2,914,375	226,975	214,935	-	-	7.37%	2,914,375	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,914,375	226,975	214,935	-	-	7.37%	2,914,375	Y	N	Y

Note 1: The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

Note 2: The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Notes to Parent Company Only Financial Statements of APAQ Technology Co., Ltd. (continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remarks
				Shares	Carrying amount	Shareholding %	Fair value	
The Company	U.S. Treasury bonds	None	Financial assets at fair value through profit or loss - current	10,000	29,775	- %	29,775	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - non-current	780	25,147	5.80%	25,147	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - non-current	18	4,196	10.73%	4,196	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,600	11,696	3.64%	11,696	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,770	76,424	5.39%	76,424	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income - non-current	240	2,777	3.20%	2,777	
The Company	IPU Semiconductor Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	800	23,597	8.00%	23,597	
The Company	WK Technology Fund IX II Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,000	27,240	2.67%	27,240	
The Company	I-See Vision Technology Inc	None	Financial assets at fair value through other comprehensive income - non-current	5,000	41,880	11.18%	41,880	

4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital:

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				End of the Period	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Chaintech Technology Corporation - common share	Financial assets at fair value through other comprehensive income - curren	None	None	4,710	159,248	30	1,546	4,740	250,823	160,794	90,029	-	-

Note: The initial amount is the acquisition cost.

5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital:

Company of purchase (sales)	Name of the counterparty	Relationship	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchases (sales)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	1,931,416	99%	60 days from the end of the month	-	Note	404,819	96%	

Note: The payment period of general suppliers ranges from net 30 days to net 90 days on the monthly statement, and the payment period for Apaq Wuxi is net 60 days.

8. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount:

Company Name	Name of the counterparty	Relationship	Balance of Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Periods (Note 2)	Loss allowance
					Amount	Action taken		
Apaq Wuxi	The Company	Subsidiary	404,819 (Note 1)	-	-	-	120,602	-

Note 1: Refers to accounts receivable arising from sales.

Note 2: It refers to the recovery status as of January 19, 2024.

9. Trading in derivative instruments: None.

(II) Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

Name of Investor	Name of investees	Primary Business	Primary business activities	Original Investment Amount		Shares held at the end of the period			Current income (loss) of the investee	Investment Profit or Loss Recognized in the Current Period	Remarks
				End of the period	End of Last Year	Shares	%	Carrying amount			
The Company	APAQ Samoa	Samoa	Holding	1,396,226	1,377,960	45,104	100.00%	2,268,332	137,789	156,089	Subsidiary (Note)
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	30,000	3,000	30.00%	23,378	(7,641)	(2,293)	Associate
The Company	JDX Technology co., Ltd.	Taiwan	Production and sales of electronic components, etc.	7,000	7,000	700	23.33%	3,420	(7,222)	(2,650)	Associate

Note: Share of profit/loss includes adjustments for upstream transactions between affiliates.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China:

Name of Investee	Primary business activities	Paid-in Capital (Note 4)	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Current income (loss) of the investee	The Company's Percentage of Direct or Indirect Ownership	Investment Gains (Losses) Recognized in the Current Period	Carrying Amount of Investment at the End of Period	Ending Balance of Accumulated Inward Remittance of Earnings	Remarks
					Outward Remittance (Note 4)	Recovery							
Apaq Wuxi	Production and sales of electronic components, etc.	1,220,424 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	144,017	100.00%	144,017 Note 3	2,235,661	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	51,589 (RMB11,900 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	(2,660)	35.00%	(1,350) Note 3	49,867	-	
Apaq Hubei	Production and sales of electronic components, etc.	248,146 (USD8,500 thousand)	Note 2	231,962 (USD8,000 thousand)	15,222 (USD500 thousand)	-	247,184 (USD8,500 thousand)	43,424	100.00%	42,645 Note 3	366,127	-	

2. Limits of reinvestments in mainland China:

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Upper limit on investment authorized by MOEAIC
1,585,195 (USD50,200 thousand and RMB9,800 thousand)	1,701,766 (USD53,700 thousand and RMB11,900 thousand)	(Note 5)

Note 1:Investment in Mainland China indirectly through a third area.

Note 2:Direct investment in Mainland China.

Note 3:It was recognized based on financial statements of the same period audited by CPAs of the parent company.

Note 4:The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 53,700 thousand and RMB 11,900 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2023, the approved investment amount was US$3,500 thousand and RMB$2,100 thousand, of which US$2,000 thousand had not been automatically lapsed for three years, and the remaining US$1,500 thousand and RMB$2,100 thousand had not been remitted.

Note 5:The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. Substantial transactions:

Please refer to the "Information on significant transactions" for direct or indirect material transactions between the Company and investees in China for the years ended December 31, 2023.

(IV) Information on major shareholders:

Unit: Shares

Shareholding Name of Major Shareholder	No. of Shares Held	Shareholding %
TAI-TECH Advanced Electronics Co., Ltd.	25,000,000	28.10%
Hua Cheng Venture Capital Co., Ltd.	10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

XIV. Segment Information

Please refer to the 2023 consolidated financial statements for details.

APAQ TECHNOLOGY CO., LTD.

Statements of Cash and Cash Equivalents

December 31, 2023

Unit: NT$ thousands

Foreign currency in dollars

Item	Summary	Amount
Cash	Petty cash	$ 130
Bank deposits	Demand deposits	40,717
Bank deposits	Foreign currency deposits (USD: 9,716,399.26; JPY: 283,557; HKD: 192,325.62; RMB: 5,914,207.07)	324,799
Cash equivalents	Time deposits (RMB 23,000,000, duration of 2023/11/24~2024/3/25, interest rate of 2.65%~2.8%; USD 2,000,000, duration of 2023/12/20~2024/3/25, interest rate of 5.40%~5.58%)	161,119
	Subtotal	526,635
	Total	**$ 526,765**

Note: The foreign currency exchange rates on the balance sheet date are as follows:

USD exchange rate: 30.705

JPY exchange rate: 0.2172

HKD exchange rate: 3.929

RMB exchange rate: 4.3352

APAQ TECHNOLOGY CO., LTD.

Statements of Financial Assets Measured at Fair Value Through Other Comprehensive Income - Current

December 31, 2023

For relevant information of “Financial assets measured at fair value through profit or loss - current”, please refer to Notes VI(II) of the parent company only financial statements.

Statement of Notes and Accounts Receivable

Unit: NT$ thousands

Customer Name		Amount
AsusTek Computer Inc.	$	150,588
Gigabyte Technology		139,665
MSI Computer (Shenzhen) Co., Ltd.		102,485
K-Source Technology Ltd.		76,569
Pegatron Corporation		69,391
Inventec (Chongqing) Corporation, Ltd.		64,144
Tech-Front (Chongqing) Computer Co., Ltd.		55,260
Other (individual amount not exceeding 5%)		319,405
Total	**$**	**977,507**

Note: 1. Notes and accounts receivable are generated from business activities.

2. Accounts receivable from related parties are not included in the statements above. Please refer to Note 7 for details.

APAQ TECHNOLOGY CO., LTD.

Statement of Inventories

December 31, 2023

Unit: NT$ thousands

Item	Amount: Cost	Amount: Net realizable value	Remarks
Raw materials	$ 12,462		Basis for the net realizable value of inventories
Subtotal	12,462	12,462	Please refer to Notes IV(VII) of the parent company only financial statements.
Work in process and semi-finished products	1,174		
Decrease: Price Loss	-		
Subtotal	1,174	1,174	
Finished goods and commodity	208,903		
Decrease: Price Loss	(6,876)		
Subtotal	202,027	293,313	
	$ 215,663	**306,949**	

Statement of Other Current Assets

For relevant information of “Statement of Other Current Assets,” please refer to Notes VI(X) of the parent company only financial statements.

Statements of Financial assets at fair value through other comprehensive income - non-current

For relevant information of “Statements of Financial assets measured at fair value through other comprehensive income - non-current,” please refer to Notes VI(III) of the parent company only financial statements.

APAQ TECHNOLOGY CO., LTD.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

Unit: NT$ thousands

Number of shares: thousand shares

Name of investees	Beginning balance		Increase in current period		Investment Profit (Loss)	Cumulative translation adjustment	Changes in unrealized transaction gains between associates	Changes in percentage of shareholding	Ending balance			Market Value/Net Equity Value	
	Shares	Amount	Shares	Amount					Shares	Amount	Shareholding %	Unit price	Total
APAQ Investments Limited	44,504	$ 2,131,340	600	18,266	156,089	(37,363)	-	-	45,104	2,268,332	100.00%	-	2,280,087
APAQ Technology (Hubei) Co., Ltd.	-	314,897	-	15,222	42,645	(6,637)	-	-	-	366,127	100.00%	-	368,413
AiPAQ Technology Co., Ltd	3,000	25,671	-	-	(2,293)	-	-	-	3,000	23,378	30.00%	-	23,378
JDX Technology co., Ltd.	700	3,334	-	-	(2,650)	-	-	2,736	700	3,420	23.33%	-	3,420
Less: Unrealized transaction gains between associates		(7,558)		-	-	-	9,293	-		1,735			-
		$ 2,467,684		33,488	193,791	(44,000)	9,293	2,736		2,662,992			2,675,298

Note: Neither guarantees nor pledge has been provided for long-term equity investments.

APAQ TECHNOLOGY CO., LTD.

Statement of Changes in Property, Plant, and Equipment

For the year ended December 31, 2023

Please refer to Note VI(VII) of parent company only financial statements for information on "Property, Plant and Equipment."

Statement of Changes in Accumulated Depreciation of Property, Plant, and Equipment

Please refer to Note VI(VII) of parent company only financial statements for information on "Accumulated Depreciation of Property, Plant, and Equipment."

Statement of Changes in Right-of-use Assets

Please refer to Note VI(VIII) of parent company only financial statements for information on "Right-of-Use Assets."

Statement of Accumulated Depreciation of Right-of-use Assets

Please refer to Note VI(VIII) of parent company only financial statements for information on "Statement of Accumulated Depreciation of Right-of-use Assets."

APAQ TECHNOLOGY CO., LTD.

Statement of Changes in Intangible Assets

For the year ended December 31, 2023

Please refer to Note VI(IX) of the parent company only financial statements for information on "Statement of Changes in Intangible Assets."

Statement of Deferred Income Tax Assets

December 31, 2023

For relevant information of "Statement of Deferred Income Tax Assets," please refer to Notes VI(XV) of the parent company only financial statements.

Statement of Other Non-Current Assets

For relevant information of "Statement of Other Non-Current Assets," please refer to Notes VI(X) of the parent company only financial statements.

APAQ TECHNOLOGY CO., LTD.

Statement of Short-term Loans

December 31, 2023

Unit: NT$ thousands

Type of loans	Creditor	Ending balance	Contract period	Interest rate range	Unused limit	Pledge or guarantee
Credit loans	Mega International Commercial Bank	$ -			400,000	None
Credit loans	Hua Nan Bank	97,000	2023/12/28-2024/3/28	1.87811%	3,000	None
Credit loans	Chang Hwa Bank	-			150,000	None
Credit loans	KGI Bank	100,000	2023/12/15-2024/3/15	1.88378%	100,000	None
Credit loans	Far Eastern International Bank	-			200,000	None
Credit loans	Land Bank	-			100,000	None
Credit loans	Taipei Fubon Bank	50,000	2023/11/29-2024/2/27	1.7960%	120,000	None
Credit loans	Shin Kong Bank	130,000	2023/12/11-2024/2/13	1.86%	20,000	None
Credit loans	E.SUN Bank	100,000	2023/11/22-2024/2/22	1.73%	-	None
Credit loans	CTBC Bank Co., Ltd	260,000	2023/12/1-2024/3/26	1.82%-1.84%	40,000	None
Credit loans	Cathay United Bank	100,000	2023/12/21-2024/3/20	1.72%	100,000	None
		$ 837,000			$ 1,233,000	

Statement of Accounts Payable

Customer Name	Amount
Lucky Hill Corp.	$ 4,463
Chang Way Industries Co., Ltd.	1,369
UNI-ONWARD Corp.	834
Reiko International Co., Ltd.	790
Other (individual amount not exceeding 5%)	6,285
Total	$ 13,741

Note: Accounts payable to related parties are not included in the statements above. Please refer to Note 7 for details.

APAQ TECHNOLOGY CO., LTD.

Statement of Other Current Liabilities

December 31, 2023

Unit: NT$ thousands

Item	Amount
Income tax payable	$ 42,329
Other payables	14,640
Estimated accrued expenses	9,816
Other (individual amount not exceeding 5%)	2,951
Total	$ 69,736

Statement of Long-term Loans

Type of loans	Creditor	Ending balance	Contract period	Interest rate range	Unused limit	Pledge or guarantee
Credit loans	Mega International Commercial Bank	$ 245,000	2021/9/10-2026/9/10	1.8%-2.135%	55,000	None
Credit loans	Chang Hwa Bank	130,000	2022/1/27-2027/1/27	1.95%	320,000	None
Credit loans	E.SUN Bank	87,500	2023/8/4-2025/8/4	2.08%	100,000	None
Less: Long-term borrowings due within one year		(152,111)			-	None
		$ 310,389			475,000	

APAQ TECHNOLOGY CO., LTD.

Statement of Lease Liabilities

December 31, 2023

For relevant information of "Lease Liabilities," please refer to Notes VI (XIII) of the parent company only financial statements.

Statement of Operating Revenue

For the year ended December 31, 2023

Unit: NT$ thousands

Item	Quantity	Amount
Coiled conductive polymer solid state capacitors	1,522,280 thousand units	$ 1,700,151
Chip-type conductive polymer solid state capacitors	255,263 thousand units	713,133
Others		47,697
Total		**$ 2,460,981**

APAQ TECHNOLOGY CO., LTD.

Statement of Operating Costs

For the year ended December 31, 2023

Unit: NT$ thousands

Item	Amount
Finished goods at the beginning	$ 196,224
Add: finished foods purchased for the period	1,930,842
Others	337
Less: finished goods at the end	(195,389)
Transfer fees and others	(324)
Cost of goods sold	1,931,690
Initial stock	20,497
Add: materials purchased for the period	10,985
Others	760
Less: Final Stock	(12,462)
Transfer fees and others	(2,427)
Direct materials consumed for the period	17,353
Director labor	8,725
Manufacturing overheads	47,809
Manufacturing cost	73,887
Add: work in progress and semi-finished products in the beginning	11
Less: work in progress and semi-finished products at the end	(1,174)
Transfer fees and others	207
Cost of finished goods for the period	72,931
Add: finished products at beginning of period	10,497
Add: Others	198
Less: finished products at end of period	(10,560)
Transfer fees and others	(1,346)
Production and marketing cost	71,720
Reversal gain on market value decline and obsolete and slow-moving inventories	(1,821)
Total operating costs	**$ 2,001,589**

APAQ TECHNOLOGY CO., LTD.

Statement of Sales Expense

For the year ended December 31, 2023

Unit: NT$ thousands

Item	Amount
Salary	$ 27,686
Import and export fees	11,240
Year-end bonuses	10,186
Miscellaneous expenses	8,970
Entertainment expenses	3,976
Other (individual amount not exceeding 5%)	12,843
Total	**$ 74,901**

Statement of Management Expenses

Item	Amount
Salary	$ 55,508
Year-end bonuses	26,402
Labor expenses	6,299
Other (individual amount not exceeding 5%)	19,672
Total	**$ 107,881**

APAQ TECHNOLOGY CO., LTD.

Statement of Research and Development Expense

For the year ended December 31, 2023

Unit: NT$ thousands

Item	Amount
Salary	$ 40,538
Year-end bonuses	15,599
Consumables fees	15,094
Depreciation	10,035
Other (individual amount not exceeding 5%)	24,248
Total	**$ 105,514**

Statement of the Net Amount of Other Revenues and Gains and Expenses and Losses

Please refer to Note VI (XXI) of the parent company only financial report for information on "Statement of the Net Amount of Other Revenues and Gains and Expenses and Losses."

VI. Influence of Difficult Financial Turnover on the Financial Status of the Company and its Affiliates in the Most Recent Year up to the Printing Date of Annual Report: None.

Chapter 7 Review, Analysis and Risk Management of Financial Status and Performance

I. Comparative Analysis Sheet of Financial Status (Consolidated)

Unit: NT$ thousand

Item \ Year	2023		2022		Difference	
	Amount	%	Amount	%	Amount	%
Current assets	3,168,097	65	3,194,551	65	(26,454)	(1)
Real property, plant, and equipment	1,296,039	26	1,363,219	28	(67,180)	(5)
Intangible assets	25,215	-	26,508	1	(1,293)	(5)
Other assets	433,004	9	334,073	6	98,931	30
Total asset value	4,922,355	100	4,918,351	100	4,004	-
Current liabilities	1,687,223	34	1,821,771	36	(134,548)	(7)
Non-current liabilities	320,757	6	375,840	8	(55,083)	(15)
Total liabilities	2,007,980	40	2,197,611	44	(189,631)	(9)
Share capital	889,535	18	889,535	18	0	0
Capital surplus	768,493	16	765,757	16	2,736	-
Retained earnings	1,372,023	28	1,155,909	24	216,114	19
Other equities	(75,302)	(1)	(50,087)	(1)	(25,215)	50
Treasury stock	(40,374)	(1)	(40,374)	(1)	0	0
Total shareholder equity	2,914,375	60	2,720,740	56	193,635	7

I. Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, the amount of change reached NT$10 million):

1. Other Assets: The increase is mainly due to the increase in held-to-maturity securities during the current period.
2. Other Equity: Mainly due to the exchange differences decreasing from the translation of financial statements of overseas operating subsidiaries.

II. These changes herein did not significantly impact the Company.

II. Financial Performance

(I) Comparative Analysis Sheet of Financial Performance In the Most Recent Two Years (Consolidated)

Unit: NT$ thousand

Item / Year	2023		2022		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Net Operating Revenue	2,934,913	100	2,488,694	100	446,219	18
Operating costs	2,138,060	73	1,839,740	74	298,320	16
Gross profit	796,853	27	648,954	26	147,899	23
Operating expenses	419,610	14	376,944	15	42,666	11
Operating profit	377,243	13	272,010	11	105,233	39
Non-operating income and net expenses	44,547	1	173,022	7	(128,475)	(74)
Profit before income tax	421,790	14	445,032	18	(23,242)	(5)
Income tax expenses	93,412	3	106,600	4	(13,188)	(12)
Net profit in this period	328,378	11	338,432	14	(10,054)	(3)

I. Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, the amount of change reached NT$10 million):

1. Gross profit and operating profit: primarily due to increased shipment volume and revenue growth of wrap-type solid-state capacitors (DIP & V-Chip) and chip-type solid-state capacitors (CAP) compared to the fiscal year 2022.
2. Net Non-operating Income and Expenses: Mainly due to the depreciation of the US dollar in 2023, resulting in an increase in foreign exchange losses.

II. Expected sales volume and its basis, possible impact on the Company's future financial operations and response plans:

In 2024, APAQ Technology will continue to develop a series of products such as high-reliability products, high ripple and low ESR coiled (solid-state/hybrid/liquid) capacitors with small size and thinness, and stacked solid-state capacitors, to meet the needs of high-end growth markets such as AI Server, AI PC, Power, and Automotive.

III. Cash flow

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

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease) amount
Net cash flow from operating activities	490,349	545,392	(55,043)
Net cash flow from investment activities	(38,057)	(216,956)	177,899
Net cash flow from financing activities	(551,782)	71,276	(623,058)

Analysis of increase and decrease:

1. Operating activities: This was mainly due to the increase in accounts receivable at the end of the period resulting from the increase in revenues in 2023.
2. Investing activities: This was mainly due to the increase in disposal of financial assets measured at fair value through other comprehensive income in 2023.
3. Fundraising activity: Mainly due to the increase in short-term borrowings for repayment in 2023.

(II) Improvement plan for insufficient cash liquidity: **There is**no such situation.

(III) Cash liquidity analysis for the following year

Unit: NT$ thousand

Beginning Cash Balance (A)	Annual net cash flow from operating activities (B)	Annual Cash Outflow (C)	Estimated cash balance (Inadequacy) (A) + (B) - (C)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financing plan
1,124,174	478,689	200,610	1,402,253	N/A	N/A

Cash liquidity analysis for the following year:

(1) Business Activities: Due to operational profitability, the business activities generated net cash inflows.

(2) Investment Activities:Purchase of capital assets generates net cash outflow in investment activities.

(3) Fundraising Activities: Repayment of loan and distribution of cash dividends generate net cash outflow in financing activities.

IV. No significant impact of annual capital expenditures on financial operations recently: None

V. Investment policy in the most recent year, the main reason for its profit or loss, the improvement plan and the investment plan for the coming year.

1. According to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies formulated by the competent authority, the Company has formulated Procedures for Acquisition or Disposal of Assets as the basis of our investment to master related business and financial status; in addition, the Company has formulated

management measures for subsidiaries in internal control system to improve supervision and management of the Company to be invested, for which it establishes relevant specifications on information disclosure, finance, business, goods on hand and financial management. Also, the Company carries out audit regularly and builds relevant business risk mechanism, ensuring to maximize our investment business.

2. NT$156,089,000 return on investmentwas generated by recognition of the Company to the subsidiary APAQ Investments Limited under the equity method at the end of 2023.
3. NT$42,645,000 return on investment was generated by recognition of the Company to the subsidiary APAQ Technology (Hubei) Co., Ltd., under the equity method at the end of 2023.
4. All the investments of the Company are long-term strategic investment. We master the operation and financial status of the business invested as well as carry out prudential assessment of the investment plan.
5. The investment policy of the Company and the investment plan for the next year are focused on the business related to what the Company has operated.

VI. Matters of risk in the past year up to the date of publication of this annual report shall be analyzed and addressed as follows:

1. The impact of inflation or fluctuation in the interest or foreign exchange rate on the Company's gains or losses and the response thereto

(1) Impact of fluctuation in exchange on the Company's operating revenue and profitability and concrete measures adopted by the Company against exchange rate fluctuation

The ratios of overseas sales accounting for total operating revenue of the Company in the most recent two years are 95.05% and 97.18%, respectively; therefore, the exchange rate fluctuation has certain influence on operating revenue. As the valuation of transactions from the Company to its major suppliers is in US dollars, which nets out each other and brings the exchange rate fluctuation into the effect of hedging to some extent, thus having little influence on profitability. The US dollars depreciation in 2022, however, had a significant impact on the fluctuation of exchange rate. With active learning of hedging instrument of foreign currency, the Company will carry out hedging properly to reduce the influence of exchange risk on the Company's profitability. Exchange gain or loss in the most recent year are as follows:

Unit: NT$ thousand

Year/Item	2023	2022
Exchange gain (loss)	24,185	150,409
Net Operating Revenue	2,934,913	2,488,694
Percentage of exchange gain (loss) accounting for revenue	0.82%	6.04%

Concrete measures adopted by the Company against exchange rate fluctuation are as follows:

a. Opening a foreign currency deposit account and keeping in close touch with major correspondent banks to collect relevant information to exchange rate fluctuation at any time and to be in good control of exchange rate, then knowing the lowest time point to purchase foreign exchange and the best time point of exchange settlement.

b. Reserving appropriate foreign currency deposit assets for hedging of natural exchange for payment and liability of corresponding foreign currency, actively learning hedging instrument of foreign currency and carrying out hedging properly to reduce the influence of exchange risk on the Company's profitability.

(2) The fluctuation in interest rate still has limited influence on the Company due to low rate of interest income and expense accounting for net amount of turnover, although the interest rate has increased.

(3) Influence of inflation in the most recent two years on the Company: None.

2. The policies for, and main reasons for gains or losses in, high-risk, high-leveraged investments, loans to others, endorsements/guarantees, and transactions involving derivative products and the response thereto:

(1) Currently, the Company does not engage in any high-risks or highly leveraged investments.

(2) Endorsement or guarantee to others:

December 31, 2023 Unit: NT$ thousand

No.	Name of endorsement /guarantee provider	Endorsement/guarantee counterparty		Limit on Endorsements /Guarantees Provided for A Single Party	Maximum Balance of Endorsement and Guarantee for Current Period	Ending Balance of Endorsement and Guarantee	Actual amount drawn down	Amount of endorsement /guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum endorsement /guarantee amount allowable	Guarantee provided by parent company to a subsidiary	Guarantee provided by a subsidiary to parent company	Guarantee provided to subsidiaries in Mainland China
		Company Name	Relationship										
0	The Company	APAQ Wuxi	Subsidiary	2,914,375	226,975	214,935	-	-	7.37%	2,914,375	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,914,375	226,975	214,935	-	-	7.37%	2,914,375	Y	N	Y

Note1: Note1: The amount of endorsement guarantee for a single company is limited to the amount of equity attributable to the parent company owner in the most recent audited (reviewed) consolidated financial statements of the Company.

Note2: Note 2: The total amount of endorsements/guarantees to external parties shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year.

(3) TheCompany's Endorsement Guarantee Policy: The total amount of the Company's endorsements/guarantees to external parties shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. The amount of the Company's endorsements/guarantees for a single enterprise shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. In addition to the aforementioned

restrictions, where the Company provides endorsement/guarantee based on a transaction relationship, the amount of the respective endorsement/guarantee shall not exceed the total value of the underlying transactions between the parties. The total value of the underlying transaction refers to the greater of the sales or purchase value between the parties.

(4) Company's Policy on Loans to Others: The total amount of the Company's loans to others shall be limited to 40 percent of the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. The amount of the Company's loan to an individual company or business with which the Company has business relationship shall be limited to the total value of the underlying transactions between the parties. The total value of the underlying transaction refers to the greater of the sales or purchase value between the parties. Where the Company by necessity provides a short-term loan to any company or business, the amount shall be limited to 40 percent of the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. The loans between the Company and an overseas company pf which the Company directly or indirectly holds 100% of the shares with voting right shall not be subject to the aforementioned restriction. The Company's outstanding loans to others are as follows:

December 31, 2023 Unit: NT$ thousand

No.	Lending Company	Borrower	Financial statement account	Related party	Maximum balance for the period	Balance at end of the period	Actual amount drawn down	Interest rate range	Nature of financing	Transaction amount	Reason for short-term financing	Loss allowance	Collateral		Financing limits for each borrowing company	Financing company's total financing amount limits
													Name	Value		
0	The Company	APAQ Wuxi	Other receivables - related parties	Yes	194,550	184,230	-	-	Business transaction	1,931,416	-	-	-	-	1,165,750	1,165,750
0	The Company	APAQ Hubei	Other receivables - related parties	Yes	194,550	184,230	-		Short-term financing facility	-	Business needs of subsidiary	-	-	-	1,165,750	1,165,750

Note1: The amount of the Company's loan to an individual company or business with which the Company has business relationship shall be limited to the total value of the underlying transactions between the parties.

Note2: The aggregate amount of the Company's loans to others shall be limited to 40 percent of the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year.

(5) Policy on derivatives trading, main reasons for profit or loss and future countermeasures: Not applicable.

3. Future R&D plans and estimated expenses

In addition to keep investing in coiled mainboard application market, the Company continues to develop high-voltage and high-reliability capacitors for applications in power supply and industrial machines, including adding the chip-type capacitor product line for laptop applications. The expenditure in R&D in 2024 is expected to continue to increase to about 3% of revenue.

4. The impact of changes in major domestic/overseas policies and regulations on the Company's finance and business, and the response thereto:
The Company operates in accordance with the relevant laws and regulations of this and other countries in which it does business, and the personnel involved also closely observe and reflect the changes in laws and regulations as they take place for management decision making. Therefore, the Company stays informed of and can formulate timely responses to important changes in domestic and foreign policies.
5. Effect on the Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) and Industrial Change, and Measures to Be Taken in Response
The Company continues to invest a great amount of resources in developing new technologies and timely and adequately assesses the industrial trend and changes. The Company will continue to adjust its business strategies while observing the trends in future technology.
In response to cyber security risks, the Company has established an information security management team to comprehensively improve cyber security protection capabilities.
During the past year up to the date of publication of this annual report, there has not been any instance where changes in technology (including the cyber security risks) and industries have significantly impacted the Company's finance or business.
6. The impact of any shift in corporate image during the past year on the Company's risk management, and the response thereto:
The Company operates business on principles of reliability and accountability and maintains a positive corporate image. During the past year up to the date of publication of this annual report, there has not been any instance where a shift in corporate image has significantly impacted the Company's risk management.
7. Expected Benefits, Potential Risks, and Mitigation Measures of Mergers and Acquisitions: The Company did not engage in any mergers or acquisitions during the current period.
8. The projected benefits and potential risks in plant expansion,and the response thereto: The Company does not have plans to expand its factory space during the current period.
9. Risks in centralization of purchase or sales channels and the response thereto:
   (1) Purchasing: The Company's main raw materials are aluminum foil, electrolytic paper, guide pin, colloidal particle and aluminum case, in which the cathode side of the aluminum foil is mainly supplied by Chinese manufacturers at current, consistent with the characteristics of centralization of procurement on the supply side. In order to reduce the risks associated with centralized procurement, the Company is actively seeking to use alternative materials from more diversified sources in the production of new products while building and maintaining good cooperative relationships with the domestic and foreign suppliers to ensure we do not have to worry about shortage of supply.

(2) Sales: The Company mainly sells to PC system manufacturers in the Asian-Pacific region and maintains intimate and positive business relationships with the clients. Besides faithfully maintaining the loyal clientele, the Company also strives to develop new products and new clients so to reduce the risks associated with centralization of sales.

10. The impact, risks, and measures in response to the significant transfer or change of ownership of shares by directors or shareholders holding more than ten percent of the shares: TAI-TECH ADVANCED ELECTRONICS CO., LTD. has become a major shareholder of the Company in that it acquired 25,000,000 ordinary shares of the Company through a tender offer on April 13, 2023, accounting for 28.1% of the Company's issued shares. It has no other significant impact on the Company.
11. The risk of change in management right, its impact on the Company, and the response thereto: Not applicable.
12. Litigation and non-litigation events: Not applicable.
13. Other important risks and responses thereto: Not applicable.

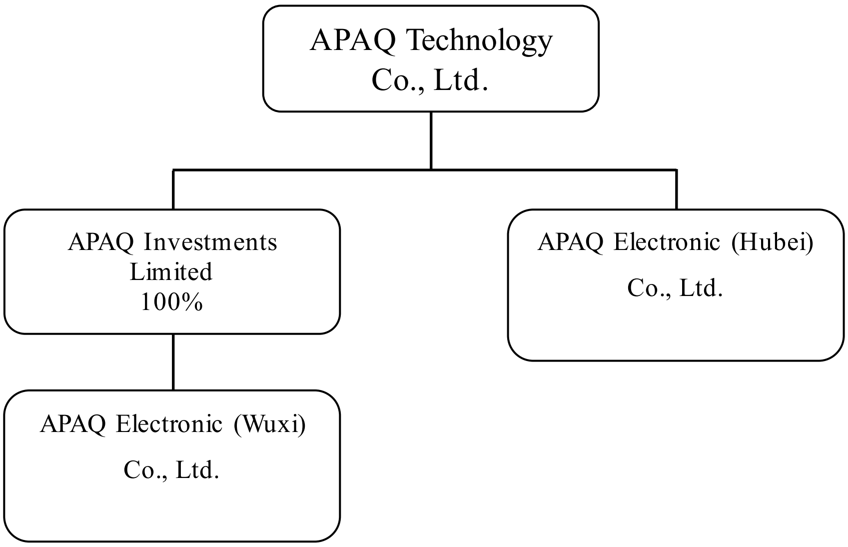
VII. Other matters: None

Chapter 8 Special Notes

I. Relevant Data of Affiliated Companies:

(I) Overview of affiliated companies

1. Organization chart of affiliated companies



2. Names of affiliated companies and their basic information:

Unit: NT$ thousand

Company name	Date of Founding (Investment)	Address	Paid-up capital	Primary business
APAQ Investments Limited.	2006	Samoa	1,396,226	Holding company
APAQ Electronic (Wuxi) Co., Ltd.	2007	Wuxi City, Jiangsu Province	1,220,424	Production and sales of electronic components
APAQ Electronic (Hubei) Co., Ltd.	2019	Shiyan City, Hubei Province	248,146	Production and sales of electronic components

3. Subordinate company or companies in which the Company has direct or indirect control over management of the personnel, finance or business operations as specified in Article 369 of the Company Act, Paragraph 2, Subparagraph 2: None.
4. Information on the directors, supervisors, and general managers of each affiliated company:

Company name	Title	Name or representative	Number of shares in thousands	Shareholding Ratio
APAQ Investments Limited.	Director	APAQ Technology Co., Ltd. Representative: Cheng Tun-Jen	45,104	100%
APAQ Electronic (Wuxi) Co., Ltd.	Director	APAQ Investments Limited. Cheng Tun-Jen, Lin Ching-Feng, Lin Hsi-Tung	Note	100%
	General Manager	Lin Ching-Feng	Note	0%
APAQ Electronic (Hubei) Co., Ltd.	Director	APAQ Technology Co., Ltd. Representative: Cheng Tun-Jen	Note	100%
	General Manager	Lin Ching-Feng	Note	0%

Note: the Company is a limited company with no share issued.

5. The names of directors, supervisors, and general managers of related companies

and their shareholding in the Company: None.

(II) Operations overview of affiliated companies

Unit: NT$ thousand

Company name	Capital	Total asset value	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Gain (loss) during this period
APAQ Investments Limited.	1,396,226	2,289,820	9,733	2,280,087	0	(4,936)	137,789
APAQ Electronic (Wuxi) Co., Ltd.	1,220,424	2,773,475	537,813	2,235,661	2,444,864	157,284	144,017
APAQ Electronic (Hubei) Co., Ltd.	248,146	530,595	162,182	368,413	552,134	26,765	43,424

(III) Related Party Consolidated Financial Statements: Please refer to pages 94-157 of this annual report.

(IV) Business scope of the Company and its subsidiaries

The scope of business of the Company and its subsidiaries encompasses the research, development, production, and sales of subminiature capacitor products having high-temperature resistance, long life, and low impedance and the research, development, and production of high-voltage capacitors, chip-type capacitors, organic-semiconductor solid capacitors, and high-storage capacitors upon customer demand.

II. Securities issued by private placement in the past year up to the date of publication of this annual report: Not applicable.

III. Securities of the Company held or disposed by subsidiaries in the past year up to the date of publication of this annual report: Not applicable.

IV. Other Necessary Supplemental Information: None.

V. Any Event Which Has a Material Impact on the Company's Shareholders' Rights and Interests or Securities Prices as Specified in Article 36 of the Securities and Exchange Act, Paragraph 3, Subparagraph 2:

Recently, all matters that have a significant impact on shareholder equity or securities prices as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act have been announced in accordance with regulations on the Public Information Observation Station. The website of the Public Information Observation Station is: http://mops.twse.com.tw/

Date	Item
2023/02/22	Announcement of the approval of the 2022 consolidated financial statements upon resolution of the Company's Board of Directors

Date	Item
2023/02/22	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors
2023/03/16	Announcement of proposing to acquire the ordinary shares of the Company by TAI-TECH ADVANCED ELECTRONICS CO., LTD.
2023/03/17	Explanation of the information about the acquisition notification, such as the tender offer declaration, tender offer prospectus and related documents, which were submitted and announced by TAI-TECH ADVANCED ELECTRONICS CO., LTD.
2023/03/28	Results from the Audit Committee on proposing to acquire the ordinary shares of the Company by TAI-TECH ADVANCED ELECTRONICS CO., LTD.
2023/03/28	Explanation of relevant matters on proposing to acquire the ordinary shares of the Company by TAI-TECH ADVANCED ELECTRONICS CO., LTD.
2023/04/13	The juristic-person directors of the Company were certainly removed because the shares transferred exceeding more than half of its shares when being elected.
2023/04/25	Announcement of dividend distribution upon resolution of the Company's Board of Directors
2023/05/11	Announcement of the approval of the consolidated financial statements for first quarter of 2023 upon resolution of the Company's Board of Directors
2023/06/12	Announcement of the important resolutions of at the Company's shareholders' meeting
2023/06/12	Announcement of the Reappointment of the Chairman of Our Company
2023/06/12	Announcement of the approval of the revocation of non-compete covenant for newly elected directors at the Company's 2023 annual shareholders' meeting
2023/06/12	The Board of Directors of our company hereby announces the appointment of the members of the 5th Compensation Committee.
2023/06/12	Announcement of the elected list for the 2023 Annual Shareholders' Meeting Board of Directors Election of our company
2023/06/12	Announcement of the Second Audit Committee Member List of Our Company
2023/07/03	Announcement of the base date for the Company's dividend distribution
2023/08/07	Announcement of the approval of the consolidated financial statements for the second quarter of 112 upon resolution of the Company's Board of Directors
2023/08/07	Compliance of the amount of additional loan to the wholly owned subsidiary (APAQ Wuxi) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 22, Paragraph 1, Subparagraph 3.
2023/08/07	Compliance of the amount of additional loan to the wholly owned subsidiary (APAQ Hubei) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 22, Paragraph 1, Subparagraph 3.
2023/08/07	Compliance of the endorsement/guarantee for the wholly owned subsidiary (APAQ Wuxi) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 25, Paragraph 1, Subparagraphs 3 and 4.

Date	Item
2023/08/07	Compliance of the endorsement/guarantee for the wholly owned subsidiary (APAQ Hubei) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 25, Paragraph 1, Subparagraph 4.
2023/08/14	The Company announces the disposal of the same securities, which cumulatively reach twenty percent of the paid-in capital.
2023/08/18	Announcement of the Revised Consolidated Financial Report for the Second Quarter of the 2023 Year of the Company (Correction of Amounts for the Same Period Last Year)
2023/11/06	Announcement of the approval of the consolidated financial statements for the third quarter of 2023 upon resolution of the Company’s Board of Directors
2023/12/12	Announcement of the participation of the Company upon invitation in the institutional investors’ conference at the Grant Fortune Securities
2023/12/14	Clarification of the Economic Daily News report on December 14, 2023
2024/02/20	Announcement of the approval of the 2023 consolidated financial statements upon resolution of the Company’s Board of Directors
2024/02/20	Announcement of convening regular shareholders’ meeting upon resolution of the Company’s Board of Directors
2024/02/20	Announcement of dividend distribution upon resolution of the Company’s Board of Directors

APAQ Technology Co., Ltd.

Person in charge: Cheng Tun-Jen

General Manager: Lin Hsi-Tung

Printed on March 31, 2024