Stock Code:5355

GIA TZOONG ENTERPRISE CO., LTD.

2023

Annual Report

Published on Apr 18, 2024
This annual report is available at http://mops.twse.com.tw
The Company's website: http://www.gia-tzoong.com.tw

1. Spokesperson or acting spokesperson

1、 Spokesperson

Name : CHAN KUAN MIN

Title : Assistant Vice President of Management Division

Tel No. : (03)366-7382

E-mail : miin@gia-tzoong.com.tw

2、 Acting spokesperson

Name : WU CHIA LI

Title : Vice Chief of Finance Department

Tel No. : (03)366-7382

E-mail : janice@gia-tzoong.com.tw

2. Address and Tel No. of Company and Factory

Address : No. 39-4, Xingbang Rd., Taoyuan District, Taoyuan City

Tel No. : (03)366-7382

Fax No.: (03)367-6010

3. Agency handling shares transfer

Name: Agency Department, CTBC Bank

Address : 5F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng District, Taipei City 100

Tel No. : (02)6636-5566

Website : https://ecorp.ctbcbank.com/cts/index.jsp

4. The certified public accountants who duly audited the annual financial report for the most recent year

Name of Accounting Firm : Baker Tilly Clock & Co.

Names of CPAs : CHENG HSIEN HSIU, LAI CHIA YU

Address : 14F, No. 111, Sec. 2, Nanjing E. Rd., Taipei City 104 (Top floor)

Tel No.: (02)2516-5255

Website: http://www.clockcpa.com.tw/index.htm

5. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

6. The address of the Company's website

http://www.gia-tzoong.com.tw/

Contents

I. Report to the shareholders

Dear shareholders,

I would like to report to all shareholders on our operations in 2023 as follows:

I Introduction

The Company reported operating revenues of NT$496,577 thousand and net income after tax of NT$(135,956) thousand for 2023, with net income after tax of NT$(0.82) per share.

The operating income, gross operating profit and operating expenses in 2023 were not much changed compared with the previous year, and the biggest part of the change was in the non-operating income and expenditure, which decreased significantly in 2023 compared with the previous year due to the impact of the disposal of real estate interests and foreign exchange interests of the reinvestment company in 2021.

Looking forward to 2024 years, innovation is one of the core values of GIA. We continue to strengthen our R&D investment and are committed to developing new technologies and products to meet the changing needs of the market. The R&D team is constantly working to drive the company's technological leadership and ensure that we are up to the challenges of the future. In recent years, the company has been researching and developing various products and technologies, and has continued to develop high-end HDI products and any layer circuit board products, process optimization and yield improvement. And continue to invest in the optimization of DBC parameter conditions, and the establishment of mass production process conditions for AIN.

Capital expenditure is an important part of the company's long-term growth. We will carefully evaluate investment opportunities to ensure that each capital expenditure generates good returns and promotes the sustainable development of the company.

In terms of corporate sustainability, we have always taken environmental, social and corporate governance (ESG) as important indicators. We will continue to work to reduce our environmental impact, support social development, and ensure transparency and accountability in corporate governance.

Thank you for your continued support and trust, and we will continue to work hard to ensure the sustainable development of GIA and achieve the success shared with shareholders.

II 2023 Annual Business Report

(1) Comparative analysis of operating results

1. Consolidated Unit: NT$ thousand

Item	2023	2022	Variation ratio
Operating revenue	496, 577	490, 883	1%
Operating costs	(558, 066)	(558, 130)	0%
Gross operating profit	(61, 489)	(67, 247)	-9%
Operating expenses	(88, 810)	(85, 016)	4%
Operating profit	(150, 299)	(152, 263)	-1%
Non-operating revenue and expense	16, 126	88, 218	-82%
Net profit before tax	(134, 173)	(64, 045)	109%
Income tax expense	(1, 783)	(4, 299)	-59%
Net profit for current year	(135, 956)	(68, 344)	99%

2. Parent company-only Unit: NT$ thousand

Item	2023	2022	Variation ratio
Operating revenue	478, 991	477, 113	0%
Operating costs	(555, 597)	(551, 912)	1%
Gross operating profit	(76, 606)	(74, 799)	2%
Operating expenses	(77, 114)	(72, 764)	6%
Operating profit	(153, 720)	(147, 563)	4%
Non-operating revenue and expense	19, 104	75, 044	-75%
Net profit before tax	(134, 616)	(72, 519)	86%
Income tax expense	(1, 717)	(4, 285)	-60%
Net profit for current year	(136, 333)	(76, 804)	78%

(2) Budget implementation: Does not apply

(3) Financial position and profitability analysis:

1. Financial position

(1) Consolidated

Year / Item	2023	2022
Cash inflows (outflows)	(130, 301)	(377, 546)
Debt ratio(%)	16. 54	15. 62
Current ratio(%)	502. 50	608. 72

(2) Parent company-only

Item \ Year	2023	2022
Cash inflows (outflows)	(115, 751)	(213, 327)
Debt ratio(%)	15. 91	14. 78
Current ratio(%)	476. 39	590. 34

2. Profitability analysis

(1) Consolidated

Analysis item \ Year			2023	2022
Profitability	Return on assets(%)		(9. 76)	(3. 77)
	Return on shareholders equity(%)		(11. 71)	(5. 36)
	Ratio to paid-in capital Ratio(%)	Operating profit	(9. 05)	(9. 1(7)
		Net profit before tax	(8. 08)	(3. 86)
	Net profit margin(%)		(27. 38)	(13. 92)
	Earnings per share (NT$)		(0. 82)	(0. 46)

(2) Parent company-only

Analysis item \ Year			2023	2022
Profitability	Return on assets(%)		(9. 92)	(5. 01)
	Return on shareholders equity(%)		(11. 80)	(6. 10)
	Ratio to paid-in capital Ratio(%)	Operating profit	(9. 25)	(8. 88)
		Net profit before tax	(8. 10)	(4. 37)
	Net profit margin(%)		(28. 46)	(16. 10)
	Earnings per share (NT$)		(0. 82)	(0. 46)

(4) Research and development status

1. Technologies and products developed successfully
   (1) High-end HDI (more than fourth-order) circuit board products.
   (2) Any layer Circuit board product, process optimization, and yield improvement
   (3) Samples of AIN copper-clad ceramic substrate products.
2. Research and development plan for the coming year
   (1) Optimization of parameter conditions for DBC.
   (2) Power IC module circuit board for industrial/EV use.
   (3) The mass production process conditions for AIN copper-clad ceramic substrate products are established.

III Summary of 2024 Business Plan:

(I) Business Strategy

1. Technological innovation: We will continue to invest in R&D to promote technological innovation to provide customers with more advanced, efficient and reliable products.
2. Customer satisfaction: We will focus on customer satisfaction, improve product quality, and provide fast and flexible services to meet the changing needs of customers. Deepen the high-power/heatsip-dissipation products of aluminum/copper substrates, thick copper circuit boards, and DBC copper-clad ceramic substrates, and expand market application fields, such as: high-power LEDs, power drives, energy storage equipment, power modules, power modules, etc. According to market demand, we provide niche market HDI, single, double-sided and multi-layer circuit board products.
3. Cost-effective: We will optimize the production process, improve production efficiency, and reduce costs to ensure the competitiveness of product prices.

(II) Estimated sales volume and basis

The company's products are mainly used in high-power/high-thermal conductivity device industries such as on-board systems, power drives, industrial controls, energy storage equipment, LED lighting, etc., and the company's niche and market development trends are evaluated as follows:

1. MCPCB (aluminum/copper): high heat dissipation products, sales are expected to continue to grow.

2. FR4 multilayer circuit board products: including high-power circuit boards and HDI circuit boards, high-power power supply systems, sales are expected to continue to grow, HDI circuit boards, sales are expected to grow slightly. Sales of traditional FR4 multilayer circuit boards are expected to decline slightly due to fierce price competition in the market.

3. DBC copper-clad ceramic substrate: belongs to the power semiconductor module carrier board, due to the electric vehicle factor, the application market is growing rapidly, the current total DBC product is in the growth stage, although it is expected to grow significantly, the sales amount is still insignificant.

(III) Important production and sales policies

1. Becoming partners with customers and jointly developing new products is the

company's consistent strategic direction.

2. Most of the company's products are produced to order to reduce the risk of inventory, and effectively allocate orders to assess risks and rewards in real time.
3. Due to the long delivery time of raw materials for DBC copper-clad ceramic substrates, appropriate annual inventory must be planned based on the customer's estimated order and the company's production capacity.

(IV) Concerning the overall business environment:

In the face of intensified external competition, we will adhere to customer-centricity, strengthen brand value, and improve customer satisfaction. At the same time, we actively explore new markets and expand product lines to ensure that the company can remain competitive in a changing market. We are deeply aware of the uncertainties in the external environment, in particular regulatory and economic changes. We will pay close attention to industry trends and flexibly adjust our operational strategies to ensure that the company can continue to grow in the face of uncertainty.

Finally, we wish you good health and great fortune!

Chairman: Cheng An Investment Co. Ltd.
Representative: Tseng Chi-li

Chief Executive Officer: Tseng Chi-li

Chief Accounting Officer: Chan Kuan-min

II. Company profile

1. Date of incorporation: September 19, 1988
2. Brief history of the Company

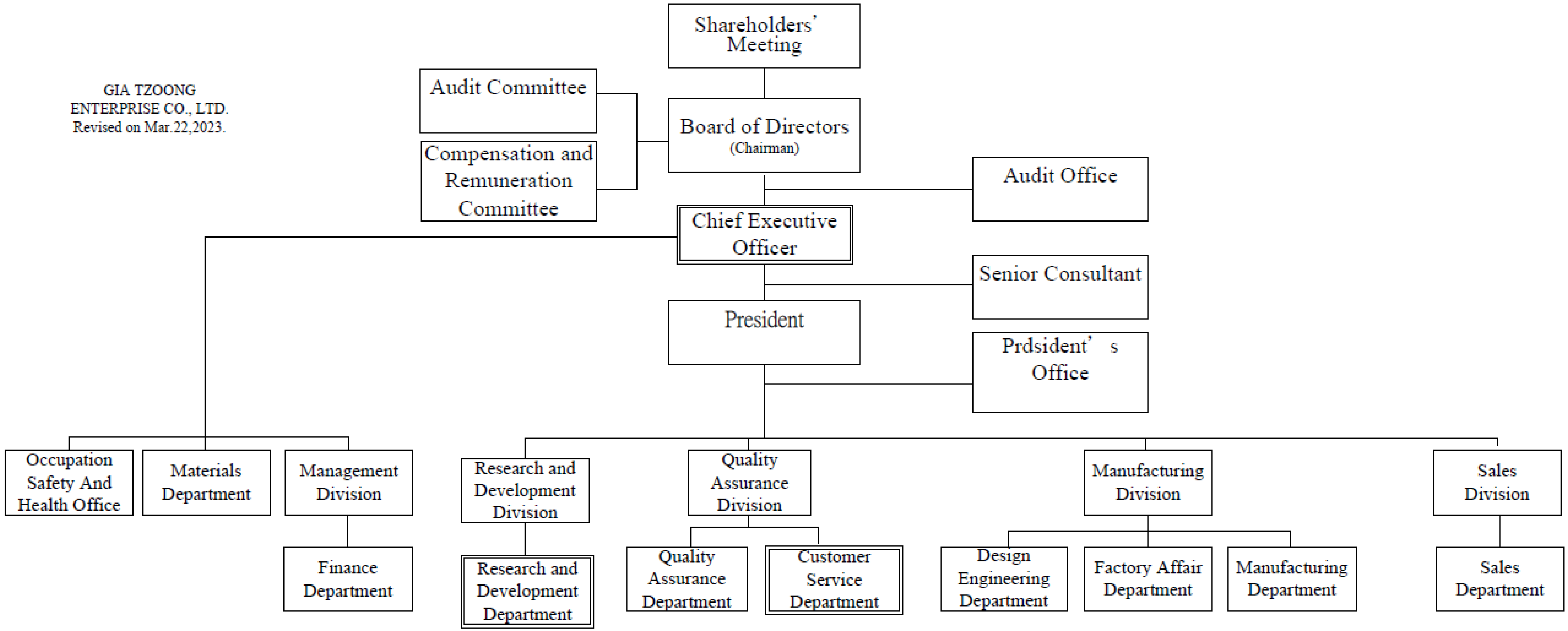
1998	★	Officially listed on the OTC on June 23, 1998.
2001	★	Passed ISO14001 environmental quality certification.
2003	★	Bought back the Company's treasury stocks.
2004	★	Issued the first guaranteed convertible corporate bond in our country in 2004.
2005	★	Began to purchase the land for grading and site preparation for the factory in Jiangmen, Guangdong, China.
2006	★	Completed the capital reduction and short-form merger of the subsidiary Jia Hong Investment Co., Ltd.
	★	Issued the second guaranteed convertible corporate bond in 2006.
	★	Purchased land and buildings from Hsin Chieh Company and Hou Chieh Company to expand production capacity.
2007	★	Issued employee stock option certificates.
	★	Reelected TSENG CHI LI as the chairman and president.
	★	Board of Directors resolved to appoint TSENG CHI LI to replace LEE MAO SHENG to serve as the chairman of the subsidiary in China.
2008	★	Undertook the private placement of ordinary shares and held the second extraordinary shareholders meeting.
	★	Completed the reconstruction of the newly added factory building and moved in the office equipment.
2009	★	Passed TS-16949 certification for the automotive industry in November 2009.
	★	Applied metal core printed circuit boards (MCPCBs) to large size LED TVs.
	★	Issued employee stock option certificates.
2010	★	Established the overseas subsidiary - SUMMIT LEGEND LIMITED CO., LTD.
2011	★	Dissolved the investee company Po Hsin Development Technology Co., Ltd. by a resolution of the shareholders meeting on February 21, 2011, which was approved by letter No. Ching-Ching-Shou-Chung-Tzu-1003168211 on February 24, 2011.
	★	Board of Directors resolved to dissolve the subsidiary SUMMIT LEGEND LIMITED on June 24, 2011.
	★	Board of Directors resolved to issue the third guaranteed corporate bond.
	★	Planned to reinvest in the establishment of a company in Samoa through the equity transfer by the subsidiary Gia Tzoong (BVI) due to the restructuring of the overseas investment.
	★	Set up the Compensation and Remuneration Committee, appointed the members of the Compensation and Remuneration Committee, and formulated the organizational rules of the Compensation and Remuneration Committee.
2013	★	Board of Directors resolved to dispose of the land and building of Factory 2, with a total transaction amount of NT$70 million (No. 39-7, Xingbang Road, Lot No. 1875-4, Dashulin Section, Taoyuan City, Taoyuan County).
2014	★	Bought back the Company's treasury shares and processed a capital reduction of NT$19,340,000. After the capital reduction, the paid-in capital was in the amount of NT$1,665,627,000.
	★	Curved LED backlighting aluminum substrate technology.

2015	★ Entered the Xiaomi TV supply chain, becoming one of the top three suppliers of double-sided aluminum panels.
	★ Supplied automotive lighting boards and obtained client recognition from European, American, and Japanese car manufacturers.
	★ Growth driven mainly by large-size / curved / 4K2K TVs.
	★ Bought back the Company's treasury shares and processed a capital reduction of NT$76,000,000. After the capital reduction, the paid-in capital was in the amount of NT$1,661,228,000.
	★ Added the die processing process.
2016	★ 3D lines.
	★ Self-developed patented LED light bars with built-in light steel frames for sale.
2017	★ Obtained the certification of Taiwan BSMI and American UL safety regulations for invisible LED lamps.
	★ Changed the internal audit supervisor.
	★ Distribution of cash dividends by the subsidiary PSC (H.K.) Electronics Limited.
	★ Established a new company – Puyu Investment Co., Ltd. through reinvestment.
2018	★ Completed the establishment registration of the subsidiary Puyu Investment Co., Ltd. in March 2018.
	★ Acquisition of the land and factory building by the subsidiary Puyu Investment Co., Ltd.
	★ Established a new company in China through indirect reinvestment by the overseas subsidiary.
	★ Obtained patents for light steel frame lamps and the lamp manufacturing process.
2019	★ Approved the establishment of Gia Tzoong (ShenZhen) Ltd. in July 2019.
	★ Passed the disposal of investee company Jiangmen PSC Electronics Ltd. in China and the share swap by PSC (H.K.) Electronics Limited.
	★ Dismissed the chairman of the Company, TSENG CHI LI; and elected the corporate director Cheng An Investment Co., Ltd. as the chairman.
	★ Obtained the patent for the copper foil air escape structure of the composite substrate.
2020	★ Completed the disposal of the subsidiary Jiangmen PSC Electronics Ltd. in July 2020.
	★ Cash capital increase undertaken by the subsidiary Puyu Investment Co., Ltd. in the amount of NT$50 million, for which the Company completed the subscription in the amount of NT$40 million on July 31, 2020.
	★ Completed the deregistration of the subsidiary Gia Tzoong Circuit Enterprise Co., Ltd. on August 7, 2020.
	★ Capital reduction and return of share capital undertaken by the subsidiary PSC Enterprise Co., Ltd. in August 2020: the share capital was originally in the amount of US$22,725,590.20; after the capital reduction of US$13,000,590.20 with the capital reduction ratio of 57.21%, the share capital after capital reduction was in the amount of US$9,725,000.
2021	★ Disposal of two lots of land and factory buildings by the subsidiary Puyu Investment Co., Ltd.

2022	★	Announced the establishment of the Company's first term of the Audit Committee.
	★	Capital reduction undertaken by the subsidiary Puyu Investment Co., Ltd. in the amount of NT$110 million.
2023	★	Purchased 20% of the equity in the subsidiary Puyu Investment Co., Ltd., making it a 100% subsidiary of the Company.

III. Corporate governance report

1. Organizational system



Business of each major department
Audit Office: regular and irregular audits of various internal control operations.
Safety and Health Office: formulation, planning, supervision, and promotion of safety and health management matters.
Management Division: includes the Finance Department, Human Resources Management Section, Information Office, Environmental Engineering Section, and other departments. a. Finance Department: in charge of financial management, capital reallocation, accounting operations, annual budget, and business analysis. b. Human Resources Management Section: in charge of personnel management, general affairs, administrative procurement, factory building repair and expansion, etc. c. Information Office: maintenance of the network, MIS system, computer room facilities, as well as software and hardware equipment. d. Environmental Engineering Section: the implementation and management of air pollution control, water pollution control, waste management, noise control, and other business, as well as the implementation of ISO 14001.
Business Division: includes the business departments. In charge of market development, product sales, export business, as well as related business investigation and planning.
Materials Department: Purchase Section. In charge of the procurement negotiation and follow-up of raw materials and materials.
Manufacturing Division: includes the Manufacturing Department, Factory Affairs Department, Design Engineering Department, and other departments. a. Manufacturing Department: in charge of the implementation and improvement of manufacturing tasks, manufacturing techniques, and other business, including the Inner Layer Section, Drilling Section, Dry Film Section, Quality Inspection Section, Solder Resistance Section, Electroplating Section, Press Section, Molding Section, Sample Section, Manufacturing Engineering Section, and other departments. b. Factory Affair Department: in charge of the production, repair, and maintenance of electrical equipment.

c. Design Engineering Department: in charge of the preliminary operations and fixtures of samples and new products.
Quality Assurance Division: includes the Quality Assurance Department. Subunits are the Quality Control Section and Quality Assurance Section. The Quality Control Section is in charge of the operation of the quality management system and the implementation of the quality control system, so as to properly implement quality management and related business plans and reviews. The Quality Assurance Section is in charge of client service, quality assurance, abnormality handling, etc.
Research and Development Division: research and improvement of production technology, development and evaluation of automation equipment and new materials for production, research and development, analysis and trial production of new products.

2. Profiles of Directors, Presidents, Vice Presidents, Assistant Vice Presidents, Division Heads, and Branch Heads

（1）Profiles of Directors and Independent Directors

April 15, 2024

Title	Nationality or place of registration	Name	Gender/Age	Election (Appointment) Date	Term of office	Initial Election Date	Shares at Election		Current shareholding		Current shareholding held by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other second degree of kinship			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman	R.O.C.	Cheng An Investment Co., Ltd.	- 15	June 16, 2022	3 years	Aug. 22, 2008	1,242,134	0.75%	1,242,134	0.75%	0	0%	0	0		None	None	None	None	Note 1
		Representative - TSENG CHI LI	Male 61-70				0	0.00%	9,561,794	5.76%	819,405	0.49%	0	0	Graduated from Dept. of Law, Fu Jen Catholic University Boxin Enterprise Co., Ltd.－Bussiness Manager	GIA TZOONG ENTERPRISE CO., LTD.-Chief Executive Officer Puyu Investment Co., Ltd.-Chairman	None	None	None	
Director	R.O.C.	LEE MAO TONG (note 2)	Male 71-80	June 16, 2022	3 years	Sep. 19, 1988	5,276,660	3.18%	5,276,660	3.18%	3,011,371	1.81%	0	0	Graduated from junior high school Po Hsin Development Technology Co., Ltd.－Chairman and President	None	None	None	None	
Director and Vice President of Manufacturing Division	R.O.C.	LEE WEI HSIN	Male 51-60	June 16, 2022	3 years	June 17, 2013	3,452,993	2.08%	3,452,993	2.08%	358	0.00%	0	0	Graduated from Chinese Culture University	GIA TZOONG ENTERPRISE CO., LTD.-Vice President of Manufacturing Division	None	None	None	
Independent Director	R.O.C.	WU TSENG FENG	Male 61-70	June 16, 2022	3 years	June 17, 2016	0	0.00%	0	0.00%	0	0%	0	0	Graduated from Department of Business Administration, National Chengchi University, President of Cisco International Taiwan, Ltd.	President of Taiwan Area, Veritas Technologies(Taiwan) Co., Ltd.	None	None	None	
Independent Director	R.O.C.	TAI KUO MING	Male 61-70	June 16, 2022	3 years	June 17, 2016	0	0.00%	0	0.00%	0	0%	0	0	Graduated from Dept. of Accountancy, National Cheng Kung University Stock Agency Department, Taishin International Bank-Vice President	Cheng Mei Materials Technology Corporation-Consultant	None	None	None	
Independent Director	R.O.C.	TUAN MU CHENG	Male 51-60	June 16, 2022	3 years	June 12, 2020	0	0.00%	0	0.00%	0	0%	0	0	Master of Business Administration-Drexel University, USA Certified Public Accountant of Genie Joint CPA Firm	Note 3	None	None	None	
Independent Director	R.O.C.	HUNG WEN MING	Male 61-70	June 16, 2022	3 years	June 13, 2018	0	0.00%	0	0.00%	0	0%	0	0	Dept. of Political Science, Soochow University EMBA, National ChengChi University Executive Vice President of Yuanta Life Insurance Co., Ltd.	Integrated Service Technology Inc.-Independent Director	None	None	None	

Note 1: The representative of the chairman of the Company and the CEO are the same person, which improves the efficiency of management and decision-making. Management and approval decisions are subject to the approval hierarchy rules, and all major decisions are submitted to the Board of Directors in accordance with the rules. The Company established the Audit

Committee on June 16, 2022, and the number of independent directors has been increased to four seats to strengthen the supervisory function of the Board of Directors. More than half of the directors do not concurrently serve as employees. Please refer to the positions in affiliated companies specified in the special recorded items of this annual report (page 108) for details.

Note 2: The director LEE MAO TONG was initially appointed in September 1988, dismissed in April 2002, and elected on June 17, 2016.

Note 3: Certified Public Accountant of Jing Hua Accounting Firm
Tainan Enterprise Co., Ltd.- Independent Director
Oriental System Technology Inc.-Independent Director
Wits Academy Co., Ltd.-Director
Xinyue Biotechnology Co., Ltd.-Director
E&T Venture Co., Ltd.-Director
RICOTTA Industry Co., Ltd.-Director
Chung Shing Textile Co., Ltd.- Director
Supervisor of Golden Circles Design Company
Supervisor of Aquarium Division Ministry CO., LTD.
Supervisor of Real Good Information Inc.
Supervisor of Taiwan Fulida International Co., Ltd.

(2) Major shareholders of corporate shareholder

April 15, 2024

Name of corporate shareholder	Major shareholders of corporate shareholder
CHENG AN INVESTMENT CO., LTD.	YU MIN HUI (50%), KENG TING(50%)

(3) Disclosure of Professional Qualifications of Directors and Independent Directors and Independence of Independent Directors

1. Professional Qualifications of Directors and Independent Directors

Conditions / Name	Professional qualifications and experience	Independent status	Number of other public companies in which the individual is concurrently serving as independent director
Chairman: Cheng An Investment Co., Ltd.	1. A professional investment institution 2. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Not applicable	0
Director: LEE MAO TONG	1. GIA TZOONG ENTERPRISE CO., LTD.-President 2. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Not applicable	0
Director: LEE WEI HSIN	1. GIA TZOONG ENTERPRISE CO., LTD.-Vice President of Manufacturing Division 2. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Not applicable	0
Independent Director: WU TSENG FENG	1. President of Cisco International Taiwan, Ltd. 2. President of Taiwan Area, Veritas Technologies(Taiwan) Co., Ltd. 3. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Complied with the provisions of the various subparagraphs of Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 1)	0
Independent Director: TAI KUO MING	1. Chief Financial Officer, Finance Department, Headquarters, Taiwan Securities Co., Ltd. 2. Vice President of Stock Agency Department, Taishin International Bank 3. Consultant of Cheng Mei Materials Technology Corporation 4. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Complied with the provisions of the various subparagraphs of Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 1)	0
Independent Director: TUAN MU CHENG	1. Certified Public Accountant of Jing Hua Accounting Firm 2. Independent Director of Oriental System Technology Inc. 3. Independent Director-Tainan Enterprise Co., Ltd. 4. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Complied with the provisions of the various subparagraphs of Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 1)	2
Independent Director: HUNG WEN MING	1. Executive Vice President of Yuanta Life Insurance Co., Ltd. 2. Independent Director of Integrated Service Technology Inc. 3. He is not under any circumstances specified in the provisions of Article 30 of the Company Act.	Complied with the provisions of the various subparagraphs of Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 1)	1

Note 1: According to Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, "During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

1. An employee of the company or its affiliates.
2. A director or supervisor of the company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairman, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. A professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations."

2. Diversity and independence of the Board of Directors:

(1) Board diversity:

In order to achieve sustainable and balanced development as well as increasing diversity of the Board of Directors, when setting the composition of the Board of Directors, in addition to ensuring that the number of the directors who are also managers of the Company shall not exceed one third of the director seats, the Company also considers the diversity of the Board of Directors from various aspects, including but not limited to the gender, age, culture, educational background, ethnicity, professional experience, skills, knowledge, and field of work. Members of the Board of Directors shall generally possess the knowledge, skills and literacy necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall Board of Directors possesses the following capabilities:

1) Judgment on operation.
2) Accounting and financial analysis.
3) Operations management.
4) Crisis handling.
5) Industrial knowledge.
6) International market outlook.
7) Leadership.
8) Decision making.

Currently, the Company's Board of Directors has a total of seven directors (including four independent directors). Regarding the overall composition of the Board of Directors, it is composed of different genders, ages, professional knowledge and backgrounds, with the members possessing extensive experience and expertise in the areas of operations management, leadership, decision making, industry knowledge, finance and accounting, law, international outlook, etc. The relevant implementation status is as follows:

Diversity Core Item/ Name of Director	Gender	Age			Operations management	Leadership dicision making	Industrial knowledge	Financial and accounting	Law	international outlook
		51-60	61-70	71-80						
Cheng An Investment Co., Ltd./TSENG CHI LI	Male		v		v	v	v	v	v	v
LEE MAO TONG	Male			v	v	v	v	v		
LEE WEI HSIN	Male	v			v	v	v			
TAI KUO MING	Male		v		v	v		v		
WU TSENG FENG	Male		v		v	v				v
TUAN MU CHENG	Male	v			v	v	v	v		v
HUNG WEN MING	Male		v		v	v		v		

(2) Board independence:

Currently, the Company has four independent directors, accounting for 57% of all directors. All four independent directors meet the requirements for independence. No directors of the Company are spouses or relatives within the second degree of kinship, and the operation of the Board of Directors is independent.

(4) Profiles of Presidents, Vice Presidents, Assistant Vice Presidents, Division Heads, and Branch Heads

April 15, 2024

Title	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Shareholding held by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Manager with a spousal or other second degree of kinship			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Position	Name	Relationship	
Representative of the Chairman and Chief Executive Officer (note 2)	R.O.C.	TSENG CHI LI	Male	June 28, 2007	9,561,794	5.76%	819,405	0.49%	0	0%	Graduated from Dept. of Law, Fu Jen Catholic University Boxin Enterprise Co., Ltd.－Bussiness Manager	GIA TZOONG ENTERPRISE CO., LTD.-Chief Executive Officer Puyu Investment Co., Ltd.-Chairman	None	None	None	Note 1
President	R.O.C.	HSIAO MING YANG	Male	Mar. 22, 2023	0	0%	418,000	0.25%	0	0%	Grduated from Dept. of Electrical Engineering, National Cheng Kung University C SUN MFG. LTD.	None	None	None	None	Note 3
Vice President	R.O.C.	LEE WEI HSIN	Male	Nov. 9, 2015	3,452,993	2.08%	358	0.00%	0	0%	Graduated from Chinese Culture University GIA TZOONG ENTERPRISE CO., LTD.	None	None	None	None	
Assistant Vice Presidents	R.O.C.	CHENG CHEN HAI	Male	Mar. 1, 2006	49,810	0.03%	16,335	0.01%	0	0%	Graduated from Dept. of Chemistry, Soochow University QC Engineer- Guosheng Electronics Company	None	None	None	None	Note 4
Assistant Vice Presidents	R.O.C.	CHAN KUAN MIN	Male	Nov. 9, 2015	0	0%	0	0%	0	0%	Graduated from Dept. of Finance, National Sun Yat-sen University Signality System Engineering Co., Ltd.-Financial Manager	None	None	None	None	
Assistant Vice Presidents	R.O.C.	YU HSIU WEN	Male	Nov. 9, 2015	0	0%	0	0%	0	0%	Graduated from Tamkang University Printed Wire Corporation	None	None	None	None	

Note 1: The representative of the chairman of the Company and the CEO are the same person, which improves the efficiency of management and decision-making. Management and approval decisions are subject to the approval hierarchy rules, and all major decisions are submitted to the Board of Directors in accordance with the rules. The Company established the Audit Committee on June 16, 2022, and the number of independent directors was increased to four seats to strengthen the supervisory function of the Board of Directors. More than half of the directors do not concurrently serve as employees. Please refer to the positions in affiliated companies specified in the special recorded items of this annual report (page 108) for the details.

Note 2: The former president TSENG CHI LI was promoted to CEO on March 22, 2023.

Note 3: The former vice president HSIAO MING YANG was promoted to president on March 22, 2023.

Note 4: Assistant Vice Presidents Manager Zheng Zhenhai retired on August 31, 2023.

3. Remuneration paid during the most recent year to directors, president and vice president

(1) Remuneration to general directors and independent directors

Dec. 31, 2023 Unit: thousand shares /NT$ thousand

Title	Name	Remuneration to Directors								The sum of A, B, C and D and proportion to net profit after tax		Remuneration to the capacity as employees								The sum of A, B, C, D, E, F and G and proportion to net profit after tax		Remuneration received from an invested company other than the company's subsidiary or parent company
		Remuneration (A)		Pension(B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonus and special disbursement(E)		Pension(F)(Note 1)		Compensation to employees (G)						
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Cheng An Investment Co., Ltd. Representative-TSENG CHI LI (concurrently serve CEO)	960	960	0	0	0	0	145	145	1,105 -0.81%	1,105 -0.81%	5,220	8,269	360	360	0	0	0	0	6,685 -4.90%	9,734 -7.14%	None
Director	LEE MAO TONG	960	960	0	0	0	0	145	145	1,105 -0.81%	1,105 -0.81%	0	0	0	0	0	0	0	0	1,105 -0.81%	1,105 -0.81%	None
Director (concurrently serve Vice President of Manufacturing Division)	LEE WEI HSIN	120	120	0	0	0	0	145	145	265 -0.19%	265 -0.19%	2,1365	2,136	159	159	0	0	0	0	2,560 -1.88%	2,560 -1.88%	None
Independent Director	WU TSENG FENG	240	240	0	0	0	0	145	145	385 -0.28%	385 -0.28%	0	0	0	0	0	0	0	0	385 -0.28%	385 -0.28%	None
Independent Director	TAI KUO MING	240	240	0	0	0	0	145	145	385 -0.28%	385 -0.28%	0	0	0	0	0	0	0	0	385 -0.28%	385 -0.28%	None
Independent Director	TUAN MU CHENG	240	240	0	0	0	0	135	135	375 -0.28%	375 -0.28%	0	0	0	0	0	0	0	0	375 -0.28%	375 -0.28%	None
Independent Director	HUNG WEN MING	240	240	0	0	0	0	145	145	385 -0.28%	385 -0.28%	0	0	0	0	0	0	0	0	385 -0.28%	385 -0.28%	None

Note 1: The pension in this table refers to the amount appropriation that will be expensed in 2023.

Note 2: The independent director remuneration payment policy, system, criteria, and structure; and their relationship with the amount of remuneration paid according to the responsibilities borne, risks, time invested and other factors: Independent directors' remuneration is paid in accordance with the Company's remuneration payment guidelines, including the remuneration and expenses for business implementation. The remuneration is paid according to the fixed amount approved by the Board of Directors, and the business execution expenses refer to the attendance fee (see page 20-21 for reference).

Note 3: In addition to the disclosure in the above table, the remuneration received by the director of the Company in the most recent year for providing services (such as serving as a consultant but not as an employee for the parent company / all companies mentioned in the financial statements / reinvested companies, etc.): None.

（2）Remuneration to President and Vice Presidents

Dec. 31, 2023 Unit: thousand shares /NT$ thousand

Title	Name	Salaries (A)		Pension (B) (Note 1)		Bonus and special disbursement (C)		Remuneration to the employees (D)				The sum of A, B, C and D and proportion to net profit after tax (%)		Remuneration received from an invested company other than the company's subsidiary or parent company
		The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company		All companies mentioned in the financial reports		The Company	All companies mentioned in the financial reports	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	TSENG CHI LI	4,509	7,558	360	360	1,816	1,816	0	0	0	0	6,685 -4.90%	9,734 -7.14%	None
President	HSIAO MING YANG	2,636	2,636	108	108	252	252	0	0	0	0	2,996 -2.20%	2,996 -2.20%	None
Vice President	LEE WEI HSIN	1,877	1,877	159	159	524	524	0	0	0	0	2,560 -1.88%	2,560 -1.88%	None

Note 1: The pension in this table refers to the amount appropriation that will be expensed in 2023.

（3）The top five executives with the hightest remuneration in the Company

Dec. 31, 2023 Unit: thousand shares /NT$ thousand

Title	Name	Salaries(A)		Pension(B) (Note 1)		Bonus and special disbursement (C)		Remuneration to the employees (D)				The sum of A, B, C and D and proportion to net profit after tax (%)		Remuneration received from an invested company other than the company's subsidiary or parent company
		The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company		All companies mentioned in the financial reports		The Company	All companies mentioned in the financial reports	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	TSENG CHI LI	4, 509	7, 558	360	360	1, 816	1, 816	0	0	0	0	6, 685 −4. 90%	9, 734 −7. 14%	None
President	HSIAO MING YANG	2, 636	2, 636	108	108	252	252	0	0	0	0	2, 996 −2. 20%	2, 996 −2. 20%	None
Vice President	LEE WEI HSIN	1, 877	1, 877	159	159	524	524	0	0	0	0	2, 560 −1. 88%	2, 560 −1. 88%	None
Assistant Vice Presidents of Busienss Division	CHENG CHEN HAI	967	1, 675	51	51	0	0	0	0	0	0	1, 018 −0. 75%	1, 726 −1. 26%	None
Assistant Vice President of Management Division	CHAN KUAN MIN	1, 256	1, 256	76	76	121	121	0	0	0	0	1, 453 −1. 06%	1, 453 −1. 06%	None

Note 1: The pension in this table refers to the amount appropriation that will be expensed in 2023.

Note 2: Associate President CHENG CHEN HAI retired on August 31, 2023.

(4) The name of the managerial officer with distributed employee remuneration, and the distribution status

Dec. 31, 2023;Unit: NT$ thousand

	Title	Name	Amount of stock bonus	Amount of cash bonus	Total	Percentage of the total amount in the net profit after tax (%)
Managerial officer	Chief Executive Officer	TSENG CHI LI	0	0	0	0%
	President	HSIAO MING YANG				
	Director concurrently serve Vice President of Manufacturing Division	LEE WEI HSIN				
	Assistant Vice Presidents of Busienss Division(Note)	CHENG CHEN HAI				
	Assistant Vice President of Management Division	CHAN KUAN MIN				
	Vice Chief of Quality Assurance Division	YU HSIU WEN				

Note: Associate President CHENG CHEN HAI retired on August 31, 2023.

(5) Comparison and explanation of the proportion of the total amount of remuneration paid to the Company's directors, supervisors, president, and vice president over the last 2 years to the net profit after tax for the Company and for all the companies mentioned in the consolidated financial statements, respectively; along with an explanation of the policies, standards, packages, and procedure for determining the remuneration, and the relationships with operating performance and future risks.

Title / Item	The Company				All companies mentioned in the financial statements			
	2022		2023		2022		2023	
	Total	Proportion to net profit after tax	Total	Proportion to net profit after tax	Total	Proportion to net profit after tax	Total	Proportion to net profit after tax
Remuneration to directors	13,810	-17.98%	11,881	-8.71%	17,390	-22.64%	14,929	-10.95%
Remuneration to supervisors	230	-0.30%	0	-	230	-0.3%	0	
Remuneration to president and vice president	10,876	-14.16%	10,871	-7.97%	13,778	-17.94%	13,920	-10.21%
Net profit after tax	-76,804	-	-136,333		-76,804	-	-136,333	

Note: This table includes the amount appropriated for expensed resignation benefits and pensions.

The Company's payment of remuneration to directors is based on the Company's Articles of Incorporation (see page 64-65) as well as the Company's remuneration payment guidelines, and the Board of Directors is authorized to determine the remuneration based on the level of participation and contribution of directors to the Company's operations, taking into account the common standard in the peer industry.

The Company's president, vice president, and managerial officers are employees under the organizational structure of the Company and are paid according to the Company's salary system. The salary is determined based on their educational background, work experience, performance, work seniority, etc. in accordance with the Company's Articles of Incorporation and approval authority. In case of bonuses, they shall also be paid according to the distribution ratio of employee bonuses.

The main reason for the increase in the proportion of the total remuneration of the directors, president, and vice president to the net profit after tax this year is the change in the directors and supervisors. The Company's bonus distribution is based on the individual's achievement rate of the Company's operating goals and takes the Company's overall operating performance into account as the distribution criteria, which is directly and positively related to the Company's operating performance.

Status / Item	Remuneration policies, standards, packages, and procedure for determining the remuneration		Correlation with operating performance	Correlation with future risks
	Director	President, vice president, and managerial officer		
Transport allowance	According to the Company's remuneration payment guidelines	—	Unrelated	Unrelated
Salary	According to the Company's remuneration payment guidelines	According to the Company's salary method	Unrelated	Unrelated
Bonus	—	According to the Company's bonus payment guidelines	Directly and positively related	Unrelated
Surplus distribution for director and supervisor remuneration	As detailed in the Company’s dividend policy	—	Directly and positively related as detailed in the dividend policy	Unrelated
Surplus distribution for employee remuneration	—	As detailed in the Company’s dividend policy	Directly and positively related as detailed in the dividend policy	Unrelated

4. Corporate governance practices

(1) Operation of the Board of Directors

1. A total of 5 board meetings were held in 2023. The attendance status of the directors is as follows:

Title	Name	Actual number of attendance	Attend through proxy	Actual attendance rate(%)	Remark
Chairman	CHENG AN INVESTMENT CO., LTD. Representative - TSENG CHI LI	5	0	100.00%	
Director	LEE MAO TONG	5	0	100.00%	
Director	LEE WEI HSIN	5	0	100.00%	
Independent Director	WU TSENG FENG	5	0	100.00%	
Independent Director	TAI KUO MING	3	2	60.00%	
Independent Director	TUAN MU CHENG	5	0	100.00%	
Independent Director	HUNG WEN MING	5	0	100.00%	
Other matters to be recorded: 1. If case the operation of the Board of Directors is in any of the following circumstances, the Board of Directors meeting date, session, content of the proposal, opinions of all the independent directors, and the Company's handling of the opinions of the independent directors shall be clearly stated:					

(1) Items listed in Article 14-3 of the Securities and Exchange Act: The company has established an audit committee, which applies to the matters listed in Article 14-5 of the Securities and Exchange Act. This item does not apply.

(2) Apart from the aforementioned matters, other resolutions of the Board of Directors that have been objected to or reserved by independent directors with records or written statements: None.

2. For the implementation status of director recusal from proposals due to conflicts of interest, the director's name, content of the proposal, reasons for recusal due to conflicts of interest, and participation status in the voting shall be clearly stated:

Sessions of the Board of Directors	Name of director who recuses from interest	The content of the motion	Reasons should be avoided by interests	Voting situation
The 4th meeting of the 10th session (Jan. 13,2023)	TSENG CHI LI	The company's 2022 annual manager year-end bonus case	At the same time, he has the status of a manager	It was approved by all the directors present with the right to vote.
The 7th meeting of the 10th session (Aug. 9,2023).	TSENG CHI LI, LEE WEI HSIN	The company's 2023 annual manager salary adjustment case	At the same time, he has the status of a manager	It was approved by all the directors present with the right to vote.
	LEE WEI HSIN	Mr. LEE WEI HSIN, the manager of the manufacturing department, applied for the settlement of the old system	for the parties to the motion	It was approved by all the directors present with the right to vote.
	TSENG CHI LI	Provide the chairman of the board of directors with a car	for the parties to the motion	It was approved by all the directors present with the right to vote.

3. Information on the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self (or peer) evaluation, and the implementation status of the board evaluation:

The Company's Board of Directors passed the "Board of Directors Performance Evaluation Guidelines" in 2016, and conducts the performance evaluation of the Board of Directors for the previous year in January every year. The targets of evaluation in 2023 included the overall operation of the Board of Directors, the Compensation and Remuneration Committee, the Audit Committee, and the performance of individual directors. The implementation content is set out in the table below, In 2023, the Company adopted an internal self-assessment method to conduct the performance evaluation of the Board of Directors, individual directors, the Remuneration Committee and the Audit Committee, and the self-evaluation results were all "excellent" to "outstanding", indicating that the directors and members have a positive evaluation of the efficiency and effectiveness of the operation of the Board of Directors, the Remuneration Committee and the Audit Committee, and the overall operation should be good, and the operation efficiency of the Board of Directors, the Remuneration Committee and the Audit Committee will continue to be improved and has been presented with the report of the Board of Directors dated March 13, 2024.

Implementation Status of Board Evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Evaluation result
Once a year	Jan. 1, 2023 to Dec. 31, 2023	Board of Directors	Board self-evaluation	1. Level of participation in the Company's operations. 2. Improving board decision making quality. 3. Composition and structure of the Board of Directors. 4. Selection and continuing education of directors. 5. Internal control.	The overall score was 4.75 points out of the total score of 5 points, and the evaluation results ranged from "excellent" to "outstanding".

		Individual directors	Board member self-evaluation	1. Mastering the Company's goals and tasks. 2. Cognition of director responsibilities. 3. Level of participation in the Company's operations. 4. Internal relationship management and communication. 5. Professional and continuing education of directors. 6. Internal control.	The overall score was 4.96 points out of the total score of 5 points, and the evaluation results ranged from “excellent” to “outstanding”.
		Functional committee (Remuneration Committee/ Audit Committee)	Functional committee self-evaluation	1. Level of participation in the Company's operations. 2. Cognition of the responsibilities of the functional committees. 3. Improving the decision making quality of the functional committees. 4. Composition and selection of members of the functional committees. 5. Internal control.	Remuneration Committee The overall score was 5 points out of the total score of 5 points, and the evaluation results were “outstanding”. Audit Committee The overall score was 4.95 points out of the total score of 5 points, and the evaluation results were “excellent” to “outstanding”.

4. Objectives for strengthening the functions of the Board of Directors in the current year and the most recent year (such as setting up the audit committee, and improving information transparency) and the evaluation of its implementation status:

(1) The Company has formulated the “Rules of Procedure for Board of Directors Meetings” in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, and filed the director attendance status on the Market Observation Post System in accordance with regulations. According to the statistics, the total number of education and training hours for directors and independent directors in 2023 was 42 hours. In 2023, all the independent directors of the Board of Directors attended in person or by proxy; as of the publication date of the annual report in 2024, all the independent directors attended the two board meetings in person.

(2) The Company has set up the Compensation and Remuneration Committee and formulated the “Board of Directors Performance Evaluation Guidelines”. The committee is in charge of assisting the Board of Directors in the periodic evaluation and determination on the remuneration of directors and managerial officers, and regularly reviewing the policies, systems, criteria, and structures of performance evaluation and remuneration of directors and managerial officers.

(3) On December 12, 2017, the Company’s Board of Directors approved the formulation of the “Board Diversity Policy”. When setting the composition of the Board of Directors, the Company considers the diversity of board members from various aspects, including but not limited to the gender, age, culture, educational background, ethnicity, professional experience, skills, and knowledge or field of work, in order to improve the Company's operating performance and management efficiency.

(4) The Company established the Audit Committee on June 16, 2022 to exercise the functions and powers stipulated in the Securities and Exchange Act, the Company Act, and other laws and regulations, and to assist the Board of Directors in performing its supervision over the quality and level of integrity relating to the Company's implementation of accounting, auditing, financial reporting processes, and financial control. For the operating status of the Audit Committee, please refer to pages 24-27 of this annual report.

2. Continuing education for directors, independent directors for the year 2023

Title	Name	Course date	Organizers	Course Title	Course hours
Chairman	Cheng An Investment Co., Ltd. Representative-TSENG CHI LI	Apr. 12, 2023	Taiwan Institute of Directors	The strategy of the circuit board industry for energy conservation, carbon reduction and green power procurement	3
		Apr. 27, 2023	Taipei Exchange	Publicity meeting on the sustainable development action plan of listed companies	3
Director	LEE MAO TONG	Apr. 12, 2023	Taiwan Institute of Directors	The strategy of the circuit board industry for energy conservation, carbon reduction and green power procurement	3
		Nov. 23, 2023	Securities & Futures Institute	Corporate Governance Trends and Corporate Sustainability	3
Director	LEE WEI HSIN	May. 12, 2023	Securities & Futures Institute	Trends and Challenges of International Financial Financing Security Supervision	3
		Jul. 18, 2023	Securities & Futures Institute	2023 Transition Finance and Sustainability Disclosure Seminar	3
Independent Director	WU TSENG FENG	Sep. 14, 2023	Securities & Futures Institute	Operational practices of the Audit Committee	3
		Sep. 14, 2023	Securities & Futures Institute	Board performance evaluation	3
Independent Director	TAI KUO MING	Sep. 14, 2023	Securities & Futures Institute	Operational practices of the Audit Committee	3
		Sep. 14, 2023	Securities & Futures Institute	Board performance evaluation	3
Independent Director	TUAN MU CHENG	Feb. 14, 2023	Taiwan Corporate Governance Association	The new look of corporate governance in the context of ESG	3
		Mar. 14, 2023	Taiwan Corporate Governance Association	Risks and opportunities of climate change trends for business operations	3
Independent Director	HUNG WEN MING	May 14, 2023	Taiwan Corporate Governance Association	How can enterprises implement energy conservation and carbon reduction to improve their profits	3
		Dec. 15, 2023	Taiwan Corporate Governance Association	How companies can strengthen their strategy execution	3

(2) Operation of the Audit Committee

A total of 4 Audit Committee meetings (A) were held in the most recent year (2023). The attendance status of the independent directors is as follows:

Title	Name	Actual number of attendance (B)	Attend through proxy	Actual attendance rate (%)(B/A)	Remark
Convener	WU TSENG FENG	4	0	100%	
Member	TAI KUO MING	4	0	100%	

Member	TUAN MU CHENG	3	1	75%	
Member	HUNG WEN MING	4	0	100%	

Other matters to be recorded:

1. In case of any of the following circumstances in the operation of the Audit Committee, the Audit Committee meeting date, session, content of proposals, independent directors' opinions of objection, reservation or major advice items and contents, Audit Committee resolutions, and the Company's handling of the Audit Committee's opinions shall be clearly stated.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Meeting date	Important resolutions	Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions
The 3rd meeting of the 1st session (Mar. 22, 2023)	1.The company's 2022 annual internal control system statement case.	All the members present agreed to approve it and submitted it to the Board of Directors, Approved with the consent of all directors present.
	2. The Company's 2022 annual business report and financial statements.	
	3. Prepare the company's 2022 annual loss compensation case.	
	4.The Company's accounts receivable and overdue payments other than accounts receivable as of the end of December 2022 are not in the nature of capital loans.	
	5.The Company acquired or disposed of machinery and equipment for business use.	
	6. The company's assessment of the independence of the certified public accountant.	
	7. Proposed purchase of equity in Puyu Investment Co., Ltd.	
The 4th meeting of the 1st session (May 9, 2023)	1.The first draft of the Company's 2023 Q1 consolidated financial statements and notes were revealed.	All the members present agreed to approve it and submitted it to the Board of Directors, Approved with the consent of all directors present.
	2.It is proposed to amend some provisions of the Regulations for the Use of the Company's Seal.	
	3.2023 years of accountant remuneration case of Zhengfeng United Accounting Firm.	
	4.The Company acquired or disposed of machinery and equipment for business use.	
	5.The company's accounts receivable and overdue amounts other than accounts receivable as of the end of March 2023 are not in the nature of capital loans.	
The 5th meeting of the 1st session (Aug. 9, 2023)	1.The company's 2nd quarter 2023 consolidated financial statements and notes revealed the first draft.	All the members present agreed to approve it and submitted it to the Board of Directors, Approved with the consent of all directors present.
	2.Revise the copy of the "Approval Limit Letter" of the Company.	
	3.The Company acquired or disposed of machinery and equipment for business use.	
	4.As of the end of June 2023, the company's accounts receivable and overdue amounts other than accounts receivable are not in the nature of capital loans.	
	5.The Company undertook US dollar corporate	

	bonds.	
The 6th meeting of the 1st session (Nov. 9, 2023)	1.The Company's consolidated financial statements and notes for the third quarter of 2023 revealed the first draft.	All the members present agreed to approve it and submitted it to the Board of Directors, Approved with the consent of all directors present.
	2.The company's 2024 annual audit plan.	
	3.2024 annual audit plan of each subsidiary of the Company.	
	4.The Company acquired or disposed of machinery and equipment for business use.	
	5.The company's accounts receivable and overdue amounts other than accounts receivable as of the end of September 2023 are not in the nature of capital loans.	

(2) Apart from the aforementioned matters, other resolutions that have not been approved by the Audit Committee but approved by two thirds or more of all the directors: None.

2. For the implementation status of the independent director’s recusal from proposals due to conflicts of interest, the name of the independent director, the content of the proposal, the reason for the recusal out of conflicts of interest, and the participation status in the voting shall be clearly stated: None.

3. Communication status between the independent directors, internal audit supervisors, and certified public accountants:

(1) On Mar. 13, 2024, the certified public accountants carried out the communication matters with the directors and independent directors of the Company on governance units, and the auditors issued an auditor’s independence statement in 2023. The financial status of the Company and its overseas subsidiaries, communication on key audit matters, overall operations, and the internal control status were reported to the directors and independent directors, and full communication was conducted on whether there were major adjusting journal entries and whether accounting and audit issues or amendments to laws and regulations affected the accounting situation. The implementation status was good, which is described as follows:

Date	Communication matters		Communication results	
	Cause	Independent director’s advice	Results	The Company’s handling and implementation status
Mar. 13, 2024 Corporate governance meeting	The certified public accountant explained the impact of the 2023 financial report audit result on the financial report, and discussed and communicated with the meeting attendees on questions raised.	None	Acknowledged by all the independent directors in attendance	Further submitted to the Board of Directors, and the announcement and filing of the 2023 financial report was completed on Mar. 13, 2024.
	Communication on key audit matters 1. Existence and cut-off of revenue recognition 2. Impairment assessment of property, plant and equipment			

(2) The internal audit has conducted the audit operation communication meeting with the independent directors in the most recent year as follows:

Date	Communication matters			Communication results	
	Cause		Independent director's advice	Results	The Company's handling and implementation status
Mar. 22, 2023 Pre-conference board meeting	1.	The Audit Office reported on the matters found in the Q4 2022 audit as well as the subsequent tracking and improvement, and discussed and communicated on the issues raised by the independent directors attending the meeting.	None	Acknowledged by all the independent directors attended the meeting	Further submitted to the Board of Directors on Mar. 22, 2023 and approved by all the directors.
	2.	Issued the Company's 2022 "Statement of Internal Control System".			
May 9, 2023 Pre-conference board meeting	1.	The Audit Office reported on the matters found in the Q1 2023 audit as well as the subsequent tracking and improvement, and discussed and communicated on the issues raised by the independent directors attending the meeting.	None	Acknowledged by all the independent directors attended the meeting	Further submitted to the Board of Directors on May 9, 2023 and approved by all the directors.
Aug. 9, 2023 Pre-conference board meeting	1.	The Audit Office reported on the matters found in the Q2 2023 audit in as well as the subsequent tracking and improvement, and discussed and communicated on the issues raised by the independent directors attending the meeting.	None	Acknowledged by all the independent directors attended the meeting	Further submitted to the Board of Directors on Aug. 9, 2023 and approved by all the directors.
	2.	In view of the actual operation of the company's current organizational structure, some provisions of the company's "Letter of Approval Authority" are revised for discussion			
Nov. 9, 2023 Pre-conference board meeting	1.	The Audit Office reported on the matters found in the Q3 2023 audit as well as the subsequent tracking and improvement, and discussed and communicated on the issues raised by the independent directors attending the meeting.	None	Acknowledged by all the independent directors attended the meeting	Further submitted to the Board of Directors on Nov. 9, 2023 and approved by all the directors.
	2.	Issued the Company's 2024 audit plan.			
	3.	Issued the Company's 2024 audit plans for each subsidiary.			

(3) Implementation Status of Corporate Governance as required for company, and any nonconformity to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company established and disclosed its corporate governance practices based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company established the " Corporate Governance Best Practice Principles " on November 9, 2023 by the Board of Directors in accordance with the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", which was disclosed on the Company's website and public information observatory.	1.There were no material differences.
2. Equity structure and shareholders' equity (1) Has the Company instituted an internal procedure for handling suggestions, questions, disputes of the shareholders and legal actions, and comply with the procedure properly?	✓		(1) The Company has the 1) Spokesperson, Acting Spokesperson. 2) Investor mailbox. 3) Channels such as the Company website to handle shareholder suggestions or disputes. If there is a legal actions, the legal department will discuss and handle the relevant matters with the legal counsel in accordance with the procedures.	(1) There were no material differences.
(2) Has the Company kept track on the major shareholders roster of the Company and the parties controlling these shareholders?	✓		(2) The Company and its subsidiaries keep abreast of the changes in the equity of directors and major shareholders at all times and the pledge status, and regularly make filings on the Market Observation Post System every month.	(2) There were no material differences.
(3) Has the Company established and implemented the risk control mechanism and firewall between the corporate headquarters and the affiliates?	✓		(3) The Company and its affiliated companies operate independently, and each company has its own internal control system and approval authority for its implementation. The Company has formulated the "Transactions with Related Persons, Specific Companies and Group Companies Operational Procedures", the "Handling Procedures for Acquisition or Disposal of Assets", the "Subsidiary Supervision and Monitoring Operational Guidelines", etc. to serve as the basis for controlling and implementing related operations among affiliated companies. If files and documents containing material information are to be transmitted by e-mail or other electronic means, they shall be properly encrypted and processed.	(3) There were no material differences.
(4) Has the company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓		(4) The Company has formulated the "Insider Shareholding Declaration Management Guidelines" and the "Material Inside Information Operational Procedures" for compliance. In addition to managing	(4) There were no material differences.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			insider declaration operations in accordance with the law, education and advocacy on relevant laws and regulations are also conducted for directors, managerial officers, and employees during the election, and relevant information is provided from time to time. The content has incorporated the violation handling measures so as to protect the rights and interests of the Company and investors.	

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board established a diversity policy, specific management goals and implemented it accordingly?	✓		(1) On December 12, 2017, the Company's Board of Directors approved the "Board Diversity Policy". The composition of the Company's Board of Directors shall consider diversity, including but not limited to the gender, age, culture, educational background, race, professional experience, skills, knowledge or field of work, etc. In order to improve the Company's operating performance and considering the future trends in business development, the number of board seats for directors who concurrently hold employee status in the future board member structure shall not exceed one third thereof, and the number of independent directors shall also be increased; the number of directors with industrial professional skills shall not be less than one third thereof so as to strengthen the board function. The Company currently has seven directors, including four independent directors. The current term of the Board of Directors expires on June 15, 2025. The background diversity of individual directors of the Company is detailed on page 15-16.	(1) There were no material differences.
(2) Further to the establishment of the Compensation and Remuneration Committeeand the Auditing Committee, has the Company voluntarily established other functional committees?		✓	(2) The Company has set up a Remuneration Committee and an Audit Committee, and will set up other functional committees in the future as required by laws and regulations and as required for the Company's operations.	(2) There were no material differences.
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the Board, and used such as a reference for individual director remuneration and renomination?	✓		(3) On November 9, 2016, the Board of Directors of the Company passed a resolution granting the Compensation and Remuneration Committee the authority to formulate the Company's "Board of Directors Performance Evaluation Guidelines". (1) Evaluation cycle and period: The Board of Directors of the Company shall conduct an internal performance evaluation of the Board of Directors at least once a year, and may conduct an evaluation every 3 years by an external professional independent organization or an external team of experts and scholars. (2) The evaluation methods include internal self-evaluation by the Board of Directors, self-evaluation by directors, peer evaluation, commissioning external professional institutions, experts or using other appropriate methods for performance evaluation. (3) The measurement items of the performance evaluation of the Board of Directors shall include at least the following five aspects:	(3) There were no material differences.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			1. The level of participation in the Company's operations. 2. Improving the board decision making quality of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Selection and continuing education of directors. 5. Internal control. The measurement items for the performance evaluation of board members (self or peers) shall include at least the following six aspects: 1. Mastering the Company's goals and tasks. 2. Cognition of director responsibilities. 3. Level of participation in the Company's operations. 4. Internal relationship management and communication. 5. Professional and continuing education of directors. 6. Internal control. (4) The 2023 performance self-evaluation results of the Board of Directors are set out as follows: The results of the overall performance evaluation of the Board of Directors in 2023 were excellent; and the results of the performance evaluation of directors (self or peers) in 2023 were excellent. (5) The implementation status of the performance evaluation of the Board of Directors in 2023 was in good condition, and the overall rating was between excellent and outstanding. The evaluation results have been reported to the Board of Directors on Mar. 13, 2024 (see page 22-23). The Company's website: http: //www.gia-tzoong.com.tw	
(4) Has the Company evaluated the independence of the commissioned certified public accountants regularly?	✓		(4) 1. The Board of Directors of the Company approved the formulation of the "Certified Public Accountant Assessment and Performance Evaluation Guidelines". The Company's assessment of the independence of certified public accountants is conducted through the inspection of the Company's stock affairs unit to confirm that the certified public accountants do not hold any shares in the Company, and that the certified public accountants do not concurrently serve in any positions within the Company.	(4) There were no material differences.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Corporate Governance
Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>The certified public accountants have also issued a statement in accordance with the “Professional Ethics Bulletin No. 10 on Integrity, Fairness, Objectivity, and Independence” of the National Federation of Certified Public Accountant Associations of the Republic of China, that the members of the audit team have not violated independence. The evaluation indicators for the independence of certified public accountants are as follows:
<table>
<tr><th>Certified public accountant Independence Evaluation Indicators</th></tr>
<tr><td>1. The certified public accountant has no direct or significant indirect financial interest or relationship with the client.</td></tr>
<tr><td>2. The certified public accountant has no improper interest or relationship with the client.</td></tr>
<tr><td>3. There is no auditing and attestation of the financial statements of the organization served within two years prior to the start of practicing.</td></tr>
<tr><td>4. The certified public accountant's statement of independence.</td></tr>
<tr><td>5. The certified public accountant and all the audit service team members shall not hold shares in the client.</td></tr>
<tr><td>6. No engaging in money lending with the client.</td></tr>
<tr><td>7. No relationship of joint investment or benefit sharing with the client.</td></tr>
<tr><td>8. No concurrently serving for the client's regular job and receiving a fixed salary.</td></tr>
<tr><td>9. No charging and receiving commissions related to the business.</td></tr>
<tr><td>10. Whether the term of office of the certified public accountant exceeds seven consecutive years.</td></tr>
</table>
2. In 2022 and 2023, the independence assessment results and performance index assessment results of certified public accountants were all up to standard. On Mar. 22, 2023 and Mar. 13, 2024 the Company’s Board of Directors passed the 2022 and 2023 certified public accountants' independence proposals, respectively.</td><td></td></tr>
</table>

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
4. Does the TWSE/TPEX Listed Company have an appropriate and appropriate number of corporate governance personnel, and has the Company designated a Corporate Governance Senior Officer to deal with corporate governance related affairs (including, but not limited to, providing directors and supervisors with information required for the execution of their duties; assisting directors and supervisors in complying with the laws and regulations; conducting board meeting and shareholders' meeting related matters; handling company registration and change of registration and preparing the minutes for board meetings and shareholders' meeting in accordance with the law, etc.)?	✓		On May 9, 2023, the Board of Directors approved the appointment of CHANK KUAN MIN, Director of the Management Department of the Company, as the head of corporate governance, responsible for corporate governance-related affairs. The supervisor has been engaged in finance, stock affairs and corporate governance related affairs in a public company for more than three years, and meets the qualifications of a corporate governance supervisor as stipulated in Article 20 of the "Key Points for the Establishment and Exercise of Powers by the Board of Directors of OTC Companies". The Head of Corporate Governance is responsible for corporate governance-related matters, including the following: 1. Handle matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law. 2. Prepare minutes of the board of directors and shareholders' meetings. 3. Assist directors in their appointment and continuing education. 4. Provide the information necessary for the directors to carry out their business. 5. Assist directors in complying with laws and regulations. 6. Report to the Board of Directors on the results of its review of whether the qualifications of independent directors at the time of nomination, election and during their term of office comply with relevant laws and regulations. 7. Handle matters related to the change of directors. 8. Other matters stipulated in the articles of association or contract. Details of the training for corporate governance executives are on page 50.	There were no material differences.
5. Has the Company established a communications channel and established a designated zone on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers), and has the Company properly responded to all CSR issues such stakeholders are concerned with?	✓		The Company has a spokesperson and an acting spokesperson in place to release material information in real time on incidents that may affect shareholders or interested parties, and has set up the "Stakeholder Zone" on the Company's website.	There were no material differences.
6. Has the Company appointed a specialized shareholder services agent to deal with shareholder affairs?	✓		The Company has currently appointed the agency department of CTBC Bank to handle stock affairs and shareholders meeting related affairs. None of its subsidiaries is a public company, and therefore there is no need to appoint a professional stock affairs agency according to the law.	There were no material differences.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
7. Disclosures (1) Has the Company established a website for the disclosure of Company's financial and business, and corporate governance?	✓		(1) The Company has set up information zones on corporate social responsibility, investors, product introductions, technology research and development, etc. through the Company website to disclose information on consolidated financial statements, business and corporate governance at any time. The Company's website: http: //www.gia-tzoong.com.tw	(1) There were no material differences.
(2) Has the Company adopted other means of disclosures (e.g., the installation of a website in English language, appointment of designated persons for the gathering and disclosure of information, the proper implementation of the spokesperson system, and the minutes of the investor conference on record posted on the website)?	✓		(2) The current spokesperson of the Company will announce the current situation when there is a change in the Company's situation.	(2) There were no material differences.
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year? Does the Company announce and report the first, second, and third quarter financial reports and the monthly operating conditions well in advance of the required deadlines?	✓		(3) The Company's financial reports are all submitted to the Board of Directors for approval in accordance with regulations and then announced and filed. The operating status of each month is also announced and filed prior to the prescribed deadline.	(3) There were no material differences.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
8. 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 and benefits, employee care, investor relations, supplier relations, stakeholder rights, status of directors’ and supervisors’ continuing education, implementation of risk management policies and risk assessment criteria, implementation of customer related policies, and purchase of liability insurance for directors and supervisors by the Company)?	✓		The Company has set up the Compensation and Remuneration Committee to be in charge of formulating and regularly reviewing the policies, systems, criteria and structures of the performance evaluation and remuneration of directors and managerial officers, and regularly evaluating and determining the remuneration of directors and managerial officers. The relevant operational status is detailed on pages 37 - 40. 1. Employee rights and interests: The Company has established the Employee Welfare Committee, and has taken out employee group insurance. 2. Care for employees: The Company hopes that employees on both sides of the strait will receive care and attention both physically and mentally. The content thereof includes: 1. Employee suggestion box 2. Improvement in restaurant catering 3. Birthday parties 4. Employee travel 5. Labor–management meeting every 3 months 3. Investor relations: The Company has a spokesperson and acting spokesperson in place to communicate with interested parties. 4. Supplier relationship: to maintain a sound cooperative relationship with suppliers through the procurement unit as the point of contact, with a commitment to corporate social responsibility. 5. Rights of interested parties: We have set up a point of contact on the Company website for interested parties. 6. The status of continuing education for directors of the Company: see pages 24 for details. 7. Implementation status of risk management policies and risk measurement criteria: All major operational policies have been evaluated and analyzed by relevant responsible departments and resolved by the Board of Directors for implementation. 8. Implementation status of client policy: The business and client service departments are the responsible units to establish a good communication channel with clients and to meet their needs, and the results of client satisfaction surveys are used to serve as the basis for improvement and long-term strategies of the Company. 9. The Company's Board of Directors has approved the purchase of liability insurance for directors, and the Company has taken out insurance from Fubon Insurance Company to strengthen the protection of shareholders' rights and interests. Note: The Audit Committee was established in June 2022.	There were no material differences.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			10. Succession planning for members of the Board of Directors and important management: (1) With regard to the succession planning of the Board of Directors, at present, the Company has many senior managerial officers who possess the management skill and professional skill required to serve as directors. At the same time, the Company also plans to recruit professionals with industry experience related to the Company's business so that the Company's Board of Directors can continue to provide an effective and diverse Board of Directors that meets the needs of the Company for the planning of director succession. As for the part of independent directors, they are required to possess work experience in business, legal affairs, finance, accounting, or the Company's business according to the law. There is no shortage of such professionals in this country. The Company will hire independent directors according to regulatory requirements. The main policy of the Company's planning for the succession of independent directors is to recruit professionals from the industry, government, and academia who are familiar with the Company's industry, so as to give full play to the function of corporate governance. (2) The Company's employees above the managerial level are important management levels, whose capabilities are cultivated for their succession through the practical experience in the Company's operations. In addition to cultivating important management levels through substitution of routine duties, the Company also conducts duty rotation and position promotion for key talents in a timely manner according to various development strategies, investment plans, employee performance appraisals, and resignation or retirement status, so as to effectively pass on professional experience and cultivate suitable management talents for succession.	

9. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent year, and the priority for improvement on issues pending further corrective action and related measures. (Companies not included in the evaluation do not need to fill in this part.)

1.Improvement in year 2023

(1) The Company formulates a Corporate Governance Best Practice Principles and approves it by the Board of Directors.

(2) The interim financial report of the Company shall be approved by the Audit Committee and submitted to the Board of Directors for discussion.

(3) The company shall upload the annual financial report disclosed in English 16 days before the regular general meeting of shareholders.

(4) The company has established an English-language company website that contains financial, business and corporate governance related information.

2.The Company will continue to evaluate and consider possible improvement plans for items that have not yet been scored.

(4) The composition, duties and operation of the Compensation and Remuneration Committee and the Nomination Committee:

1. The Company has established a Compensation and Remuneration Committee. The purpose of the Compensation and Remuneration Committee is to assist the Board of Directors in implementing and evaluating the Company's overall remuneration and welfare policies, as well as the remuneration of managerial officers. The Compensation and Remuneration Committee holds regular meetings at least twice a year.

1. Information on Compensation and Remuneration Committee Members

Identify	Name / Conditions	Professional qualifications and experience	Independent status	Number of other public companies in which the individual is concurrently serving as the Compensation and Remuneration Committee member
Independent Directorand convener	WU TSENG FENG	1. President of Cisco International Taiwan, Ltd. 2. President of Taiwan Area, Veritas Technologies(Taiwan) Co., Ltd. 3.Relevant work experience of 20 years or more	Conformed with the provisions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange (Note 1)	0
Independent Director and member	TAI KUO MING	1.Chief Financial Officer, Finance Department, Headquarters, Taiwan Securities Co., Ltd. 2.Vice President of Stock Agency Department, Taishin International Bank 3.Cheng Mei Materials Technology Corporation-Consultant 4.Relevant work experience of 20 years or more	Conformed with the provisions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange (Note 1)	0
Member	YU WEI PIN	1.Chairman of Integrated Service Technology Inc. 2.Relevant work experience of 20 years or more	Conformed with the provisions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange (Note 1)	0

Note 1: According to Article 6, paragraph 1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, “During the 2 years before being appointed or during the termo of office, a remuneration committee member shall not have been or be any of the following:

1. An employee of the company or its affiliates.
2. A director or supervisor of the company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairman, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. A professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations."

2. Operations of the Remuneration Committee

(1) The Remuneration Committee of the Company is consisted of 3 members.

(2) The term of office of the fifth session of the committee is from June 24, 2022 to June 15, 2025. The Compensation and Remuneration Committee held three meetings (A) in the most recent year, and the qualifications and attendance status of the committee members are set out as follows:

Title	Name	Actual number of attendance (B)	Attend through proxy	Actual attendance rate (%) (B/A)(note)	Remark
Convener	WU TSENG FENG	3	0	100%	
Member	TAI KUO MING	3	0	100%	
Member	YU WEI PIN	3	0	100%	

Other matters to be recorded:

1. If the Board of Directors does not adopt or revise the suggestion of the Compensation and Remuneration Committee, it shall state the date and session of the board meeting, content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Compensation and Remuneration Committee (for example, when the salary and remuneration approved by the Board of Directors is better than that suggested by the Compensation and Remuneration Committee, the difference and reason thereof shall be clearly stated): None.
2. For the resolutions of the Compensation and Remuneration Committee, if its members have opinions of objection or reservation with records or written statements, the date and session of the Compensation and Remuneration Committee meeting, content of the proposal, the opinions of all the members, and the handling of the members' opinions: None.
3. The operational status of the Salary and Remuneration Committee in the most recent year and as of the publication date of the annual report is as follows:

Meeting Date	Content of the proposal	Resolution	The Company's handling of the Remuneration Committee's opinions
The second meeting of the fifth session (112/1/13).	Review and revision of the Company's "Business Performance Bonus Guidelines"	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Reviewed the case of Mr. CHENG CHEN HAI's application for settlement of the old system from the Manager's Business Office	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the 2022 year-end bonus for managers	It was agreed to be adopted as planned	Submitted to the Board of Directors
The third meeting of the fifth session (112/3/22)	Review of the Company's change in duty allowances	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the Company's change in personnel	It was agreed to be adopted as planned	Submitted to the Board of Directors
The fourth meeting of the fifth session (112/8/9).	Review of the performance evaluation of directors, supervisors, and managers, and the implementation status of the compensation and remuneration in 2022	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the policies, systems, criteria, and structure of compensation and remuneration; the compensation and remuneration of directors, supervisors and managers; and the monthly performance bonus guidelines for managers	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the settlement of seniority under the old pension system by the manager of the business department Mr. LEE WEI HSIN	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the Company's 2023 manager salary adjustment	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Deliberation on the provision of the chairman's car allocation case	It was agreed to be adopted as planned	Submitted to the Board of Directors
The fifth meeting of the fifth session (113/1/17).	Review of the settlement of seniority under the old pension system by the manager of the business department Mr. TSENG CHI LI	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the 2022 year-end bonus for managers	It was agreed to be adopted as planned	Submitted to the Board of Directors
	Review of the Company's 2023 manager salary adjustment	It was agreed to be adopted as planned	Submitted to the Board of Directors

Note: (1) If a member of the Compensation and Remuneration Committee leaves office prior to the end of the year, the date of leaving office shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation and Remuneration Committee and the number of actual attendances during the term of office.

(2) If there is reelection of the Compensation and Remuneration Committee prior to the end of the year, both the new and former members of the Compensation and Remuneration Committee shall be filled in, and the status of either the former, new, or reelected member as well as the date of reelection shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of

meetings of the Compensation and Remuneration Committee and the number of actual attendances during the term of office.

(3) Contents of the scope of functions and powers of the Compensation and Remuneration Committee:

A. Formulate and regularly review policies, systems, criteria, and structures for performance evaluation and remuneration of directors, supervisors, and managerial officers.

B. Regularly evaluate and determine the remuneration of directors, supervisors, and managerial officers.

2. Information on members and operational status of the Nomination Committee: The Company has not yet established a nomination committee.

(5) The implementation status of the promotion of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof:

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
1. Did the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and the Board of Directors authorize the senior management to handle such matters, and the supervisory status by the Board of Directors?	✓		On January 17, 2020, the Company's Board of Directors approved the formulation of the “Corporate Social Responsibility Best Practice Principles”, designating the General Management Department as a dedicated unit to promote corporate social responsibility, continuing to promote environmental improvement, emphasize issues such as stakeholder rights and interests, and regularly report to the Board of Directors.	There were no material differences.
2. Did the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The Company regularly collects internal and external issues, identifies the needs and expectations of stakeholders, evaluates regulatory compliance, identifies and evaluates environmental considerations, analyzes risks and opportunities, formulates annual risk and opportunity identification tables to plan out the actions take, and continues to carry out the tracking and control.	There were no material differences.
3. Environmental issues (1) Did the Company establish an appropriate environmental management system according to its industrial characteristics?	✓		(1) The Company continues to implement ISO 14001 to implement the environmental policy of pollution prevention, regulatory compliance, and continuous improvement, and sets environmental goals and management plans for continuous improvement: 1. Replace energy-saving and environmentally friendly water chillers. 2. The waste terminal treatment program is introduced into the SRF treatment plant. 3. The intelligent environmental monitor monitors the concentration of air pollutants in the process area. 4. Apply for the Industrial Bureau-Carbon Inventory Counseling Case. 5. The latest ISO 14001 certificate of the Company is valid from Oct. 25, 2021 through July 29, 2024.	(1)There were no material differences.

<table>
<tr>
<td>(2) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?</td>
<td>✓</td>
<td></td>
<td>(2) The Company has established energy management personnel in accordance with the law, and formulated energy conservation goals and management plans to replace some high-energy-consuming public facilities and manufacturing process equipment in the factory year by year. The average annual electricity saving rate in the past 5 years has reached 1.4% thereof (higher than the regulatory target of 1%). The Company carefully selects waste recycling and processing operators, and regularly and irregularly audits waste treatment operators so as to ensure that all waste can be recycled or properly disposed of without polluting the environment, and continues to promote waste reduction, recycling, and reuse. We also use recyclable packaging materials and have established a management system to promote restricted use of hazardous substances.</td>
<td>(2)There were no material differences.</td>
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<tr>
<td>(3) Did the Company assess the current and future potential risks and opportunities of climate change for the Company, and take measures to address climate-related issues?</td>
<td>✓</td>
<td></td>
<td>(3) We have incorporate climate change issues into the assessment and identification of potential risks and opportunities, cooperate with the government's energy-saving and carbon-reduction policies and energy users' power-saving plans, install energy-saving equipment (inverters and silicon-controlled rectifier power-saving equipment) in the public facilities of the factory, promote the replacement of cloud-based intelligent electronic water meters to save water, and promote the power-saving of inverter-type energy-saving and environmentally friendly air compressors, promote the use of energy-saving water heaters in dormitories, replacement of high-efficiency windmill motor and installation of frequency converter in scrubber energy-saving case, reducing the use of chemicals through process improvement, monitor the concentration of air pollutants in the process area through intelligent environmental monitors, adopt LDI equipment to reduce the use of film materials, and promote green procurement to prioritize products with better environmental performance.</td>
<td>(3)There were no material differences.</td>
</tr>
<tr>
<td>(4) Did the Company calculate the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management policies?</td>
<td>✓</td>
<td></td>
<td>(4) The company conducts daily water meter copying, water volume statistics and monitoring and management of water consumption in each area of the plant, and the water consumption in2023 years increased by 12% compared with the previous year. We continued to monitor the amount of waste and put forward a waste reduction implementation plan, and the amount of waste in 2023 years was reduced by 2.8% compared with the previous year. In order to promote environmental improvement programs such as energy conservation and carbon reduction, the Company identifies and inventories all emission sources within the geographical boundaries according to the organizational boundary setting, and distinguishes direct and indirect emission sources, so as to clearly define the Company's reporting boundaries and manage the risks and opportunities derived from greenhouse gases, and sets the inventory base year at 2022 years.
Water consumption, waste and total greenhouse gas emissions in 2022 are as follows:
<table>
<tr><th></th><th>Water consumption (m^3)</th><th>Waste (tons)</th><th>greenhouse gas metric tons CO2e</th></tr>
<tr><td>2023</td><td>153944</td><td>662.616</td><td>-</td></tr>
<tr><td>2022</td><td>136591</td><td>682.046</td><td>6841.905</td></tr>
</table>
</td>
<td>(4)There were no material differences.</td>
</tr>
</table>

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
4. Social Issues (1) Did the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		(1) The Company abides by labor laws and regulations, supports and respects relevant international labor and human rights norms, including the Tripartite Declaration of Principles of the International Labor Organization, the OECD Guidelines for Multinational Enterprises, the United Nations Universal Declaration of Human Rights, the United Nations “Global Compact”, and the Electronic Industry Code of Conduct. The Company attaches great importance to labor and the promotion of business ethics and policies. Through the advocacy of the Company's internal employee handbook and regular inspections under the Employee Code of Conduct, the human rights of labor are protected. The Company is convinced that every employee shall be treated fairly and humanely and respected as well. The “Workplace Sexual Harassment Prevention and Control Measures Complaints and Disciplinary Guidelines” were formulated to provide channels for complaints so as to implement the protection of women’s rights and interests. The Company prohibits child labor, eliminates various forms of forced labor, employs people with disabilities, implements gender equality and equal work rights of foreign workers, eliminates discrimination in employment and the workplace, holds labor–management meetings, achieves labor–management negotiations and harmonious relations, and protects the legitimate rights and interests of employees. The Company has formulated the “Safety and Health Management Procedure” and implemented it in order to provide employees with a safe and healthy working environment. The implementation of the “Personnel Appraisal Committee Management Guidelines” has made the promotion channels for employees smoother.	(1)There were no material differences.
(2) Did the Company formulate and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and appropriately reflect operating performance or results on employee compensation?	✓		(2) The labor contract between the Company's employees and the Company has been formulated in compliance with the relevant local laws and regulations, and the salary is assessed and determined in accordance with the Company's salary payment criteria; the bonus distribution is implemented in accordance with the Bonus Distribution Guidelines; and employee remuneration is appropriated and calculated in accordance with the Company's Articles of Incorporation. The Company has various welfare measures in place, including gift money for the three major festivals, staff travel, birthday celebration activities and gift money, marriage allowance, maternity allowance, funeral allowance, etc. (as detailed in the employee welfare measures section).	(2)There were no material differences.

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
			In terms of the leave system, colleagues may apply for leave without pay in case of childcare, serious injury or illness, major accidents or incidents, etc., so as to take into account the needs of personal and family care. Additionally, the Company provides employees with free health checks every year, and employee retention bonuses for a certain work seniority. In terms of diversity and equality in the workplace, we extend care to foreign employees, promote women's rights and interests as well as gender equality, and actively promote women's potential and self-realization. In 2023, the average percentage of female employees was 47.81%, and the average percentage of female supervisors was 22.22%. The Company has formulated the “Employee Code of Conduct Procedural Rules”, the “Skills Practice Assessment”, the “Employee Incentive Measures Procedural Rules”, and the employee performance appraisal. The results of the implementation are used as the basis for employee promotion and salary assessment.	
(3) Did the Company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	✓		(3) Adhering to the principle of “respecting life and caring for health”, the Company has been committed to promoting the occupational safety and health management system, and complies with the occupational safety and health regulations and other relevant regulations formulated by our government. With full control of all the internal working environments and characteristics of activities, we arrange for employees to receive education and training related to occupational safety and health prior to starting work and during their employment period, and strive to improve employees' safety awareness and eliminate health risks and hazards in the workplace so as to achieve occupational safety and health management performance and continuous improvement. Therefore, we commit to: 1. Abide by national laws and regulations and fulfill corporate responsibilities. 2. Promote staff participation and implement communication mechanisms. 3. Strengthen risk management and prevent hazards from occurring. 4. Effectively reduce occupational accidents to ensure the safety of employees. According to the records in 2023, no occupational accidents, fires or other incidents that endanger the safety of employees have occurred. Despite this, the company still conducts necessary safety and health education and training for all colleagues on a regular basis according to the plan, and conducts fire escape drills according to firefighting groups. In view of the endless fire news, the company has also entrusted a professional fire consulting company to conduct regular fire inspections of the entire factory, and immediately improve any deficiencies (fire extinguisher updates, alarm repairs, pipeline maintenance).	(3)There were no material differences.

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
			In order to protect employees from harmful substances in the workplace and provide a healthy and comfortable working environment, an annual monitoring plan for the operating environment is formulated according to the type and characteristics of the operation; the measurement of the operating environment is carried out in June and December, and the monitoring results are used to understand the actual state of exposure by the operating staff as the basis for continuous improvement of occupational safety and health management items. Safety and health training courses are held to advocate safety and health information every month, and we invite specialists from HWA YOUNG Hospital to hold safety and health lectures at the factory so as to provide education and training aimed at different work content. We provide earplugs and earmuffs in noisy work areas, and conduct annual employee health checks, etc.	
(4) Did the Company establish an effective career development training program for employees?	✓		(4) The Company plans out complete functional training for all employees, including internal and external training for new recruits, basic and professional operators, special skills personnel, environmental protection personnel, safety and health dedicated personnel, auditors, middle and senior executives, etc., to strengthen knowledge and techniques, enhance management and professional skills, cultivate professional talents, enhance personnel to improve their reasonable concept of work, and create a high standard of quality. A total of 350 people completed the career training in 2023, with a total of 3991.5 hours. We assist staff in inspecting their self-growth every year, implement employee career planning, achieve goals through employee satisfaction surveys, and provide employees with a working environment where they can continue to learn and grow.	(4)There were no material differences.
(5) Did the Company comply with relevant laws and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling of products and services?	✓		(5) The Company attaches great importance to client complaints and is committed to improving client satisfaction. It has established client complaint handling procedures and client satisfaction surveys and implemented them accordingly. It also cooperates with suppliers to manufacture products that meet client needs and conform to environmental protection regulations. The Company's products are customized production, all following client requirements in line with relevant laws and regulations: UL, RoHS, GP, REACH, TSCA, WEEE, China Blue Sky Project, and other relevant international laws and regulations. The Company signs a confidentiality commitment with employees, signs a confidentiality agreement with clients, and has dedicated personnel in place to handle complaints as well as product and service issues.	(5)There were no material differences.

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
(6) Did the Company formulate a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation status?	✓		(6) The Company requires suppliers to sign the "Supplier Environmental Management Questionnaire" and the "Restricted Substance Commitment Letter" to ensure that the products conform to relevant domestic and international laws and regulations, such as RoHS and REACH, which contribute to the implementation of green and environmental protection and joint commitment to enhancing corporate social responsibility. In the management system, there are environmental protection and occupational safety and health management procedures in place for suppliers and contractors. All suppliers and contractors must comply with and follow the management procedures established by the Company. The implementation status is, for example: supplier environmental protection data investigation and communication, environmental protection processor's qualification review and processing inspection, the contractor's safety and health meeting, contractor's work permit application and toolbox meeting, etc.	(6)There were no material differences.
5. Did the Company refer to the internationally accepted reporting preparation standards or guidelines to prepare reports such as sustainability reports that disclose non-financial information of the Company? Did the foregoing disclosure report obtain the assurance or assurance opinion of the third-party verification unit?		✓	The Company has not yet compiled a sustainability report, and will prepare and disclose relevant information in the future depending on the situation.	There is no such demand.
6. If the Company has its formulated its own sustainable development code based on the "Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies", please describe the difference between its operation and its formulated code: The Company's Board of Directors approved the formulation of the Corporate Social Responsibility Code on January 17, 2020, to strengthen the implementation of corporate social responsibility and follow the "Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies". The Company regularly inspects the implementation status and makes improvements accordingly, and there has been no difference in the implementation so far.				
7. Other important information that helps to understand the implementation status of sustainable development (such as the Company's adopted systems and measures for environmental protection, community participation, social contribution, social services, social welfare, consumer rights and interests, human rights, safety and health, and other social responsibility activities, as well as the implementation status): The Company has formulated product environmental protection specifications and has established the ISO 14001 environmental management system. The products produced conform to the EU RoHS directive. At the design and production stages, we adopt measures such as non-hazardous raw materials, low-pollution and energy-saving production processes, and recyclable packaging, with the introduction of halogen-free design, in order to continuously meet the technical requirements of clients for environmentally friendly products. The Company sponsored the TPCA Environment Foundation for the promotion of environmental education, starting from the "ECO Master Campus Sharing Session" in elementary and junior high schools, extending to the "Technology in Life" in high schools, and the "Environmental Sustainability: Green Future" in universities. We connect environmental education with social and economic aspects, promote the sustainable development of the green environment with a positive attitude, and continue to fulfill corporate social responsibilities.				

(6) Implementation status of performing ethical corporate management and the difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof:

Evaluation item	Operational status			Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
1. Formulation of policies and plans for ethical corporate management (1) Did the Company formulate an ethical corporate management policy approved by the Board of Directors, and express the policy and practice of ethical corporate management in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	✓		(1) The Company has formulated the “Ethical Corporate Management Best Practice Principles”, the “Ethical Corporate Management Operational Procedures and Code of Conduct”, and the “Whistleblowing System”. The Company adheres to the principle of integrity to operate its enterprise sustainably, taking “integrity and pragmatism” as the foundation to be supplemented by “retaining and cultivating talents” to continuously innovate and sustainably operate the enterprise. The Company’s website: http://www.gia-tzoong.com.tw	(1)There were no material differences.
(2) Did the Company establish an assessment mechanism for the risk of ethical behavior, regularly analyzes and evaluates the business activities with high risk of ethical behavior within the business scope, and formulate a plan for preventing ethical behavior based on it, which at least covers the preventive measures for the behaviors in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies“?	✓		(2) The Company abides by the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Public Servants Conflict of Interest Recusal Act, relevant regulations on TWSE and TPEx listing, and all other laws and regulations relating to business conduct as the basic premise of implementing ethical corporate management. We also conduct evaluation and implementation in accordance with the relevant regulations on ethical corporate management so as to prevent possible risks of unethical conduct.	(2)There were no material differences.
(3) Did the Company clearly define operating procedures, behavior guidelines, punishment and appeal systems for non-compliance in the plan for preventing ethical behavior, and implement it, and regularly review and revise the plan before disclosure?	✓		(3) The Company has formulated the “Ethical Corporate Management Best Practice Principles” and the “Ethical Corporate Management Operational Procedures and Code of Conduct” combined with employee performance appraisal and human resource policies, and strengthened the promotion of the importance of ethical corporate management during the education and training to new recruits. In 2023, the Company conducted 6 hours of relevant courses for education and advocacy for 350 of its current directors, managerial officers and employees; the courses covered prevention of insider trading management, internal major handling procedures, as well as related laws and regulations. In 2023, there were no reports, complaints, gifts, bribes, etc. The implementation unit continues to review and revise the implementation of the ethical corporate management procedures. The implementation status of the operational procedures for ethical corporate management in 2023 was reported to the Board of Directors on Mar. 13, 2024.	(3) There were no material differences.

Evaluation item	Operational status			Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
2. Implementation of ethical corporate management (1) Did the Company evaluate the integrity record of its counterparties and specify the terms of integrity in its contracts with counterparties?	✓		(1) Before starting any business dealings, the Company conducts basic information checks on suppliers, clients, and other business counterparties. Suppliers are required to fill in the "Ethics Agreement" so as to prohibit unethical conduct.	(1)There were no material differences.
(2) Did the Company set up a dedicated unit for promoting corporate ethical corporate management under the Board of Directors, and report regularly (at least once a year) to the Board of Directors on its ethical corporate management policy and plan to prevent ethical behavior and supervise the implementation?	✓		(2) The Company has designated the Human Resources Management Section as a dedicated unit to handle the revision, implementation, interpretation, consulting services, registration and filing of notification content, and other related operations and supervision of the implementation of the ethical corporate management policy. The implementation status of the ethical corporate management operation in 2023 was reported to the Board of Directors on Mar. 13, 2024.	(2)There were no material differences.
(3) Did the Company have a policy to prevent conflicts of interest, provide appropriate channels for representation, and implement it?	✓		(3) The Company has formulated the "Ethical Corporate Management Best Practice Principles", the "Ethical Corporate Management Operational Procedures and Code of Conduct", and the "Whistleblowing System". All directors of the Company uphold a high degree of self-discipline, and recuse themselves from any proposal listed by the Board of Directors when they themselves or the legal person they represent have a conflict of interest with the Company.	(3)There were no material differences.
(4) Did the Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit formulate relevant audit plans based on the results of the assessment of the risk of ethical behavior, and checked the compliance of the plan to prevent ethical behavior based on it, or appoint an public certified accountant to perform the audit?	✓		(4) The Company regularly reviews the accounting system and internal control system to ensure the continuous effectiveness of the design and implementation of the system. The internal audit unit checks the improvement status of unethical conduct based on the implementation results of the ethical corporate management operation.	(4)There were no material differences.
(5) Did the Company regularly hold internal and external education and training on ethical corporate management?	✓		(5) The Company was already in the practice of regularly promoting relevant information, and it has strengthened the importance of ethical corporate management when educating and training new recruits.	(5)There were no material differences.

Evaluation item	Operational status			Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
3. Operational status of the Company whistleblowing system (1) Did the Company formulate a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate personnel in charge of the report to the counterparty?	✓		(1) The Company has formulated the “whistle-blowing system”. The internal communication channels of the Company and its subsidiaries include: whistle-blowing hotline, president mailbox, sexual harassment complaint mailbox, and employee opinion mailbox. The external reporting mailbox can be found on the Company’s website (http://www.gia-tzoong.com.tw) by following the path About Us → Corporate Social Responsibility → Stakeholder Zone; here, whistleblowers may report violations by mail, e-mail, etc., and dedicated personnel will handle the reported matters.	(1)There were no material differences.
(2) Did the Company establish the standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	✓		(2) The Company has established the “whistle-blowing system” to carry out investigation procedures and confidentiality measures for reported matters. After the investigation team has completed the necessary investigation procedures for the reported matter, it will handle the reported matter according to the facts investigated and verified in accordance with the content of the operational procedure, and report the investigated matter, the handling method, and the follow-up review and improvement measures to the Board of Directors.	(2)There were no material differences.
(3) Did the Company take measures to protect whistleblowers from being mistreated due to whistleblowing?	✓		(3) The relevant personnel of the Company handling the whistleblowing matter shall make a written statement to keep the identity of the whistleblower and the content of the whistleblowing matter confidential, take appropriate measures to protect the confidentiality of both the whistleblower and the information provided, and undertake to protect the whistleblower from retaliation for reporting.	(3)There were no material differences.
4. Strengthen information disclosure (1) Did the Company disclose the content of its Ethical Corporate Management Best Practice Principles and promote its effectiveness on its website and Market Observation Post System?	✓		(1) The Company has formulated the “Ethical Corporate Management Best Practice Principles”, the “Ethical Corporate Management Operational Procedures and Code of Conduct”, and the “Whistleblowing System”. Relevant information is disclosed on the Company's website and in the annual report.	(1)There were no material differences. ◦
5. If the Company has formulated its own ethical corporate management code in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the difference between its operation and its formulated code: The Company has formulated the “Ethical Corporate Management Best Practice Principles”, the “Ethical Corporate Management Operational Procedures and Code of Conduct”, and the “Whistleblowing System” and implemented the relevant rules accordingly, which is applicable to both the Company and its subsidiaries.				
6. Other important information that helps to understand the Company's ethical corporate management and operation (such as the Company's review and revision of its ethical corporate management code): It has been explained in the aforementioned operating status.				

(7) Formulation of the corporate governance regulations and related regulations:

1. Corporate governance regulations:

According to the relevant regulations formulated by the Financial Supervisory Commission of the Executive Yuan, the following have been formulated: (1) Acquisition or Disposal of Assets Operational Procedures, (2) Endorsement and Guarantees Operational Procedures, (3) Operational Procedures for Loaning Funds to Others, (4) the Company’s Articles of Incorporation, (5) Rules of Procedure for Shareholders Meetings, (6) Director Election Guidelines, (7) Material Inside Information Operational Procedures, (8) Ethical Corporate Management Best Practice Principles, (9) Ethical

Corporate Management Operational Procedures and Code of Conduct, (10) Whistleblowing System, (11) Board Diversity Policy, (12) Sustainable Development Best Practice Principles. (13) Corporate Governance Best Practice Principles

2. Inquiry method: The Company's corporate website (http://www.gia-tzoong.com.tw): available for download at About Us → Corporate Social Responsibility → Corporate Governance.

(8) Other circumstances sufficient to enhance the operation of corporate governance:

1. According to the “Corporate Governance 3.0 - Sustainable Development Roadmap” issued by the Financial Supervisory Commission, the Company has carried out the relevant operations of the “Corporate Governance Evaluation System”. Based on the data from 2023, it completed the self-assessment operation on the various indicators in January 2024. Among the relevant accounting, finance, and auditing personnel of the Company, one person has obtained a domestic internal auditor certificate, the securities firm salesperson qualification certificate, and the bookkeeper certificate.
2. The continuing education status of the Company's managerial officers, finance and accounting supervisors, Corporate Governance Officer, and internal audit supervisors participating in corporate governance related courses in 2023:

Title	Name	Course Date	Organizers	Course Name	Course hours
Representative of the Chairman and Chief Executive Officer	TSENG CHI LI	Apr. 12, 2023	Taiwan Institute of Directors	The strategy of the circuit board industry for energy conservation, carbon reduction and green power procurement	3 hours
		Apr. 27, 2023	Taipei Exchange	Publicity meeting on the sustainable development action plan of listed companies	3 hours
Vice President of Manufacturing Division	LEE WEI HSIN	May 12, 2023	Securities & Futures Institute	Trends and Challenges of International Financial Financing Security Supervision	3 hours
		Jul. 18, 2023	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Seminar	3 hours
Assistant Vice President of Management Division and Director of Financial and Accounting	CHAN KUAN MIN	Sep. 11, 2023 Sep. 12, 2023	Accounting Research and Development Foundation	Accounting Supervisor Continuing Education	12 hours
Corporate Governance Officer		Aug. 15, 2023	The Institute of Internal Auditors-Chinese	The relationship between the wage cycle and compliance with labor laws and regulations	6 hours
Chief Auditor	LIN HUI LING	Apr. 12, 2023	The Institute of Internal Auditors-Chinese	Internal audit and internal control of personal information law practical operation	6 hours
		May 16, 2023	The Institute of Internal Auditors-Chinese	The relationship between the wage cycle and compliance with labor laws and regulations	6 hours

Title	Name	Course Date	Organizers	Course Name	Course hours
Audit Agent	LIN SU HSIANG	Jun. 13, 2023	The Institute of Internal Auditors-Chinese	Precautions and practical analysis of shareholders' meetings and company law	6 hours
		May. 27, 2023	The Institute of Internal Auditors-Chinese	1. The evolution of the practice of materiality benchmarks for financial misrepresentation and the determination of the responsibilities of directors and supervisors 2. Legal liability for corporate fraud and practical procedures for investigation and trial	6 hours

(9) Implementation Status of Internal Control System

1. Internal Control System Statement

GIA TZOONG ENTERPRISE CO., LTD.
Internal Control System Statement

Date: March 15, 2024

With regard to the 2023 internal control system, the Company declares the following based on the self-evaluation findings:

1. The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibility of its Board of Directors and managerial officers. The Company has established such a system to provide reasonable assurance for attaining the aims of the effectiveness and efficiency of business operations (including profits, performance, safeguarding of asset security, etc.); reliability, timeliness, transparency of reporting; and compliance with the governing laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system provides assurance to the aforementioned aims only to a reasonable extent. Moreover, due to changes of environments and circumstances, the effectiveness of an internal control system may change accordingly. Nevertheless, the internal control system of the Company is equipped with a self-monitoring mechanism, and the Company takes corrective actions as soon as any fault is identified.
3. The Company determines the design and operating effectiveness of its internal control system in accordance with the determining factors provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”). The internal control system determining factors specified in the Regulations divide an internal control system into five elements based on its management: 1. Control Environment, 2. Risk Assessment, 3. Control Operations, 4. Information and Communications, and 5. Monitoring. Each element further contains several items. Refer to the Regulations for the aforementioned items.
4. The Company has adopted the aforementioned internal control system determining factors to examine the design and operating effectiveness of its internal control system.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company deems that the internal control system as of Dec. 31, 2023 (including supervision and management of subsidiaries), which encompass internal controls for knowledge of the accomplishment degree of operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with the governing laws and regulations, are effectively designed and implemented, and reasonably assure accomplishment of the abovementioned aims.
6. This Statement constitutes the main content of the Company’s annual report and prospectus, and will be made public. Any wrongful act pertaining to falsification or concealment involving the above public declaration will be subjected to legal liabilities under Articles 20, 32, 171, and 174 of, and other regulations relating to, the Securities and Exchange Act.
7. This statement was approved by the board of directors of the company on March 13, 2024, and among the 7 directors present, 0 of them held objections, and the rest agreed with the content of this statement and made this statement.

GIA TZOONG ENTERPRISE CO., LTD.

Chairman: CHENG AN INVESTMENT CO., LTD.
(Representative: TSENG CHI LI)
President: TSENG CHI LI

2. Where a certified public accountant is appointed to review the internal control system, it shall disclose the certified public accountant's review report: None.

(10) Where the Company and its internal personnel have been punished in accordance with the law in the most recent year and as of the date of publication of the annual report, it shall disclose the punishment imposed by the Company on the internal personnel's violation of the internal control system regulations, the major deficiency and improvement status: None.

(11) Important resolutions of shareholders meetings and Board of Directors meetings in the most recent year and as of the date of publication of the annual report:

1. Important resolutions and the implementation status of the Company's 2023 general shareholders meeting

(1) 2022 business report and financial statements.
Implementation status: This proposal was put to a vote, and passed for the 2022 business report and financial statements.

(2) Approved the 2022 loss appropriation proposal.
Implementation status: This proposal was put to a vote, and passed that no surplus is to be distributed in 2022.

2. The important resolutions of the Board of Directors in 2023 and as of the publication date of the annual report of the Company are summarized as follows:

Sessions of the Board of Directors	Important Resolutions
The 4th meeting of the 10th session (112/1/13)	1.Approved the Company's 2023 annual financial budget and operating plan.
	2.Apply for short-term working capital renewal with Bank of Taiwan Taoyuan Branch.
	3.Passed the application to the Taoying Branch of Banxin Commercial Bank for the renewal of the comprehensive quota.
	4.Approved the renewal of the contract with Fubon Product Insurance Company to purchase the liability insurance of directors and supervisors.
	5.Passed the amendment to the Company's business performance bonus policy.
	6.Mr. CHENG CHEN HAI applied for the settlement of the old system through the manager's business department.
	7.Passed the payment of the company's 2022 annual manager year-end bonus.
The 5th meeting of the 10th session (112/3/22)	1.Passed the company's 2022 annual "Internal Control System Statement".
	2.Approved the Company's 2022 annual business report and financial statements.
	3.Passed the company's 2022 annual loss compensation case.
	4.Passed the company's accounts receivable as of the end of December 2022 and the overdue amount other than accounts receivable are not in the nature of capital loans.
	5.Cases of acquisition or disposal of machinery and equipment for business use through the Company.
	6.Approved by the company to assess the independence of the certified public accountant.
	7.Passed the resolution to accept matters related to the 2023 annual general meeting of shareholders submitted by shareholders.
	8.Approved the convening of the Company's 2023 Annual General Meeting of Shareholders.
	9.Discussion on the performance distribution of Chen Baojing, the former general manager of the land and factory building at No. 397 and No. 397-1, Section 1, Zhongshan North Road, Yangmei District, Taoyuan City, through its subsidiary, Puyu Investment.
	10. Passed the purchase of the equity of Park Royal Investment Co., Ltd.
	11. Submit the company's job allowance change case through the remuneration committee.
	12. Submit the company's personnel change proposal through the remuneration committee.
The 6th meeting of the	1.The first draft of the Company's consolidated financial statements and notes for the first quarter of 2023 was revealed.

10th session (112/5/9).	2.Passed the amendment of some provisions of the Regulations for the Use of the Company's Seal.
	3.Passed the 2023-year accountant remuneration case of Zhengfeng United Accounting Firm.
	4.Cases of acquisition or disposal of machinery and equipment for business use through the Company.
	5.Passed the company's accounts receivable and accounts receivable as of the end of March 2023, and the overdue amount other than accounts receivable is not a fund loan case.
	6.Approved the establishment of a "Corporate Governance Officer" in the Company.
The 7th meeting of the 10th session (112/8/9).	1.Disclosure of the first draft of the Company's consolidated financial statements and notes for the second quarter of 2023.
	2.Approved the revision of some provisions of the company's "Letter of Approval Authority".
	3.Cases of acquisition or disposal of machinery and equipment for business use through the Company.
	4.Passed the company's accounts receivable and accounts receivable as of the end of June 2023, and the overdue amount other than accounts receivable is not a fund loan case.
	5.Incurred US dollar corporate debt through the Company.
	6.Passed the Remuneration Committee to submit the 2022 annual performance evaluation of directors and managers and the implementation of remuneration and remuneration.
	7.Approved the Remuneration Committee to discuss the policies, systems, standards, and structure of remuneration and remuneration, as well as the remuneration of directors and managers and the monthly performance bonus of managers.
	8.Through the remuneration committee, Mr. LEE WEI HSIN of the manager's manufacturing department applied for the settlement of the old system.
	9.Proposed the company's 2023 annual manager salary adjustment proposal through the remuneration committee.
	10. Provide the chairman of the board of directors with a car allocation case through the remuneration committee.
The 8th meeting of the 10th session (112/11/9).	1.The first draft of the Company's consolidated financial statements and notes for the third quarter of 2023 was revealed.
	2.Passed the company's 2024 annual audit plan.
	3.Approved the 113 annual audit plan of each subsidiary of the Company.
	4.Passed the formulation of the Company's "Code of Practice on Corporate Governance".
	5.Cases of acquisition or disposal of machinery and equipment for business use through the Company.
	6.Passed the company's accounts receivable and overdue payments other than accounts receivable as of the end of September 2023, which are not in the nature of capital loans.
	7.Passed the application for quota renewal with the East Taipei Branch of the cooperative treasury bank.
The 9th meeting of the 10th session (113/1/17).	1.Approved the renewal of the contract with Fubon Product Insurance Company to purchase the liability insurance of directors and supervisors
	2.Approved the Company's 2024 annual financial budget and operating plan.
	3.Apply for short-term working capital renewal with Bank of Taiwan Taoyuan Branch.
	4.Passed the application to the Taoying Branch of Banxin Commercial Bank for the renewal of the comprehensive quota.
	5.Through the remuneration committee, Mr. TSENG CHI LI, the manager, applied for the settlement of the old system.
	6.Approved the remuneration committee to propose the year-end bonus plan for managers for 2023 years.
	7.Approved the Remuneration Committee to propose the Company's 2024 annual salary adjustment plan for managers.
The 10th meeting of the 10th Session (113/3/13).	1. Passed the company's 2023 "Internal Control System Statement".
	2. Approved the company's 2023 annual business report and financial statements.
	3. Passed the company's 2023 annual loss compensation case.
	4. Accounts receivable and overdue amounts other than accounts receivable through the Company as of the end of December 2023 are not funds Loan and nature cases.
	5. Acquisition or disposal of machinery and equipment for business use through the Company.
	6. Replace the audit accountant of the company's financial reports through the internal rotation of Zhengfeng United Accounting Firm Table.
	7. Evaluate the independence and competency of the certified public accountant through the company.
	8. Approved the amendment of the Company's Corporate Social Responsibility Best Practice Principles, named "Sustainable Development Best Practice Principles" and some of the provisions.
	9. Passed the acceptance of matters related to the 2024 annual meeting of shareholders submitted by shareholders.
	10. Approved the convening of the 2024 annual general meeting of shareholders of the Company.

(12) Where, during the most recent year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.: None

(13) A summary of resignations and dismissals, during the most recent year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer

Summary of Resignations and Dismissals of Key Personnel of the Company

Apr. 18, 2024

Title	Name	Date of Appoinment	Date of dismissal	Reason for Resignation or Dismissa
President	TSENG CHI LI	Nov. 1, 2004	March 22, 2023	Position adjustment

Note: The term "relevant persons of the Company" refers to the chairman, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer, etc.

5. Information on the professional fees of the attesting CPAs

(1) Professional fees of the attesting CPAs:

Unit: NT$ thousand

Name of Accounting Firm	Names of CPAs	Duration of Audit	Audit fee	Non- Audit fee	Total	Note
Baker Tilly Clock & Co.	TSENG KUO FU	January 1, 2023 to Sep. 30, 2023	1,500	118(Note1)	1,618	
	CHENG HSIEN HSIU	January 1, 2023 to Dec. 31, 2023				
	LAI CHIA YU	October 1, 2023 to Dec. 31, 2023				

Note 1: The non-audit public expense is 100 thousand yuan for business tax visa, and 18 thousand yuan for the review of shareholders' meeting manual and annual report.

(2) If there is a change in the accounting firm, and the audit fees paid for the year in which the change took place are lower than those paid for the fiscal year immediately preceding the change, the amount and reason for the reduction in audit fees shall be disclosed: There is no such situation.

(3) When the audit fees paid for the current fiscal year are lower than those paid for the immediately preceding fiscal year by 10% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: There is no such situation.

6. Information on replacement of certified public accountant: Due to the internal rotation of Baker Tilly Clock & Co., since October 1, 2023, TSENG KUO FU Accountant has been replaced by LAI CHIA YU Accountant.

7. The chairman, president, managerial in charge of financial or accounting affairs of the Company, who has worked in the firm or affiliated company of the certified public accountant within the last year: None

8. In the most recent year to the date this report was printed, directors, supervisors, managerial officers and the shareholders holding more than 10% of the shares in the transfer of shares and pledge of shares under lien, and any change thereof.

(1) Changes in equity transfer of directors, managerial officers and major shareholders:

Unit: share

Title	Name	2022		As of April 15, 2024	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Chairman	CHENG AN INVESTMENT CO., LTD.	0	0	0	0
Director	LEE MAO TONG	0	0	0	0
Director and Vice President of Manufacturing Division	LEE WEI HSIN	0	0	0	0
Independent Director	WU TSENG FENG	0	0	0	0
Independent Director	TAI KUO MING	0	0	0	0
Independent Director	TUAN MU CHENG	0	0	0	0
Independent Director	HUNG WEN MING	0	0	0	0
Chief Executive Officer	TSENG CHI LI (Position adjusted on Mar. 22, 2023.)	0	0	0	0
President	HSIAO MING YANG (Position adjusted on Mar. 22, 2023.)	0	0	0	0
Director and concurrently serving as Assistant Vice Presidents of Busienss Division	CHENG CHEN HAI (Date dismissed: Sep. 1, 2023)	0	0	0	0
Assistant Vice President of Management Division concurrently serving as Director of Financial and Accounting and Corporate Governance Officer	CHAN KUAN MIN (Date of appointment of Corporate Governance Officer: May 9,2023)	0	0	0	0
Vice Chief of Quality Assurance Division	YU HSIU WEN	0	0	0	0

(2) Information on equity transfer

Name	Reason for equity transfer	Date of transaction	Transaction counterparty	Relationship between the transaction counterparty and the Company, directors, supervisors, managerial officers, and shareholders holding more than 10% of the shares	Number of shares	Transaction price
None						

(3) Information on equity pledge

Name	Reason for changes in pledge	Date of change	Transaction counterparty	Relationship between the transaction counterparty and the Company, directors, supervisors, managerial officers, and shareholders holding more than 10% of the shares	Number of shares	Pledge (redemption) amount
None						

9. Information on shareholders among the top 10 by proportion of shareholding who are related parties to one another or spouse, kindred within the 2nd degree of kinship

April 15, 2024

Name (Note 1)	Own shareholdings		Shares held by Spouse & minor children		Shares held through nominees		If there are related parties, spouses, kindred within the 2nd degree of kinship among the top 10 shareholders, give the names and affiliations of such shareholders (note 3)		Remark
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relation	
LEE MAW CHANG	14,070,066	8.47%	0	0	0	0	LEE MAO TONG	Brother	
SHEN CHEN CHIEN	10,494,000	6.32%	0	0	0	0	None	None	
TSENG CHI LI	9,561,794	5.76%	819,405	0.49%	0	0	None	None	
CHEN DA YU	6,984,000	4.20%	0	0	0	0	None	None	
LEE MAO TONG	5,276,660	3.18%	3,011,371	1.81%	0	0	LEE MAW CHANG LEE LIU SHIH YING	Brother Spouse	
Hung Kuan Investment Co., Ltd., Representative NIEN, CHIA-CHUN	4,511,235	2.72%	0	0	0	0	None	None	
	0	0	0	0	0	0	None	None	
WU CHIA LI	3,981,470	2.40%	0	0	0	0	None	None	
JIA ZHI HAO	3,707,000	2.23%	0	0	0	0	None	None	
LEE WEI HSIN	3,452,993	2.08%	358	0.00%	0	0	LEE SHEN HSIU-LIANG	Mother and son	
LIN HUI LING	3,199,211	1.93%	0	0	0	0	None	None	

Note 1: All the top ten shareholders shall be listed; in case of corporate shareholders, the names of the corporate shareholders and the names of the their representatives shall be listed separately.

Note 2: The calculation of the shareholding ratio refers to the shareholding ratio calculated in the name of oneself, the spouse, and minor children or nominees, respectively.

Note 3: For the shareholders listed above (including corporate and natural persons), the relationships among them shall be disclosed in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Issuers.

10. The number of shares held by the Company, the Company's directors, managerial officers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio:

Dec. 31, 2023 Unit: share %

Investee (Note 1)	Investment made by the Company		Investment made by directors, managerial official and direct or indirect subsidiaries		Combined investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
PSC ENTERPRISE CO.,LTD.	9,725,000	100%	0	0	9,725,000	100%
ENRICH NATIONALS TRADE LIMITED	1,106,222	100%	0	0	1,106,222	100%
GIA TZOONG (ShenZhen) Ltd.	0	0	Not applicable (note 2)	100%	Not applicable (note 2)	100%
PSC (H.K.) ELECTRONICS LIMITED	10,000	100%	0	0	10,000	100%
Puyu Investment Co., Ltd.	2,000,000	100%	0	0	2,000,000	100%

Note 1: Refers to the investment of the Company using the equity method.
Note 2: Not applicable: Non-limited liability companies by shares have not issued shares. The Company is represented by shareholding ratio.

IV. Capital Overview

1. Capital and shares
   (1) Sources of Share Capital

1. Formation process of Share capital

Unit: share April 18, 2024

Month/ Year	Issued price (NT$)	Authorized Share capital		Paid in Share capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share capital	Property other than cash is paid by subscribers	Other
Sep. 1988	10	1,000	10,000,000	1,000	10,000,000	Established by capital raising	None	77-Chien-san-ting-ti No. 355674
Feb. 1990	10	4,000	40,000,000	4,000	40,000,000	Cash capital increase NT$30,000,000	None	Ching (79)Shang-tzu-ti No. 102502
Jan. 1995	10	12,000	120,000,000	12,000	120,000,000	Cash capital increase NT$80,000,000	None	Ching (84)Shang-tzu-ti No. 100573
Sep. 1995	10	19,800,000	198,000,000	19,800,000	198,000,000	Cash capital increase NT$78,000,000	None	Ching (84)Shang-tzu-ti No. 117889
Dec. 1996	10	50,000,000	500,000,000	29,700,000	297,000,000	Capital increase by earnings recapitalization NT$99,000,000	None	(85)Tai-tsai-cheng-(1) ti No. 58270
June 1997	10	50,000,000	500,000,000	39,600,000	396,000,000	Cash capital increase NT$39,600,000 Capital increase by earnings recapitalization NT$59,400,000	None	(86)Tai-tsai-cheng-(1) ti No. 48480
Dec. 1998	10	90,000,000	900,000,000	56,687,000	566,870,000	Cash capital increase NT$70,000,000 Capital increase by earnings recapitalization NT$100,870,000	None	(87)Tai-tsai-cheng-(1) ti No. 59678 (87)Tai-tsai-cheng-(1) ti No. 103385
Aug. 1999	10	90,000,000	900,000,000	62,482,270	624,827,000	Capital increase by earnings recapitalization NT$41,594,370 Capital increase by capital reserve NT$16,362,630	None	(88)Tai-tsai-cheng-(1) ti No. 70993
June 2000	10	90,000,000	900,000,000	68,828,970	688,289,700	Capital increase by earnings recapitalization NT$32,221,350 Capital increase by capital reserve NT$31,241,350	None	(89)Tai-tsai-cheng-(1) ti No. 54998
May 2001	10	90,000,000	900,000,000	74,508,346	745,083,460	Capital increase by earnings recapitalization NT$56,793,760	None	(90)Tai-tsai-cheng-(1) ti No. 130612
June 2002	10	108,000,000	1,080,000,000	74,508,346	745,083,460	Raise authorized capital share NT$1,080,000,000	None	Ching-shou-shang-tzu-ti No. 09101253500
June 2003	10	148,000,000	1,480,000,000	74,508,346	745,083,460	Raise authorized capital share NT$1,480,000,000	None	Ching-shou-shang-tzu-ti No. 09201214300
June 2004	10	168,000,000	1,680,000,000	74,508,346	745,083,460	Raise authorized capital share NT$1,680,000,000	None	Ching-shou-shang-tzu-ti No. 09301151390
May 2006	10	168,000,000	1,680,000,000	79,879,721	798,797,210	Transferred from corporate bond NT$53,713,750	None	Ching-shou-shang-tzu-ti No. 09501080100
June 2006	10	168,000,000	1,680,000,000	77,885,210	778,857,210	Cancellation of treasury stock NT$19,940,000	None	Ching-shou-shang-tzu-ti No. 09501126910

Month/ Year Issued price (NT$)		Authorized Share capital		Paid in Share capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share capital	Property other than cash is paid by subscribers	Other
July 2006	10	168,000,000	1,680,000,000	86,214,233	862,142,330	Transferred from corporate bond NT$83,285,120	None	Ching-shou-shang-tzu-ti No. 09501164530
Oct. 2006	10	168,000,000	1,680,000,000	90,671,353	906,713,530	Transferred from corporate bond NT$44,571,200	None	Ching-shou-shang-tzu-ti No. 09501245250
Feb. 2007	10	168,000,000	1,680,000,000	94,042,774	940,427,740	Transferred from corporate bond NT$33,714,210	None	Ching-shou-shang-tzu-ti No. 09601026580
May 2007	10	168,000,000	1,680,000,000	101,386,517	1,013,865,170	Transferred from corporate bond NT$73,437,430	None	Ching-shou-shang-tzu-ti No. 09601102300
Aug. 2007	10	168,000,000	1,680,000,000	107,457,944	1,074,579,440	Transferred from corporate bond NT$60,714,270	None	Ching-shou-shang-tzu-ti No. 09601196450
Oct. 2007	10	168,000,000	1,680,000,000	117,548,117	1,175,481,170	Transferred from corporate bond NT$100,901,730	None	Ching-shou-shang-tzu-ti No. 09601267220
Feb. 2008	10	168,000,000	1,680,000,000	117,709,724	1,177,097,240	Transferred from corporate bond NT$1,616,070	None	Ching-shou-shang-tzu-ti No. 09701024200
Jan. 2009	10	168,000,000	1,680,000,000	132,524,524	1,325,245,240	Issued new shares via private placement NT$ 148,148,000	None	Ching-shou-shang-tzu-ti No. 09801016170
Apr. 2009	10	168,000,000	1,680,000,000	132,680,774	1,326,807,740	Transferred from corporate bond NT$1,562,500	None	Ching-shou-shang-tzu-ti No. 09801082710
Aug. 2009	10	168,000,000	1,680,000,000	137,028,594	1,370,285,940	Issued new shares via private placement NT$ 43,478,200	None	Ching-shou-shang-tzu-ti No. 09801171690
Oct. 2009	10	168,000,000	1,680,000,000	137,995,253	1,379,952,530	Transferred from corporate bond NT$9,666,590	None	Ching-shou-shang-tzu-ti No. 09801246220
Jan. 2010	10	168,000,000	1,680,000,000	138,036,919	1,380,369,190	Transferred from corporate bond NT$416,660	None	Ching-shou-shang-tzu-ti No. 09901020000
Apr. 2010	10	168,000,000	1,680,000,000	143,628,570	1,436,285,700	Transferred from corporate bond NT$55,916,510	None	Ching-shou-shang-tzu-ti No. 09901081790
July 2011	10	168,000,000	1,680,000,000	143,710,770	1,437,107,700	share transfer from employee stock option NT$822,000	None	Ching-shou-shang-tzu-ti No. 10001174270
Nov. 2011	10	168,000,000	1,680,000,000	155,249,231	1,552,492,310	Cash capital increase NT$115,384,610	None	Ching-shou-shang-tzu-ti No. 10001257890
Jan. 2012	10	168,000,000	1,680,000,000	155,282,844	1,552,828,440	Transferred from corporate bond NT$336,130	None	Ching-shou-shang-tzu-ti No. 10101012130
Feb. 2013	10	250,000,000	2,500,000,000	159,496,164	1,594,961,640	Transferred from corporate bond NT$42,133,200	None	Ching-shou-shang-tzu-ti No. 10201024350
May 2013	10	250,000,000	2,500,000,000	160,722,822	1,607,228,220	Transferred from corporate bond NT$12,266,580	None	Ching-shou-shang-tzu-ti No. 10201089910
Aug. 2013	10	250,000,000	2,500,000,000	161,936,816	1,619,368,160	Transferred from corporate bond NT$8,399,940 share transfer from employee stock option NT$3,740,000	None	Ching-shou-shang-tzu-ti No. 10201173590
Nov. 2013	10	250,000,000	2,500,000,000	162,136,815	1,621,368,150	Transferred from corporate bond NT$1,999,990	None	Ching-shou-shang-tzu-ti No. 10201233530
Feb. 2014	10	250,000,000	2,500,000,000	164,070,144	1,640,701,440	Transferred from corporate bond NT$19,333,290	None	Ching-shou-shang-tzu-ti No. 10301027310

Month/ Year Issued price (NT$)		Authorized Share capital		Paid in Share capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share capital	Property other than cash is paid by subscribers	Other
May 2014	10	250,000,000	2,500,000,000	166,230,137	1,662,301,370	Transferred from corporate bond NT$21,599,930	None	Ching-shou-shang-tzu-ti No. 10301089670
Aug. 2014	10	250,000,000	2,500,000,000	167,963,463	1,679,634,630	Transferred from corporate bond NT$17,333,260	None	Ching-shou-shang-tzu-ti No. 10301170420
Nov. 2014	10	250,000,000	2,500,000,000	168,496,795	1,684,967,950	Transferred from corporate bond NT$5,333,320	None	Ching-shou-shang-tzu-ti No. 10301237650
Dec. 2014	10	250,000,000	2,500,000,000	166,562,795	1,665,627,950	Cancellation of treasury stock NT$19,340,000	None	Ching-shou-shang-tzu-ti No. 10301262270
Feb. 2015	10	250,000,000	2,500,000,000	171,936,126	1,719,361,260	Transferred from corporate bond NT$53,733,310	None	Ching-shou-shang-tzu-ti No. 10401027300
Apr. 2015	10	250,000,000	2,500,000,000	173,722,792	1,737,227,920	Transferred from corporate bond NT$17,866,660	None	Ching-shou-shang-tzu-ti No. 10401067910
Dec. 2015	10	250,000,000	2,500,000,000	166,122,792	1,661,227,920	Cancellation of treasury stock NT$76,000,000	None	Ching-shou-shang-tzu-ti No. 10401269360

2. Type of Stock

Type of Stock	Authorized Share capital			Remark
	Outstanding shares	Unissued stock	Total	
Ordinary shares	166,122,792	83,877,208	250,000,000	TPEx listed company

(2) Composition of Shareholders April 15, 2024

Composition of Shareholders / Quantity	Government Apparatus	Financial Institution	Other Juridical person	Individual	Foreign Institution and Foreigner	Total
Number of persons	0	0	139	26,429	26	26,594
Number of Shares	0	0	8,594,920	156,006,859	1,521,013	166,122,792
Ratio of Shareholding (%)	0.00%	0.00%	5.17%	93.91%	0.92%	100.00%

Note: The Company has no shareholding ratio of Mainland Chinese investors.

(3) Shareholding Distribution Status(Par value NT$10 per share)

April 15, 2024

Holding share classification	Number of shareholder	Number of Shares	Ratio of Shareholding
1 to 999	21,639	158,025	0.10%
1,000 to 5,000	3,112	7,335,123	4.42%
5,001 to 10,000	781	6,607,884	3.98%
10,001 to 15,000	217	2,877,970	1.73%
15,001 to 20,000	236	4,452,635	2.68%
20,001 to 30,000	172	4,590,381	2.76%
30,001 to 40,000	94	3,415,103	2.06%
40,001 to 50,000	70	3,313,894	1.99%
50,001 to 100,000	131	9,728,488	5.86%
100,001 to 200,000	62	8,529,294	5.13%
200,001 to 400,000	31	8,425,528	5.07%
400,001 to 600,000	15	7,479,030	4.50%
600,001 to 800,000	6	4,094,000	2.46%
800,001 to1,000,000	4	3,660,722	2.20%
More than 1,000,001	24	91,454,715	55.06%
Total	26,594	166,122,792	100.00%

(4) List of Major Shareholders

April 15, 2024

Name of major shareholder \ Shares	Number of Shares	Ratio of Shareholding
LEE MAW CHANG	14,070,066	8.47%
SHEN CHEN CHIEN	10,494,000	6.32%
TSENG CHI LI	9,561,794	5.76%
CHEN DA YU	6,984,000	4.20%
LEE MAO TONG	5,276,660	3.18%
Hung Kuan Investment Co., Ltd	4,511,235	2.72%
WU CHIA LI	3,981,470	2.40%
JIANG ZHI HAO	3,707,000	2.23%
LEE WEI HSIN	3,452,993	2.08%
LIN HUI LING	3,199,211	1.93%

(5) Information on market price, net value, earnings and dividends per share in the most two years

Item \ Year			2022	2023	As of March 31, 2024
Market Price Per Share	The Highest		7.49	11.95	14.75
	The Lowest		5.15	6.03	10.25
	Average		6.30	8.52	12.02
Net Value Per Share	Before distribution		7.36	6.55	—
	After distribution		7.36	6.55(note)	—
Earnings per share	Weighted average shares		166,122,792	166,122,792	—
	Earnings per share	Before adjustment	-0.46	-0.82(note)	—
		After adjustment	-0.46	-0.82(note)	—
Dividend Per Share	Cash dividends		0	0	—
	Free-gratis dividends	Retained Shares Distribution	0	0	—
		Capital reserve Shares Distribution	0	0	—
	Retained Dividends		—	—	—
Return on Investment Analysis	Price-to-Earnings Ratio		—	—	—
	Price-to-Dividend Ratio		—	—	—
	Cash Dividend Yield Rate		—	—	—

Note: The net loss after taxes in 2023 was in the amount of NT$136,333 thousand, and the loss to be made up at the end of the period was in the amount of NT$547,143 thousand. On March 13, 2024, the Board of Directors resolved not to distribute the surplus for the year 2023, which has not yet been resolved by the shareholders meeting.

(6) Dividend policy and implementation status of the Company:

1. Dividend policy stipulated in the Company’s Articles of Incorporation

(1) If there is a surplus in the Company's annual final accounts, the Company shall pay taxes first and make up for past losses. Then, 10% thereof shall be appropriated as the legal reserve, unless the legal reserve has reached the total paid-in capital of the Company. The special reserve shall also be appropriated or reversed in accordance with the laws and regulations or requirements of the competent authority. If there is still any surplus, the balance thereof shall be added to the accumulated undistributed earnings of previous years. The Board of Directors shall prepare a distribution proposal and submit it to the shareholders meeting for a resolution before distribution.

(2) The Company is in the electronics manufacturing industry. Considering that with the distribution of stock dividends to shareholders for the year making profits, although the Company can retain funds for engaging in R&D and business expansion activities, it also inflates the share capital. If the profit cannot increase proportionally, it will decrease earnings per share and adversely affect shareholders' equity. Thus, the current dividend policy of the Company adheres to a cash dividend policy. Its implementation method is based on the Company's future capital budget planning to measure the capital needs of the future year, and then to distribute cash dividends as much as possible. The implementation ratio of the aforementioned cash dividend policy is that cash dividends shall be the major part among the dividends to be distributed, whereas stock dividends (including surplus allotment and capital reserve allotment) shall be less than 50% thereof.

2. The dividend distribution proposed by shareholders this time (approved by the Board of Directors, but not yet approved by the shareholders meeting)

The Company's 2023 loss provision proposal has been drawn up by the Board of Directors: the loss to be made up at the end of the current period is in the amount of NT$547,142,590, and thus no surplus for the year 2023 will be distributed.

3. Any expected major change in the dividend policy: None.

(7) The effect of the free-gratis dividends proposed for this shareholders meeting on the Company's operating performance and earnings per share: Not applicable (None).

(8) Remuneration of employees and directors

1. The percentage or scope of the remuneration for employees and directors stated in Article 23 of the Company’s Articles of Incorporation: The Company’s profit before tax in the current year, before deducting the remuneration to be distributed to employees, directors, shall be first retained to make up for the accumulated losses; then, if there is any remaining balance, no less than 3% thereof shall be appropriated as employee remuneration, and no more than 2% thereof as director remuneration.
Decisions on employee remuneration and the distribution ratio of director remuneration, as well as whether the employee remuneration is distributed in stock or in cash, shall be resolved by the Board of Directors with the attendance of two thirds or more of the directors and with the consent of more than half of the directors in attendance, and shall be reported to the shareholders meeting.
Employee remuneration is distributed in stock or in cash to counterparties including employees of affiliated companies who meet certain conditions.
According to the remuneration payment guidelines formulated by the Company,

directors shall only be paid for fixed remuneration and attendance fees. The managerial officer remuneration includes the salary and bonus, and the salary is based on the Company's salary system considering items such as the job title, rank, academic background and work experience, and professional skills. The bonus is distributed according to the performance evaluation results of the managerial officer in each quarter, which includes the manager's organizational leadership, internal management performance, moral, skills, and planning creativity, also taking account of the Company's revenue and profit status, the achievement rate of operating goals, etc., and is determined in accordance with the procedure.

2. The estimation basis for the estimated amount of remuneration for employees and directors in the current period; the calculation basis of the number of shares for employee remuneration distributed in stock; and the accounting treatment when the actual distribution amount is different from the estimated amount: The basis for estimation is in accordance with the Company's Articles of Incorporation. If there is a discrepancy between the actual distribution amount and the estimated amount, it shall be handled in accordance with relevant laws and regulations.

3. The distribution status of remuneration approved by the Board of Directors: Due to the net loss after taxes in the current period, there is no distribution of remuneration this year.

4. If the actual distribution status of the remuneration for employees and directors in the previous year (including the number of shares distributed, amount and stock price) is different from the recognized remuneration for employees and directors, the amount of the difference, the reason, and the handling status shall be clearly stated: The Company approved at the fifth meeting of the 10th Board of Directors in 2023and the shareholders' meeting on June 14, 2023 that there will be no distribution of earnings in 2022.

(9) Repurchase of Company shares: None

2. Status of Corporate bond: None

3. Status of preferred share: None

4. Status of overseas depository receipt: None

5. Status of employee stock options:

As of the publication date of the annual report, no employee stock options was issued.

6. Status of new employee restricted share undertaking:

As of the publication date of the annual report, no new employee restricted share was issued.

7. Status of issuance of new shares due to merger and acquisition or acceptance of shares transferred by other companies: None

8. Implementation status of the fund utilization plan: None

V. Operational Overview

1. Business content

(1) Business scope

1. The main content of the business and its proportion in business

Unit: NT$1,000

Classification of circuit boards	2023 revenue	Proportion in business
Printed circuit board	496,577	100.00%
Total	496,577	100.00%

2. The Company’s current product: printed circuit boards
   (1) MCPCB aluminum/copper substrates
   (2) FR4 multilayer circuit board products, including high-power circuit board and HDI circuit board
   (3) DBC copper-clad ceramic substrate
3. New products planned for development
   (1) High-end HDI circuit board.
   (2) Power IC module circuit boards for industrial/EV applications.
   (3) AIN copper-clad ceramic substrate.

(2) Industry overview

1. Current status and development of the industry

Due to international political instability, the consumption of the electronics industry will be generally sluggish in 2023, resulting in a recession in the circuit board industry. However, the rise of electric vehicles, green energy, and AI industries has led to the boom of the high-power drive/power module industry, driving the significant growth of components such as high-power circuit boards and DBC/AMB copper-clad ceramic substrates.

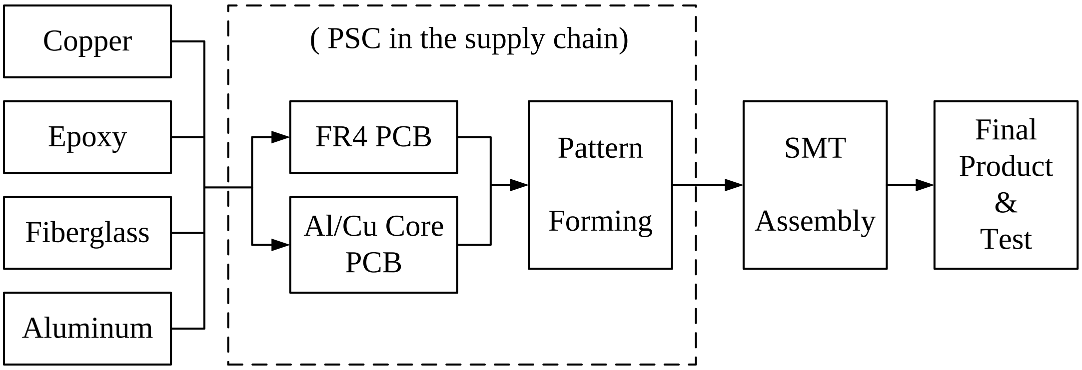
Looking forward to 2024, it is expected to continue the situation in 2023, the economy is still not optimistic, and the high-power drive/power module industry will still maintain growth momentum. At the same time, the trend of high-power circuit boards is that the current is increasing, and the technology of heat dissipation is becoming more and more important. Therefore, the growth momentum of heat-dissipating aluminum/copper substrates, high-power circuit boards, and DBC copper-clad ceramic substrates should be higher than that of conventional circuit boards.

According to the market trend, the company has been striving to expand revenue in the high-power circuit board application market, and has invested in the technology development of DBC copper-clad ceramic substrate in 2019, and expects to grow significantly in 2024.

2. The relationship between the upstream, midstream, and downstream reaches of the industry

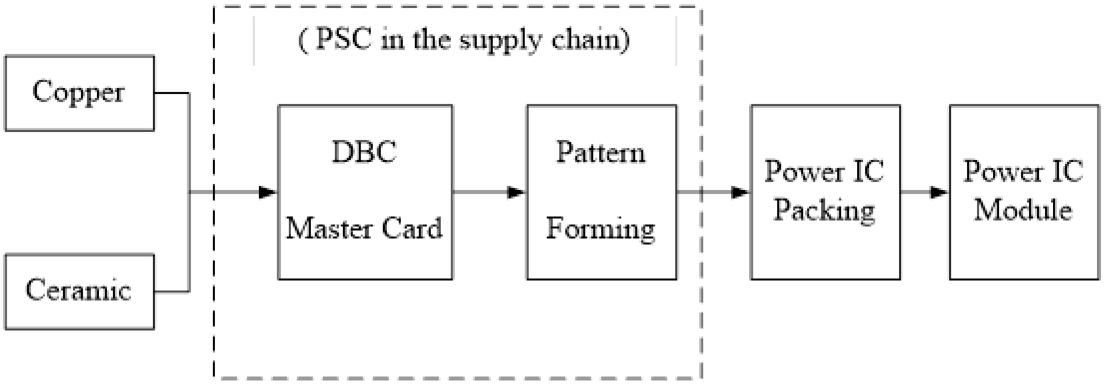
PCB circuit boards can be mainly divided into five categories: rigid boards, flexible boards, IC substrates/substrate-like substrates, rigid-flex boards and metal substrates MCPCB. The structure of the printed circuit board is mainly based on insulating materials and metal materials, and then according to the circuit design, the wire line connecting the electronic components is drawn into a circuit pattern, and then the required electronic circuit is left on the printed circuit board by exposure, development, etching, machining, surface treatment, etc., and becomes the substrate connecting all electronic components. The printed circuit board is the substrate before assembling electronic components, and its function is to connect and carry components, which is the main support for the installation and interconnection of electronic components, and is an indispensable basic part of all electronic products.

PCB circuit board industry correlation diagram



Copper-clad ceramic substrates are divided into DBC and AMB according to the manufacturing process. Using DBC or AMB technology, the copper foil is combined on the ceramic substrate, and then the required power electronic circuits are left on the copper-clad ceramic substrate by exposure, development, etching, machining, surface treatment, etc., and then packaged into power semiconductor components through IC.

DBC copper-clad ceramic substrate industry correlation chart



3. Various development trends in products

The trend in electronic products has always been “light, thin, short, and small”, and printed circuit boards are also developing towards multi-layer, thin-circuit, small-aperture, and thin-layer. At present, for 3C products, 5G communication products, and portable electronics products the proportion of high-density HDI circuit boards is continuously increasing. The growth of IoT products, coupled with the improvement of high-density HDI circuit board technology, has also driven the market demand for integrated IC modules of a system in a package (SIP) type carrier board.

In recent years, due to the problem of carbon emissions, the energy storage and electric vehicle industries have risen, and the demand for high-power, high-heat dissipation circuit boards and DBC copper-clad ceramic substrates has also shown a phenomenon of substantial growth, which is in line with the Company’s core technology for its extended niche market.

In response to market trends, the Company’s research and development of various products and technologies in recent years has been mainly divided into three categories: (1) High-density HDI circuit boards, which are applied to electronic products such as High-end consumer goods and SIP carrier boards; (2) High thermal conductivity metal power circuit boards, used in power IC module circuit boards, electric vehicle power circuit boards and other products; (3) DBC copper-clad ceramic substrate, used in power IC modules above 600V.

Looking at the above content comprehensively, a considerable proportion of the new product application market belongs to the IC industry, which will help to enhance the Company’s core competitiveness.

4. Competition situation

Whether it is FR4 circuit board or DBC copper-clad ceramic substrate: "Made in China" enjoys a low-cost price competitive advantage, the products of European, American and Japanese manufacturers have high market price and high reliability, and the price and quality of Jia's products are in between.

The current international situation has led to the rise of trade barriers, resulting in the collapse of the trend of globalization, and the gradual formation of regional economic circles. The transformation of global competition into regional competition is advantageous to the Company due to the reduction of intra-regional competitors and the disadvantage to the Company's inability to compete in individual regional economies abroad. Therefore, niche products in the regional market are the target market of Jiazong.

(3) Overview of technology and R&D

1. Research and development expenses invested in this year and every year as of the printing date of the annual report: The research and development expenses in 2023 were in the amount of NT$14,119,000.

As of the date of printing of the annual report, the financial statements reviewed by accountants for the first quarter of 2024 have not been obtained.

2. Successfully developed technologies or products

(1) Successfully developed technologies and products

A. High-end HDI products, has achieved the development of fourth-order circuit board products.

B. High-end Any layer circuit board product development.

C.Trial production of AIN ceramic substrate products.

(2) Research and development plans for future years

In response to market trends, the Company’s research and development of various products and technologies in recent years has been mainly divided into three categories:

1.High-density HDI circuit boards are used in high-end consumer products, mobile devices, wearable devices and other products

2. High thermal conductivity metal power circuit boards, used in power IC module circuit boards, electric vehicle power circuit boards and other products;
3. AIN copper-clad ceramic substrate, used in power IC modules above 1200V.

Research and development expenses are estimated to be 6% of revenue, and the research and development plan is set out as follows:

Main product category	R&D plan name	Mass production schedule	R&D plan content	Key factors for successful R&D	R&D plan current progress	Estimated investment
High-end HDI circuit boards	1. High-end HDI circuit board development	2024 Q3	1. Optimization of the hole filling process 2. The yield of high-end HDI process is improved	Feedback on client product verification issues	1. Completion rate 75% 2. Completion rate 50%	15 million
Power IC module circuit board for industrial/EV applications	1. Development of double-sided copper-convex circuit boards	2024 Q2	1. Process optimization of high heat dissipation wattage power copper-convex circuit board 2. The reliability of the double-sided copper-convex circuit board of the power IC module is improved	Feedback on client product verification issues	1. Completion rate 70% 2. Completion rate 50%	2 million
AIN copper-clad ceramic substrate	1. Aluminum nitride DBC process optimization 2. AMB copper-clad ceramic substrate process development	2024 Q4	1. Aluminum nitride DBC process optimization 2. Preliminary research on AMB copper-clad ceramic substrates	Signed a long-term cooperation agreement with ITRI	1. Completion rate 50% 2. Completion rate 30%	28 million

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

High-power/heat-dissipation circuit boards are our core products, so we develop products for different application fields based on the extension of our core technologies. Therefore, the direction of business development: to promote core products to different levels of the market.

1. Long-term: Take power module components as the target market, and power semiconductor manufacturers as the target customers.

2. Short-term: Target the market for high-power/heatsip-based circuit boards, and power system designers for target customers.

2. Overview of market, production, and sales

(1) Market analysis

1. Sales area of main products

Unit: NT$1,000

	Revenue from external clients		Non-current assets	
	2023	2022	Dec. 31, 2023	December 31, 2022
Taiwan	$ 282,664	$275,901	$ 386,850	$ 410,356
Asia	79,542	100,255	275	88
America	32,704	55,676	—	—
Europe	96,048	54,009	—	—
Other	5,619	5,042	—	—
Total	$ 496,577	$490,883	$ 387,125	$ 410,444

2. Main competitors:

(1) The company's main competitor comes from the "Made in China" low-price competition, and only by mastering the advantages of innovation, product development and advance layout can we create product differentiation. Quality improvement, rapid customer service, and technological innovation can maintain a leading edge.

(2) Most of the counterparts in Europe and the United States are still not competitive, slowly withdrawing from the market or turning to cooperate with Asian counterparts, and the rise of the regional economy has gradually become a very threatening low-cost competitor in Southeast Asia in the future.

3. Market share and future market supply and demand situation and growth:

PCB circuit boards are an indispensable basic component of various electronic products, and they are still a thriving and highly growing industry. The explosive growth of new industries such as AI and electric vehicles has driven the continuous growth of the PCB circuit board industry, especially the power module/system products with high power/heat dissipation demand, and the compound growth rate should be more than 10% in the next few years.

4. Business objectives:

In the short term, high-power/heatsink circuit boards are the main target market, and power module assemblies are the long-term target market.

5. Favorable and unfavorable factors and countermeasures for competitive niches and development prospects:

(1) Competitive niche: The company is a small and medium-sized factory, which has the advantages of both large factory process capabilities and small factory flexible scheduling to meet customer needs. The high-power/heatsip-dissipating circuit board that the company is actively developing is a niche product of the company due to the complexity and difficulty of the technology that needs to be matched, which is obviously differentiated from the market of other manufacturers in the same industry.

(2) Favorable factors

(a) The company has obtained the IATF-16949 global certification for automotive steel, which can provide better product quality to customers.

(b) Heat-dissipating circuit board technology is the core technology of the company. The rapid growth of the power module/system product market is conducive to the company's market development.
(c) Our long-term cooperation with ITRI is a long-term cooperation to deepen the technological energy and contribute to the development of new technologies and products.
(d) With the completion of the development of DBC copper-clad ceramic substrates, we entered the high-end power semiconductor industry.

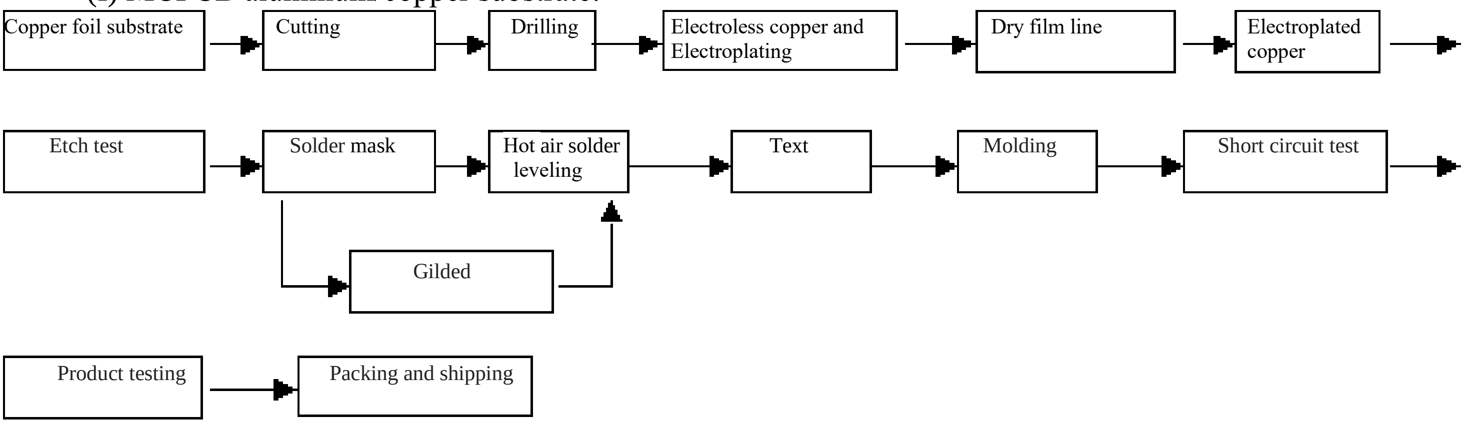
(3) Unfavorable factors
(a) The rise of the regional economy has led to the large-scale relocation of PCB circuit board factories to Southeast Asia. The company is a small and medium-sized enterprise, the enterprise resources are not enough to set up factories abroad, and it is not easy to enter the ASEAN regional economic industry chain.
(b) It is expected that the economy will still be poor in 2024, and the utilization rate of PCB factories in China is insufficient, and they are competing to cut prices and grab orders, resulting in a significant decrease in PCB profits.

(4) Countermeasures:
(a) Strengthen high-power/high-heat dissipation circuit board technology, and develop innovative products through strategic alliances with manufacturers of high-conductivity and high-voltage resistant materials.
(b) Deeply rooted in DBC copper-clad ceramic substrate technology, seeking power semiconductor manufacturers to pass the certification.
(c) Strengthen technical exchanges with semiconductor manufacturers, establish partnerships, and jointly develop new products.

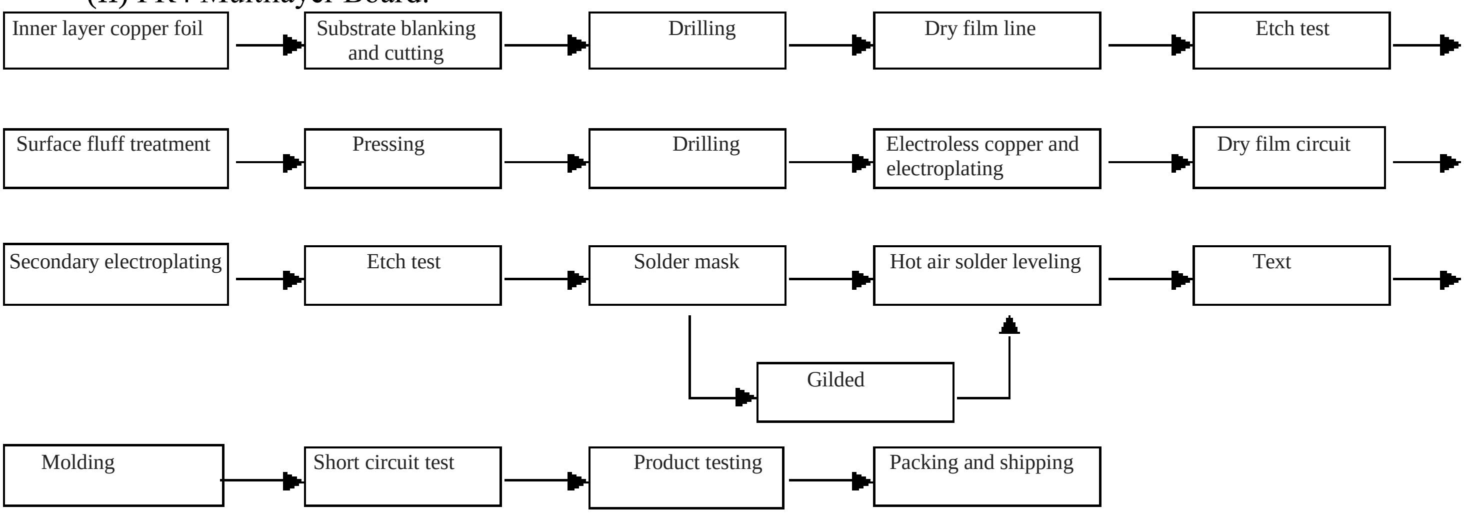
(2) Main product usage and production process:
1. Main product usage:
(1) MCPCB aluminum/copper substrate: used for LED light products, high-power LED lighting, and high-heat dissipation products.
(2) FR4 multilayer circuit board products: including high-power circuit board and HDI circuit board. High-power circuit boards: mainly used in power SiP modules, motor control drives, energy storage equipment, and high-power power systems. HDI circuit boards, mainly used in niche customer markets such as dash cams and automotive HUDs.
(3) DBC copper-clad ceramic substrate: It is a power semiconductor module substrate, and the application products are high-power electrical devices such as motor drives, inverters, and converters.

2. Manufacturing production process:

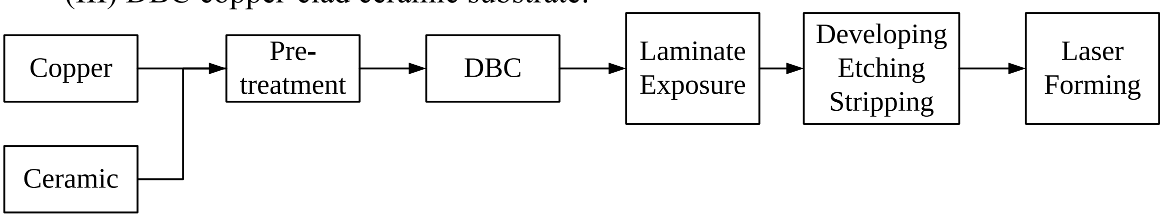
(I) MCPCB aluminum/copper substrate:



(II) FR4 Multilayer Board:



(III) DBC copper-clad ceramic substrate:



(3) Supply status of main raw materials

The company's main raw materials are substrates, copper foils, glass cloth films, phosphor copper balls, aluminum plates, red copper plates, mirror aluminum plates, polyimide flexible substrates, dry films and inks, and ceramic substrates. And due to the requirements of customer environmental protection standards, the use of environmentally friendly substrates and environmentally friendly materials will relatively increase R&D expenses and material costs.

(4) Clients that have accounted for 10% or more of the total purchase (sales) in any of the last 2 years

1. The names of clients accounting for 10% or more of the total sales in the last 2 years, the sales amount and proportion, and the relationship with the issuer:

Unit: NT$1,000

2022				2023				Q1 2024(Note1)			
Name	Amount	Ratio of annual net sales (%)	Relationship with the issuer	Name	Amount	Ratio of annual net sales (%)	Relationship with the issuer	Name	Amount	Ratio of annual net sales (%)	Relationship with the issuer
A	67,608	14	None	B	90,079	18	None	N/A			
				A	77,923	16	None				
Other	423,275	86		Other	328,575	66					
Net sales	490,883	100		Net sales	496,577	100		Net sales			

Reasons for the change:

(1) The increase in the sales amount of customer A is mainly due to the improvement of the market demand for automotive plates.

(2) The increase in the sales amount of customer B is mainly due to the large increase in the demand for foreign automotive induction eTags and the increase in the number of orders.

Note 1: As of the date of printing of the annual report, the financial statements reviewed by accountants in the first quarter of 2024 have not been obtained.

2. Names of clients that accounted for 10% or more of the total purchases in the last 2 years, the purchase amount and proportion, and their relationship with the issuer:

Unit: NT$1000

2022				2023				2024 Q1(Note1)			
Name	Amount	Ratio of annual net purchases (%)	Relationship with the issuer	Name	Amount	Ratio of annual net purchases (%)	Relationship with the issuer	Name	Amount	Ratio of annual net purchases (%)	Relationship with the issuer
A	27,570	13	None	B	40,924	18	None	N/A			None
B	25,106	12		C	28,294	12	None				None
Other	158,661	75		Other	158,099	70					
Net purchases	211,337	100		Net purchases	227,317	100		Net purchases			

Reasons for the change:

(1) Factory A ceased operations and the materials were transferred to Factory C.

(2) The increase in the purchase amount of manufacturer B is mainly due to the increase in customer orders and the specified materials.

Note 1: As of the date of printing of the annual report, the financial statements reviewed by accountants in the first quarter of 2024 have not been obtained.

(5) Production output value in the last 2 years Unit: square feet; NT$1,000

year / Output value / Main product	2022			2023		
	Production capacity	Output	Output value	Production capacity	Output	Output value
Printed circuit board	1,800,000	723,069	484,839	1,800,000	615,350	458,134

(6) Sales volume and value in the last 2 years

Amount: NT$1,000; Unit: Volume: Square Feet; The quantity of products is calculated in PCS (pieces)

Year / Sales volume/value / Main product (or department)	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PCB	466,990	260,638	247,339	203,959	404,398	246,562	219,599	214,615
Product	578,963	7,438	4,158,621	18,848	175,907	9,078	2,124,278	26,322
Total		268,076		222,807		255,640		240,937

3. Employees:

Year		2022	2023	March 31, 2024
Number of employees	Management and indirect personnel	66	67	63
	R&D, technical personnel	33	32	29
	Operator	253	254	255
	Total	352	353	347
Average age		43	44	44
Average years of service		9.65	9.83	9.85
Educational distribution Ratio	PhD	0.00%	0.00%	0.00%
	Master	1.70%	1.70%	1.44%
	Junior college	34.94%	34.84%	35.74%
	Senior high school	52.56%	53.83%	53.02%
	Senior high school and below	10.80%	9.63%	9.80%

4. Information on environmental protection expenditures

(1) Losses caused by environmental pollution:

1. In 2023 and as of the publication date of the annual report, the Company has not incurred any loss or punishment due to environmental pollution.
2. The Company continues to comply with the requirements of ISO 14001, and combines the cost-saving plan of the production line with the concept of industrial waste reduction, and continues to reduce pollutant waste and conduct waste reduction management from the aspects of raw material management, manufacturing process improvement, equipment automation, recycling, and use of clean energy.

(2) Future environmental protection expenditures:

The estimated loss that may occur in the future is in the amount of NT$100,000. Every year in the future, investment related expenses will be directed at pollution prevention, water quality improvement, air quality improvement, reduction of greenhouse gas emissions, regulatory compliance, and implementation of legal disposal of waste. In response to the Company's continuous updating of product manufacturing processes and international environmental trends, and for the diversification of waste disposal methods in the future, it is expected that related expenses such as permit changes or extensions will be incurred. Additionally, the international situation has caused a sharp increase in raw materials. The total environmental protection capital expenditure is estimated to be about NT$28,805,000. The items are described as follows:

Amount: NT$1,000

Item \ Year	2024	2025	2026
Pollution prevention and control equipment to be purchased or content of expenditure (wastewater, waste gas, waste, and other solutions)	＊Water quality control and testing fees ＊Regular maintenance and update of equipment ＊Air pollution control and detection ＊Greenhouse gas reduction ＊Waste disposal fee ＊ISO14001 implementation and management ＊Implementation of waste reduction plan	＊Water quality control and testing fees ＊Regular maintenance and update of equipment ＊Air pollution control and detection ＊Greenhouse gas reduction ＊Waste disposal fee ＊ISO14001 implementation and management ＊Implementation of waste reduction plan	＊Water quality control and testing fees ＊Regular maintenance and update of equipment ＊Air pollution control and detection ＊Greenhouse gas reduction ＊Waste disposal fee ＊ISO14001 implementation and management ＊Implementation of waste reduction plan
Expected improvement	1. Comply with the requirements of environmental regulations 2. Continuous improvement and pollution reduction	1. Comply with the requirements of environmental regulations 2. Continuous improvement and pollution reduction	1. Comply with the requirements of environmental regulations 2. Continuous improvement and pollution reduction
Amount	28,805	28,805	28,805

5. Labor–management relations:

(1) The Company's various employee welfare measures, continuing education, training, and retirement systems and their implementation status, as well as the agreement between labor and management and various employee rights and interests protection measures

1. Employee welfare measures

(1) Establish a year-end bonus and dividend system to combine the interests of employees with the interests of the Company so as to create outstanding performance.

(2) The Company has established a Labor Pension Reserve Supervisory Committee in accordance with the law, and has retirement guidelines in place for formally hired employees. The pension is allocated at the rate of 2% of the employee's total salary every month as the pension reserve which is deposited in a dedicated account in the Bank of Taiwan for safekeeping; the pension for employees adopting the new pension system is allocated monthly based on 6% of the total salary of the employee and deposited in the dedicated account of the Labor Insurance Bureau according to the individual's name, ID card number, and date of birth.

(3) Strengthen various welfare measures, build staff dormitories, social halls, staff restaurants, etc. in order to seek the best benefits for employees.

(4) Hold employee trips every year or distribute cash instead thereof; distribute gifts or gift money for the three major festivals; hold dinner parties; conduct lottery drawings at the end-year party; and provide various benefits, subsidies, and emergency assistance for weddings, funerals, celebrations, and festivals. In addition, we offer three free meals a day, labor insurance, national health insurance, group insurance, distribution of work uniforms, production bonuses, introductory and long-term bonuses, birthday gift money, employee health checks and lectures, special shops, childcare centers, and other welfare measures.

(5) All employees of the Company enjoy dividends and allotment benefits, fully combining performance and remuneration.
(6) The continuing education and training of employees are carried out in accordance with the annual training plan and the training of temporary needs in the operation, and are handled in accordance with the rules after the employee submits an application. The actual operation is currently good.
(7) Formulate employee incentive guidelines and operating rules; reward employees who improve work efficiency and achieve quality goals; distribute bonuses, gifts, etc.

2. Retirement system and its implementation status
(1) The Company has been approved by Taoyuan County Government letter No. 1989-Fu-She-Lao-Tzu-089308 to establish the Labor Pension Reserve Supervisory Committee. The labor retirement reserve is allocated at 2% of the total monthly salary and deposited in a dedicated account with the Bank of Taiwan to be used as a reserve for future payment of employee pensions. However, after the employee seniority has been settled in succession in 2016 under the aforementioned employee retirement plan, the Company has no further obligation to make any provision at present. The remaining balance in the dedicated account was withdrawn in February 2021 and canceled.
(2) The Labor Pension Act came into effect on July 1, 2005, and adopted a definite appropriation system. After implementation, employees may choose to apply the pension plan related to the “Labor Standards Act” (old system), or apply the pension system of the Act (new system) and retain the work seniority before the application of the Act (retain the seniority under the old system). For employees who choose to apply the new pension system, the Company allocates 6% of the employee's salary to the employee's personal pension account every month, and employees may also contribute their pension reserve according to their personal wishes.
(3) According to the Labor Pension Act, employees of the Company who have reached the age of 60 may apply for pension, and if they have worked for 15 years, they may choose to apply for monthly pension or one-off pension; if they have worked for less than 15 years, they shall only apply for one-off pension. Retirement application procedures and conditions are no less favorable than those under the regulatory requirements.
(4) Since 2007, the Company has set aside 8% of the total salary to be deposited in the dedicated account with the Bank of Taiwan for safekeeping and use as employee pension reserve on a monthly basis in accordance with the “Employee Pension Guidelines” approved by the Company’s shareholders meeting for the pension of appointed managerial officers.
(5) According to the local laws and regulations, the subsidiary in China shall allocate pension insurance funds according to a certain percentage of the total salary of local employees every month. The pension of each employee is allocated uniformly by the local government on a monthly basis, and there is no further obligation.

3. Employee education and training: We conduct employee education and training in accordance with the education and training procedures and implement new employee education and training and on-the-job education and training according to the status of the personnel.

Education and training in 2023

Course Title	Number of hours
Corporate Governance Trends and Corporate Sustainability	3
Training courses for energy managers	18.5
Employee Welfare Business Study Seminar	4
performance management	6
Continuing education for the accounting supervisor position	12
2023 Annual Labor Rights and Laws Publicity Conference - Employment Trends and Labor Rights Protection	6
Guidelines for the production of safety testing and test samples for soft, rigid and rigid-flex boards	6

Course Title	Number of hours
Continuing education for accounting supervisors	12
Human Resources Strategy (3) & (4)	6
2023 Annual Labor Rights and Ordinance Advocacy Meeting - Discussion of Cases of Dismissal, Dismissal, Leave, and Gender Equality	6
Ionizing radiation personnel return training	24
Labor Insurance Bureau's Business Briefing	6
First aid personnel return training	24
Salary structure adjustment and related tax law handling practices	6
2023 Transition Finance and Sustainability Disclosure Seminar	3
2023 Overseas Laws and Regulations Study Course	6
2023 Annual Industrial Upgrading and Innovation Plan	6
Training courses for energy managers	18
DOE Design of Experiments	18
High-pressure gas specific equipment operators	40
1. The practical evolution of the materiality benchmark of financial misrepresentation and the determination of the liability of directors and supervisors, 2. The legal liability of corporate fraud and the practical procedures for investigation and trial	6
Occupational accident case analysis and laws and regulations related to protection	3
Precautions and practical analysis of shareholders' meetings and company law	6
AIAG &VDA FMEA FAILURE MODE AND EFFECTS ANALYSIS - EXCEL EXAMPLE EXERCISE CLASS	12
SPC statistical process control	6
Greenhouse gas effect inventory	162
2023 Green Talent Trend Forum	6
Jiebao manufacturing salary and welfare survey results presentation	3
MSA Measurement System Analysis	6
Fair Employment and Age Discrimination Prohibition Required Questions	3
The relationship between the wage cycle and compliance with labor laws and regulations	6
Trends and Challenges of International Financial Financing Security Supervision	3
Action plan for the sustainable development of listed companies	3
Termination of contract such as resignation and notice of dismissal (Session 2)	6
On-the-job training for supervisors of organic solvent operations	18
Migrant workers retain talents for a long time	3
Seminar on UL Product iQ Product Certification Database Parameter Analysis and Safety Application Requirements for Circuit Boards, Machinery Materials and Inks	12
ISO14001: 2015 Environmental Management System Provisions and Internal Auditor Training	6
On-the-job training for air pollution control specialists	6
Google Workplace app form app and information integration	3
Internal audit and internal control of personal information law practical operation	6
The circuit board industry has implemented policies for energy conservation, carbon reduction and green power procurement	6
2023 Annual Labor Relations Laws and Regulations Publicity Meeting	3
Executive Workshop for Net-Zero Companies	6
Termination of contract such as resignation and notice of dismissal (Session 1)	6

Course Title	Number of hours
On-the-job training for waste management	7
How can enterprises optimize their talent retention policies and review the signs of talent flow	6
Implementation plan for the subsidy for stable employment training for the working middle-aged and elderly and the elderly	3
Gold medal business supervisor practical training skills	6
2023 Water Reporting Work	3
Class B boiler operation practice	6
In December 2023, new recruits were educated and trained	40
2023 years of education and training on hazardous substances	10
In November 2023, new recruits were educated and trained	16
In October 2023, new recruits were educated and trained	64
Bake operation process after soldering mask	12
In September 2023, new recruits were educated and trained	16
Probationary period expiration assessment	240
Solder mask development maintenance operation process	28
In August 2023, new recruits were educated and trained	16
Solder mask exposure operation process	42
Impedance Design Description	34
In July 2023, the new recruits were educated and trained	24
Probationary period expiration assessment	1440
Solder mask printing process	60
In June 2023, new recruits were educated and trained	32
Hole Filling Depth Measuring Instrument (2)	8
Solder mask pretreatment operation process	18
Health promotion concept	23
Hole Filling Depth Measuring Instrument (1)	8
In May 2023, the new recruits were educated and trained	64
Text printing process	16
Ender molding machine replacement spindle	24
In April 2023, new recruits were educated and trained	48
Probationary period expiration assessment	480
Pick-and-place version of the standard action specification	22.5
Hazardous substance education and training	22.5
In March 2023, new recruits were educated and trained	128
DESMEAR	13
In February 2023, new recruits were educated and trained	120
APE3000 Automatic punching machine operation and expansion and contraction value setting	15
The utilization rate of the lower plate	180
In January 2023, new recruits were educated and trained	24
Quality assurance visual and customer special specification training	11
Horizontal browning line operation education and training	96
Hazardous substance education and training	29

Course Title	Number of hours
Total	3991.5

4. Labor–management agreement status

Since the Company has always paid attention to employee benefits, the relationship between labor and management has been harmonious over the years. There have been no labor disputes in the past 3 years, and no losses have been incurred therefrom.

5. Various employee rights and interests protection measures

The Company has formulated the “Employee Code of Conduct and Operational Rules”, the “Safety and Health Management Procedures”, and other rules to protect the rights and health of employees; it has also set up the whistleblower mailbox, sexual harassment prevention and complaint handling guidelines, and employee satisfaction surveys, etc., and the communication channels are smooth.

(2) Losses incurred due to labor disputes in the most recent year and as of the date of publication of the annual report

The Company's labor inspection results showed the violations of the Labor Standards Act as follows, and the possible administrative fine in the future is estimated to be in the amount of NT$200,000. Due to system design and cost considerations, adjustments will be made depending on the operating conditions.

Date of disposition	Dispose of the font size	Violation of the provisions of the law	Content that violates laws and regulations	The content of the sanction
Nov. 15,2023	Fu Lao Tiao Zi No. 1120314437	Article 24, Paragraph 1 of the Labor Standards Act	If the employer extends the working hours, the wages for the extended working hours shall be increased according to the following standards: 1. Those who extend their working hours for less than two hours shall be paid more than one-third of the hourly wage on weekdays. 2. Those who work longer hours for less than two hours shall be paid more than two-thirds of the hourly wage on weekdays. 3. In accordance with the provisions of Paragraph 4 of Article 32, those who extend their working hours shall be paid double the hourly wage on weekdays.	An administrative fine of NT$100,000
Nov. 15,2023	Fu Lao Tiao Zi No. 11203144371	Article 24, Paragraph 2 of the Labor Standards Act	If an employer causes a worker to work on a rest day under Article 36 for a working time of up to two hours, his wages shall be increased by one and one third of the hourly wage on weekdays, and if he continues to work after two hours of work, he shall be paid an additional two-thirds or more of the hourly wage on weekdays.	An administrative fine of NT$50,000

6. Cyber security management:

(1) Clearly describe the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management, etc.

The cyber security risk management of the Company and its subsidiaries is coordinated, formulated and implemented by the General Management Department. The Company has formulated the “Cyber Security Policy and Management Guidelines” to strengthen the Company's cyber security organization, established the powers and responsibilities of information personnel, implemented cyber security management, and safeguarded information assets so as to ensure the smooth progress of the overall information business. The scope of cyber security is divided into ten items, and the division of work in business is set out as follows:

1. Formulation and evaluation of cyber security policy: cyber security organization.
2. Cyber security organization and powers and responsibilities: personnel, audit, and information units.
3. Classification and control of information assets: information and property management units.
4. Personnel safety management: personnel and information units.
5. Physical and environmental safety management: information unit.
6. Communication and operation management: information and business units.
7. Access control: information and business units.
8. System development and maintenance: information unit.
9. Operational continuity management: information unit.
10. Cyber security protection equipment: information unit.

(2) List the losses incurred due to major cyber security incidents in the most recent year and as of the date of publication of the annual report, possible impacts and countermeasures. If these cannot be reasonably estimated, the fact that they cannot be reasonably estimated shall be stated: Not applicable.

7. Important Contracts:

Manner of contract	Party	Contract Period	Main content	Restrictive clause
Medium term loan	Taiwan Cooperative Bank - East Taipei Branch	Aug. 11, 2020 - Aug. 11, 2025	Mortgage loan	No special restrictive clause
Medium term loan	Taiwan Cooperative Bank - East Taipei Branch	Sep. 10, 2019 - Sep. 10, 2024	Mortgage loan	No special restrictive clause
Short term loan	Taiwan Cooperative Bank - East Taipei Branch	Oct. 26,2023- Oct. 25, 2024	Mortgage loan	No special restrictive clause
Short term loan	Bank of Taiwan - Taoyuan Branch	Feb. 18, 2023 - Feb. 18, 2024	Mortgage loan	No special restrictive clause
Medium term loan	The Shanghai Commercial & Savings Bank, Ltd. - Yanping Branch	Aug. 19, 2020 - Aug. 19, 2025	Credit loan	No special restrictive clause
Short term loan	Bank of Panhsin-Taoying Branch	Jan. 3, 2023 - Jan. 3, 2024	Credit loan	No special restrictive clause
Project contract	Chia You Construction Co., Ltd.	Dec. 5, 2019-	Construction project	No special restrictive clause
Project contract	Chia You Construction Co., Ltd.	Dec. 5, 2019-	Hydropower project	No special restrictive clause

VI. Financial Status

1. Condensed Balance Sheet and Statements of Comprehensive Income

(1) Condensed Balance Sheet and Statements of Comprehensive Income-IAS

(1)Consolidated Balance Sheet─IAS Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (note 1)					
		2019	2020	2021	2022	2023	Financial information as of March 31, 2024(Note 3)
Current assets		1, 068, 841	1, 067, 903	1, 628, 616	1, 010, 142	877, 192	Note applicable
Property, plant and equipment (note 2)		375, 478	359, 137	382, 031	381, 168	366, 558	
Right-of-use assets		4, 975	9, 326	6, 209	1, 273	5, 071	
Investment property		686, 342	693, 983	0	0	0	
Intangible assets		230	463	4, 874	3, 519	2, 258	
Other assets (note 2)		54, 841	88, 989	81, 540	66, 814	52, 554	
Total assets		2,190,707	2,219,801	2,103,270	1,462,916	1,303,633	
Current liabilities	Before distribution	245,904	251,404	705,717	165,945	174,567	
	After distribution	245,904	251,404	705,717	165,945	(Note4)	
Non-current liabilities		499,682	542,854	80,448	62,525	40,996	
Total liabilities	Before distribution	745,586	794,258	786,165	228,470	215,563	
	After distribution	745,586	794,258	786,165	228,470	(Note4)	
Equity attributable to owners of the parent		1,433,999	1,407,188	1,294,269	1,222,150	1,088,070	
Share capital		1,661,228	1,661,228	1,661,228	1,661,228	1,661,228	
Legal reserve		0	0	0	0	474	
Retained earnings	Before distribution	(237,739)	(224,573)	(336,383)	(412,812)	(547,143)	
	After distribution	(237,739)	(224,573)	(336,383)	(412,812)	(Note4)	
Other Equity		10,510	(29,467)	(30,576)	(26,266)	(26,489)	
Treasury share		0	0	0	0	0	
Non-controlling interest		11,122	18,355	22,836	12,296	0	
Total Equity	Before distribution	1,445,121	1,425,543	1,317,105	1,234,446	1,088,070	
	After distribution	1,445,121	1,425,543	1,317,105	1,234,446	(Note4)	

Note 1: The Company's financial information for the most recent five years using IFRS has been audited by certified public accountants.

Note 2: The Company did not carry out asset revaluation in 2023.

Note 3: As of the date of printing of the annual report, the financial statements reviewed by accountants for the first quarter of 2024 have not been obtained.

Note 4: The net loss after tax in 2023 was NT$136,333 thousand, and the loss to be made up at the end of the period was NT$ 547,143 thousand. On March 13, 2024, the Board of Directors resolved not to distribute the surplus for the year 2023, which has not yet been resolved by the shareholders meeting.

(2) Consolidated Condensed Statements of Comprehensive Incom─IAS

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five years (note 1)					
	2019	2020	2021	2022	2023	Financial information as of March 31, 2024 (note 2)
Operating revenue	889,299	644,823	665,878	490,883	496,577	Note applicable
Gross operating profit (loss)	22,286	(24,610)	(31,022)	(67,247)	(61,489)	
Operating profit (loss)	(146,154)	(125,261)	(122,416)	(152,263)	(150,299)	
Non-operating revenue and expense	(11,018)	129,454	60,581	88,218	16,126	
Net profit (loss) before tax	(157,172)	4,193	(61,835)	(64,045)	(134,173)	
Net profit (loss) of continued operations for current year	(143,064)	10,312	(107,582)	(68,344)	(135,956)	
Loss of discontinued operations	0	0	0	0	0	
Net profit (loss) for the current year	(143,064)	10,312	(107,582)	(68,344)	(135,956)	
Other comprehensive income for the current year (Net after tax)	(8,412)	(39,890)	(856)	4,685	1,779	
Total comprehensive income for the current year	(151,476)	(29,578)	(108,438)	(63,659)	(134,177)	
Net profit attributable to owners of the parent	(140,138)	13,079	(112,063)	(76,804)	(136,333)	
Net profit attributable to non-controlling interest	(2,926)	(2,767)	4,481	8,460	377	
Comprehensive income attributable to owners of the parent	(148,550)	(26,811)	(112,919)	(72,119)	(134,554)	
Comprehensive income attributable to non-controlling interest	(2,926)	(2,767)	4,481	8,460	377	
Earnings per share	(0.84)	0.08	(0.67)	(0.46)	(0.82)	

Note 1: The Company's financial information for the most recent five years using IFRS has been audited by certified public accountants.

Note 2: As of the date of printing of the annual report, the financial statements reviewed by accountants for the first quarter of 2024 have not been obtained.

(2)Parent Company Only Condensed Balance Sheet and Statements of Comprehensive Income-IAS

(1) Parent Company Only Condensed Balance Sheet─IAS

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (note 1)					
		2019	2020	2021	2022	2023	Financial information as of March 31, 2024(note 3)
Current assets		903,430	1,169,683	977,604	882,116	786,223	Note applicable
Property, plant and equipment (note 2)		380,546	368,463	388,209	381,146	366,520	
Intangible assets		230	463	4,874	3,519	2,258	
Other assets (note 2)		420,788	195,713	217,996	167,286	138,950	
Total assets		1,704,994	1,734,322	1,588,683	1,434,067	1,293,951	
Current liabilities	Before distribution	210,105	219,672	213,966	149,426	165,036	
	After distribution	210,105	219,672	213,966	149,426	(註 4)	
Non-current liabilities		60,890	107,462	80,448	62,491	40,845	
Total liabilities	Before distribution	270,995	327,134	294,414	211,917	205,881	
	After distribution	270,995	327,134	294,414	211,917	(註 4)	
Equity attributable to owners of the parent		1,433,999	1,407,188	1,294,269	1,222,150	1,088,070	
Share capital		1,661,228	1,661,228	1,661,228	1,661,228	1,661,228	
Legal reserve		0	0	0	0	474	
Retained earnings	Before distribution	(237,739)	(224,573)	(336,383)	(412,812)	(547,143)	
	After distribution	(237,739)	(224,573)	(336,383)	(412,812)	(註 4)	
Other Equity		10,510	(29,467)	(30,576)	(26,266)	(26,489)	
Treasury share		0	0	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total Equity	Before distribution	1,433,999	1,407,188	1,294,269	1,222,150	1,088,070	
	After distribution	1,433,999	1,407,188	1,294,269	1,222,150	(註 4)	

Note 1: The Company's financial information for the most recent five years using IFRS has been audited by certified public accountants.

Note 2: The Company did not carry out asset revaluation in 2023.

Note 3: The Company did not prepare an individual financial report for the first quarter of 2024.

Note 4: The net loss after tax in 2023 was NT$ 136,333 thousand, and the loss to be made up at the end of the period was NT$ 547,143 thousand. On March 13, 2024, the Board of Directors resolved not to distribute the surplus for the year 2023, which has not yet been resolved by the shareholders meeting.

(2) Parent company only Condensed Statements of Comprehensive Income-IAS

Unit: NT$ thousand

Year / Item	Financial information for the most recent five years (note 1)					
	2019	2020	2021	2022	2023	Financial information as of March 31, 2024(note 2)
Operating revenue	734,427	605,865	641,439	477,113	478,991	Note applicable
Gross operating profit (loss)	8,987	(36,865)	(44,948)	(74,799)	(76,606)	
Operating profit (loss)	(75,343)	(118,569)	(120,174)	(147,563)	(153,720)	
Non-operating revenue and expense	(75,407)	128,901	16,108	75,044	19,104	
Net profit (loss) before tax	(150,750)	10,332	(104,066)	(72,519)	(134,616)	
Net profit (loss) of continued operations for current year	(140,138)	10,332	(104,066)	(72,519)	(134,616)	
Loss of discontinued operations	0	0	0	0	0	
Net profit (loss) for the current year	(140,138)	13,079	(112,063)	(76,804)	(136,333)	
Other comprehensive income for the current year (Net after tax)	(8,412)	(39,890)	(856)	4,685	1,779	
Total comprehensive income for the current year	(148,550)	(26,811)	(112,919)	(72,119)	(134,554)	
Net profit attributable to owners of the parent	(140,138)	13,079	(112,063)	(76,804)	(136,333)	
Net profit attributable to non-controlling interest	0	0	0	0	0	
Comprehensive income attributable to owners of the parent	(148,550)	(26,811)	(112,919)	(72,119)	(134,554)	
Comprehensive income attributable to non-controlling interest	0	0	0	0	0	
Earnings per share	(0.84)	0.08	(0.67)	(0.46)	(0.82)	

Note 1: The Company's financial information for the most recent five years using IFRS has been audited by certified public accountants.

Note 2: The company did not prepare the parent company only financial report for the first quarter of 2024.

(3) The names of CPA conducting financial audits in the most recent five years

Audit year	Names of CPAs	Audit opinions
2023	CHENG HSIEN HSIU, LAI CHIA YU	Unqualified opinion
2022	TSENG KUO FU, CHENG HSIEN HSIU	Unqualified opinion
2021	TSENG KUO FU, CHENG HSIEN HSIU	Unqualified opinion
2020	TSENG KUO FU, LAI CHIA YU	Unqualified opinion
2019	TSENG KUO FU, LAI CHIA YU	Unqualified opinion

2. Financial Analysis for the most recent five years

(1)Consolidated financial analysis - IAS

Analytical item (note 3) \ Year (note 1)		Financial analysis for the most recent five years 2019	2020	2021	2022	2023	Financial information as of March 31, 2024 (note 2)
Financial Structure %	Debt-asset Ratio	34.03	35.78	37.38	15.62	16.54	Note applicable
	Ratio of Long-term Capital to Property, Plant and Equipment	514.99	542.98	359.84	340.26	308.02	
2 Solvency %	Current Ratio	434.66	424.78	230.77	608.72	502.5	
	Quick Ratio	394.64	384.66	211.90	556.74	455.37	
	Interest Coverage Ratio	(13.91)	1.41	(7.19)	(46.20)	(107.12)	
Operating Ability	Receivables Turnover Rate (times)	3.59	3.62	4.08	3.57	4.08	
	Average Collection Days for Receivables	101.67	100.82	89.46	102.24	89.46	
	Inventory Turnover Rate (times)	8.71	7.15	6.25	5.27	6.79	
	Account payable turnover rate (times)	7.12	6.42	7.20	7.22	8.53	
	Average Days of Sale	41.9	51.04	58.40	69.25	53.75	
	Property, Plant and Equipment Turnover Rate (times)	2.02	1.76	1.80	1.29	1.33	
	Total Asset Turnover Rate (times)	0.38	0.29	0.31	0.28	0.36	
Profitability	Return on Assets (%)	(5.79)	0.84	(4.70)	(3.77)	(9.76)	
	Return on Equity (%)	(9.29)	0.92	(8.30)	(5.36)	(11.71)	
	Ratio of net profit before tax to paid-in capital (%)(note 7)	(9.46)	0.25	(3.72)	(3.86)	(8.08)	
	Profit Margin (%)	(16.09)	1.60	(16.16)	(13.92)	(27.38)	
	Earnings per share (NT$)	(0.84)	0.08	(0.67)	(0.46)	(0.82)	
Cash Flow	Cash Flow Ratio (%)	0	0	0	0	0	
	Cash Flow Adequacy Ratio (%)	187.60	135.26	63.89	0	0	
	Cash Reinvestment Ratio (%)	0	0	0	0	0	
Leverage	Working Leverage	(0.15)	0.20	0.25	0.44	0.41	
	Financial Leverage	0.93	0.92	0.94	0.99	0.99	

If the increase or decrease of various financial ratios in the most recent 2 years has increased or decreased by 20%

or more, the explanation is as follows:

1. In terms of solvency: The decrease in the interest guarantee ratio was mainly due to the increase in losses before interest and tax.
2. In terms of operating ability: The increase in inventory turnover rate and the decrease in average sales days were mainly due to the decrease in inventory. The increase in total asset turnover was mainly attributable to a decrease in assets.
3. In terms of profitability: The change in profitability is mainly due to the increase in losses.
4. In terms of cash flow: Since the net operating cash flow is negative, the cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio is not applicable.

Note 1: (1) The Company's financial information for the most recent five years using IFRS has been audited by certified public accountants.

(2) The Company has prepared parent company only financial reports in 2023, and will prepare separately (2) the analysis of parent company only financial ratios for the most recent five years.

Note 2: As of the date of printing of the annual report, the financial statements reviewed by accountants for the first quarter of 2024 have not been obtained.

Note 3: The aforementioned calculation formula is set out as follows:

1.Financial Structure

(1)Debt-asset Ratio ＝Total liabilities／Total assets

(2)Ratio of Long-term Capital to Property, Plant and Equipment＝ (Total Equity＋Non-current liabilities)／ Net of Property, Plant and Equipment

2.Solvency

(1)Current Ratio ＝Current assets／Current liabilities

(2)Quick Ratio＝ (Current assets－Inventory – Prepaid Expenses)／Current liabilities

(3)Interest Coverage Ratio ＝Income Before Income Tax and Interest Expenses / Interest Expenses for the Period

3.Operating Ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = Net Sales / Average Receivables (including accounts receivable and notes receivable arising from business operation) for Each Period

(2)Average Collection Days for Receivables ＝365／Receivables Turnover Rate

(3)Inventory Turnover Rate = Cost of Goods Sold / Average Inventory

(4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = Cost of Goods Sold / Average Payables (including accounts payable and notes payable arising from business operations) for Each Period

(5)Average Days of Sale ＝365／Inventory Turnover Rate

(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net of Property, Plant and Equipment

(7)Total Asset Turnover Rate = Net Sales / Average Total Assets

4.Profitability

(1)Return on Assets ＝[Profit or Loss after Tax + Interest Expenses × (1 – Tax Rate)] / Average Total Assets

(2)Return on Equity ＝Profit or Loss after Tax / Average Total Equity

(3)Profit Margin＝Profit or Loss after Tax / Net Sales

(4)Earnings per share ＝(Profit and Loss Attributable to Owners of the Parent – Dividends on Special Shares) / Weighted Average Number of Issued Shares (note 4)

5.Cash Flow

(1)Cash Flow Ratio＝Net Cash Flow from Operating Activities ／Current liabilities

(2)Net Cash Flow Adequacy Ratio ＝Net Cash Flow from Operating Activities for the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the most recent five years

(3)Cash Reinvestment Ratio＝((Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Value of Property, Plant and Equipment + Long-term Investment + Other Non-current Assets + Working Capital)(note 5)

6.Leverage:

(1)Working Leverage ＝(Net Operating Revenue – Variable Operating Costs and Expenses) / Operating Income (note 6)

(2)Financial Leverage ＝Operating Income / (Operating Income – Interest Expenses)

Note 4: For the aforementioned formula for calculating earnings per share, special attention should be paid to the following items when measuring:

1. Based on the weighted average number of ordinary shares, not the number of shares outstanding at the end of the year.
2. For cash capital increase or treasury stock transactions, the weighted average number of shares during the circulation period shall be calculated.
3. For converting surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible accumulated preferred shares, the dividends for the current year (whether paid or not) shall be deducted from the net profit after tax, or the net loss after tax shall be added. If the preferred share is non-cumulative and when there is a net profit after tax, the preferred share dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 5: When measuring the cash flow analysis, it should pay special attention to the following items:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends of ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 7: For foreign companies, the foregoing ratio of paid-in capital shall be calculated based on the ratio of net worth.

(2)parent company only financial analysis - IFRS

Analytical item (note 3) / Year (note 1)		Financial analysis for the most recent five years					
		2019	2020	2021	2022	2023	Financial information as of March 31, 2024 (note 2)
Financial Structure %	Debt-asset Ratio	15.89	18.86	18.53	14.78	15.91	Note applicable
	Ratio of Long-term Capital to Property, Plant and Equipment	398.03	421.75	359.87	337.05	308.01	
Solvency %	Current Ratio	429.99	532.47	456.90	590.34	476.39	
	Quick Ratio	385.04	487.63	395.37	533.00	427.16	
	Interest Coverage Ratio	(108.80)	8.53	(61.17)	(52.56)	(108.18)	
Operating Ability	Receivables Turnover Rate (Times)	3.48	3.51	4.00	3.52	4.13	
	Average Collection Days for Receivables	104.88	103.98	91.25	103.69	88.37	
	Inventory Turnover Rate (times)	9.21	7.00	6.18	5.22	6.8	
	Account payable turnover rate (times)	7.35	6.82	7.81	7.75	9.3	
	Average Days of Sale	39.63	52.14	59.06	69.92	53.67	
	Property, Plant and Equipment Turnover Rate (times)	2.03	1.65	1.73	1.25	1.28	
	Total Asset Turnover Rate (times)	0.41	0.35	0.39	0.32	0.35	
Profitability	Return on Assets (%)	(7.69)	0.82	(6.66)	(5.01)	(9.92)	
	Return on Equity (%)	(9.29)	0.92	(8.30)	(6.10)	(11.8)	
	Ratio of net profit before tax to paid-in capital (%)(note 6)	(9.07)	0.62	(6.26)	(4.37)	(8.1)	
	Profit Margin (%)	(19.08)	2.16	(17.47)	(16.10)	(28.46)	
	Earnings per share (NT$)	(0.84)	0.08	(0.67)	(0.46)	(0.82)	
Cash Flow	Cash Flow Ratio (%)	0	0	0	15.05	0	
	Cash Flow Adequacy Ratio (%)	117.46	77.09	43.07	8.99	0	
	Cash Reinvestment Ratio (%)	0	0	0	1.14	0	
Leverage	Working Leverage	(0.12)	0.31	0.37	0.51	0.5	
	Financial Leverage	0.98	0.99	0.99	0.99	0.99	

If the increase or decrease of various financial ratios in the most recent two years has increased or decreased by 20% or more, the explanation is as follows:

1. In terms of solvency: The decrease in the interest guarantee ratio was mainly due to the increase in losses before interest and tax.
2. In terms of operating ability: The increase in inventory turnover rate and the decrease in average sales days were mainly due to the decrease in inventory. The increase in total asset turnover was mainly attributable to a decrease in assets.
3. In terms of profitability: The change in profitability is mainly due to the increase in losses.
4. In terms of cash flow: The lower cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio were mainly attributable to the increase in net cash flow outflow from operating activities.

Note 1: The Company's parent company only financial information for the most recent five years has been audited by certified public accountants.

Note 2: The Company did not prepare an individual financial report for the first quarter of 2024.

Note 3: The aforementioned calculation formula is set out as follows:

1.Financial Structure

(1)Debt-asset Ratio ＝Total liabilities／Total assets

(2)Ratio of Long-term Capital to Property, Plant and Equipment＝ (Total Equity＋Non-current liabilities)／ Net of Property, Plant and Equipment

2.Solvency

(1)Current Ratio ＝Current assets／Current liabilities

(2)Quick Ratio＝ (Current assets－Inventory – Prepaid Expenses)／Current liabilities

(3)Interest Coverage Ratio ＝Income Before Income Tax and Interest Expenses / Interest Expenses for the Period

3.Operating Ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = Net Sales / Average Receivables (including accounts receivable and notes receivable arising from business operation) for Each Period

(2)Average Collection Days for Receivables ＝365／Receivables Turnover Rate

(3)Inventory Turnover Rate = Cost of Goods Sold / Average Inventory

(4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = Cost of Goods Sold / Average Payables (including accounts payable and notes payable arising from business operations) for Each Period

(5)Average Days of Sale ＝365／Inventory Turnover Rate

(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net of Property, Plant and Equipment

(7)Total Asset Turnover Rate = Net Sales / Average Total Assets

4.Profitability

(1)Return on Assets ＝[Profit or Loss after Tax + Interest Expenses × (1 – Tax Rate)] / Average Total Assets

(2)Return on Equity ＝Profit or Loss after Tax / Average Total Equity

(3)Profit Margin＝Profit or Loss after Tax / Net Sales

(4)Earnings per share ＝(Profit and Loss Attributable to Owners of the Parent – Dividends on Special Shares) / Weighted Average Number of Issued Shares (note 4)

5.Cash Flow

(1)Cash Flow Ratio＝Net Cash Flow from Operating Activities ／Current liabilities

(2)Net Cash Flow Adequacy Ratio ＝Net Cash Flow from Operating Activities for the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the most recent five years

(3)Cash Reinvestment Ratio＝((Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Value of Property, Plant and Equipment + Long-term Investment + Other Non-current Assets + Working Capital)(note 5)

6.Leverage:

(1)Working Leverage ＝(Net Operating Revenue – Variable Operating Costs and Expenses) / Operating Income (note 6)

(2)Financial Leverage ＝Operating Income / (Operating Income – Interest Expenses)

Note 4: For the aforementioned formula for calculating earnings per share, special attention should be paid to the following items when measuring:

1. Based on the weighted average number of ordinary shares, not the number of shares outstanding at the end of the year.
2. For cash capital increase or treasury stock transactions, the weighted average number of shares during the circulation period shall be calculated.
3. For converting surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible accumulated preferred shares, the dividends for the current year (whether paid or not) shall be deducted from the net profit after tax, or the net loss after tax shall be added. If the preferred share is non-cumulative and when there is a net profit after tax, the preferred share dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 5: When measuring the cash flow analysis, pay special attention to the following items:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends of ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 7: For foreign companies, the foregoing ratio of paid-in capital shall be calculated based on the ratio of net worth.

3. Audit Committee' Review Report on the Financial Statement of the most recent year: Please refer to page110 of this manual.

4. The most recent financial report includes the certified public accountant's audit report, a two-year comparative balance sheet, a consolidated income statement, a statement of changes in equity, a cash flow statement, and notes or schedules: Please refer to pages 111-171.

5. The Company's parent company only financial report in the most recent year that has been audited and attested by an certified public accountant: Please refer to pages 172-229.

6. In the most recent year and as of the date of publication of the annual report, if there is a financial turnover difficulty for the Company and its affiliates, it shall specify its impact on the Company's financial position: None.

VII. Review of Financial Position, Financial Conditions, and Risk Matters

1. Consolidated Financial Position

Item \ Year	2023	2022	Variation	
			Amount	%
Current assets	877,192	1,010,142	(132,950)	-13.16%
Property, plant and equipment and right-of-use asset	366,558	382,441	(15,883)	-4.15%
Investment property	0	0	0	-
Other assets	59,883	70,333	(10,450)	-14.86%
Total assets	1,303,633	1,462,916	(159,283)	-10.89%
Current liabilities	174,567	165,945	8,622	5.2%
Non-current liabilities	40,996	62,525	(21,529)	-34.43%
Total liabilities	215,563	228,470	(12,907)	-5.65%
Share capital	1,661,228	1,661,228	0	0.00%
Legal reserve	474	0	474	-
Other Equity	(26, 489)	(26, 266)	(223)	-0. 85%
Retained earnings	(547, 143)	(412, 812)	(134, 331)	-32. 54%
Non-controlling interest	0	12, 296	(12, 296)	-100%
Total shareholders equity	1, 088, 070	1, 234, 446	(146, 376)	-11. 86%

The 20% difference in financial position and operating results is explained as follows:
1.Other assets: Mainly due to the decrease in deferred tax assets and prepaid equipment payments.
2.Non-current liabilities: Mainly due to the decrease in long-term borrowings.
3. Retained earnings: Mainly due to losses.
4. Non-controlling interest: Mainly due to the repurchase of non-controlling interests.

2. Consolidted FinancalPerformance

(1) Comparative Analysis of Operating Results

Item / Year	2023	2022	Increase (decrease) amount	Variation Ratio
Operating revenue	496,577	490,883	5,694	1.16%
Gross operating profit (loss)	(61,489)	(67,247)	5,758	8.56%
Operating profit (loss)	(150,299)	(152,263)	1,964	1.29%
Non-operating revenue and expense	16,126	88,218	(72,092)	-81.72%
Net profit (loss) before tax	(134,173)	(64,045)	(70,128)	-109.5%
Net profit (loss) for current year	(135,956)	(68,344)	(67,612)	-98.93%
Other comprehensive income(Net after tax)	1,779	4,685	(2,906)	-62.03%
Comprehensive income attributable to owners of the parent	(134,554)	(72,119)	(62,435)	-86.57%
Comprehensive income attributable to non-controlling interest	377	8,460	(8,083)	-95.54%

Note: The financial performance of 2023 and 2022 is filled in with consolidated financial information.

Explanation of the change analysis of the ratio of increase and decrease:

1. Changes in operating revenue, gross operating loss, and net operating loss: Operating revenue increased by 1.16% compared with last year, and operating costs did not change much compared with last year, so the change in gross operating loss mainly came from the change in revenue. Operating expenses increased by 4.5% compared to last year, mainly due to the increase in sales expenses and R&D expenses.
2. Changes in net non-operating income and expenses: This was mainly due to the decrease in foreign currency exchange benefits and the disposal of land and real estate interests by no subsidiaries this year.
3. Changes in net loss and total comprehensive income attributable to the owner of the parent company for the current period: The increase in net loss for the period was mainly attributable to the decrease in net non-operating income and expenditure.
4. Changes in other comprehensive income (net of tax): This was mainly due to the decrease in the exchange difference in the translation of the financial statements of foreign operating institutions.
5. Changes in the total comprehensive income attributable to non-controlling interests: It is mainly due to the change in the equity of subsidiaries.

(2) Analysis of changes in gross operating profit:

Ditto (1) 1. Changes in operating revenue, gross operating loss, and net operating loss.

(3) The expected sales volume in the coming year and its basis and the main factors affecting the Company's expected sales volume to continue to grow or decline:

1. Expected sales volume in the coming year: 2.2 million square feet (including the sales volume of products)
2. The main factors affecting the Company's expected sales volume to continue to grow

or decline:
The company's products are mainly used in high-power/high-thermal conductivity device industries such as on-board systems, power drives, industrial controls, energy storage equipment, LED lighting, etc., and explain the factors of continuous growth or decline by product category:

(1) MCPCB Aluminum/Copper Substrates:
The market for high-power LEDs continues to grow due to applications such as automotive lights and automotive sensing modules, and sales of MCPCB aluminum/copper substrates are expected to continue to grow.

(2) FR4 Multilayer PCB Products:
Includes high-power circuit board and HDI circuit board.
High-power circuit boards: mainly used in power SiP modules, motor control drives, energy storage equipment, and high-power power systems.
This product is expected to continue to grow as the green energy market continues to grow.
HDI circuit boards, mainly used in niche customer markets such as dash cams and automotive HUDs. HDI circuit boards are expected to increase slightly.
Sales of traditional FR4 multilayer circuit boards are expected to decline slightly due to fierce price competition in the market.

(3) DBC copper-clad ceramic substrate:
Power semiconductor module substrates, application products for motor drives, inverters, converters and other high-power electrical devices. This product is in the growth stage, although it is expected to grow significantly, the sales amount is still insignificant.

3. Consolidtaed cash flow

(1) Flow analysis for the most recent two years:

Item \ Year	2023	2022	Increase (decrease) ratio(%)
Cash Flow Ratio	0%	0%	0%
Cash Flow Adequacy Ratio	0%	0%	0%
Cash Reinvestment Ratio	0%	0%	0%

Explanation on the analysis of changes in the increase/decrease ratio: Since the net operating cash flow is negative, the analysis of the cash flow adequacy ratio and cash reinvestment ratio is not applicable.

(2) Cash flow analysis for the next year

Unit: NT$ thousand

Beginning of year cash balance (1)	Expected net operating activities cash flow for the whole year (2)	Cash (outflow) inflow for the whole year (3)	Cash surplus (deficit) (1)+(2)+(3)	Remedial measures for expected cash shortage	
				Investment	Wealth management
171,863	(88,113)	(8,060)	75,690	—	—

1. Analysis of cash flow changes in the coming year
   (1) Operating activities: It is estimated that the growth of operating income in 2024 will lead to an increase in accounts receivable and inventory, resulting in a net outflow of funds for business activities.
   (2) Investment and financing activities: Capital expenditure is expected in 2024, so investment and financing are net cash outflows.

2. Remedial measures and liquidity analysis for expected cash shortage: None.

4. The impact of major capital expenditures on financial operations in the most recent year:

The Company has no capital expenditures exceeding 5% of the paid-in capital or in the amount of NT$ 100 million or more in the most recent year.

5. The reinvestment policy for the most recent year, the main reasons for its profit or loss, and the improvement plan and investment plan for the next year:

(1) Reinvestment policy for the most recent year: The Company's reinvestment policy is based on improving its own products and market competitiveness in order to increase investment returns.

(2) Analysis for reinvestment profitability

Dec. 31, 2023

Description / Item	Carrying amount	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the coming year
PSC ENPERPRISE CO., LTD.	40,098	Trading	Profit from trading	Continue to develop new clients to increase profitability.	Examine the market and industrial development situation to evaluate and adjust in a timely manner.
Enrich Nationals Trade Limited	10,884	Holding and trading	Recognized in the income of reinvesting in GIA TZOONG (ShenZhen) Ltd.		
Puyu Investment Co., Ltd.	25,978	Investment in real estate	Disposal of investment income		
PSC (H.K.) ELECTRONICS LIMITED	4,868	Sales base	Profit from trading		
GIA TZOONG (ShenZhen) Ltd.	8,669	Sales base	Profit from trading		

6. Risk items should be analyzed and evaluated for the following matters in the most recent year and as of the printing date of the annual report:

(1) The impact of changes in interest rates, exchange rates, and inflation on the Company's profit and
loss and future response measures:

1. Changes in interest rates

Item	2023		2022	
	Amount	Ratio to revenue	Amount	Ratio to revenue
Interest income	16,587	3.34%	6,213	1.27%

Item	2023		2022	
	Amount	Ratio to revenue	Amount	Ratio to revenue
Interest expense	(1,241)	0.25%	(1,357)	0.28%
Sub-total	15,346	3.09%	4,856	0.99%

In 2023, the net interest income and expenses accounted for about 3.09% of the Company's revenue, which was relatively small; the calculation was based on the changes in the fair value of fixed-income investments and floating-rate loans at the end of 2023, and it was assumed to be held for one quarter. Every change in interest rate (0.25%) affected profit and loss decrease/increase in the amount of NT$ (258) thousand / NT$258 thousand respectively, and thus the impact of interest rate changes on the Company's profit and loss should not be significant. Considering that the Company still needs to invest a large amount of working capital for its future development, in order to avoid future interest rate rises, the Company regularly evaluates bank loan interest rates, and keeps in touch with banks to obtain more favorable loan interest rates, and pays attention to changes in interest rates to obtain the best capital cost.

2. Exchange rate fluctuations

Item	2023		2022	
	Amount	Ratio to revenue	Amount	Ratio to revenue
Gain on exchange	3,377	0.68%	37,641	7.67%
Loss on exchange	0	0%	0	0%
Sub-total	3,377	0.68%	37,641	7.67%

About 45% of the Company's product sales revenue is denominated in foreign currency, and some raw materials, machinery, and equipment purchases are also denominated in foreign currency. The foreign currency assets and liabilities are offset against each other, resulting in a natural hedging effect. For the difference, the Company takes hedging transactions (such as forward foreign exchange) when necessary to avoid the risk of exchange rate fluctuations; or in order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, we use short-term borrowings to avoid exchange rate risks. Financial personnel collect information about exchange rate changes at all times and refer to financial and fiduciary information provided by banks and investment institutions to grasp exchange rate dynamics in real time and adjust foreign currency positions held at any time.

The exchange rate has a clear risk-avoiding foreign exchange operation strategy and a strict control process to monitor changes in foreign exchange, and manage foreign currency positions well to reduce the impact of exchange rate changes.

3. Inflation

Inflation in recent years has had no significant impact on the Company's profit or loss. Recently, the price of raw materials has risen due to the shortage of raw materials. The Company always observes the price fluctuation of raw materials in the market, and maintains a good interactive relationship with suppliers and clients to reduce the impact of inflation.

(2) Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures:

1. The Company does not engage in high-risk, high-leverage investment transactions.
2. Loaning funds to others: Refers to a loan to a company in which the Company reinvests 20% or more of shares, or with which the Company has business dealing where it is necessary for the purpose of short-term financing due to operational turnover needs, and is subject to the “Operational Procedures for Loaning Funds to Others” formulated by the Company for implementation.
3. Endorsement and guarantee: The counterparty of the Company's endorsement and guarantee is a company that directly and indirectly holds more than 50% of the voting shares, and it will be implemented in accordance with the “Endorsement and Guarantee Guidelines” formulated by the Company.
4. Derivatives trading: The Company has not engaged in derivatives trading. If there is any derivative transaction, it will be executed in accordance with the “Handling Procedures for Acquisition and Disposal of Assets” formulated by the Company.

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

1. Future R&D plans

In response to market trends, the Company's research and development of various products and technologies in recent years has been mainly divided into three categories:

(1) High-density HDI circuit boards are used in high-end consumer products, mobile devices, wearable devices and other products.

(2) High thermal conductivity metal power circuit boards, used in power IC module circuit boards, electric vehicle power circuit boards and other products;

(3) AIN copper-clad ceramic substrate, used in power IC modules above 1200V. The research and development plan is as follows:

Main product category	R&D plan name	Mass production schedule	R&D plan content	Key factors for successful R&D	R&D plan current progress	Estimated investment
High-end HDI circuit boards	1. High-end HDI circuit board development	2024 Q3	1. Optimization of the hole filling process 2. The yield of high-end HDI process is improved	Feedback on client product verification issues	1. Completion rate 75% 2. Completion rate 50%	15 million
Power IC module circuit board for industrial/EV applications	1. Development of double-sided copper-convex circuit boards	2024 Q2	1. Process optimization of high heat dissipation wattage power copper-convex circuit board 2. The reliability of the double-sided copper-convex circuit board of the power IC module is improved	Feedback on client product verification issues	1. Completion rate 70% 2. Completion rate 50%	2 million
AIN copper-clad ceramic substrate	1. Aluminum nitride DBC process optimization 2. AMB copper-clad	2024 Q4	1. Aluminum nitride DBC process optimization 2. Preliminary research on AMB copper-clad ceramic substrates	Signed a long-term cooperation agreement with ITRI	1. Completion rate 50% 2. Completion rate 30%	28 million

Main product category	R&D plan name	Mass production schedule	R&D plan content	Key factors for successful R&D	R&D plan current progress	Estimated investment
	ceramic substrate process development					

2. Estimated research and development expenses: estimated at 6% of revenue.

(4) The impact of major domestic and foreign policy and legal changes on the Company's finance and business and countermeasures: None.

(5) The impact of technological changes (including cyber security risks) and industrial changes on the Company's finance and business, and the countermeasures:

1. The Company keeps abreast of market changes and adjusts product policies, finds out the direction that is beneficial to the Company for sales, responds to technological development and industrial changes, and manages risks well to reduce the impact on the Company.
2. The Company continues to invest resources in information security affairs, and will appropriately increase the budget every year to update and strengthen software and hardware equipment, including firewalls, anti-virus software, anti-hacking and intrusion detection, etc., and actively strengthen the protection of endpoint analysis. In addition, in terms of enhancing information security awareness and personal data protection, the company will comprehensively carry out education and training courses on information and communication security and personal data protection for new recruits, and immediately notify the personnel of the information unit to pay more attention when suspicious emails and behaviors are found, and under the trend of information security environment, the company will join the information security alliance organization (TWCERT/CC) In view of the latest information security risks on the island, the necessary protection mechanism is carried out, and at present, the Company is committed to investing information security resources, and there is no significant impact on the financial business of the Company due to information security incidents.
3. The analysis of the Company's cyber security risk assessment is as follows:

Information security risk assessment focuses on: (1) information architecture review, (2) network activity review, (3) network equipment, server and terminal equipment testing, (4) website security testing, (5) security setting review, (6) e-mail social engineering drill, (7) remote office information security risk review and other operational items. The main testing items and implementation methods are described as follows:

(1) Information architecture inspection

A. Examine the suitability of the equipment architecture

For the configuration of the network structure, check its adequacy, assess whether there are possible risks, and if so, take necessary countermeasures. Evaluate the security control of various processes in information security management; measure the effectiveness of the current security control mechanism design; and focus on the adequacy of information security management, the rationality of network topology configuration, the current situation of security control of external connection points of firewalls, and network control and management methods of equipment and hosts based on network architecture, host deployment, firewall rules, and authority control mechanisms.

B. Examine the maximum impact and risk bearing capacity of a single point of failure

Assess whether the impact is within the risk tolerance, and if not, discuss and implement improvement plans.

C. Examine the appropriateness of the relevant measures taken for continuous operation

Check whether there is a single point of failure risk in the structure and maintenance mechanism of relevant measures, conduct risk analysis on the suitability of business continuity, and propose the results and suggestions of information architecture security assessment.

(2) Network activity inspection

A. Examine device access records and account permissions

Check whether the access records of network equipment, information security equipment and servers, and the granting and monitoring mechanism of account permissions comply with the internal control operation rules; check the account permissions and access records of these devices based on the principle of least privilege; identify abnormal records and confirm alert mechanism.

B. Examine the monitoring records of information security equipment

Confirm the correctness of relevant settings of information security equipment (such as firewalls, intrusion detection systems, anti-virus software), review information security event monitoring records, process procedures for sending alarm messages, identify abnormal records and confirm alarm mechanisms, and ensure the effectiveness of monitoring mechanisms.

C. Examine the connection of network packets

Deploy network traffic packet skimming tools (such as: Riverbed, NIKSUN) to capture internal network traffic, check whether there are abnormal connections in network packets or abnormal domain name resolution servers (Domain Name System Server, DNS Server) query, collect the connection records of the network gateway firewall and proxy server, analyze and compare whether the internal host has a connection to the relay station or conforms to the characteristics of malicious network behavior.

(3) Detection of network equipment, servers, terminals and other equipment

A. Vulnerability scanning and patching

Conduct regular or timely vulnerability scans of network equipment, servers, and terminals, and perform improvements and repairs for the discovered vulnerabilities. Evaluate the scope, operation mode, and vulnerability improvement plan and repair situation of the vulnerability scanning operation, and provide evaluation suggestions based on the scanning results. The focus is to find out possible weaknesses and loopholes in the structure, improve and repair them, and reduce the overall information security risk.

B. Malware detection

Use malicious program detection tools (such as: XecProbe, Fireeye HX) to detect whether there are malicious programs on the terminal and server, including: suspicious programs with malicious behavior, suspicious backdoor programs with unknown connections, implanting one or more important suspicious libraries of system programs, unnecessary unknown system services, hidden unknown programs and hacking tools, etc. The detection work includes: identifying malicious programs, checking the correlation between malicious programs and system records, analyzing the network connection behavior and characteristics of malicious programs, which can be performed in the test and OA environment first, and then deployed to check the operating environment. If any abnormality is found, it must be improved immediately, and a reexamination shall be carried out after improvement.

C. Detection of password and its protection mechanism

Detect the login password of the system account, whether its complexity complies with the principles of internal control norms; check external connections, such as: file transfer (File Transfer Protocol, FTP), database connection, etc., password storage protection mechanism and access control, and check the settings of the relevant rules disclosed above.

(4) Website security detection

A. Penetration testing on the website

collection, information analysis, and target penetration; the execution method simulates hacker attack behavior, and uses security detection tools (such as: Nessus, Nmap, Ixia BreakingPoint) to conduct penetration testing on websites with open external links, so as to discovers the weaknesses exposed to the outside world as soon as possible and repairs them.

B. Scan against the website

Conduct vulnerability scanning, program source code scanning or black box testing for websites; use detection tools (such as: WebInspect, Checkmarx) to evaluate website operating systems, website services and applications; identify, track, and repair software source codes in technical and logical aspect security loopholes; truly grasp and improve hidden vulnerability risks and design flaws.

C. Examine the website directory and web page access authority

Check the website directories and webpages that provide services to the outside world to see if the authority recovery and management operations are actually performed, and correct them if they do not match.

D. Examine the operation status of the authorized connection

Check whether the system has authorized connections being hijacked, a large number of unauthenticated connections consuming resources, database deadlocks, abnormal CPU consumption, unsafe exception handling and unsafe database query commands (including unlimited conditions and unlimited count), etc. Check the website directory permission setting rules and access records, confirm that the database deadlock detection setting is enabled, and check whether the relevant webpage replacement protection and database resource monitoring mechanisms are sound.

(5) Security settings inspection

A. Server security policy setting

Check the settings of the server (such as: domain service active directory) related to "password setting policy" and "account lockout policy". Through tool analysis and manual operation, check whether the relevant domain security policy settings comply with internal control regulations.

B. Firewall connection settings

Use firewall connection rule management tools (such as: FireMon, tuffin) to check the firewall connection rules, confirm that no security risk or unnecessary communication ports are opened; and check the operation of the firewall, including whether there are security weaknesses in the connection settings, etc.

C. Access restrictions and account management

Check whether the access restrictions of the system (such as: Access Control List) and privileged account management are appropriate; manually check whether the account permission list is consistent with the work item list, and test its related access authority.

D. Software update

Use the asset management system and vulnerability scanning reports to collect update information on Windows, Office, and SQL server, and check the update settings and update status of the operating system, anti-virus software, Office software, and application software to confirm compliance with the current situation.

E. Key storage protection mechanism and access control

Check whether the storage protection mechanism and access control of the key comply with internal control regulations.

(6) E-mail social engineering drill

For information operators, within the scope of internal security monitoring, drill e-mails are sent to test, publicize and strengthen information security education. The main evaluation items are:

A. E-mail content and attachment files

B. Mail delivery time and method

C. E-mail open rate and click-through rate

The goal of follow-up improvement mechanism drills is mainly to let colleagues understand the risks of using e-mails, improve the crisis awareness of colleagues in preventing social engineering attacks, and continue to conduct drills to reduce the risks caused by social engineering attacks, thereby achieving the goal of protecting client data and important operational information and the purpose of services.

(7) Remote office information security risk inspection

The novel coronavirus (COVID-19) pandemic continues to expand, and it is imperative for companies to provide employees with flexible working methods. The Company has mitigated the impact by canceling overseas business trips and large-scale events, working in different areas and batches, and permitting some employees to work from home. However, opening up remote connections increases the risk of data theft or surveillance. When the Company establishes the “remote work” mechanism, it is necessary to strengthen the information security protection of “network security, equipment monitoring, data protection, and platform confidentiality” in order to prevent the spread of the pandemic and maintain the Company's operations. New thinking for emergency management in three aspects: In the face of global mobilization for pandemic prevention, companies should optimize emergency management thinking in terms of “technology, process, and personnel” to improve the effectiveness of the Company's network security protection strategy.

A. Technical aspect: strengthen the network monitoring mechanism

The “Firewall” is the first barrier in place the Company’s network protection plan. In addition to setting device or IP restrictions, it should also monitor, intercept and analyze the traffic of remote work; since the Company has built a virtual private network (VPN), it should also be examined whether a dedicated encrypted channel needs to be established, and the encryption strength and certificate management should be confirmed. However, in the face of the shortage of manpower and resources of the Company during the pandemic, it is suggested that the Company can use external risk consultants to strengthen the effectiveness of information security protection measures.

B. Process aspect: multi-layer access and emergency response

The looser the access authority setting, the greater the convenience for employees, but the risk of data leakage also increases. It is recommended to establish a multi-level access mechanism based on the level of data alertness and urgency, and introduce a springboard mechanism (such as restricting external remote end-to-end connection is limited to the relay personal computer host connected to the office network segment) and strengthened authentication. At the same time, the Company should plan the abnormal event response process in advance, and strengthen external communication with employees to take into account the Company's operations and information security protection.

C. Personnel aspect: strengthen cyber security awareness

When a disaster occurs, unscrupulous people may take advantage of the chaos to launch malicious attacks. Therefore, safety awareness promotion in emergencies is extremely important. The Company should train employees to have the ability to protect data assets and identify security threats and high-risk behaviors. Since the current pandemic situation is under control and has not caused community infection, the Company should prepare emergency response measures based on work types and risk tolerance. It is not recommended that significant changes be made to the structure.

Conclusion of information security risk assessment

The popularization of the network environment and the convenience of the open network system has led to more and more network-based applications. However, malicious attack methods are changing with each passing day. For network service providers and users, it is always necessary to prevent and respond to the trend, and the information departments of various companies are also facing unprecedented challenges in information security protection. For this reason, the information security risk assessment operation has become increasingly important and practical. Through the implementation of various testing items, the gap between the system and the requirements of internal control security regulations is analyzed to reveal the hidden risks of the system under the existing network security framework. Based on this improvement, the risk is minimized to maintain the safe and continuous operation of the system. Therefore, under the implementation of the above evaluation points, the Company's information security has no immediate information security risk hazards.

(6) The impact of corporate image changes on corporate crisis management and countermeasures: None.

(7) Expected benefits, possible risks and countermeasures of mergers and acquisitions: None.

(8) Expected benefits, possible risks and countermeasures of plant expansion: None.

(9) Risks and countermeasures faced by concentrated purchase or sales: The Company has never purchased or sold 30% or more of its revenue or net purchases. The Company actively researches and develops customized products, develops clients in related industries at home and abroad, so as to diversify revenue sources and reduce the risk of being affected by a single client's prosperity.

(10) Directors, supervisors, or major shareholders holding 10% or more of the shares, the impact and risk of a large number of equity transfers or replacements on the Company, and the countermeasures: We keep track of directors, supervisors, or shareholders holding 10% or more of the shares. There has been no large-scale transfer or replacement of equity in recent years, so there is no significant impact on

the Company.

(11) The effect, risk and countermeasures of the change of management right on the Company: None.

(12) Litigation or non-litigation events:

1. Major litigation, non-litigation, or administrative disputes that have been decided or are still pending in the Company's most recent year and as of the date of the annual report, the results of which may have a significant impact on shareholders' equity or securities prices: None.
2. The Company's directors, supervisors, president, substantive responsible person, major shareholders holding more than 10% of the shares, and affiliated companies in the most recent year and as of the date of the annual report, that have been rendered a judgement that has become final and binding or are currently in the process of major litigation, non-litigation or administrative disputes, the outcome of which may have a significant impact on shareholders' equity or securities prices: None.

(13) Other important risks and countermeasures: None.

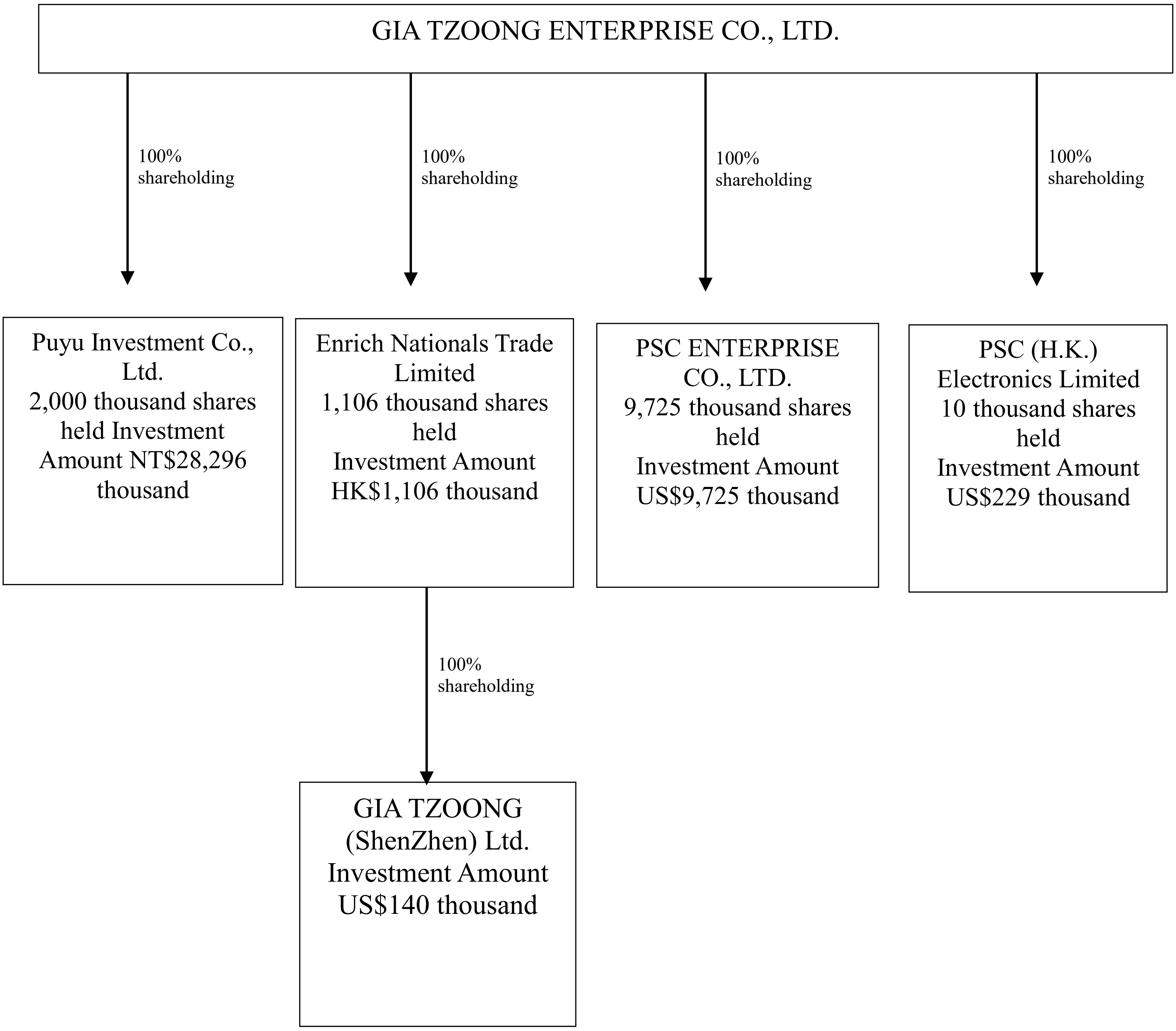
7. Other important matters: None.

VIII. Special Disclosure

1. Information regarding the Company's affiliates

(1) Consolidated business report of the Company's affiliates

1. Organization Chart of the Company's affiliates:



2. Profiles of the Company's Affiliates

Company Name	Date of Establishment	Address	Paid-in Capital	Major business or production items
PSC ENTERPRISE CO., LTD.	July 5, 2011	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa.	US$9,725,000	Trading on PCB
PSC (H.K.) Electronics Limited	Dec. 10, 2010	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong	US$10,000	Trading on PCB
Enrich Nationals Trade Limited	Jan. 28, 2008	FLAT/RM 6 16/F WORKINGBOND COMMERCIAL CENTRE 162-164 PRINCE EDWARD ROAD WEST MONGKOK	HK$1,106,222	Trading on PCB
GIA TZOONG(ShenZhen) Ltd.	July 17, 2019	3F, No. 3 Hengchang Rd., Xinsheng Community, Longgang Block, Longgang District, Shenzhen	US$140,000	Trading on PCB
Puyu Investment Co., Ltd. (note 2)	Mar. 2, 2018	No. 39-4, Xingbang Rd., Dalin Village, Taoyuan District, Taoyuan City	NT$20,000,000	General investment and real estate rental and sales

Note 1. The exchange rate on the balance sheet day was as follows: US dollar (USD) 1 = NT$30.705, Renminbi (RMB) 1 = NT$4.3352.

Note 2. The Company's original shareholding ratio was 80%. As of April 17, 2023, the shareholding ratio was 100%.

3. If it is presumed to have a relationship of control and subordination, information on the same shareholder: None.

4. The industries covered by the businesses operated by the whole affiliated companies mainly include:
   (1) Main business: manufacturing, processing, and trading of printed circuit boards.
   (2) General investment and real estate trading business.

5. Information on directors, supervisors and presidents of each affiliate

Unit: shares; %

Company Name	Title	Name or Representative	Shareholdings	
			No. of shares	Shareholding ratio
PSC ENTERPRISE CO., LTD.	Director	Representative person of GIA TZOONG ENTERPRISE CO., LTD.: Cheng An Investment Co., Ltd.-TSENG CHI LI	9,725,000	100%
PSC (H.K.) Electronics Limited	Director	Representative person of GIA TZOONG ENTERPRISE CO., LTD.: Cheng An Investment Co., Ltd.-TSENG CHI LI TSENG CHI LI	10,000 —	100% —
Enrich Nationals Trade Limited	Director	Representative person of GIA TZOONG ENTERPRISE CO., LTD.: Cheng An Investment Co., Ltd.-TSENG CHI LI TSENG CHI LI	1,106,222 —	100% —
GIA TZOONG(ShenZhen) Ltd.	Director	TSENG CHI LI	—	—
Puyu Investment Co., Ltd.	Director	Representative person of GIA TZOONG ENTERPRISE CO., LTD.: TSENG CHI LI	2,000,000	100%

6. Business operations of each affiliate:

Unit: NT$ thousand，Earnings (loss) per share (NT$) As of Dec. 31, 2023

Company Name	Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating profit	Profit or loss for the current period (after tax)	Earnings per share (loss)(NT$)
PSC ENTERPRISE CO., LTD.	329, 006	52, 545	12, 447	40, 098	22, 505	3, 381	4, 923	0. 51
PSC (H.K.) Electronics Limited	7, 142	6, 817	1, 949	4, 868	6, 766	−700	−564	−56. 38
Enrich Nationals Trade Limited	4, 536	10, 884		10, 884		−85	1, 394	1. 26
GIA TZOONG(ShenZhen) Ltd.	4, 339	18, 103	9, 434	8, 669	23, 268	1, 321	1, 401	Note applicable
Puyu Investment Co., Ltd. (note 2)	20, 000	26, 468	490	25, 978	0	−533	1, 830	0.92

Note 1: The exchange rate on the balance sheet was as follows: US dollar (USD) 1 = NT$30.705, Renminbi (RMB) 1 = NT$4.3352. The conversion rate on the profit and loss statement was as follows: US dollar (USD) 1 = NT$31.155, Renminbi (RMB) 1 = NT$4.4240.

Note 2: The Company's original shareholding ratio was 80%. As of April 17, 2023, the shareholding ratio was 100%.

(2) Consolidated financial statements of Company Affiliates: Please refer to pages111-171.

2. Private placement of securities in 2023 and up to the date of publication of the annual report: None

3. Subsidiaries’ holding or disposal of the Company’s shares in 2023 and up to the date of publication of the annual report: None

4. Other necessary supplementary notes: None

IX. Any matter in the most recent year and up to the date of publication of the annual report which has a significant impact on shareholders' equity or securities prices as stipulated in subparagraph 2 of paragraph 3 of Article 36 of the Securities and Exchange Act: None

3. Audit Committee Review Report

GIA TZOONG ENTERPRISE CO., LTD.

Audit Committee Review Report

The Company's Board of Directors has prepared and submitted the Company's business report, consolidated (parent company-only) financial statements, and a proposal for the loss compensation for the year 2023, of which the consolidated (parent company-only) financial statements have been audited by accountants CHENG HSIEN HSIU and LAI CHIA YU of Baker Tilly Clock & Co., and an audit report has been issued.

We, as the Audit Committee of GIA TZOONG ENTERPRISE CO., LTD., have reviewed and verified the abovementioned business report, consolidated (parent company-only) financial statements, and a proposal for loss compensation, and have determined them to have no inaccuracies. Therefore, we hereby certify the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely submitted to

GIA TZOONG ENTERPRISE CO., LTD. 2024 Annual General Shareholder Meeting

GIA TZOONG ENTERPRISE CO., LTD. Audit Committee

Chair: Wu Tseng-feng

March 13, 2024

4.The most recent combined financial report

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of GIA TZOONG ENTERPRISE CO., LTD. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements.

Consequently, GIA TZOONG ENTERPRISE CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GIA TZOONG ENTERPRISE CO., LTD.

Chairman: Cheng An Investment Co., Ltd.

Date: March 13, 2024

INDEPENDENT AUDITORS' REPORT

NO.16931120ECA

To GIA TZOONG ENTERPRISE CO., LTD.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountant code of Professional Ethics in Republic of China ("the Code"), 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 the context of our audit of the Group's consolidated financial statements as a whole, and to in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 are as follows:

1. Revenue recognition

Description of key audit matters

For details on the accounting policy for revenue recognition, refer to Note 4 (12) on the consolidated financial report; for a detailed description of the revenue of the current period, refer to Note 6 (17) on the consolidated financial report.

The sales locations of the Group include markets in Taiwan, China, Asia, the United States, Europe, etc. Different clients apply rather different trade conditions, and it is necessary to determine the transaction terms and conditions based on client orders and other documents. Since the recognition of relevant revenue involves more manual operations in determining the timing of transfer of risk and rewards of ownership of sold goods, it is likely to cause inconsistent timing of revenue recognition. In addition, the transaction amount prior to and subsequent to the balance sheet date has a relatively direct effect on consolidated financial statements. Therefore, revenue recognition is one of the most important matters to be audited.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

(1) We acquired understanding of the internal sales cycle control system and conducted a test on the effectiveness of the internal controls; this resulted in the finding that the Group has properly implemented internal controls.

(2) We carried out the cut-off test on revenue recognition aimed at a certain period prior to and subsequent to the balance sheet date, including verifying client orders, reviewing their transaction terms and conditions, and confirming whether the timing of revenue recognition was consistent with the timing of the performance of obligations and transfer of risk and rewards as stated in the purchase order.

2. Property, plant, and equipment impairment assessment

Description of key audit matters

For details on the accounting policy for property, plant, and equipment impairment, refer to Note 4 (10) in the consolidated financial report; for a detailed description of significant accounting judgments, estimates and assumption uncertainty that are involved in impairment assessment of property, plant, and equipment, refer to Note 5 (3) in the consolidated financial report.

The property, plant, and equipment of the Group accounted for about 28% of total group assets. In addition, due to factors such as market maturity and saturation of panels and consumer electronic products, competition in the printed circuit board industry to which the Group belong is relatively fierce. Where signs of impairment exist, assessments of recoverable amounts must be carried out. The Group commissioned the external expert to assess assets' recoverable amounts based on the net fair value, and found after the assessment that there was no impairment. However, this assessment used valuation techniques to measure the recoverable amount of related assets. The adoption of these assumptions and parameters is prone to subjective judgments, which may have a significant effect on measurement of net fair value, which would in turn affect property, plant, and equipment test result. Therefore, the assessment of the impairment of property, plant, and equipment is one of the most important matters to be audited.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

(1) Obtained written documents regarding signs of asset impairment and impairment testing for the Group, and conducted discussions with said the management of the Group.

(2) Inquired about the professional qualifications, experience and reputation of external valuation specialists hired by the Group, in order to ascertain whether such specialists were reliable in terms of their skills and abilities, and to ascertain factors that may affect external experts' objectivity.

(3) Obtained information provided by the management of the Group to external experts, to ascertain the appropriateness as well as the consistency of assumptions compared with those in the previous year.

(4) Learned the basis upon which external experts adopted methods, so as to assess their appropriateness and consistency.

(5) Assessed the reasonableness of assumptions made by the management of the Group, and its external experts, through the literature on related industries, market information, or historical results.

Other Matters

We have also audited the parent company only financial statements of GIA TZOONG ENTERPRISE CO., LTD. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion, respectively.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and maintained professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the consolidated financial statements for the years ended December 31, 2023. We describe these matters in our auditors' report unless the 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.

The engagement partners on the audits resulting in this independent auditors' report are Hsien-Hsiu Cheng and Chia-Yu, Lai.

Baker Tilly Clock & Co
March 13, 2024

<u>Notice to Readers</u>

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

For the convenience of readers, the independent auditors ' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4.6(1)	$ 171,863	13	$ 302,164	21
1110	Financial assets at fair value through profit or loss - current	4.6(2)	202,247	16	80,773	6
1136	Financial assets at amortized cost - current	4.6(3).8	279,228	22	425,445	29
1150	Notes receivable	4.6(4)	1,086	—	524	—
1170	Accounts receivable	4.6(4)	133,842	10	107,694	7
1200	Other receivables	4	4,490	—	5,900	—
1220	Current income tax assets	4.6(22)	1,708	—	1,162	—
130X	Inventories	4.6(5)	81,447	6	83,014	6
1470	Other current assets		1,281	—	3,466	—
11XX	Total current assets		877,192	67	1,010,142	69
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	4.6(2)	688	—	1,147	—
1600	Property, plant and equipment	4.6(7).8	366,558	28	381,168	26
1755	Right-of-use assets	4.6(8)	5,071	1	1,273	—
1780	Intangible assets	4.6(9)	2,258	—	3,519	—
1840	Deferred income tax assets	4.6(22)	34,663	3	39,053	3
1915	prepayments for equipment		13,238	1	24,484	2
1920	Other noncurrent assets		3,965	—	2,130	—
15XX	Total non-current assets		426,441	33	452,774	31
1XXX	Total assets		$ 1,303,633	100	$ 1,462,916	100

To accompanying notes are an integral part of the consolidated financial statements.

(Continued)

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	LIABILITIES AND EQUITY	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2170	Accounts payable	6(11).7	$ 67,420	5	$ 63,415	4
2220	Other payables	6(12)	80,346	6	77,060	5
2281	Lease liabilities - current	6(8)	2,388	—	963	—
2322	Current portion of long-term borrowings	6(13)	20,170	2	19,992	2
2300	Other current liabilities		4,243	—	4,515	—
21XX	Total current liabilities		174,567	13	165,945	11
	Non-current liabilities					
2540	Long-term borrowings	6(13)	12,253	1	31,748	2
2570	Deferred income tax liabilities	4.6(22)	11,925	1	14,098	1
2581	Lease liabilities - non-current	6(8)	2,766	—	344	—
2640	Defined benefit liabilities	4.6(14)	12,279	1	14,562	1
2645	Guarantee deposits received		1,773	—	1,773	—
25XX	Total noncurrent liabilities		40,996	3	62,525	4
2XXX	Total liabilities		215,563	16	228,470	15
	Equity attributable to owners of the parent	6(15)				
3100	Capital					
3110	Common stock		1,661,228	129	1,661,228	116
3200	Capital surplus					
3230	Capital surplus, difference between consideration and carrying amount of subsidiaries acquired		474	—	—	—
3300	Retained earnings					
3350	Accumulated deficit		(547,143)	(43)	(412,812)	(29)
3400	Other equity					
3410	Exchange differences on translating the financial statements of foreign operations	4.6(15)	(26,489)	(2)	(26,266)	(2)
31xx	Total equity attributable to shareholders of the parent	4.6(15)	1,088,070	84	1,222,150	84
36xx	Non-controlling interests	4.6(15)	—	—	12,296	1
3xxx	Total equity		1,088,070	84	1,234,446	85
	Total liabilities and equity		$ 1,303,633	100	$ 1,462,916	100

To accompanying notes are an integral part of the consolidated financial statements.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income for The Years Ended

December 31, 2023 And 2022

(In Thousands of New Taiwan Dollars)

Code	Item	Note	2023			2022		
				Amount	%		Amount	%
4000	**Operating revenues**	4.6(17).7	$	496,577	100	$	490,883	100
5000	**Operating costs**	6(5).7		(558,066)	(112)		(558,130)	(114)
5900	**Gross operating loss**			(61,489)	(12)		(67,247)	(14)
6000	**Operating expenses**							
6100	Selling and marketing expenses			(29,392)	(6)		(26,928)	(5)
6200	General and administrative expenses			(46,328)	(9)		(46,136)	(9)
6300	Research and development expenses			(14,119)	(3)		(12,322)	(3)
6450	Expected credit impairment gains	6(4)		1,029	—		370	—
6000	**Total operating expenses**			(88,810)	(18)		(85,016)	(17)
6900	**Net operating loss**			(150,299)	(30)		(152,263)	(31)
7000	**Non-operating income and expenses**							
7100	Interest income	6(18)		16,587	3		6,213	1
7010	Other income	6(19)		5,679	1		3,431	1
7020	Other gains and losses	6(20)		(4,899)	(1)		79,931	16
7050	Finance costs	6(21)		(1,241)	—		(1,357)	—
7000	**Total non-operating income and expenses**			16,126	3		88,218	18
7900	**Loss from continuing operations before income tax**			(134,173)	(27)		(64,045)	(13)
7950	**Income tax expenses**	4.6(22)		(1,783)	—		(4,299)	(1)
8200	**Net loss**		$	(135,956)	(27)	$	(68,344)	(14)
	Other comprehensive income/(loss)							
8310	**Items that will not be reclassified subsequently to profit or loss**							
8311	Remeasurements of defined benefit plans	4.6(14)		2,503	—		469	—
8341	Income tax relating to items that will not be reclassified subsequently to loss	4.6(22)		(501)	—		(94)	—
8360	**Items that may be reclassified subsequently to profit or loss**							
8361	Exchange differences on translating the financial statements of foreign operations	4		(223)	—		4,310	1
8300	**Other comprehensive income, net of income tax**			1,779	—		4,685	1
8500	**Total comprehensive loss**		$	(134,177)	(27)	$	(63,659)	(13)
8600	**Net profit/(loss) attributable to:**							
8610	Shareholders of the parent		$	(136,333)	(27)	$	(76,804)	(16)
8620	Non-controlling interests			377	—		8,460	2
			$	(135,956)	(27)	$	(68,344)	(14)
8700	**Total comprehensive income/(loss) attributable to:**							
8710	Shareholders of the parent		$	(134,554)	(27)	$	(72,119)	(15)
8720	Non-controlling interests			377	—		8,460	2
			$	(134,177)	(27)	$	(63,659)	(13)
	Loss per share	6(16)						
9710	Basic loss per share		$	(0.82)		$	(0.46)	
9810	Diluted loss per share		$	(0.82)		$	(0.46)	

To accompanying notes are an integral part of the consolidated financial statements.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity for The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent company						
	Share capital	Capital Surplus	Accumulated deficit	Exchange differences on translating the financial statements of foreign operations	Total	Non-controlling interests	Total equity
Balance on January 1, 2022	$ 1,661,228	$ —	$ (336,383)	$ (30,576)	$ 1,294,269	$ 22,836	$ 1,317,105
Net loss	—	—	(76,804)	—	(76,804)	8,460	(68,344)
Other comprehensive income, net of income tax	—	—	375	4,310	4,685	—	4,685
Total comprehensive income (loss)	—	—	(76,429)	4,310	(72,119)	8,460	(63,659)
Decreased in non-controlling interest	—	—	—	—	—	(19,000)	(19,000)
Balance, December 31, 2022	1,661,228	—	(412,812)	(26,266)	1,222,150	12,296	1,234,446
Net loss	—	—	(136,333)	—	(136,333)	377	(135,956)
Other comprehensive income (loss), net of income tax	—	—	2,002	(223)	1,779	—	1,779
Total comprehensive income (loss)	—	—	(134,331)	(223)	(134,554)	377	(134,177)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	—	474	—	—	474	(12,673)	(12,199)
Balance, December 31, 2023	$ 1,661,228	$ 474	$ (547,143)	$ (26,489)	$ 1,088,070	$ —	$ 1,088,070

To accompanying notes are an integral part of the consolidated financial statements.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Loss before income tax	$ (134,173)	$ (64,045)
Adjustments for:		
Depreciation expense	38,728	35,320
Amortization expense	3,006	2,706
Expected credit impairment gain	(1,029)	(370)
Net loss (profit) on financial assets at fair value through profit or loss	(1,090)	4,418
Finance costs	1,241	1,357
Interest income	(16,587)	(6,213)
Dividend income	(14)	(726)
Loss (gain) on disposal or retirement of property, plant and equipment, net	8,812	(1,556)
Gain on lease modification	—	(33)
Gain on disposal of non-current assets held for sale	—	(45,482)
Change in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(119,925)	25,130
Notes receivable	(562)	512
Accounts receivable	(25,114)	57,670
Other receivables	1,784	5,785
Inventories	1,567	45,862
Other current assets	2,185	1,446
Notes payable	—	(9)
Accounts payable	4,005	(27,856)
Other payable	4,189	(17,049)
Other current liabilities	(272)	(445)
Defined benefit liabilities	219	64
Cash generated from operations	(233,030)	16,486
Interest received	16,213	4,895
Dividend received	14	726
Interest paid	(1,228)	(1,361)
Income tax refunded	(612)	(26,456)
Net cash used in operating activities	$ (218,643)	$ (5,710)

To accompanying notes are an integral part of the consolidated financial statements.

(Continued)

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	$ —	$ (309,741)
Acquisition of non-current assets held for sale	—	(1,741)
Acquisition of property, plant and equipment	(20,368)	(29,922)
Decrease in advance receipts - disposal of assets	—	(450,563)
Acquisition of intangible assets	(1,745)	(1,351)
Increase in refundable deposits	(1,835)	—
Proceeds from disposal of financial assets at amortized cost	146,217	—
Proceeds from disposal of non-current assets held for sale	—	458,773
Proceeds from disposal of property, plant and equipment	—	1,645
Decrease in refundable deposits	—	198
Net cash from (used in) by investing activities	122,269	(332,702)
Cash flows from financing activities		
Repayment of long-term borrowings	(19,317)	(23,670)
Guarantee deposits received	—	800
Repayment of lease liabilities	(2,181)	(2,340)
Changes in non-controlling interests	—	(19,000)
Obtain equity in subsidiary	(12,199)	—
Net cash used in financing activities	(33,697)	(44,210)
Effect of exchange rate changes on cash and cash equivalents	(230)	5,076
Net decrease in cash and cash equivalents	(130,301)	(377,546)
Cash and cash equivalents, beginning year	302,164	679,710
Cash and cash equivalents, end of year	$ 171,863	$ 302,164

To accompanying notes are an integral part of the consolidated financial statements.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDARIES
NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

GIA TZOONG ENTERPRISE CO., LTD. (the "Company") was approved for establishment on September 19, 1988, in accordance with the Company Act of the Republic of China, and started business on April 3, 1989. The main business is the manufacturing, processing, and trading of printed circuit boards. The Company's stock began to be listed and traded on the Gre Tai Securities Market on June 23, 1998. For the main business activities of the Company and its subsidiaries (the "Group"), please refer to the description in Note 13.

The consolidated financial statements are presented in the Thousands of New Taiwan Dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred herein as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

(3) New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.:

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value and net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of consolidation

1) The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2) Subsidiaries included in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follow:

Investor	Investee	Main business	Percentage of Ownership		NOTE
			December 31, 2023	December 31, 2022	
GIA TZOONG ENTERPRISE CO., LTD.	PSC ENTERPRISE CO., LTD.	PCB trading and investment	100%	100%	
GIA TZOONG ENTERPRISE CO., LTD.	ENRICH NATIONALS TRADE LIMITED	PCB trading	100%	100%	
GIA TZOONG ENTERPRISE CO., LTD.	PU-YU INVESTMENT CO., LTD.	Property investment	100%	80%	NOTE 1
GIA TZOONG ENTERPRISE CO., LTD.	PSC (H.K.) ELECTRONICS LIMITED	PCB trading	100%	100%	
ENRICH NATIONALS TRADE LIMITED	GIA TZOONG (Shen Zhen) Ltd.	PCB trading	100%	100%	

NOTE 1：The Company's board of directors approved the acquisition of 20% equity of PU-YU Investment Co., Ltd., on March 22, 2023, and the registration of shareholding change was completed on April 26, 2023.

(5) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the prevailing rates at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

(6) Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandises. Inventories are measured at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and the necessary costs to sale. Inventories are recorded at the weighted-average cost at the end of the reporting period.

(7) Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized on the straight-line basis. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Investment property (measured at cost)

Investment property is property held to earn rentals or for capital appreciation or for both (including property under construction for such purposes). Investment property is also including land held for a currently undetermined future use.

Investment property is initially measured at cost (including transaction cost) and subsequently measured at the cost less accumulated depreciation and accumulated impairment loss.

Investment property under construction is recognized at the cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs eligible for capitalization. The depreciation of investment property starts when the investment property achieves the planned level of occupancy.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(9) Intangible assets

1) Separately acquired

Intangible assets with finite useful life that acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis, and the estimated useful lives, residual values and amortization methods are reviewed at the end of each reporting period. The salvage value of an intangible asset with finite useful life is estimated to be zero except the Group expects to dispose of the asset before the economic life of the intangible asset expires. The effect of changes in accounting estimates was dealt with in a deferred manner. The effect of any changes is in the estimates accounted for on a prospective basis.

2) Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

A. Financial assets

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

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. For the detailed method of determining the fair value, refer to the description in Note 6(25), Financial Instruments.

(b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

(i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivables, other receivables, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

(iii) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(iv) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The loss allowance is a charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

B. Equity instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Group are recognized at the amount of the proceeds acquired after deducting the direct issuance costs.

The recaptured equity instruments of the Group itself are recognized and deducted as equity items. The purchase, sale, issuance or cancellation of equity instruments of the Group itself are not recognized in profit or loss.

C. Financial liabilities

a. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except in the following circumstances:

(a) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include the ones held-for-trading and designated at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value; and the gain or loss arising from remeasurement thereof, not including any dividends or interest paid on the financial liabilities, are recognized in profit or loss.

b. Derecognition of financial liabilities

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

(12) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

(13) Lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

A. The Group as a lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

B. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expense in the periods in which they are incurred.

(14) Employee benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

B. Retirement benefits

Defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including service costs for the current period) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. Remeasurement (including actuarial gain or loss and return on plan assets excluding interest) is recognized in other comprehensive income and reflected in retained earnings when incurred, and will not be reclassified to profit or loss.

The net defined benefit liability (asset) is the contribution deficit (surplus) of defined benefit pension plans. Net defined benefit assets cannot exceed the present value of contribution refunds from the plan or reduction in future plan contributions.

(15) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

(16) Non-current assets held for sale

Disposal group is classified as assets held for sale when it carrying amount is to be recovered principally through a sale transaction rather than continuing use. A disposal group must be available for immediate sale and a sale is considered highly probable when it is classified as assets held for sale. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and the sale must be expected to complete within one year from the date of classification.

If control of the subsidiary will be lost at the time of sale, regardless of whether the non-controlling interest in the former subsidiary is retained after the sale, all assets and liabilities of the subsidiary are classified as held for sale and all investments in the subsidiary are classified as held for sale, which however continue to be dealt with using the equity method.

When the sales plan committed thereto will dispose of all or part of the investment in an affiliate or a joint venture, only the equity that meets the conditions for being classified as held for sale will be classified as held for sale, and the use of the equity method will be discontinued for this part. The equity method continues to be used for any equity interests not classified as held for sale. If the significant influence of and joint control over the investment will be lost after the disposal, any equity that is not classified as held for sale will be dealt with by the accounting policy of the financial instruments when disposing of the equity held for sale.

The disposal group classified as held for sale is measured at the lower of the carrying amount, and fair value minus costs to sell; depreciation of such assets is suspended.

For subsidiaries, joint operations, joint ventures, affiliates, partial interests in joint ventures, or partial interests in affiliates that no longer qualify as held for sale, assets are measured based on the carrying amount that would have been expected if such interests had not been classified as held for sale from the beginning, and their financial statements previously classified as held for sale are retrospectively adjusted.

When the disposal group held for sale is reclassified as a disposal group held for distribution to owners, assets are measured at the lower of the carrying amount, and fair value minus distribution cost; there is no need to reverse the accounting treatment under the initial classification.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The application in Note 4 of the Group's accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are continuously reviewed by the management. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following information on major assumptions made about the future and other major sources of estimation uncertainty at the end of reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Estimated impairment of financial assets (accounts receivable)

The estimated impairment of accounts receivable is based on the Group's assumptions about the default ratio and expected loss ratio. The Group considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessments. For the detailed material assumptions and input values adopted, refer to the description in Note 6(4), Notes Receivable and Accounts Receivable. If the actual future cash flow is less than expected, significant impairment losses may arise.

B. Impairment of inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to rapid changes in the industry, the Group evaluates the amount of inventory due to normal wear and tear, obsolescence, or a lack of market value at the end of the financial reporting period and writes down the inventory cost to the net realizable value. This inventory valuation is primarily based on the estimated demand for products in a specific period in the future, and thus there may be major changes.

For details on the carrying amount of the Group's inventories, refer to Note 6 (5).

C. Impairment of Tangible Assets, Right-of-use Assets and Intangible Assets Other than Goodwill

In the process of asset impairment assessment, the Group need to rely on subjective judgments, and on asset usage patterns and industry characteristics, to determine the independent cash flow and asset lifespan in specific asset groups as well as possible future income and expenses. Any changes due to economic conditions or changes in estimates brought about by corporate strategies may cause material impairment in the future. The Group did not recognize any impairment loss for tangible or intangible assets in 2023 or 2022.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 491	$ 522
Cash in banks	171,372	286,642
Time deposits	—	15,000
Total	$ 171,863	$ 302,164

The interest rates for time deposits were 0.975% for the year ended December 31, 2022.

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

	December 31, 2023	December 31, 2022
Financial assets - current		
Mandatorily at fair value through profit or loss		
Beneficiary certificate of fund	$ 202,247	$ 80,676
TWSE (TPEx) listed stocks	—	97
Total	$ 202,247	$ 80,773
Financial assets - non-current		
Mandatorily at fair value through profit or loss		
Non-listed stocks	$ 688	$ 1,147

For the years ended December 31, 2023 and 2022, the Group recognized net loss (profit) on financial assets at fair value through profit or loss for NT$1,109 thousand and (NT$4,418) thousand, respectively.

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with an original maturity of more than 3 months	$ 258,872	$ 418,616
Corporate bonds	11,996	—
Other	8,360	6,829
Total	$ 279,228	$ 425,445
Total	$ 279,228	$ 425,445

A. The interest rates for time deposits were 1% ~5.38% and 0.975%~4.5% for the years ended December 31, 2023 and 2022, respectively.

B. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4) Notes and Accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables		
Notes receivables - from operating	$ 1,086	$ 524
Less: Loss allowance	—	—
	$ 1,086	$ 524
Accounts receivables		
At amortized cost		
Accounts receivable	$ 143,388	$ 118,274
Less: Loss allowance	(9,546)	(10,580)
	$ 133,842	$ 107,694

A. The Group's average credit period for product sales ranges from 90 to 120 days, and receivables are non-interest-bearing. The Group's policy is to transact only with counterparties rated at or above the investment grade and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is provided by independent rating agencies. If such information is not available, The Group uses other publicly available financial information and historical transaction records to rate its major customers. The Group consistently monitors credit exposures and counterparty credit ratings and spreads the total transaction amount among different customers with qualified credit ratings. The Group also manages credit exposure by the business department and the chairman counterparty credit limits annually.

To mitigate credit risks, the Group's management has assigned a dedicated team responsible for credit limit determination, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Group's management believes that the Group's credit risk has been significantly reduced.

B. The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecasted direction of economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable if there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. The recovered amount is recognized in profit or loss.

C. The loss allowance of trade receivables based on the Group's allowance matrix was as follows:

December 31, 2023

	Non-pass due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0%	0 %～0.04%	0 %～6.17%	37.69%~38.74%	100%	
Gross carrying amount	$ 133,630	$ 484	$ 833	$ 12	$ 9,515	$ 144,474
Loss allowance	—	—	(27)	(4)	(9,515)	(9,546)
Amortized cost	$ 133,630	$ 484	$ 806	$ 8	$ —	$ 134,928

December 31, 2022

	Non-pass due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0%	0 %～0.04%	0 %～6.17%	37.69%~38.74%	100%	
Gross carrying amount	$ 107,694	$ 108	$ 399	$ 49	$ 10,548	$ 118,798
Loss allowance	—	—	(16)	(16)	(10,548)	(10,580)
Amortized cost	$ 107,694	$ 108	$ 383	$ 33	$ —	$ 108,218

D. The movements in the allowance for accounts receivables were as follow:

	Years ended December 31	
	2023	2022
Balance at January 1	$ 10,580	$ 10,627
Impairment reversed	(1,029)	(370)
Amounts written off	—	(444)
Foreign exchange translation	(5)	767
Balance at December 31	$ 9,546	$ 10,580

(5) Inventories

	Years ended December 31	
	2023	2022
Merchandise	$ 1,713	$ 971
Finished goods	23,775	28,830
Work in process	36,256	33,892
Raw materials	13,630	13,361
Supplies	6,073	5,960
Total	$ 81,447	$ 83,014

A. As of December 31, 2023 and 2022, the Group writes off allowance for inventory obsolescence were NT$21,473 thousand and NT$19,110 thousand, respectively.

B. The details of the cost of goods sold were as follows:

	Years ended December 31	
	2023	2022
Cost of inventories sold	$ 410,368	$ 408,036
Write-down of inventories	2,363	13,173
Cost of idle capacity	157,862	145,781
Others	(12,527)	(8,860)
Total	$ 558,066	$ 558,130

(6) Non-current assets held for sale

On May 12, 2021, the Board of Directors of the Group resolved to authorize the subsidiary PY-YU Investment Co., Ltd. to dispose of the land and property under construction in Yangmei District, Taoyuan City, and singed the real estate sale agreement for the price of NT$465,246 thousand (including tax) with VADI MEDICAL TECHNOLOGY CO., LTD. on May 18, 2021. When the land and property under construction were classified as non-current assets held for sale, there was no impairment loss to be recognized.

In accordance with the terms and conditions under the sale agreement and the supplementary agreement, if the Group cannot complete the transfer of property ownership and application for changes of existing roadways, the transaction shall be deemed to be canceled. Therefore, the land to which the ownership has been transferred shall be returned to the Group, and the collected amount in the trust account and the signing payment shall be refunded to the buyer. Both parties agreed that the conditions for the change of existing roadways in the transaction shall be completed before October 24, 2021.

The registration of ownership transfer of the land was completed on June 28, 2021; the application for the change of existing roadways was completed; the use license of the building under construction was obtained on July 29, 2022; and registration of ownership transfer was completed on December 21, 2022.

The amount of the gains and losses on disposal recognized in 2022 was as follows:

Item	Amount
Disposition price	$ 464,473
Less: The net amount of non-current assets held for sale at the derecognition date	(414,291)
Directly attributable costs related to the sale	(4,700)
Recognized disposal of investment gains	$ 45,482

(7) Property, plant and equipment

	For the year ended December 31, 2023					
	Balance at January 1, 2023	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2023
Cost						
Land	$ 99,170	$ —	$ —	$ —	$ —	$ 99,170
Land-revaluation increment	36,656	—	—	—	—	36,656
Buildings	263,694	250	(13,032)	210	—	251,122
Machinery and equipment	531,675	4,869	(6,725)	24,009	—	553,828
Transportation equipment	3,858	—	—	—	—	3,858
Office equipment	5,967	822	—	—	(1)	6,788
Other equipment	137,411	538	(450)	—	—	137,499
Subtotal	1,078,431	6,479	(20,207)	24,219	(1)	1,088,921
Accumulated depreciation						
Buildings	129,076	8,235	(4,294)	—	—	133,017
Machinery and equipment	435,467	23,610	(6,651)	—	—	452,426
Transportation equipment	3,804	38	—	—	—	3,842
Office equipment	4,348	477	—	—	(1)	4,824
Other equipment	124,568	4,136	(450)	—	—	128,254
Subtotal	697,263	36,496	(11,395)	—	(1)	722,363
Net value	$ 381,168	$ (30,017)	$ (8,812)	$ 24,219	$ —	$ 366,558

	For the year ended December 31, 2022					
	Balance at January 1, 2023	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2023
Cost						
Land	$ 99,170	$ —	$ —	$ —	$ —	$ 99,170
Land-revaluation increment	36,656	—	—	—	—	36,656
Buildings	250,553	1,236	—	11,905	—	263,694
Machinery and equipment	538,033	1,011	(23,329)	15,960	—	531,675
Transportation equipment	4,448	—	(590)	—	—	3,858
Office equipment	5,966	—	—	—	1	5,967
Leased assets Improvement	165	—	(165)	—	—	—
Other equipment	135,295	1,546	—	570	—	137,411
Subtotal	1,070,286	3,793	(24,084)	28,435	1	1,078,431
Accumulated depreciation						
Buildings	120,966	8,110	—	—	—	129,076
Machinery and equipment	438,699	20,008	(23,240)	—	—	435,467
Transportation equipment	4,325	69	(590)	—	—	3,804
Office equipment	3,867	481	—	—	—	4,348
Leased assets Improvement	165	—	(165)	—	—	—
Other equipment	120,233	4,335	—	—	—	124,568
Subtotal	688,255	33,003	(23,995)	—	—	697,263
Net value	$ 382,031	$ (29,210)	$ (89)	$ 28,435	$ 1	$ 381,168

A. The amount of capitalized interests and interest rates are as follows:

	Years ended December 31	
	2023	2022
Amount of capitalized interests	$ —	$ —
The interest rate of borrowing cost capitalization	2.4%	1.93%

B. The significant parts of the Group's buildings include main plant and ancillary equipment, and the related depreciation is calculated using the estimated useful lives of 45 to 50 years and 3 to 10 years , respectively.

C. As of December 31, 2023 and 2022, the Group's property, plant and equipment were pledged as collateral, please refer to Note 8.

(8) Lease arrangements

A. Right-of-use assets

	December 31, 2023		December 31, 2022	
Carrying amounts				
Buildings	$	237	$	66
Machine equipment		500		265
Transportation equipment		4,334		942
Total	$	5,071	$	1,273

	Years ended December 31			
	2023		2022	
Additions to right-of-use assets	$	6,079	$	1,487
Lease modification	$	(49)	$	(4,106)
The depreciation charge for right-of-use assets				
Buildings	$	63	$	429
Machine equipment		588		605
Transportation equipment		1,581		1,283
Total	$	2,232	$	2,317

B. Lease liabilities

	December 31, 2023		December 31, 2022	
Carrying amounts				
Current	$	2,388	$	963
Non-current	$	2,766	$	344

Range of discount rate for lease liabilities was as follows:

	December 31, 2023	December 31,2022
Buildings	4.75%	4.75%
Machine equipment	1.77%～1.933%	1.6%～1.77%
Transportation equipment	4.972%～5.781%	4.972%～5.246%

C. Other lease information

	Years ended December 31			
	2023		2022	
Expenses relating to short-term leases	$	147	$	147
Expenses relating to low-value asset leases	$	221	$	215
Total cash outflow for leases	$	2,729	$	2,785

The Group chose to apply the recognition exemption to equipment leases that qualify for low-value assets and short-term leases of vehicles and house leases, etc. and did not recognize the right-of-use assets and lease liabilities for these leases.

(9) Intangible assets

	For the year ended December 31, 2023			
	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Cost				
Software	$ 7,741	$ 605	$ –	$ 8,346
Professional technique	2,000	1,140	–	3,140
Subtotal	9,741	1,745	–	11,486
Accumulated amortization				
Software	4,889	1,896	–	6,785
Professional technique	1,333	1,110	–	2,443
Subtotal	6,222	3,006	–	9,228
Net value	$ 3,519	$ (1,261)	$ –	$ 2,258

	For the year ended December 31, 2022			
	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Cost				
Software	$ 7,390	$ 351	$ –	$ 7,741
Professional technique	1,000	1,000	–	2,000
Subtotal	8,390	1,351	–	9,741
Accumulated amortization				
Software	2,933	1,956	–	4,889
Professional technique	583	750	–	1,333
Subtotal	3,516	2,706	–	6,222
Net value	$ 4,874	$ (1,355)	$ –	$ 3,519

For the years ended December 31, 2023 and 2022, The amortization expenses recognized by the Group were incorporated into the statements of comprehensive income, at NT$3,006 thousand and NT$2,706 thousand, respectively.

(10) Short-term loans

	December 31, 2023	December 31, 2022
Unused credit line	$ 112,531	$ 120,098

For the collateral of the short-term borrowings, please refer to Note 8.

(11) Notes and accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 67,420	$ 63,415
Current	$ 67,420	$ 63,415

A. The terms of the Group's transactions with suppliers are 90 to 120 days. The Group has a financial risk management policy to ensure that all payables are paid within the agreed credit terms.

B. Refer to Note 6 (25) for disclosures related to the Group's payables and other payables that are exposed to the risks of exchange rate and liquidity.

(12) Other payables

	December 31, 2023	December 31, 2022
Other payables to non-related parties		
Wages and salaries payable	$ 20,770	$ 20,138
Payable on machinery and equipment	4,872	5,788
Interest payable	45	32
Employee compensation payable	4	4
payment in lieu of annual leave	5,791	5,392
Payable on processing expense	20,535	11,702
Payable on repairs and maintenance expense	7,110	7,283
Other	21,219	26,721
Total	$ 80,346	$ 77,060
Current	$ 80,346	$ 77,060

(13) Long-term borrowings

	December 31, 2023	December 31, 2022
Loan against machinery - monthly repayments from January 2020 to December 2024, with floating interest rates. The interest rates on December 31, 2023 and 2022 were 2.053% and 1.976%, respectively.	$ 5,327	$ 10,540
Loan against land and buildings - monthly repayments from October 2020 to September 2025 with floating interest rates. The interest rates on December 31, 2023 and 2022 were 2.053% and 1.976%, respectively.	15,096	22,422
Loan against land and buildings - quarterly repayments from February 2021 to November 2025 with floating interest rates. The interest rates on December 31, 2023 and 2022 were 2.55% and 2.425%, respectively.	12,000	18,000
Loan against land and buildings - monthly repayments from March 2008 to February 2023 with floating interest rates. The interest rates on December 31, 2022 were 2.0423%.	—	778
Total	$ 32,423	$ $51,740
Current	$ 20,170	$ 19,992
Non-current	$ 12,253	$ 31,748
Credit not used yet	$ —	$ —

For the collateral of the long-term borrowings, please refer to Note 8.

(14) Retirement benefit plans

A. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee’s individual pension accounts at 6% of monthly salaries and wages. The Group recognized retirement costs in 2023 and 2022 were NT$6,946 thousand and NT$6,629 thousand, respectively.

The subsidiary in Mainland China appropriated pension insurance funds by a certain percentage of the total salary of its local employees every month in accordance with the local laws and regulations. Overall planning and appropriation for each employee’s pension fund was done by the local government on a monthly basis and not subject to further obligations. The pension costs recognized in 2023 and 2022 were NT$261 thousand and NT$264 thousand, respectively.

B. Defined benefit plans

The Company's employee pension plan established in accordance with the Labor Standards Act was a defined benefit plan. Based on the provisions of pension plan, employee pensions were calculated based on years of service and the average salary of the six months prior to retirement. The Company appropriated NT$150 thousand to the employee pension fund every month, which funds were then deposited in the dedicated account with the Bank of Taiwan by the Labor Retirement Reserve Supervisory Committee in the name of said committee. However, after the employee pension plan had successively cleared the employee's service seniority accumulated prior to the application of the Labor Standards Act, the Company had no obligation to make such appropriation. The remaining funds in the dedicated account had been retrieved and the cancellation of the account was completed on January 18, 2021. As the remaining funds included pension assets contributed by the manager who used to be the employee in prior years, the Company transferred to and deposited such funds in the manager’s existing dedicated account, “GIA TZOONG ENTERPRISE CO., LTD. Employee Pension Fund Management Committee”.

In addition, the Company formulated the Employee Pension Guideline which is applicable to appointed managers for their service seniority after the start-work date. The guideline was resolved by the Board of Directors on April 11, 2007 and by the general shareholder meeting on June 28, 2007.

(a) The expenses recognized in profit or loss for the Company in 2023 and 2022 were as follows:

	For the year ended December 31	
	2023	2022
Service cost	$ 640	$ 645
Net interest expense	96	53
Recognized in profit or loss	736	698
Remeasurement:		
Return on plan assets	271	146
Actuarial gains (loss) - Experience adjustments	(1,324)	189
Actuarial loss - Changes in financial assumptions	(1,450)	(804)
Recognized in other comprehensive income	(2,503)	(469)
Total	$ (1,767)	$ 229

(b) The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of funded defined benefit obligation	$ (19,721)	$ (30,369)
Fair value of plan assets	7,442	15,807
Net defined benefit liabilities	$ (12,279)	$ (14,562)

(c) Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Years ended December 31, 2023			
Balance at January 1	$ (30,369)	$ 15,807	$ (14,562)
Service cost	(640)	—	(640)
Net interest (expense) income	(425)	329	(96)
	(1,065)	329	(736)
Remeasurement:			
Return on plan assets	—	(271)	(271)
Changes in financial assumptions	1,450	—	1,450
Experience adjustments	1,324	—	1,324
	2,774	(271)	2,503
Contributions from the employer	—	516	516
Benefits paid	8,939	(8,939)	—
Balance at December 31	$ (19,721)	$ 7,442	$ (12,279)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Years ended December 31, 2022			
Balance at January 1	$ (30,114)	$ 15,241	$ (14,873)
Service cost	(645)	–	(645)
Net interest (expense) income	(225)	172	(53)
	(870)	172	(698)
Remeasurement:			
Return on plan assets	–	(146)	(146)
Changes in financial assumptions	804	–	804
Experience adjustments	(189)	–	(189)
	615	(146)	469
Contributions from the employer	–	540	540
Benefits paid	–	–	–
Balance at December 31	$ (30,369)	$ 15,807	$ (14,562)

(d) The Company's defined benefit pension plan fund is deposited in an account under the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The Labor Pension Fund Supervisory Committee, Council of Labor Affairs of the Executive Yuan regularly monitors and reviews the investment portfolio, prudently constructs the investment portfolio, diversifies the form of outsourcing, strengthens risk control, and adjusts the investment strategy by market changes to enhance the stable income of the fund. In conjunction with the Finance Department, the competent authority shall engage financial institutions to conduct the receipt, custody and use of plan assets. The minimum return shall not be less than the interest rate of a two-year time deposit in a local bank. Any loss shall be covered by the national treasury. The competent authority shall stipulate the rules for the receipt, custody and use of plan assets, and the Company has no right to participate in the operation and management of the fund. The fair value of the total assets of the fund as of December 31, 2023 and 2022 was shown in the annual reports on the use of the labor pension fund as announced by the government.

(e) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the actuarial valuations are as follows:

	2023	2022
Discount rate	1.30%	1.40%
Expected rate of salary increase	3.50%	3.50%

(f)The impact of the changes in the assumptions on the present value of the defined benefit obligation was as follows:

	Discount rate		Future salary change	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
The impact on the present value of the defined benefit obligation	$ 4,048	$ 3,814	$ 3,817	$ 4,046

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not consider that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

(g) The Company expects to contribute NT$12,585 thousand to the defined benefit plans for the years ended December 31, 2024.

(h) As of December 31, 2023, the weighted-average duration of the defined benefit plan range was one years.

(15) Equity

A. Common stock

	December 31, 2023	December 31, 2022
Number of stocks authorized (in thousands)	250,000	250,000
Stocks authorized	$ 2,500,000	$ 2,500,000
Stocks issued (in thousands)	166,123	166,123
Stocks issued	$ 1,661,228	$ 1,661,228

B. Capital surplus

In accordance with the law and regulations, the capital reserve shall not be used except to make up for the Company's losses. However, the excess from the issuance of stocks exceeding the par value (including issuance of ordinary shares in excess of par value, share premium of shares issued due to merger, conversion premium of corporate bonds, treasury stock transactions, etc.) and the capital reserve generated from the receipt of gifts may be set aside as equity capital every year up to a certain percentage of the paid-in capital, provided that unrealized employee stock options and the capital reserve generated from stock options shall not be used for any purpose.

C. Retained earnings and dividend policy

(a) The Company’s article of incorporation stipulates that Company’s net earnings should first be used to offset the prior year’s deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholder’s meeting for approval.

(b) Legal reserve appropriation shall continue until its total amount reaches the total paid-in capital. Legal reserve may be used to offset losses. If the Company has no deficit, the portion of legal reserve in excess of 25% of the paid-in capital may be distributed in the form of new shares or cash in proportion to the shareholders' original shares.

(c) The Company is part of the electronic manufacturing industry. Although the Company can retain funds to engage in research and development as well as business expansion activities, when it distributes stock dividends to shareholders for a year in which it has made a profit, doing so will also cause the inflation of share capital. Therefore, if the profit does not increase proportionally, it will cause a decrease in earnings per share, thereby causing damage to shareholder equity. Therefore, the Company currently upholds a policy of cash dividends. The method of implementing this is to evaluate the capital needs of the future year based on the Company's future capital budget planning and to distribute cash dividends to the greatest extent possible. With regard to the implementation ratio of the cash dividend policy, the dividends to be distributed are primarily cash dividends, and stock dividends (including stock dividends from retained earnings and stock dividends from capital reserve) account for 50% or less thereof.

(d) The Company incurred net loss for the years ended December 31, 2023 and 2022, and the general shareholder meeting resolved the appropriation of loss on June 14, 2023 and June 16, 2022, respectively.

(e) Information on the appropriation of the earnings of the Company is available at the Market Observation Post System website of the Taiwan Stock Exchange.

D. Other equity

Exchange differences on translating the financial statements of foreign operations

	Year Ended December 31	
	2023	2022
Beginning balance	$ (26,266)	$ (30,576)
Occurred in current period		
Exchange differences on foreign operations	(223)	4,310
Ending balance	$ (26,489)	$ (26,266)

E. Non-controlling interest

	2023	2022
Beginning balance	$ 12,296	$ 22,836
Net profit for current period	377	8,460
Capital refund due to capital reduction	—	(19,000)
Obtain equity of subsidiary	(12,673)	—
Ending balance	$ —	$ 12,296

(16) <u>Loss per share</u>

	Year Ended December 31	
	2023	2022
Basic loss per share	$ (0.82)	$ (0.46)
Diluted loss per share	$ (0.82)	$ (0.46)

A. Basic loss per share

The calculation of basic loss per share and the weighted average number of ordinary shares were as follows:

	Year Ended December 31	
	2023	2022
Loss of the Company for the year (in thousands)	$ (136,333)	$ (76,804)
Weighted-average number of ordinary shares (thousand shares)	166,123	166,123
Basic earnings per share (dollars)	$ (0.82)	$ (0.46)

B. Diluted loss per share

The capital structure of the Company is non-complicated, and thus only the basic loss per share is disclosed.

(17) <u>Operating revenue</u>

Details of revenue:

	Year Ended December 31	
	2023	2022
Revenue from contracts		
Revenue from the sale of goods	$ 507,213	$ 494,206
Revenue from other operation	32	1
Less: sales returns and discounts	(10,668)	(3,324)
Net	$ 496,577	$ 490,883

(18) Interest income

	Year Ended December 31	
	2023	2022
Interest income	$ 16,587	$ 6,213

(19) Other income

	Year Ended December 31	
	2023	2022
Dividend revenue	$ 14	$ 726
Gain on write-off in payables	1,349	576
Other income	4,316	2,129
Total	$ 5,679	$ 3,431

(20) Other gains and losses

	Year Ended December 31	
	2023	2022
Gain (loss) on disposals of property, plant and equipment	$ (8,812)	$ 1,556
Gain on disposal of non-current assets held for sale	—	45,482
Gian on lease modification	—	33
Foreign exchange gains	3,377	37,641
Gain (loss) on financial assets at fair value through profit or loss	1,090	(4,418)
Compensation losses	(539)	(163)
Other losses	(15)	(200)
Total	$ (4,899)	$ 79,931

(21) Finance costs

	Year Ended December 31	
	2023	2022
Interest		
Bank borrowing	$ 1,061	$ 1,274
Lease liabilities	180	83
Total	$ 1,241	$ 1,357

(22) Income taxes

A. A reconciliation of accounting profit and income tax expenses was as follows:

	Year Ended December 31			
	2023		2022	
Income tax expense calculated at the statutory rate	$	(26,835)	$	(12,809)
Nondeductible expenses in determining taxable income		(2,240)		(8,394)
Unrecognized temporary differences		(1,098)		(124)
Unrecognized loss carryforwards		27,825		26,809
Adjustment in respect of deferred tax of prior periods		4,131		(1,183)
Income tax recognized in profit or loss	$	1,783	$	4,299

B. Major components of tax expense recognized in profit or loss:

	Year Ended December 31			
	2023		2022	
Current income tax expense	$	65	$	14
Deferred tax expense				
Current period		(3,145)		5,468
Adjustment for prior period		4,863		(1,183)
Total	$	1,783	$	4,299

C. Income tax recognized in other comprehensive income:

	Year Ended December 31			
	2023		2022	
Deferred tax				
Current period				
Remeasurements of defined benefit plan	$	(501)	$	(94)
Total	$	(501)	$	(94)

D. Current tax assets and liabilities

	December 31, 2023		December 31, 2022	
Current tax assets				
Tax refund receivable	$	1,708	$	1,162

E. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	Years Ended December 31, 2023			
	Balance at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31, 2023
Deferred tax assets				
Temporary differences				
Bad debts	$ 632	$ (273)	$ —	$ 359
Sales discounts	2	(2)	—	—
Inventory loss from the falling price	3,822	473	—	4,295
Actuarial losses on defined benefit plans	590	—	(501)	89
Unrealized pension expense	2,485	44	—	2,529
Loss carryforwards	29,643	(4,497)	—	25,146
Other	1,879	366	—	2,245
	$ 39,053	$ (3,889)	$ (501)	$ 34,663
Deferred tax liabilities				
Temporary differences				
land value increment tax	$ 10,367	$ —	$ —	$ 10,367
Unrealized exchange gains	3,731	(2,173)	—	1,558
	$ 14,098	$ (2,173)	$ —	$ 11,925

	Years Ended December 31, 2022			
	Balance at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31, 2022
Deferred tax assets				
Temporary differences				
Bad debts	$ 298	$ 334	$ —	$ 632
Sales discounts	188	(186)	—	2
Inventory loss from the falling price	3,946	(124)	—	3,822
Actuarial losses on defined benefit plans	684	—	(94)	590
Unrealized pension expense	2,454	31	—	2,485
Loss carryforwards	28,460	1,183	—	29,643
Other	3,671	(1,792)	—	1,879
	$ 39,701	$ (554)	$ (94)	$ 39,053
Deferred tax liabilities				
Temporary differences				
land value increment tax	$ 10,367	$ —	$ —	$ 10,367
Unrealized exchange gains	—	3,731	—	3,731
	$ 10,367	$ 3,731	$ —	$ 14,098

F. Unrecognized deferred tax assets:

	December 31, 2023	December 31, 2022
Investment loss	$ 91,629	$ 92,779
Operating loss carryforwards	116,214	84,888
	$ 207,843	$ 177,667

G. As of December 31, 2023, the information of Components within the Group unused tax losses was as follows:

Year of occurrence	Unused tax loss	Expiry date
GIA TZOONG ENTERPRISE CO., LTD.		
2017(Approved)	$ 48,683	2027
2018(Approved)	63,956	2028
2019(Approved)	54,242	2029
2020(Approved)	120,351	2030
2021(Approved)	127,347	2031
2022(Declaration)	125,385	2032
2023(Estimation)	139,125	2033
subtotal	679,089	
PU-YU INVESTMENT CO., LTD.		
2019(Approved)	7,173	2029
2020(Approved)	16,857	2030
2022(Declaration)	3,679	2032
subtotal	27,709	
Total	$ 706,798	

H. Assessment of tax

The Company tax returns for the years through 2021 were assessed by Taipei National Tax Administration.

(23) Additional information of expense by nature

A. The Group of employee benefit expenses, depreciation and amortization as of December 31, 2023and 2022 were as follow:

By function / By nature	2023			2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee welfare expenses						
Salary and bonus	$ 139,565	$ 40,239	$ 179,804	$ 131,262	$ 41,044	$ 172,306
Labor and Health Insurance	15,670	3,155	18,825	14,278	3,038	17,316
Pension	5,728	2,215	7,943	5,461	2,130	7,591
Directors' remuneration	—	5,875	5,875	—	5,833	5,833
Other employees benefit expenses	10,604	1,357	11,961	10,154	1,201	11,355
Depreciation	$ 33,532	$ 5,196	$ 38,728	$ 30,914	$ 4,406	$ 35,320
Amortization	$ 1,398	$ 1,608	$ 3,006	$ 1,398	$ 1,308	$ 2,706

B. In accordance with the provisions of the Company Act and the Articles of Incorporation, the Company uses the profit before tax that is prior to the deduction of distribution of employee compensation as well as director and supervisor remuneration in the current year to retain the amount to make up for accumulated losses. After that, if there is still any balance, no less than 3% thereof shall be appropriated for employee compensation, nor more than 2% thereof for director and supervisor remuneration. The Company had losses before tax both in 2023 and 2022, and thus did not recognize estimated employee compensation, nor director and supervisor remuneration.

(24) Capital's risk management

Based on the characteristics of the industry and the future development of the Group, and taking into account factors such as changes in the external environment, the Group plans its operating capital requirements for the future to ensure sustainable operations, to reward its shareholders while taking into account the interests of other stakeholders, and to maintain an optimal capital structure to enhance shareholder value. The Group generally adopts prudent risk management strategies.

(25) Financial instruments

A. Fair value of financial instruments

(a) Except for those financial instruments that need not disclose fair value since carrying amounts of financial instruments measured at fair value is a reasonable approximation of the fair value and since investments in equity instruments that do not have a quoted price in an active market for measuring fair value, the carrying amounts and fair value of the Group's other financial assets and financial liabilities are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value :				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate of fund	$ 202,247	$ －	$ －	$ 202,247
Non-listed stocks	－	－	688	688
Total	$ 202,247	$ －	$ 688	$ 202,935

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value :				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate of fund	$ 80,676	$ －	$ －	$ 80,676
Listed Stocks	97	－	－	97
Non-listed stocks	－	－	1,147	1,147
Total	$ 80,773	$ －	$ 1,147	$ 81,920

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

The Group adopted market quotations as the input value for fair value (that is, the first level), which are set out by nature of the instrument as follows:

	Shares of TWSE (TPEx) listed companies	Fund
Market quotation	Closing price	Net value on the date of balance sheet

(c) There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

(d) Reconciliation of Level 3 fair value measurements of financial instruments.

Financial assets at fair value through other comprehensive incomes

	Years ended December 31,	
	2023	2022
Balance at January 1	$ 1,147	$ 1,617
Recognized as profit or loss for current period	(459)	(470)
Balance at December 31	$ 688	$ 1,147

1) The Group description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31 2023：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relation between input value and fair value	Sensitivity analysis of relation between input value and fair value
Financial assets:					
Fair value measurement through profit or loss					
Non-listed stocks	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies	0.76–2.79	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group’s profit or loss by NT$69 thousand /(NT$69 thousand). 10% increase (decrease) in the percentage of illiquidity would result in increase (decrease) in the Group’s profit or loss by NT$15 thousand /(NT$15 thousand).

As of December 31 2022：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relation between input value and fair value	Sensitivity analysis of relation between input value and fair value
Financial assets:					
Fair value measurement through profit or loss					
Non-listed stocks	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies	0.57–1.4	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's profit or loss by NT$114 thousand /(NT$114 thousand). 10% increase (decrease) in the percentage of illiquidity would result in increase (decrease) in the Group's profit or loss by NT$24 thousand /(NT$24 thousand).

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices.

The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

B. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Financial assets at fair value through profit or loss	$ 202,935	$ 81,920
Financial assets measured at amortized cost (Note 1)	594,474	843,857
Financial Liabilities		
Measured at amortized cost (Note 2)	187,116	195,295

Note 1: Balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets measured at amortized cost.

Note 2: Balance includes notes and accounts payable, other payables, lease liabilities, long-term loans, refundable deposits, and other financial liabilities measured at amortized cost.

C. Financial risk management objectives

The Group's financial risk management objective is to manage foreign exchange rate risk, interest rate risk, credit risk and liquidity risk associated with operating activities. To reduce financial risks, the Group is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Group's financial performance.

The significant financial activities of the Group are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. While executing its financial plans, the Group must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

D. Market risk

The Group is primarily exposed to market risks such as changes in foreign currency exchange rates and changes in interest rates. It uses certain derivative financial instruments to manage related risks.

(a) Foreign exchange rate risks

The Group's operating activities and foreign operations' net investment are primarily conducted in foreign currencies. As a result of this, foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and the fluctuation of future cash flow due to said exchange rate changes, the Group took out short-term loans to avoid exchange rate risks.

The purpose of the Group's taking out short-term loans was primarily to engage in natural hedging of USD accounts receivable. Since the Group's accounts receivable was primarily in US dollars, the use of US dollar short-term loans naturally avoids risks from US dollar accounts receivable that would arise from changes in foreign currency exchange rates.

Information on the Group's foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

Amount Unit: (in thousands)

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency	Exchange rate	Carrying amount (NT$)	Range of change	Impact on profit or loss
Financial assets					
US$	$ 10,539	30.705	$ 323,596	10%	$ 32,360
RMB	1,053	4.3352	4,564	10%	456
Financial liabilities					
US$	200	30.705	6,126	10%	613
RMB	113	4.3352	488	10%	49

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency	Exchange rate	Carrying amount NT$)	Range of change	Impact on profit or loss
<u>Financial assets</u>					
US$	$ 15,518	30.71	$ 476,547	10%	$ 47,655
RMB	1,890	4.4094	8,333	10%	833
<u>Financial liabilities</u>					
US$	280	30.71	8,590	10%	859
RMB	40	4.4094	178	10%	18

(b) Interest rate risk

Interest rate risk represents the risk of fluctuations in future cash flows due to changes in market interest rates. The Group's interest rate risk arises mainly from fixed-rate bond investments and floating-rate bank loans.

The sensitivity analysis of interest rate risk was calculated based on the change in floating interest rates on floating rate borrowings as of the end of the financial reporting period and was assumed to be held for one quarter. If interest rates increase/decrease by 1yd (0.25%), the Group's profit or loss will increase/decrease by approximately $258 thousand and $423 thousand as of December 31, 2023 and 2022, respectively.

(c) Other market price risk

The price risk of the Group primarily arose from financial assets classified as mandatory fair value measurement through profit or loss, in addition to equity instruments and investments measured at fair value through other comprehensive income. Except for investments made through venture capital funds, all other major investments in equity instruments were approved by the Group's boards of directors before the implementation thereof.

The sensitivity analysis of financial asset price risk measured by fair value through profit and loss was calculated based on changes in the fair value of TWSE (TPEx) listed shares and other investments held by the Group at the end of the financial reporting period. If the price of equity instruments had increased/decreased by 5%, the profit and loss of the Group on December 31, 2023 and 2022 would have increased/decreased NT$10,113 thousand and NT$4,039 thousand, respectively.

For details on the sensitivity analysis of other equity instruments measured by Level 3 of the fair value hierarchy, refer to the description in Note 6 (25) A.

E. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s concentration of credit risk arises principally from its accounts receivables of operating activities. Operational credit risk and financial credit risk are management separately.

In order to mitigate credit risks, the Group's management assigned a dedicated team to be in charge of determining credit limit extensions, credit approvals, and other monitoring procedures, to ensure that appropriate actions have been taken to recover overdue accounts receivables. In addition, the Group reviewed the recoverable amounts of accounts receivable one by one as of the balance sheet date, to ensure that appropriate impairment losses on unrecoverable accounts receivable had been recognized. In view of this, the Group's management believed that the credit risk of the Group had been significantly reduced.

Furthermore, since the counterparties in liquid funds and derivatives were banks with high credit ratings given by an international credit rating agency, the credit risks were not high.

As of December 31, 2023 and 2022, the accounts receivable balance of the Group's top ten clients accounted for 60% and 61%, respectively, of the accounts receivable balances. As the top ten clients were all well-known enterprises without major payment collection abnormalities, there was no concern of credit risk.

F. Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support the operations and mitigate the impact of cash flow fluctuations. The management of the Group supervised the usage of bank financing facilities, and ensured compliance with loan contract terms and conditions.

Bank loans were the Group 's major source of liquidity. For details on the Group' unused loan limits as of December 31, 2023 and 2022, refer to Notes 6 (10) and Notes 6 (13).

The remaining contractual maturity analysis of non-derivative financial liabilities was prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest), on the earliest date on which the Group might have been required to make repayments. Therefore, the bank loans that the Group could have been required to make immediate repayment are listed in the earliest period in the table below, regardless of the probability of the bank's immediate exercise of the right; the maturity analysis for other non-derivative financial liabilities was prepared based on the agreed repayment date.

	December 31, 2023				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Notes payables	$ 67,420	$ —	$ —	$ —	$ 67,420
Other payable	80,346	—	—	—	80,346
Lease liabilities	2,388	2,766	—	—	5,154
Long-term borrowings	20,170	12,253	—	—	32,423
Deposits received	1,773	—	—	—	1,773
Total	$ 172,097	$ 15,019	$ —	$ —	$ 187,116

	December 31, 2022				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Notes payables	$ 63,415	$ —	$ —	$ —	$ 63,415
Other payable	77,060	—	—	—	77,060
Lease liabilities	963	344	—	—	1,307
Long-term borrowings	19,992	31,748	—	—	51,740
Deposits received	1,773	—	—	—	1,773
Total	$ 163,203	$ 32,092	$ —	$ —	$ 195,295

7. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(1) Parent company and the ultimate controller:

The Company was the ultimate controller of the Consolidated Companies.

(2) Compensation of key management personnel

Compensation of directors and key management personnel are as below:

	Years ended December 31, 2023	Years ended December 31, 2022
Short-term benefits	$ 21,412	$ 23,124
Post-employment benefits	815	817
Total	$ 22,227	$ 23,941

The Group provided a car to the key management personnel for using. As of December 31, 2023 and 2022, the carrying amount thereof was NT$3,949 thousand and NT$0 thousand, respectively.

Remuneration to directors and other key management personnel was determined by the Compensation and Remuneration Committee in accordance with individual performance and market trends.

8. PLEDGED ASSETS

As of December 31, 2023 and 2022, the Group's carrying values of pledge assets were as follows:

		Book value	
Name	Purpose of guarantee	December 31, 2023	December 31, 2022
Land	Long-term borrowings	$ 135,826	$ 135,826
House and Building		118,105	134,618
Machine equipment		20,762	24,532
Limited assets (Financial assets measured at amortized costs in the statements)	Long/Short-term loans	8,360	6,829
Total		$ 283,053	$ 301,805

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023 and 2022, unused letters of credit already issued to the Group were NT$12,000 thousand and NT$4,548 thousand, respectively.

As of December 31, 2023 and 2022, Group 's contracted but unpaid amounts for the purchase of property, plant, and equipment were approximately NT$13,777 thousand and NT$6,847 thousand, respectively.

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. ADDITIONAL DISCLOSURES

In preparing the consolidated financial report, all significant transactions and balances between the parent company and its subsidiaries have been eliminated.

(1) Following are the additional disclosures required by the Securities and Futures Bureau for the Group:

No	Item	Explanation
1	Lending funds to others.	None
2	Providing endorsements or guarantees for others.	None
3	Holding of securities at the end of the period.	Table 1

No	Item	Explanation
4	Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more.	None
5	Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more.	None
6	Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more.	None
7	Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more.	None
8	Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more.	None
9	Trading in derivative instruments.	None
10	Other: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them.	Table 2
11	Information on investee company (If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area)	Table 3

(2) Information on investments in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, the share of profits/losses of an investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please refer to table 4 attached;

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: Please refer to table 5 attached;

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to table 5 attached;

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to table 5 attached;

(c) Amount of property transactions and the amount of profit or loss arising therefrom: None;

(d) Closing balance of endorsements and guarantees on notes or provision of collateral and the purpose thereof: None;

(e) Maximum balance of financing, ending balance, interest rate collar, and total interest of the current period: None;

(f) Other transactions that have a significant impact on the current profit or loss or financial status, such as the provision or receipt of labor services: None;

(3) Information of main shareholders

List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to table 6 attached.

13. OPERATING SEGMENT INFORMATION

(1) Operating segments

The Group's main business items were the production and marketing of printed circuit boards, real estate investment, and trading.

The profit and loss from the operating segments of the Group were primarily measured based on operating profit and loss, which also served as the basis for evaluating performance. In addition, there was no material inconsistency between the accounting policies used by the operating segments and the summary description of important accounting policies stated in Note 4.

(2) Segment revenue and operating results

Information on the Group's segment revenue and operating results is as follows:

	Year ended December 31, 2023			
Item	Circuit board	Property investment	Inter-segment write-off	Total
Segment revenue				
Net of external segment	$ 496,577	$ –	$ –	$ 496,577
Net of inter-segment revenue	34,953	–	(34,953)	–
Total revenue	$ 531,530	$ –	$ (34,953)	$ 496,577
Operating loss	$ (149,803)	$ (532)	$ 36	$ (150,299)
Income tax expense	$ (1,783)	$ –	$ –	$ (1,783)

	Year ended December 31, 2022			
Item	Circuit board	Property investment	Inter-segment write-off	Total
Segment revenue				
Net of external segment	$ 490,883	$ –	$ –	$ 490,883
Net of inter-segment revenue	59,464	–	(59,464)	–
Total revenue	$ 550,347	$ –	$ (59,464)	$ 490,883
Operating loss	$ (147,731)	$ 40,914	$ (45,446)	$ (152,263)
Income tax expense	$ (4,299)	$ –	$ –	$ (4,299)

Segment income refers to the revenue earned by each segment, excluding the allocated headquarters management costs and director remuneration; share of profit or loss of affiliates using the equity method; profit or loss on disposal of investment in affiliates; rental income; interest income; profit or loss on disposal of property, plant, and equipment; profit or loss on disposal of investments; net (profit) or loss on foreign exchanges; profit or loss on financial instrument valuation; financial costs; and income tax expenses. This measured amount is provided to the chief operating decision-maker to allocate resources to segments and to evaluate their performance.

(3) Main product revenue

Analysis of the Group's main product revenues was as follows:

	Year ended December 31	
	2023	2022
Circuit board	$ 496,577	$ 490,883

(4) Regional information

The information on the Group's income from external clients is set out below by the location of operations and non-current assets. When the income is attributed to a region, it is calculated based on the region where the enterprise receives the cash. Non-current assets include investments using the equity method, property, plant, and equipment, right-of-use assets, intangible assets, and prepaid equipment payments, but excludes financial instruments and deferred income tax assets.

	Income from external clients		Non-current assets	
	2023	2022	Dec. 31, 2023	Dec. 31, 2022
Taiwan	$ 282,664	$ 275,901	$ 386,850	$ 410,356
Asia	79,542	100,255	275	88
Americas	32,704	55,676	—	—
Europe	96,048	54,009	—	—
Other	5,619	5,042	—	—
Total	$ 496,577	$ 490,883	$ 387,125	$ 410,444

(5) Major customer information:

Major customers who contributed 10% or more to the Group’s revenue for the years ended December 31,2023 and 2022 were as follows:

	2023	2022
Client A	$ 90,079	$ 31,238
Client B	77,923	67,608

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES

DECEMBER 31, 2023

Table 1

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investor	Securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Note
	Type	Marketable securities (Note 1)			Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
GIA TZOONG ENTERPRISE CO., LTD.	Stocks	INNOVATIVE TURNKEY SOLUTION CORPORATION	—	Financial assets at fair value through profit or loss - non-current	339	$ 688	1.27%	$ 688	
	Money Market Fund	TCB Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,956	30,784	—	30,784	
	〃	ALLIANZ GLOBAL INVESTORS Taiwan Money Market Fund	—	〃	3,944	50,836	—	50,836	
	〃	FUBON CHI-HSIANG Money Market Fund	—	〃	3,123	50,290	—	50,290	
	〃	CAPITAL Money Market Fund	—	〃	3,029	50,247	—	50,247	
	〃	TAISHIN 1699 Money Market Fund	—	〃	1,441	20,090	—	20,090	
	Company Bonds	TSMC Global Ltd	—	Financial assets at amortized cost	2	5,793	—	5,793	
	〃	TSMC	—	〃	2	6,203	—	6,203	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 ‘Financial instruments.

Note2: The column is left blank if the issuer of marketable securities is a non-related party.

Note 3: Where it is measured by fair value, fill in the carrying amount column with the book balance after the valuation adjustment at fair value and deduction of accumulated losses; where it is not measured at fair value, fill in the carrying amount column with the book balance of the initial acquisition cost or amortized cost less accumulated impairment.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

(In Thousands of New Taiwan dollars, unless stated otherwise)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note 3)
0	GIA TZOONG ENTERPRISE CO., LTD.	PSC ENTERPRISE CO., LTD.	1	Sales revenue	$ 17,309	Not significantly different from general sales	3%
			1	Accounts receivable	10,477	〃	1%
		PU-YU INVESTMENT CO., LTD.	1	Rental revenue	36	Received according to the contract period	—
		GIA TZOONG (Shen Zhen) Ltd.	1	Sales revenue	4,422	Not significantly different from general sales	1%
			1	Accounts receivable	1,157	〃	—
			1	Purchase of goods	7,572	Not significantly different from general purchase	2%
			1	Accounts payable	2,259	〃	—
1	GIA TZOONG (Shen Zhen) Ltd.	PSC (H.K.) ELECTRONICS LIMITED	3	Sales revenue	5,650	Not significantly different from general sales	1%
			3	Accounts receivable	745	〃	—

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column:

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

Note 4: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES

(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

(In Thousands of New Taiwan dollars/USD)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Holding at the end of the period			Net profit (loss) of the investee for the year ended December 31,2023 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2(3))	Note
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value			
GIA TZOONG ENTERPRISE CO., LTD.	PSC ENTERPRISE CO., LTD.	Samoa	PCB trading and investment	$ 329,006	$ 329,006	9,725	100%	$ 40,098	$ 4,923	$ 4,923	Subsidiary
	ENRICH NATIONALS TRADE LIMITED	Hong Kong	PCB trading	4,536	4,536	1,106	100%	10,884	1,394	1,394	Subsidiary
	PU-YU INVESTMENT CO., LTD.	Taiwan	Property investment	20,000	16,000	2,000	100%	25,978	1,830	1,453	Subsidiary
	PSC (H.K.) ELECTRONICS LIMITED	Hong Kong	PCB trading	7,142	7,142	10	100%	4,868	(564)	(564)	Subsidiary

Note 1:Where a public company has a foreign holding company that uses consolidated statements as its main financial report in accordance with local laws and regulations, the disclosure of information on the foreign investee company may be carried out to the extent of the information related to the holding company only.

Note 2: Where the circumstances mentioned in Note 1 do not apply, the information shall be filled in in accordance with the rules below:

(1) The “name of the investee company”, “location”, “main business items”, “initial investment amount” and “shareholding status at the end of the period” columns shall be filled in based on the status of the (public) Company's reinvestment, as well as the status of the reinvestment transfer made by each investee company directly or indirectly controlled thereby, in order, indicating also the relationship between each investee company and the (public) Company (for example: subsidiary or a sub subsidiary) in the remark column.

(2) The “Profit or loss of the investee company for the period” column must be filled in with the amount of profit or loss for the current period of each specific investee company.

(3) The “Investment profit or loss recognized in the current period” column must be filled in with the profit or loss amounts of the specific subsidiary recognized by the (public) Company as a direct reinvestment as well as each investee company valuated using the equity method only; the remainder may be omitted. When filling in the “recognition of the profit or loss amount of each subsidiary directly reinvested for the period”, it must be confirmed that the profit or loss amount of each subsidiary has included the profit or loss in investments for its reinvestment transfer to be recognized in accordance with the regulations.

Note 3: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 4

(In Thousands of New Taiwan dollars/USD (unless stated otherwise))

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
JIANGMEN PSC ELECTRONICS LTD	PCB production and sales business	$ 578,868 USD 17,666,019.84	2	$ 578,868 USD 17,666,019.84	$ —	$ —	$ 578,868 USD 17,666,019.84	$ —	—	$ —	$ —	$ —	Note 4
GIA TZOONG (Shen Zhen) Ltd.	PCB trading	4,339 USD 140,000	2	4,339 USD 140,000	—	—	4,339 USD 140,000	1,401	100%	1,401	8,669	—	

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	The ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
$ 578,868 (USD 17,666,019.84)	$ 595,014 (USD 17,380,576.81)	$ 652,842
4,339 (USD 140,000.00)	9,744 (CNY 2,200,000.00)	

Note 1: The investment methods are divided into the following four types:

(1)Investment in a Mainland China company via remittance through a third region.

(2)Investment in a Mainland China company via a company invested and established in a third region.

(3)Investment in a Mainland China company via an existing company established in a third region.

(4)Other methods, EX, entrusted investment.

Note 2: Based on and limited to 60% of the net worth at the time of approval being granted by the Ministry of Economic Affairs Investment Commission, which after translation does not exceed the limit in accordance with the exchange rate at the time of filing.

Note 3: Financial statements that recognized the profit or loss in investments in the current period were audited by the certified public accountants of the parent company in Taiwan.

Note 4: The Company's Board of Directors passed a resolution on August 9, 2019 to authorize the subsidiary GIA TZOONG CIRCUIT ENTERPRISE CO., LTD. to dispose of 100% equity of its subsidiary JIANGMEN PSC ELECTRONICS LTD. The equity transfer procedure, change of responsible person, and re-election of directors and supervisors were completed on March 23, 2020, and the handover thereof was completed on June 3, 2020.

Note 5: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 5

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investee company in Mainland China	Type of trading	Purchases or sales of goods		Price	Trading terms		Notes and accounts receivable (payable)		Unrealized gains and losses	Note
		Amount	Percentage		Collection terms	Comparison with general transactions	Amount	Percentage		
GIA TZOONG (Shen Zhen) Ltd.	Sales	$ 13,222	3%	(Note 1)	(Note 1)	(Note 1)	$ 3,004	—	$ —	
	Purchases	4,422	1%	〃	〃	〃	1,157	—	—	

Note 1: With regard to the purchase and sales transactions between the Company and related parties, there is no significant difference in the transaction price, nor in collection payment terms and conditions, from those in transactions conducted with non-related parties.

Note 2: Had already been written off at this consolidated report's time of preparation.

GIA TZOONG ENTERPRISE CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023

Table 6

Shares / Name of major shareholders	Number of Shares	Ownership Percentage (%)
LEE MAW CHANG	15,878,066	9.55%
SHEN CHEN CHIEN	10,393,000	6.25%
TSENG CHI LI	9,561,794	5.75%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

5.The Company's parent company only financial report in the most recent year that has been audited and attested by an certified public accountant

INDEPENDENT AUDITORS' REPORT

NO.16931120EA

To GIA TZOONG ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of GIA TZOONG ENTERPRISE CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information.
In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Auditing and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of Republic of China ("the Code"), 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 the context of our audit of the parent company only financial statements as a whole, and to in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the Company's parent company financial statements for the year ended December 31, 2023 are as follows:

1. Revenue recognition

   Description of key audit matters

For details on the accounting policy for revenue recognition, refer to Note 4 (11) on the parent company only financial report; for a detailed description of the revenue of the current period, refer to Note 6 (17) on the parent company only financial report.

The sales locations of the Company include markets in Taiwan, China, Asia, the United States, Europe, etc. Different clients apply rather different trade conditions, and it is necessary to determine the transaction terms and conditions based on client orders and other documents. Since the recognition of relevant revenue involves more manual operations in determining the timing of transfer of risk and rewards of ownership of sold goods, it is likely to cause inconsistent timing of revenue recognition. In addition, the transaction amount prior to and subsequent to the balance sheet date has a relatively direct effect on parent company only financial statements. Therefore, revenue recognition is one of the most important matters to be audited.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

(3) We acquired understanding of the internal sales cycle control system and conducted a test on the effectiveness of the internal controls; this resulted in the finding that the Company has properly implemented internal controls.

(4) We carried out the cut-off test on revenue recognition aimed at a certain period prior to and subsequent to the balance sheet date, including verifying client orders, reviewing their transaction terms and conditions, and confirming whether the timing of revenue recognition was consistent with the timing of the performance of obligations and transfer of risk and rewards as stated in the purchase order.

2. Property, plant, and equipment impairment assessment

Description of key audit matters

For details on the accounting policy for property, plant, and equipment impairment, refer to Note 4 (7) in the parent company only financial report; for a detailed description of significant accounting judgments, estimates and assumption uncertainty that are involved in impairment assessment of property, plant, and equipment, refer to Note 5 (3) in the parent company only financial report.

The property, plant, and equipment of the Company accounted for about 28% of total parent company only assets. In addition, due to factors such as market maturity and saturation of panels and consumer electronic products, competition in the printed circuit board industry to which the Company belong is relatively fierce. Where signs of impairment exist, assessments of recoverable amounts must be carried out. The Company commissioned the external expert to assess assets' recoverable amounts based on the net fair value, and found after the assessment that there was no impairment. However, this assessment used valuation techniques to measure the recoverable amount of related assets. The adoption of these assumptions and parameters is prone to subjective judgments, which may have a significant effect on measurement of net fair value, which would in turn affect property, plant, and equipment test result. Therefore, the assessment of the impairment of property, plant, and equipment is one of the most important matters to be audited.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

(1) Obtained written documents regarding signs of asset impairment and impairment testing for the Company, and conducted discussions with said company’ management.
(2) Inquired about the professional qualifications, experience and reputation of external valuation specialists hired by the Company, in order to ascertain whether such specialists were reliable in terms of their skills and abilities, and to ascertain factors that may affect external experts' objectivity.
(3) Obtained information provided by the management of the Company to external experts, to ascertain the appropriateness as well as the consistency of assumptions compared with those in the previous year.
(4) Learned the basis upon which external experts adopted methods, so as to assess their appropriateness and consistency.
(5) Assessed the reasonableness of assumptions made by the management of the Company, and its external experts, through the literature on related industries, market information, or historical results.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements 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 the 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.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit 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 auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 Company to express an opinion on the parent company only 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 the most significant audit matters of the parent company only financial statements for the years ended December 31, 2023. We describe these matters in our auditors' report unless the 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.
The engagement partners on the audits resulting in this independent auditors' report are Hsien-Hsiu Cheng and Chia-Yu, Lai.

Baker Tilly Clock & Co
March 13, 2024

<u>Notice to Readers</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flow in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.
For the convenience of readers, the independent auditors ' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Balance Sheets December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4.6(1)	$ 145,847	11	$ 261,598	18
1110	Financial assets at fair value through profit or loss - current	4.6(2)	202,247	16	80,773	6
1136	Financial assets at amortized cost - current	4.6(3).8	224,506	18	342,426	24
1150	Notes receivable	4.6(4)	1,086	—	524	—
1170	Accounts receivable	4.6(4)	113,114	9	104,163	7
1180	Receivables from related parties	4.6(4).7	11,634	1	1,251	—
1200	Other receivables	4	4,413	—	4,519	—
1220	Current income tax assets	4.6(22)	1,695	—	1,162	—
130X	Inventories	4.6(5)	80,693	6	82,645	6
1479	Other current assets		988	—	3,055	—
11XX	Total current assets		786,223	61	882,116	61
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	4.6(2)	688	—	1,147	—
1550	Investments accounted for using equity method	4.6(6)	81,828	6	99,506	7
1600	Property, plant and equipment	4.6(7).8	366,520	28	381,146	27
1755	Right-of-use assets	4.6(8)	4,834	1	1,207	—
1780	Intangible assets	4.6(9)	2,258	—	3,519	—
1840	Deferred income tax assets	4.6(22)	34,663	3	39,053	3
1915	prepayments for equipment		13,238	1	24,484	2
1920	Other noncurrent assets		3,699	—	1,889	—
15XX	Total noncurrent assets		507,728	39	551,951	39
1XXX	Total assets		$ 1,293,951	100	$ 1,434,067	100

To accompanying notes are an integral part of the parent company only financial statements.

(Continued)

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Balance Sheets December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	LIABILITIES AND EQUITY	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2170	Accounts payable	6(11)	$ 59,233	5	$ 57,021	4
2180	Payables to related parties	6(11).7	2,259	—	956	—
2200	Other payables	6(12)	76,839	6	66,020	5
2281	Lease liabilities - current	6(8)	2,293	—	930	—
2322	Current portion of long-term borrowings	6(13)	20,170	2	19,992	2
2300	Other current liabilities		4,242	—	4,507	—
21XX	Total current liabilities		165,036	13	149,426	11
	Non-current liabilities					
2540	Long-term borrowings	6(13)	12,253	1	31,748	2
2570	Deferred income tax liabilities	4.6(22)	11,925	1	14,098	1
2581	Lease liabilities - non-current	6(8)	2,615	—	310	—
2640	Defined benefit liabilities	4.6(14)	12,279	1	14,562	1
2645	Guarantee deposits received		1,773	—	1,773	—
25XX	Total noncurrent liabilities		40,845	3	62,491	4
2XXX	Total liabilities		205,881	16	211,917	15
	Equity attributable to owners of the parent	6(15)				
3100	Capital					
3110	Common stock		1,661,228	129	1,661,228	116
3200	Capital surplus					
3230	Capital surplus, difference between consideration and carrying amount of subsidiaries acquired		474	—	—	—
3300	Retained earnings					
3350	Accumulated deficit		(547,143)	(43)	(412,812)	(29)
3400	Other equity					
3410	Exchange differences on translating the financial statements of foreign operations	4.6(15)	(26,489)	(2)	(26,266)	(2)
3XXX	Total equity		1,088,070	84	1,222,150	85
	Total liabilities and equity		$ 1,293,951	100	$ 1,434,067	100

To accompanying notes are an integral part of the parent company only financial statements.

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company only Statements of Comprehensive Income for The Years Ended December 31, 2023 And 2022

(In Thousands of New Taiwan Dollars)

Code	Item	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	**Operating revenues**	4.6(17).7	$ 478,991	100	$ 477,113	100
5000	**Operating costs**	6(5).7	(555,597)	(116)	(551,912)	(116)
5900	**Gross operating loss**		(76,606)	(16)	(74,799)	(16)
6000	**Operating expenses**					
6100	Selling and marketing expenses		(19,124)	(4)	(18,326)	(4)
6200	General and administrative expenses		(45,049)	(9)	(41,033)	(9)
6300	Research and development expenses		(14,119)	(3)	(12,322)	(2)
6450	Expected credit impairment gains (losses)	6(4)	1,178	—	(1,083)	—
6000	**Total operating expenses**		(77,114)	(16)	(72,764)	(15)
6900	**Net operating loss**		(153,720)	(32)	(147,563)	(31)
7000	**Non-operating income and expenses**					
7100	Interest income	6(18)	14,260	3	4,839	1
7010	Other income	6(19)	3,835	—	2,590	1
7020	Other gains and losses	6(20)	(4,964)	(1)	34,448	7
7050	Finance costs	6(21)	(1,233)	—	(1,354)	—
7070	Investment income recognized under equity method		7,206	2	34,521	7
7000	**Total non-operating income and expenses**		19,104	4	75,044	16
7900	**Loss from continuing operations before income tax**		(134,616)	(28)	(72,519)	(15)
7950	**Income tax expenses**	4.6(22)	(1,717)	—	(4,285)	(1)
8200	**Net loss**		(136,333)	(28)	(76,804)	(16)
	Other comprehensive income/(loss)					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans	4.6(14)	2,503	—	469	—
8349	Income tax relating to items that will not be reclassified subsequently to loss	4.6(22)	(501)	—	(94)	—
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translating the financial statements of foreign operations	4	(223)	—	4,310	1
8300	**Other comprehensive income, net of income tax**		1,779	—	4,685	1
8500	**Total comprehensive income**		$ (134,554)	(28)	$ (72,119)	(15)
	Loss per share	6(16)				
9710	Basic loss per share		$ (0.82)		$ (0.46)	
9810	Diluted loss per share		$ (0.82)		$ (0.46)	

To accompanying notes are an integral part of the parent company only financial statements.

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Statements of Changes in Equity for The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Share capital	Capital Surplus	Accumulated deficit	Exchange differences on translating the financial statements of foreign operations	Total equity
Balance on January 1, 2022	$ 1,661,228	$ —	$ (336,383)	$ (30,576)	$ 1,294,269
Net loss	—	—	(76,804)	—	(76,804)
Other comprehensive income, net of income tax	—	—	375	4,310	4,685
Total comprehensive income (loss)	—	—	(76,429)	4,310	(72,119)
Balance, December 31, 2022	1,661,228	—	(412,812)	(26,266)	1,222,150
Net loss	—	—	(136,333)	—	(136,333)
Other comprehensive income (loss), net of income tax	—	—	2,002	(223)	1,779
Total comprehensive income (loss)	—	—	(134,331)	(223)	(134,554)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	—	474	—	—	474
Balance, December 31, 2023	$ 1,661,228	$ 474	$ (547,143)	$ (26,489)	$ 1,088,070

To accompanying notes are an integral part of the parent company only financial statements.

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Statements of Cash Flows for The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Loss before income tax	$ (134,616)	$ (72,519)
Adjustments for:		
Depreciation expense	38,652	35,277
Amortization expense	3,006	2,706
Expected credit impairment loss (gain)	(1,178)	1,083
Net loss (profit) on financial assets at fair value through profit or loss	(1,090)	4,418
Finance costs	1,233	1,354
Interest income	(14,260)	(4,839)
Dividend income	(14)	(726)
Share of loss of subsidiaries	(7,206)	(34,521)
Loss (gain) on disposal or retirement of property, plant and equipment, net	8,812	(1,556)
Gain on lease modification	—	(33)
Change in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(119,925)	25,130
Notes receivable	(562)	512
Accounts receivable	(7,773)	56,353
Receivables from related parties	(10,383)	930
Other receivables	556	6,003
Inventories	1,952	46,231
Other current assets	2,067	216
Notes payable	—	(9)
Accounts payable	2,212	(26,540)
Payables to related parties	1,303	156
Other payable	11,722	(19,821)
Other payables to related parties	—	(75)
Other current liabilities	(265)	(166)
Net defined benefit liabilities	219	64
Cash generated from operations	(225,538)	19,628
Interest received	13,810	3,638
Dividend received	37,348	726
Interest paid	(1,220)	(1,358)
Income tax refunded	(533)	(232)
Net cash used in operating activities	(176,133)	22,402

To accompanying notes are an integral part of the parent company only financial statements.

(Continued)

GIA TZOONG ENTERPRISE CO., LTD.

Parent Company Only Statements of Cash Flows for The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	$ —	$ (256,718)
Acquisition of equity interest in subsidiary	(12,199)	—
Acquisition of property, plant and equipment	(20,339)	(30,347)
Acquisition of intangible assets	(1,745)	(1,351)
Increase in refundable deposits	(1,810)	—
Proceeds from disposal of financial assets at amortized cost	117,920	—
Refund from capital deduction of equity interest in subsidiary	—	76,000
Proceeds from disposal of property, plant and equipment	—	1,645
Decrease in refundable deposits	—	220
Net cash generated by (used in) investing activities	81,827	(210,551)
Cash flows from financing activities		
Repayment of long-term borrowings	(19,317)	(23,670)
Guarantee deposits received	—	800
Repayment of lease liabilities	(2,128)	(2,308)
Net cash used in financing activities	(21,445)	(25,178)
Net decrease in cash and cash equivalents	(115,751)	(213,327)
Cash and cash equivalents, beginning year	261,598	474,925
Cash and cash equivalents, end of year	$ 145,847	$ 261,598

To accompanying notes are an integral part of the parent company only financial statements.

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

14. HISTORY AND ORGANIZATION

GIA TZOONG ENTERPRISE CO., LTD. (the "Company") was approved for establishment on September 19, 1988, in accordance with the Company Act of the Republic of China, and started business on April 3, 1989. The main business is the manufacturing, processing, and trading of printed circuit boards. The Company's stock began to be listed and traded on the Taipei Exchange on June 23, 1998.

The parent company only financial report is presented in the Thousands of New Taiwan dollars, the Company's functional currency.

15. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 13, 2024.

16. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(4) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred herein as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

(5) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

(6) New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below.

(1) **Statement of compliance**

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

(2) **Basis of preparation**

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value and net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the parent company only financial statements, the Company uses the equity method to account for its investments in subsidiaries.

The profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and without accounting treatment difference.

(3) **Classification of current and non-current assets and liabilities**

Current assets include:

4) Assets held primarily for the purpose of trading;

5) Assets expected to be realized within twelve months after the reporting period; and

6) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

(4) **Foreign currencies**

In preparing the parent company only financial report, transactions in currencies other than the Company's functional currency (foreign currency) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the prevailing rates at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting parent company only financial statements, the functional currencies of the foreign operations of the Company (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

(5) **Inventories**

Inventories consist of raw materials, supplies, work in process, finished goods and merchandises. Inventories are measured at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and the necessary costs to sale. Inventories are recorded at the weighted-average cost at the end of the reporting period.

(6) **Investments using the equity method**

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, the investment was recognized at the initial cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company assesses impairment, it considers the cash-generating unit as a whole based on the financial report and compares its recoverable amount with the carrying amount. If the asset's recoverable amount subsequently increases, the reversal of the impairment loss is recognized as profit. However, the carrying amount of an asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset, after deducting the required provision for amortization, if no impairment loss is recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

(7) **Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized on the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) **Intangible assets**

1) Separately acquired

Intangible assets with finite useful life that acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis, and the estimated useful lives, residual values and amortization methods are reviewed at the end of each reporting period. The salvage value of an intangible asset with finite useful life is estimated to be zero except the Company expects to dispose of the asset before the economic life of the intangible asset expires. The effect of changes in accounting estimates was dealt with in a deferred manner. The effect of any changes is in the estimates accounted for on a prospective basis.

2) Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) **Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(10) **Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. For the detailed method of determining the fair value, refer to the description in Note 6 (25), Financial Instruments.

(b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

(i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivables, other receivables, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

(i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-months ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The loss allowance is a charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Company are recognized at the amount of the proceeds acquired after deducting the direct issuance costs.

The recaptured equity instruments of the Company itself are recognized and deducted as equity items. The purchase, sale, issuance or cancellation of equity instruments of the Company itself are not recognized in profit or loss.

3) Financial liabilities

a. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except in the following circumstances:

(a) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include the ones held-for-trading and designated at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value; and the gain or loss arising from remeasurement thereof, not including any dividends or interest paid on the financial liabilities, are recognized in profit or loss.

b. Derecognition of financial liabilities

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

(11) **Revenue recognition**

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

(12) Lease

A. At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

B. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

C. The Company as a lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

D. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expense in the periods in which they are incurred.

(13) Employee benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

B. Retirement benefits

Defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including service costs for the current period) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. Remeasurement (including actuarial gain or loss and return on plan assets excluding interest) is recognized in other comprehensive income and reflected in retained earnings when incurred, and will not be reclassified to profit or loss.

The net defined benefit liability (asset) is the contribution deficit (surplus) of defined benefit pension plans. Net defined benefit assets cannot exceed the present value of contribution refunds from the plan or reduction in future plan contributions.

(14) **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

18. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The application in Note 4 of the Company’s accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are continuously reviewed by the management. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following information on major assumptions made about the future and other major sources of estimation uncertainty at the end of reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Estimated impairment of financial assets (accounts receivable)

The estimated impairment of accounts receivable is based on the Company's assumptions about the default ratio and expected loss ratio. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessments. For the detailed material assumptions and input values adopted, refer to the description in Note 6 (4), Notes Receivable and Accounts Receivable. If the actual future cash flow is less than expected, significant impairment losses may arise.

B. Impairment of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period. Due to rapid changes in the industry, the Company evaluates the amount of inventory due to normal wear and tear, obsolescence, or a lack of market value at the end of the financial reporting period and writes down the inventory cost to the net realizable value. This inventory valuation is primarily based on the estimated demand for products in a specific period in the future, and thus there may be major changes.

For details on the carrying amount of the Company's inventories, refer to Note 6 (5).

C. Impairment of Tangible Assets, Right-of-use Assets and Intangible Assets Other than Goodwill

n the process of asset impairment assessment, the Company need to rely on subjective judgments, and on asset usage patterns and industry characteristics, to determine the independent cash flow and asset lifespan in specific asset groups as well as possible future income and expenses. Any changes due to economic conditions or changes in estimates brought about by corporate strategies may cause material impairment in the future.

The Company did not recognize any impairment loss for tangible or intangible assets in 2023 or 2022.

19. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 481	$ 512
Cash in banks	145,366	261,086
Total	$ 145,847	$ 261,598

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

	December 31, 2023	December 31, 2022
Financial assets - current		
Mandatorily at fair value through profit or loss		
Beneficiary certificate of fund	$ 202,247	$ 80,676
TWSE (TPEx) listed stocks	—	97
Total	$ 202,247	$ 80,773
Financial assets - non-current		
Mandatorily at fair value through profit or loss		
Non-listed stocks	$ 688	$ 1,147

For the years ended December 31, 2023 and 2022, the Company recognized net loss (profit) on financial assets at fair value through profit or loss for NT$4,418 thousand and (NT$1,109) thousand, respectively.

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with an original maturity of more than 3 months	$ 204,150	$ 335,597
Corporate bonds	11,996	—
Other	8,360	6,829
Total	$ 224,506	$ 342,426

C. The interest rates for time deposits were 1%~5.38% and 1.025%~4.5% for the years ended December 31, 2023 and 2022, respectively.

D. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4) Notes and Accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables		
Notes receivables - from operating	$ 1,086	$ 524
Less: Loss allowance	—	—
	$ 1,086	$ 524
Accounts receivables		
At amortized cost		
Accounts receivable	$ 127,832	$ 109,676
Less: Loss allowance	(3,084)	(4,262)
	$ 124,748	$ 105,414

E. The Company’s average credit period for product sales ranges from 90 to 120 days, and receivables are non-interest-bearing. The Company's policy is to transact only with counterparties rated at or above the investment grade, and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is provided by independent rating agencies. If such information is not available, the Company uses other publicly available financial information and historical transaction records to rate its major customers. The Company consistently monitors credit exposures and counterparty credit ratings and spreads the total transaction amount among different customers with qualified credit ratings. The Company also manages credit exposure by the business department and the chairman counterparty credit limits annually.

To mitigate credit risks, the Company's management has assigned a dedicated team responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

F. The Company applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix with reference to past default experiences of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecasted direction of economic conditions. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base.

The Company writes off a trade receivable if there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. The recovered amount is recognized in profit or loss.

G. The loss allowance of trade receivables based on the Company's allowance matrix was as follow:

December 31, 2023

	Non-pass due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0%	0 %～ 0.04%	0 %～ 6.17%	37.69%~ 38.74%	100%	
Gross carrying amount	$ 125,020	$ －	$ 834	$ 11	$ 3,053	$ 128,918
Loss allowance	－	－	(27)	(4)	(3,053)	(3,084)
Amortized cost	$ 125,020	$ －	$ 807	$ 7	$ －	$ 125,834

December 31, 2022

	Non-pass due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0%	0 %～ 0.04%	0 %～ 6.17%	37.69%~ 38.74%	100%	
Gross carrying amount	$ 105,105	$ －	$ 816	$ 49	$ 4,230	$ 110,200
Loss allowance	－	－	(16)	(16)	(4,230)	(4,262)
Amortized cost	$ 105,105	$ －	$ 800	$ 33	$ －	$ 105,938

Note: According to the Company's accounting policy, for accounts receivable that are due for more than 90 days, 100% of the outstanding amount shall be set aside as the allowance for loss. The insufficient balance recorded in the allowance account is mainly due to the account receivable from the subsidiary.

H. The movements in the allowance for accounts receivables were as follows:

	Years ended December 31	
	2023	2022
Balance at January 1	$ 4,262	$ 3,179
Allowance for impairment loss (reversed)	(1,178)	1,083
Amounts written off	－	－
Balance at December 31	$ 3,084	$ 4,262

(5) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 959	$ 602
Finished goods	23,775	28,830
Work in process	36,256	33,892
Raw materials	13,630	13,361
Supplies	6,073	5,960
Total	$ 80,693	$ 82,645

C. As of December 31, 2023 and 2022, the Company writes off allowance for inventory obsolescence were NT$21,473 thousand and NT$19,110 thousand, respectively.

D. The details of the cost of goods sold were as follows:

	Years ended December 31	
	2023	2022
Cost of inventories sold	$ 407,900	$ 401,818
Write-down of inventories	2,363	13,173
Cost of idle capacity	157,862	145,781
Others	(12,528)	(8,860)
Total	$ 555,597	$ 551,912

(6) Investments accounted for using equity method

A. Investments accounted for using the equity method consisted of the following:

	December 31, 2023	December 31, 2022
Non-Listed stocks		
PSC ENTERPRISE CO., LTD.	$ 40,098	$ 35,252
ENRICH NATIONALS TRADE LIMITED	10,884	9,643
PU-YU INVESTMENT CO., LTD.	25,978	49,186
PSC (H.K.) ELECTRONICS LIMITED	4,868	5,425
Total	$ 81,828	$ 99,506

B. The Company's ownership interest in subsidiaries and the percentage of voting rights as of the balance sheet date were as follows:

Company Name	December 31, 2023	December 31, 2022
PSC ENTERPRISE CO., LTD.	100%	100%
ENRICH NATIONALS TRADE LIMITED	100%	100%
Pu-Yu Investment Co., Ltd.	100%	80%
PSC (H.K.) ELECTRONICS LIMITED	100%	100%

C. The Company's share of subsidiaries' profit and loss recognized using the equity method for the years ended December 31, 2023 and 2022 were based on the audited financial statements of the subsidiaries for the same periods.

D. The Company's board of directors approved the acquisition of 20% equity of Pu-Yu Investment Co., Ltd., on March 22, 2023, and the registration of shareholding change was completed on April 26, 2023.

E. For the year ended December 31, 2023 and 2022, the cash dividends received from subsidiaries were NT$37,334 thousand and NT$0 thousand, respectively. In accordance with the provisions of International Accounting IAS 28 "(Investments in Associates)", the amount of investment accounted for using the equity method is offset when received.

(7) Property, plant and equipment

	For the year ended December 31, 2023				
	Balance at January 1, 2023	Additions	Disposals	Reclassification	Balance at December 31, 2023
Cost					
Land	$ 99,170	$ —	$ —	$ —	$ 99,170
Land-revaluation increment	36,656	—	—	—	36,656
Buildings	263,694	250	(13,032)	210	251,122
Machinery and equipment	531,675	4,869	(6,725)	24,009	553,828
Transportation equipment	3,858	—	—	—	3,858
Office equipment	5,931	808	—	—	6,739
Other equipment	137,411	523	(450)	—	137,484
Subtotal	1,078,395	6,450	(20,207)	24,219	1,088,857
Accumulated depreciation					
Buildings	129,076	8,235	(4,294)	—	133,017
Machinery and equipment	435,467	23,609	(6,651)	—	452,425
Transportation equipment	3,804	38	—	—	3,842
Office equipment	4,334	466	—	—	4,800
Other equipment	124,568	4,135	(450)	—	128,253
Subtotal	697,249	36,483	(11,395)	—	722,337
Net value	$ 381,146	$ (30,033)	$ (8,812)	$ 24,219	$ 366,520

	For the year ended December 31, 2022				
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
Cost					
Land	$ 99,170	$ —	$ —	$ —	$ 99,170
Land-revaluation increment	36,656	—	—	—	36,656
Buildings	250,553	1,236	—	11,905	263,694
Machinery and equipment	538,033	1,011	(23,329)	15,960	531,675
Transportation equipment	4,448	—	(590)	—	3,858
Office equipment	5,931	—	—	—	5,931
Leased assets Improvement	165	—	(165)	—	—
Other equipment	135,295	1,546	—	570	137,411
Subtotal	1,070,251	3,793	(24,084)	28,435	1,078,395
Accumulated depreciation					
Building	120,966	8,110	—	—	129,076
Machine equipment	438,699	20,008	(23,240)	—	435,467
Transportation equipment	4,325	69	(590)	—	3,804
Office equipment	3,863	471	—	—	4,334
Leased assets Improvement	165	—	(165)	—	—
Other equipment	120,233	4,335	—	—	124,568
Subtotal	688,251	32,993	(23,995)	—	697,249
Net value	$ 382,000	$ (29,200)	$ (89)	$ 28,435	$ 381,146

D. The amount of capitalized interests and interest rates are as follows:

	Years ended December 31	
	2023	2022
Amount of capitalized interests	$ –	$ –
The interest rate of borrowing cost capitalization	2.4%	1.93%

E. The significant part of the Company's buildings includes main plants, ancillary equipment, and the related depreciation is calculated using the estimated useful lives of 45 to 50 years and 3 to 10 years , respectively.

F. As of December 31, 2023 and 2022, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(8) Lease arrangements

A. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Machine equipment	$ 500	$ 265
Transportation equipment	4,334	942
Total	$ 4,834	$ 1,207

	Years ended December 31	
	2023	2022
Additions to right-of-use assets	$ 5,796	$ 1,388
Lease modification	$ –	$ (4,106)
The depreciation charge for right-of-use assets		
Buildings	$ –	$ 396
Machine equipment	588	605
Transportation equipment	1,581	1,283
Total	$ 2,169	$ 2,284

B. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current	$ 2,293	$ 930
Non-current	$ 2,615	$ 310

Range of discount rate for lease liabilities was as follows:

	December 31, 2023	December 31,2022
Machine equipment	1.77%～1.933%	1.6%～1.77%
Transportation equipment	4.972%～5.781%	4.972%～5.246%

C. Other lease information

	Years ended December 31	
	2023	2022
Expenses relating to short-term leases	$ —	$ 87
Expenses relating to low-value asset leases	$ 211	$ 205
Total cash outflow for leases	$ 2,511	$ 2,680

The Company chose to apply the recognition exemption to equipment leases that qualify for low-value assets and short-term leases of vehicles and house leases, etc. and did not recognize the right-of-use assets and lease liabilities for these leases.

(9) Intangible assets

	For the year ended December 31, 2023			
	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Cost				
Software	$ 7,741	$ 605	$ —	$ 8,346
Professional technique	2,000	1,140	—	3,140
Subtotal	9,741	1,745	—	11,486
Accumulated amortization				
Software	4,889	1,896	—	6,785
Professional technique	1,333	1,110	—	2,443
Subtotal	6,222	3,006	—	9,228
Net value	$ 3,519	$ (1,261)	$ —	$ 2,258

	For the year ended December 31, 2022			
	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Cost				
Software	$ 7,390	$ 351	$ —	$ 7,741
Professional technique	1,000	1,000	—	2,000
Subtotal	8,390	1,351	—	9,741
Accumulated amortization				
Software	2,933	1,956	—	4,889
Professional technique	583	750	—	1,333
Subtotal	3,516	2,706	—	6,222
Net value	$ 4,874	$ (1,355)	$ —	$ 3,519

For the years ended December 31, 2023 and 2022, The amortization expenses recognized by the Company were incorporated into the statements of comprehensive income, at NT$3,006 thousand and NT$2,706 thousand, respectively.

(10) Short-term loans

	December 31, 2023	December 31, 2022
Unused credit line	$ 112,531	$ 120,098

For the collateral of the short-term borrowings, please refer to Note 8.

(11) Notes and accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 61,492	$ 57,977
Current	$ 61,492	$ 57,977

C. The terms of the Company's transactions with suppliers are 90 to 120 days. The Company has a financial risk management policy to ensure that all payables are paid within the agreed credit terms.

D. Refer to Note 6 (25) for disclosures related to the Company's payables and other payables that are exposed to exchange rate and liquidity risks.

(12) Other payables

	December 31, 2023	December 31, 2022
Other payables to non-related parties		
Wages and salaries payable	$ 19,833	$ 18,379
Payable on machinery and equipment	4,447	5,363
Interest payable	45	32
payment in lieu of annual leave	5,780	5,381
Payable on processing expense	20,535	11,702
Payable on repairs and maintenance expense	7,110	7,283
Other	19,089	17,880
Total	$ 76,839	$ 66,020
Current	$ 76,839	$ 66,020

(13) Long-term borrowings

Redemption	December 31, 2023	December 31, 2022
Loan against machinery - monthly repayments from January 2020 to December 2024, with floating interest rates. The interest rates on December 31, 2023 and 2022 were 2.053% and 1.976%, respectively.	$ 5,327	$ 10,540
Loan against land and buildings - monthly repayments from October 2020 to September 2025 with floating interest rates. The interest rates on December 31, 2023 and 2022 were 2.053% and 1.976%, respectively.	15,096	22,422
Loan against land and buildings - quarterly repayments from February 2021 to November 2025 with floating interest rates. The interest rates on December 31, 2023 and 2022 were 2.55% and 2.425%, respectively.	12,000	18,000
Loan against land and buildings - monthly repayments from March 2008 to February 2023 with floating interest rates. The interest rates on December 31, 2022 were 2.0423%.	—	778
Total	$ 32,423	$ 51,740
Current	$ 20,170	$ 19,992
Non-current	$ 12,253	$ 31,748
Credit not used yet	$ —	$ —

For the collateral of the long-term borrowings, please refer to Note 8.

(14) Retirement benefit plans

C. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee’s individual pension accounts at 6% of monthly salaries and wages. The Company recognized retirement cost in 2023 and 2022 was NT$6,946 thousand and NT$6,629 thousand, respectively.

D. Defined benefit plans

The Company's employee pension plan established in accordance with the Labor Standards Act was a defined benefit plan. Based on the provisions of pension plan, employee pensions were calculated based on years of service and the average salary of the six months prior to retirement. The Company appropriated NT$150 thousand to the employee pension fund every month, which funds were then deposited in the dedicated account with the Bank of Taiwan by the Labor Retirement Reserve Supervisory Committee in the name of said committee. However, after the employee pension plan had successively cleared the employee's service seniority accumulated prior to the application of the Labor Standards Act, the Company had no obligation to make such appropriation. The remaining funds in the dedicated account had been retrieved and the cancellation of the account was completed on January 18, 2021. As the remaining funds included pension assets contributed by the manager who used to be the employee in prior years, the Company transferred to and deposited such funds in the manager’s existing dedicated account, “GIA TZOONG ENTERPRISE CO., LTD. Employee Pension Fund Management Committee”.

In addition, the Company formulated the Employee Pension Guideline which is applicable to appointed managers for their service seniority after the start-work date. The guideline was resolved by the Board of Directors on April 11, 2007 and by the general shareholder meeting on June 28, 2007.

(f)The expenses recognized in profit or loss for the Company in 2023 and 2022 were as follows:

	For the year ended December 31	
	2023	2022
Service cost	$ 640	$ 645
Net interest expense	96	53
Recognized in profit or loss	736	698
Remeasurement:		
Return on plan assets	271	146
Actuarial gains (loss) - Experience adjustments	(1,324)	189
Actuarial loss - Changes in financial assumptions	(1,450)	(804)
Recognized in other comprehensive income	(2,503)	(469)
Total	$ (1,767)	$ 229

(g) The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of funded defined benefit obligation	$ (19,721)	$ (30,369)
Fair value of plan assets	7,442	15,807
Net defined benefit liabilities	$ (12,279)	$ (14,562)

(h) Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Years ended December 31, 2023			
Balance at January 1	$ (30,369)	$ 15,807	$ (14,562)
Service cost	(640)	–	(640)
Net interest (expense) income	(425)	329	(96)
	(1,065)	329	(736)
Remeasurement:			
Return on plan assets	–	(271)	(271)
Changes in financial assumptions	1,450	–	1,450
Experience adjustments	1,324	–	1,324
	2,774	(271)	2,503
Contributions from the employer	–	516	516
Benefits paid	8,939	(8,939)	–
Balance at December 31	$ (19,721)	$ 7,442	$ (12,279)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Years ended December 31, 2022			
Balance at January 1	$ (30,114)	$ 15,241	$ (14,873)
Service cost	(645)	–	(645)
Net interest (expense) income	(225)	172	(53)
	(870)	172	(698)
Remeasurement:			
Return on plan assets	–	(146)	(146)
Changes in financial assumptions	804	–	804
Experience adjustments	(189)	–	(189)
	615	(146)	469
Contributions from the employer	–	540	540
Benefits paid	–	–	–
Balance at December 31	$ (30,369)	$ 15,807	$ (14,562)

(i) The Company's defined benefit pension plan fund is deposited in an account under the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The Labor Pension Fund Supervisory Committee, Council of Labor Affairs of the Executive Yuan regularly monitors and reviews the investment portfolio, prudently constructs the investment portfolio, diversifies the form of outsourcing, strengthens risk control, and adjusts the investment strategy in accordance with market changes to enhance the stable income of the fund. In conjunction with the Finance Department, the competent authority shall engage financial institutions to conduct the receipt, custody and use of plan assets. The minimum return shall not be less than the interest rate of a two-year time deposit in a local bank. Any loss shall be covered by the national treasury. The competent authority shall stipulate the rules for the receipt, custody and use of plan assets, and the Company has no right to participate in the operation and management of the fund. The fair value of the total assets of the fund as of December 31, 2023 and 2022 was shown in the annual reports on the use of the labor pension fund as announced by the government.

(j) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	2023	2022
Discount rate	1.30%	1.40%
Expected rate of salary increase	3.50%	3.50%

(k) The impact of the changes in the assumptions on the present value of the defined benefit obligation was as follows：

	Discount rate		Future salary change	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
The impact on the present value of the defined benefit obligation	$ 4,048	$ 3,814	$ 3,817	$ 4,046

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not consider that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

(l) The Company expects to contribute NT$12,585 thousand to the defined benefit plans for in the years ended December 31, 2024.

(m) As of December 31, 2023, the weighted-average duration of the defined benefit plan range was one years.

(15) Equity

F. Common stock

	December 31, 2023	December 31, 2022
Number of stocks authorized (in thousands)	250,000	250,000
Stocks authorized	$ 2,500,000	$ 2,500,000
Stocks issued (in thousands)	166,123	166,123
Stocks issued	$ 1,661,228	$ 1,661,228

G. Capital surplus

In accordance with the law and regulations, the capital reserve shall not be used except to make up for the Company's losses. However, the excess from the issuance of stocks exceeding the par value (including issuance of ordinary shares in excess of par value, share premium of shares issued due to merger, conversion premium of corporate bonds, treasury stock transactions, etc.) and the capital reserve generated from the receipt of gifts may be set aside as equity capital every year up to a certain percentage of the paid-in capital, provided that unrealized employee stock options and the capital reserve generated from stock options shall not be used for any purpose.

H. Retained earnings and dividend policy

(f) The Company’s article of incorporation stipulates that Company’s net earnings should first be used to offset the prior year’s deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholder’s meeting for approval.

(g) Legal reserve appropriation shall continue until its total amount reaches the total paid-in capital. Legal reserve may be used to offset losses. If the Company has no deficit, the portion of legal reserve in excess of 25% of the paid-in capital may be distributed in the form of new shares or cash in proportion to the shareholders' original shares.

(h) The Company is part of the electronic manufacturing industry. Although the Company can retain funds to engage in research and development as well as business expansion activities, when it distributes stock dividends to shareholders for a year in which it has made a profit, doing so will also cause the inflation of share capital. In view of this fact, if the profit does not increase proportionally, it will cause a decrease in earnings per share, thereby causing damage to shareholder equity. Therefore, the Company currently upholds a policy of cash dividends. The method of implementing this is to evaluate the capital needs of the future year based on the Company's future capital budget planning, and to distribute cash dividends to the greatest extent possible. With regard to the implementation ratio of the aforementioned cash dividend policy, the dividends to be distributed are primarily cash dividends, and stock dividends (including stock dividends from retained earnings and stock dividend from capital reserve) account for 50% or less thereof.

(i) The Company incurred net loss for the years ended December 31, 2023 and 2022, and the general shareholder meeting resolved the appropriation of loss on June 14, 2023 and June 16, 2022, respectively.

(j) Information on the appropriation of the earnings of the Company is available at the Market Observation Post System website of the Taiwan Stock Exchange.

I. Other equity

Exchange differences on translating the financial statements of foreign operations

	Year Ended December 31	
	2023	2022
Beginning balance	$ (26,266)	$ (30,576)
Occurred in current period		
Exchange differences on foreign operations	(223)	4,310
Ending balance	$ (26,489)	$ (26,266)

(16) Loss per share

	Year Ended December 31	
	2023	2022
Basic loss per share	$ (0.82)	$ (0.46)
Diluted loss per share	$ (0.82)	$ (0.46)

C. Basic loss per share

The calculation of basic loss per share and the weighted average number of ordinary shares were as follows:

	Year Ended December 31	
	2023	2022
Loss of the Company for the year (in thousands)	$ (136,333)	$ (76,804)
Weighted-average number of ordinary shares (thousand shares)	166,123	166,123
Basic earnings per share (dollars)	$ (0.82)	$ (0.46)

D. Diluted loss per share

The capital structure of the Company is non-complicated, and thus only the basic loss per share is disclosed.

(17) Operating revenue

Details of revenue:

	Year Ended December 31	
	2023	2022
Revenue from contracts		
Revenue from the sale of goods	$ 487,969	$ 480,275
Revenue from other operation	14	1
Less: sales returns and discounts	(8,992)	(3,163)
Net	$ 478,991	$ 477,113

(18) Interest income

	Year Ended December 31	
	2023	2022
Interest income	$ 14,260	$ 4,839

(19) Other income

	Year Ended December 31	
	2023	2022
Dividend revenue	$ 14	$ 726
Gain on write-off in payables	1,349	576
Other income	2,472	1,288
Total	$ 3,835	$ 2,590

(20) Other gains and losses

	Year Ended December 31	
	2023	2022
Gain (loss) on disposals of property, plant and equipment	$ (8,812)	$ 1,556
Foreign exchange gains	3,312	37,640
Gain (loss) on financial assets at fair value through profit or loss	1,090	(4,418)
Gain on lease modification	－	33
Compensation losses	(539)	(163)
Other losses	(15)	(200)
Total	$ (4,964)	$ 34,448

(21) Finance costs

	Year Ended December 31	
	2023	2022
Interest		
Bank borrowing	$ 1,061	$ 1,274
Lease liabilities	172	80
Total	$ 1,233	$ 1,354

(22) Income taxes

A. A reconciliation of accounting profit and income tax expenses was as follows:

	Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	$ (26,923)	$ (14,504)
Nondeductible expenses in determining taxable income	(2,532)	(5,565)
Unrecognized temporary differences	(1,150)	(136)
Unrecognized loss carrying forwards	27,825	25,673
Adjustment in respect of deferred tax of prior periods	4,497	(1,183)
Income tax recognized in profit or loss	$ 1,717	$ 4,285

B. Major components of tax expense recognized in profit or loss:

	Year Ended December 31	
	2023	2022
Deferred tax expense		
Current period	$ (2,780)	$ 5,468
Adjustment for prior period	4,497	(1,183)
Total	$ 1,717	$ 4,285

C. Income tax recognized in other comprehensive income:

	Year Ended December 31	
	2023	2022
Deferred tax		
Current period		
Remeasurements of defined benefit plan	$ (501)	$ (94)
Total	$ (501)	$ (94)

D. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 1,695	$ 1,162

E. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	Years Ended December 31, 2023			
	Balance at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31, 2023
Deferred tax assets				
Temporary differences				
Bad debts	$ 632	$ (273)	$ —	$ 359
Sales discounts	2	(2)	—	—
Inventory loss from the falling price	3,822	473	—	4,295
Actuarial losses on defined benefit plans	590	—	(501)	89
Unrealized pension expense	2,485	44	—	2,529
Loss carryforwards	29,643	(4,497)	—	25,146
Other	1,879	366	—	2,245
	$ 39,053	$ (3,889)	$ (501)	$ 34,663
Deferred tax liabilities				
Temporary differences				
land value increment tax	$ 10,367	$ —	$ —	$ 10,367
Unrealized exchange gains	3,731	(2,173)	—	1,558
	$ 14,098	$ (2,173)	$ —	$ 11,925

	Years Ended December 31, 2022			
	Balance at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31, 2022
Deferred tax assets				
Temporary differences				
Bad debts	$ 298	$ 334	$ –	$ 632
Sales discounts	188	(186)	–	2
Inventory loss from the falling price	3,946	(124)	–	3,822
Actuarial losses on defined benefit plans	684	–	(94)	590
Unrealized pension expense	2,454	31	–	2,485
Loss carryforwards	28,460	1,183	–	29,643
Other	3,671	(1,792)	–	1,879
	$ 39,701	$ (554)	$ (94)	$ 39,053
Deferred tax liabilities				
Temporary differences				
land value increment tax	$ 10,367	$ –	$ –	$ 10,367
Unrealized exchange gains	–	3,731	–	3,731
	$ 10,367	$ 3,731	$ –	$ 14,098

F. Unrecognized deferred tax assets:

	December 31, 2023	December 31, 2022
Investment loss	$ 91,629	$ 92,779
Operating loss carryforwards	110,672	78,946
	$ 202,301	$ 171,725

As of December 31, 2023, the information of Components within the Company unused tax losses was as follows:

Year of occurrence	Unused tax loss	Expiry date
2017(Approved)	$ 48,683	2027
2018(Approved)	63,956	2028
2019(Approved)	54,242	2029
2020(Approved)	120,351	2030
2021(Approved)	127,347	2031
2022(Declaration)	125,385	2032
2023(Estimation)	139,125	2033
Total	$ 679,089	

G. Assessment of tax

The Company tax returns for the years through 2021 were assessed by Taipei National Tax Administration.

(23) Additional information of expense by nature

A. The Company of employee benefit expenses, depreciation and amortization as of December 31, 2023and 2022 were as follow:

By function / By nature	2023			2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee welfare expenses						
Salary and bonus	$ 139,565	$ 34,986	$ 174,551	$ 131,262	$ 31,853	$ 163,115
Labor and Health Insurance	15,670	3,134	18,804	14,278	2,980	17,258
Pension	5,728	1,954	7,682	5,461	1,866	7,327
Directors' remuneration	—	4,005	4,005	—	4,045	4,045
Other employees benefit expenses	10,604	1,236	11,840	10,154	1,163	11,317
Depreciation	$ 33,532	$ 5,120	$ 38,652	$ 30,914	$ 4,363	$ 35,277
Amortization	$ 1,398	$ 1,608	$ 3,006	$ 1,398	$ 1,308	$ 2,706

Note 1: As of the years ended December 31, 2023 and 2022, the Company had 358 and 349 employees, respectively. Furthermore, non-employees' directors are all of 5 persons.

Note 2: (a) The Company's average employee benefit expenses in 2023 and 2022 were NT$603 thousand and NT$580 thousand, respectively.

(b) The Company's average employee salary expenses in 2023 and 2022 were NT$494 thousand and NT$476 thousand, respectively.

(c) The adjustments and changes in the Company's average employee salary in 2023 and 2022 were 3.8% and (8.7%), respectively.

(d) Remuneration to the Company's supervisors in 2022 was NT$230 thousand; the Company established the Audit Committee in lieu of the supervisors.

(e) The Company's compensation and remuneration policy (including directors, supervisors, managers and employees):

(i) Remuneration for directors and supervisors: Transport allowances were paid by the Company's remuneration guidelines; dividends were handled in accordance with the Company's Articles of Incorporation; and pensions were handled by with the Company's employee pension guidelines.

(ii) Managers and employees: Salaries were paid following the employee salary system, and salary was determined and distributed by the employee's education background, work experience, performance, and work seniority; in the event of bonus distribution, both managers and employees are paid per the employee bonus distribution percentage; pensions are handled in accordance with the Labor Standards Act and Labor Pension Act; and dividends are handled in accordance with the Company's Articles of Incorporation.

B. In accordance with the provisions of the Company Act and the Articles of Incorporation, the Company uses the profit before tax that is prior to the deduction of distribution of employee compensation as well as director and supervisor remuneration in the current year to retain the amount to make up for accumulated losses. After that, if there is still any balance, no less than 3% thereof shall be appropriated for employee compensation, nor more than 2% thereof for director and supervisor remuneration. The Company had losses before tax both in 2023 and 2022, and thus did not recognize estimated employee compensation, nor director and supervisor remuneration.

(24) Capital's risk management

Based on the characteristics of the industry and the future development of the Company, and taking into account factors such as changes in the external environment, the Company plans its operating capital requirements for the future in order to ensure sustainable operations, to reward its shareholders while taking into account the interests of other stakeholders, and to maintain an optimal capital structure to enhance shareholder value. The Company generally adopts prudent risk management strategies.

(25) Financial instruments

G. Fair value of financial instruments

(e) Except for those financial instruments that need not disclose fair value since carrying amounts of financial instruments measured at fair value is a reasonable approximation of the fair value and since investments in equity instruments that do not have a quoted price in an active market for measuring fair value, the carrying amounts and fair value of the Company's other financial assets and financial liabilities are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value :				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate of fund	$ 202,247	$ —	$ —	$ 202,247
Non-listed stocks	—	—	688	688
Total	$ 202,247	$ —	$ 688	$ 202,935

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value :				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate of fund	$ 80,676	$ —	$ —	$ 80,676
Listed Stocks	97	—	—	97
Non-listed stocks	—	—	1,147	1,147
Total	$ 80,773	$ —	$ 1,147	$ 81,920

(f) The methods and assumptions used by the Company to measure the fair value are as follows:

The Company adopted market quotations as the input value for fair value (that is, the first level), which are set out by nature of the instrument as follows:

	Shares of TWSE (TPEx) listed companies	Fund
Market quotation	Closing price	Net value on the date of balance sheet

(g) There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

(h) Reconciliation of Level 3 fair value measurements of financial instruments.

Financial assets at fair value through other comprehensive incomes

	Years ended December 31,	
	2023	2022
Balance at January 1	$ 1,147	$ 1,617
Recognized as profit or loss for current period	(459)	(470)
Balance at December 31	$ 688	$ 1,147

2) The Company Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follow:

As of December 31 2023：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relation between input value and fair value	Sensitivity analysis of relation between input value and fair value
Financial assets:					
Fair value measurement through profit or loss					
Non-listed stocks	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies	0.76–2.79	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company’s profit or loss by NT$69 thousand /(NT$69 thousand). 10% increase (decrease) in the percentage of illiquidity would result in increase (decrease) in the Company’s profit or loss by NT$15 thousand /(NT$15 thousand).

As of December 31 2022：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relation between input value and fair value	Sensitivity analysis of relation between input value and fair value
Financial assets:					
Fair value measurement through profit or loss					
Non-listed stocks	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies	0.57–1.4	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company’s profit or loss by NT$114 thousand /(NT$114 thousand). 10% increase (decrease) in the percentage of illiquidity would result in increase (decrease) in the Company’s profit or loss by NT$24 thousand /(NT$24 thousand).

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company’s Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices.

The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company’s accounting policies at each reporting date.

H. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Financial assets at fair value through profit or loss	$ 202,935	$ 81,920
Financial assets measured at amortized cost (Note 1)	504,299	716,370
Financial Liabilities		
Measured at amortized cost (Note 2)	177,435	178,750

Note 1: Balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets measured at amortized cost.

Note 2: Balance includes notes and accounts payable, other payables, lease liabilities, long-term loans, refundable deposits, and other financial liabilities measured at amortized cost.

I. Financial risk management objectives

The Company's financial risk management objective is to manage foreign exchange rate risk, interest rate risk, credit risk and liquidity risk associated with operating activities. To reduce financial risks, the Company is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Company are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. While executing its financial plans, the Company must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

J. Market risk

The Company is primarily exposed to market risks such as changes in foreign currency exchange rates and changes in interest rates. It uses certain derivative financial instruments to manage related risks.

(d) Foreign exchange rate risks

The Company's operating activities and foreign operations' net investment are primarily conducted in foreign currencies. As a result of this, foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and the fluctuation of future cash flow due to said exchange rate changes, the Company took out short-term loans to avoid exchange rate risks.

The purpose of the Company's taking out short-term loans was primarily to engage in natural hedging of USD accounts receivable. Since the Company's accounts receivable was primarily in US dollars, the use of US dollar short-term loans naturally avoids risks from US dollar accounts receivable that would arise from changes in foreign currency exchange rates.

Information on the Company's foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

Amount Unit: (in thousands)

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency	Exchange rate	Carrying amount (NT$)	Range of change	Impact on profit or loss
Financial assets					
US$	$ 10,485	30.705	$ 321,933	10%	$ 32,193
RMB	1,053	4.3352	4,563	10%	456
Financial liabilities					
US$	200	30.705	6,126	10%	613
RMB	113	4.3352	488	10%	49

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency	Exchange rate	Carrying amount NT$)	Range of change	Impact on profit or loss
Financial assets					
US$	$ 15,514	30.71	$ 476,448	10%	$ 47,645
RMB	1,890	4.4094	8,333	10%	833
Financial liabilities					
US$	280	30.71	8,590	10%	859
RMB	40	4.4094	178	10%	18

(e) Interest rate risk

Interest rate risk represents the risk of fluctuations in future cash flows due to changes in market interest rates. The Company's interest rate risk arises mainly from fixed-rate bond investments and floating-rate bank loans.

The sensitivity analysis of interest rate risk was calculated based on the change in floating interest rates on floating rate borrowings as of the end of the financial reporting period and was assumed to be held for one quarter. If interest rates increase/decrease by 1yd (0.25%), the Company's profit or loss will increase/decrease by approximately $208 thousand and $346 thousand as of December 31, 2023 and 2022, respectively.

(f)Other market price risk

The price risk of the Company primarily arose from financial assets classified as mandatory fair value measurement through profit or loss, in addition to equity instruments and investments measured at fair value through other comprehensive income. Except for investments made through venture capital funds, all other major investments in equity instruments were approved by the Company's boards of directors before the implementation thereof.

The sensitivity analysis of financial asset price risk measured by fair value through profit and loss was calculated based on changes in the fair value of TWSE (TPEx) listed shares and other investments held by the Company at the end of the financial reporting period. If the price of equity instruments had increased/decreased by 5%, the profit and loss of the Company on December 31, 2023 and 2022 would have increased/decreased NT$10,113 thousand and NT$4,039 thousand, respectively.

For details on the sensitivity analysis of other equity instruments measured by Level 3 of the fair value hierarchy, refer to the description in Note 6 (25) A.

K.Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company’s concentration of credit risk arises principally from its accounts receivables of operating activities. Operational credit risk and financial credit risk are management separately.

In order to mitigate credit risks, the Company's management assigned a dedicated team to be in charge of determining credit limit extensions, credit approvals, and other monitoring procedures, to ensure that appropriate actions have been taken to recover overdue accounts receivables. In addition, the Company reviewed the recoverable amounts of accounts receivable one by one as of the balance sheet date, to ensure that appropriate impairment losses on unrecoverable accounts receivable had been recognized. In view of this, the Company's management believed that the credit risk of the Company had been significantly reduced.

Furthermore, since the counterparties in liquid funds and derivatives were banks with high credit ratings given by an international credit rating agency, the credit risks were not high.

As of December 31, 2023 and 2022, the accounts receivable balance of the Company's top ten clients accounted for 61% and 65%, respectively, of the accounts receivable balances. As the top ten clients were all well-known enterprises without major payment collection abnormalities, there was no concern of credit risk.

L. Liquidity risk

The Company managed and maintained sufficient cash and cash equivalents to support the operations and mitigate the impact of cash flow fluctuations. The management of the Company supervised the usage of bank financing facilities, and ensured compliance with loan contract terms and conditions.

Bank loans were the Company's major source of liquidity. For details on the Company's unused loan limits as of December 31, 2023 and 2022, refer to Notes 6 (10) and Notes 6 (13).

The remaining contractual maturity analysis of non-derivative financial liabilities was prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest), on the earliest date on which the Company might have been required to make repayments. Therefore, the bank loans that the Company could have been required to make immediate repayment are listed in the earliest period in the table below, regardless of the probability of the bank's immediate exercise of the right; the maturity analysis for other non-derivative financial liabilities was prepared based on the agreed repayment date.

	December 31, 2023				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Notes payables	$ 61,492	$ –	$ –	$ –	$ 61,492
Other payable	76,839	–	–	–	76,839
Lease liabilities	2,293	2,615	–	–	4,908
Long-term borrowings	20,170	12,253	–	–	32,423
Deposits received	1,773	–	–	–	1,773
Total	$ 162,567	$ 14,868	$ –	$ –	$ 177,435

	December 31, 2022				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Notes payables	$ 57,977	$ —	$ —	$ —	$ 57,977
Other payable	66,020	—	—	—	66,020
Lease liabilities	930	310	—	—	1,240
Long-term borrowings	19,992	31,748	—	—	51,740
Deposits received	1,773	—	—	—	1,773
Total	$ 146,692	$ 32,058	$ —	$ —	$ 178,750

20. TRANSACTIONS WITH RELATED PARTIES

(1) Related party name and categories:

Related Party Name	Related Party Categories
PSC ENTERPRISE CO., LTD. (hereinafter referred to as PSC)	The Company's subsidiary
PSC (H.K.) ELECTRONICS LIMITED (hereinafter referred to as PSC (H.K.))	The Company's subsidiary
Pu-Yu Investment Co., Ltd. (hereinafter referred to as Pu-Yu Investment)	The Company's subsidiary
ENRICH NATIONALS TRADE LIMITED	The Company's subsidiary
GIA TZOONG (Shen Zhen) Ltd.	The Company's subsidiary

(2) Details of transactions between the Company and related parties are disclosed below.

A. Purchase

Related Party Categories	Years ended December 31, 2023	Years ended December 31, 2022
Subsidiary	$ 7,572	$ 4,932

The Company's purchase terms and conditions with its subsidiaries were determined through negotiation between both parties.

B. Sales

Related Party Categories	Years ended December 31, 2023	Years ended December 31, 2022
Subsidiary	$ 21,731	$ 4,696

The Company's sales terms and conditions with its subsidiaries were determined through negotiation between both parties.

C. Receivable (payable) from related parties:

Category of related parties	December 31, 2023 Amount	December 31, 2022 Amount
Accounts receivable		
Subsidiary	$ 11,634	$ 1,251
Accounts payable		
Subsidiary	$ 2,259	$ 956

D. Compensation of key management personnel

Compensation of directors and key management personnel are as below:

	Years ended December 31, 2023	Years ended December 31, 2022
Short-term benefits	$ 17,656	$ 18,350
Post-employment benefits	815	817
Total	$ 18,471	$ 19,167

The Company provided a car to the key management personnel for using. As of December 31, 2023 and 2022, the carrying amount thereof was NT$3,949 thousand and NT$0 thousand, respectively.

Remuneration to directors and other key management personnel was determined by the Compensation and Remuneration Committee, in accordance with individual performance and market trends.

21. PLEDGED ASSETS

As of December 31, 2023 and 2022, the carrying values of pledge assets were as follows:

Name	Purpose of guarantee	Book value December 31, 2023	Book value December 31, 2022
Land	Long-term borrowings	$ 135,826	$ 135,826
House and Building		118,105	134,618
Machine equipment		20,762	24,532
Limited assets (Financial assets measured at amortized costs in the statements)	Long/Short-term loans	8,360	6,829
Total		$ 283,053	$ 301,805

22. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2023 and 2022, unused letters of credit already issued to the Company were NT$12,000 thousand and NT$4,548 thousand, respectively.

(2) As of December 31, 2023 and 2022, Company's contracted but unpaid amounts for the purchase of property, plant, and equipment were approximately NT$13,777 thousand and NT$6,847 thousand, respectively.

23. SIGNIFICANT DISASTER LOSS: None;

24. SIGNIFICANT SUBSEQUENT EVENTS: None;

25. OTHERS: None;

26. ADDITIONAL DISCLOSURES

(1) Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

(2) Information on investees

No	Item	Explanation
1	Lending funds to others.	None
2	Providing endorsements or guarantees for others.	None
3	Holding of securities at the end of the period.	Table 1
4	Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more.	None
5	Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more.	None
6	Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more.	None
7	Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more.	None
8	Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more.	None
9	Trading in derivative instruments.	None
10	Information on investee company (If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area)	Table 2

(3) Information on investments in Mainland China

3) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, the share of profits/losses of an investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please refer to table 3 attached;

4) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: Please refer to table 4 attached;

(g) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to table 4 attached;

(h) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to table 4 attached;

(i) Amount of property transactions and the amount of profit or loss arising therefrom: None;

(j) Closing balance of endorsements and guarantees on notes or provision of collateral and the purpose thereof: None;

(k) Maximum balance of financing, ending balance, interest rate collar, and total interest of the current period: None;

(l) Other transactions that have a significant impact on the current profit or loss or financial status, such as the provision or receipt of labor services: None;

(4) Information of main shareholders

List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to table 5 attached.

27. OPERATING SEGMENT INFORMATION

In accordance with the provisions of Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the preparation of operating department information within the scope of IFRS 8 is not required for the parent company only financial statements.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES

DECEMBER 31, 2023

Table 1

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investor	Securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Note
	Type	Marketable securities (Note 1)			Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
GIA TZOONG ENTERPRISE CO., LTD.	Stocks	INNOVATIVE TURNKEY SOLUTION CORPORATION	—	Financial assets at fair value through profit or loss - non-current	339	$ 688	1.27%	$ 688	
	Money Market Fund	TCB Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,956	30,784	—	30,784	
	〃	ALLIANZ GLOBAL INVESTORS Taiwan Money Market Fund	—	〃	3,944	50,836	—	50,836	
	〃	FUBON CHI-HSIANG Money Market Fund	—	〃	3,123	50,290	—	50,290	
	〃	CAPITAL Money Market Fund	—	〃	3,029	50,247	—	50,247	
	〃	TAISHIN 1699 Money Market Fund	—	〃	1,441	20,090	—	20,090	
	Company Bonds	TSMC Global Ltd	—	Financial assets at amortized cost	2	5,793	—	5,793	
	〃	TSMC	—	〃	2	6,203	—	6,203	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 ‘Financial instruments.

Note2: The column is left blank if the issuer of marketable securities is a non-related party.

Note 3: Where it is measured by fair value, fill in the carrying amount column with the book balance after the valuation adjustment at fair value and deduction of accumulated losses; where it is not measured at fair value, fill in the carrying amount column with the book balance of the initial acquisition cost or amortized cost less accumulated impairment.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES

(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

(In Thousands of New Taiwan dollars/USD)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Holding at the end of the period			Net profit (loss) of the investee for the year ended December 31,2023 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2(3))	Note
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value			
GIA TZOONG ENTERPRISE CO., LTD.	PSC ENTERPRISE CO., LTD.	Samoa	PCB trading and investment	$ 329,006	$ 329,006	9,725	100%	$ 40,098	$ 4,923	$ 4,923	Subsidiary
	ENRICH NATIONALS TRADE LIMITED	Hong Kong	PCB trading	4,536	4,536	1,106	100%	10,884	1,394	1,394	Subsidiary
	PU-YU INVESTMENT CO., LTD.	Taiwan	Property investment	20,000	16,000	2,000	100%	25,978	1,830	1,453	Subsidiary
	PSC (H.K.) ELECTRONICS LIMITED	Hong Kong	PCB trading	7,142	7,142	10	100%	4,868	(564)	(564)	Subsidiary

Note 1:Where a public company has a foreign holding company that uses consolidated statements as its main financial report in accordance with local laws and regulations, the disclosure of information on the foreign investee company may be carried out to the extent of the information related to the holding company only.

Note 2: Where the circumstances mentioned in Note 1 do not apply, the information shall be filled in in accordance with the rules below:

(4) The “name of the investee company”, “location”, “main business items”, “initial investment amount” and “shareholding status at the end of the period” columns shall be filled in based on the status of the (public) Company's reinvestment, as well as the status of the reinvestment transfer made by each investee company directly or indirectly controlled thereby, in order, indicating also the relationship between each investee company and the (public) Company (for example: subsidiary or a sub subsidiary) in the remark column.

(5) The “Profit or loss of the investee company for the period” column must be filled in with the amount of profit or loss for the current period of each specific investee company.

(6) The “Investment profit or loss recognized in the current period” column must be filled in with the profit or loss amounts of the specific subsidiary recognized by the (public) Company as a direct reinvestment as well as each investee company valuated using the equity method only; the remainder may be omitted. When filling in the “recognition of the profit or loss amount of each subsidiary directly reinvested for the period”, it must be confirmed that the profit or loss amount of each subsidiary has included the profit or loss in investments for its reinvestment transfer to be recognized in accordance with the regulations.

Note 3: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

(In Thousands of New Taiwan dollars/USD (unless stated otherwise))

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
JIANGMEN PSC ELECTRONICS LTD	PCB production and sales business	$ 578,868 USD 17,666,019.84	2	$ 578,868 USD 17,666,019.84	$ —	$ —	$ 578,868 USD 17,666,019.84	$ —	—	$ —	$ —	$ —	Note 4
GIA TZOONG (Shen Zhen) Ltd.	PCB trading	4,339 USD 140,000	2	4,339 USD 140,000	—	—	4,339 USD 140,000	1,401	100%	1,401	8,669	—	

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	The ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
$ 578,868 (USD 17,666,019.84)	$ 595,014 (USD 17,380,576.81)	$ 652,842
4,339 (USD 140,000.00)	9,744 (CNY 2,200,000.00)	

Note 1: The investment methods are divided into the following four types:

(5)Investment in a Mainland China company via remittance through a third region.

(6)Investment in a Mainland China company via a company invested and established in a third region.

(7)Investment in a Mainland China company via an existing company established in a third region.

(8)Other methods, EX, entrusted investment.

Note 2: Based on and limited to 60% of the net worth at the time of approval being granted by the Ministry of Economic Affairs Investment Commission, which after translation does not exceed the limit in accordance with the exchange rate at the time of filing.

Note 3: Financial statements that recognized the profit or loss in investments in the current period were audited by the certified public accountants of the parent company in Taiwan.

Note 4: The Company’s Board of Directors passed a resolution on August 9, 2019 to authorize the subsidiary GIA TZOONG CIRCUIT ENTERPRISE CO., LTD. to dispose of 100% equity of its subsidiary JIANGMEN PSC ELECTRONICS LTD. The equity transfer procedure, change of responsible person, and re-election of directors and supervisors were completed on March 23, 2020, and the handover thereof was completed on June 3, 2020.

Note 5: The relevant transactions are eliminated in comprehensive financial reports.

GIA TZOONG ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 4

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investee company in Mainland China	Type of trading	Purchases or sales of goods		Price	Trading terms		Notes and accounts receivable (payable)		Unrealized gains and losses	Note
		Amount	Percentage		Collection terms	Comparison with general transactions	Amount	Percentage		
GIA TZOONG (Shen Zhen) Ltd.	Sales	$ 13,222	3%	(Note 1)	(Note 1)	(Note 1)	$ 3,004	—	$ —	
	Purchases	4,422	1%	〃	〃	〃	1,157	—	—	

Note 1: With regard to the purchase and sales transactions between the Company and related parties, there is no significant difference in the transaction price, nor in collection payment terms and conditions, from those in transactions conducted with non-related parties.

Note 2: Had already been written off at this consolidated report's time of preparation.

GIA TZOONG ENTERPRISE CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023

Table 5

Shares / Name of major shareholders	Number of Shares	Ownership Percentage (%)
LEE MAW CHANG	15,878,066	9.55%
SHEN CHEN CHIEN	10,393,000	6.25%
TSENG CHI LI	9,561,794	5.75%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

GIA TZOONG ENTERPRISE CO., LTD

Chairman: Cheng An Investment Co., Ltd. - TSENG CHI LI